



NDLAMBE MUNICIPALITY

FINAL ANNUAL REPORT

2021/2022

Ndlambe Municipality
046 604 5500
www.ndlambe.gov.za



TABLE OF CONTENTS		
	VOLUME I: ANNUAL REPORT	
CHAPTER	CONTENTS	PAGE NO.
1	Component A: Mayor's Foreword and Executive Summary	1
	Component B: Executive summary	
	1.1 Municipal Manager's Overview	3
	1.2 Municipal Functions, Population and Environmental overview	6
	1.3 Service delivery overview	9
	1.4 Financial Health overview	10
2	INTRODUCTION TO GOVERNANCE (KPA 5)	
	Component A: Political and Administrative Governance	
	2.1 Introduction to Political and Administrative Governance	23
	2.1.2 Political Governance	24
	2.2 Component B: Intergovernmental Relations	
	2.2.1 Intergovernmental Relations	34
	Component C: Public Accountability and Participation	34
	2.3 Overview of Public Accountability and Participation	34
	2.3.1 Public meetings communication, participation and forums	35
	Component D: Corporate Governance	35
	2.4 Overview of Corporate Governance	36
	2.4.1 Risk management	36
	2.4.2 Oversight on risk	36
	2.4.3 By-laws	36
	2.4.4 Municipal website	36
	2.4.5 Public satisfaction on Municipal Services	37
3	SERVICE DELIVERY PERFORMANCE (KPA 1)	
	Component A: Basic Services	
	3.1 Water and Sanitation	38
	3.2 Electricity	50
	3.3 Housing	55
	3.4 Roads	59
	3.5 Waste Water (Storm water drainage)	63
	3.6 Fleet Management	66
	3.7 Planning	68
	3.8 Project Management Unit	71
	3.8.1 Municipal Infrastructure Grant Projects	71
	3.9 Local Economic Development	75
	3.10 Introduction to Libraries; Archives and Community Facilities	82
	3.11 Cemeteries and Crematoriums	83
	3.12 Pollution Control	86

	3.13 Bio-diversity and Landscape	87
	3.14 Environmental Health	93
	3.15 Security Services	105
	3.16 Environmental Compliance	110
	3.17 Traffic Services	107
	3.18 Fire and Emergency Services	108
	3.19 Other (Disaster Management, Animal Licensing and Control, Control of Public Nuisances and other	112
	Component G: Sport and Recreation	112
4	ORGANISATIONAL DEVELOPMENT (KPA 2)	
	Component A: Introduction to Human Resource Services	113
	4.1 Employee Totals, Turnover and vacancies	114
	Component B: Managing the municipal workforce	115
	4.2 Policies	116
	4.3 Injuries, sickness and suspension	117
	Component C: Introduction to workforce capacity development	118
	4.4 Customer Care Unit	119
	4.5 Committee Support	120
5	ORGANISATIONAL SCORECARD	123
	ANNEXURES	
ANNEXURE		
A	ORGANISATIONAL STRUCTURE (ORGANOGRAM)	
B	AUDITOR GENERAL SA AUDIT REPORT 2021/2022	
C	AUDITED ANNUAL FINANCIAL STATEMENTS 2021/2022	
D	MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2021/2022	
E	NDLAMBE SCHEDULE OF MEETINGS 2021/2022	
F	APC ANNUAL REPORT 2021/2022	



VISION:

NDLAMBE MUNICIPALITY strives to be a premier place to work, play, and stay, on the eastern coast of South Africa. It strives to be the destination of choice for people who love natural and cultural heritage, adventure water sports, and laid-back living for families.

Our promise is to build a state-of-the-art physical infrastructure which will be laid out aesthetically in our beautiful natural environment. Our prosperous community supports a safe and healthy lifestyle which is supported by affordable natural living and a vibrant tourism and agriculturally-based economy!

We promote good governance by providing sustainable, efficient, cost effective, adequate and affordable services to all our citizens.

MISSION:

To achieve our vision by enabling optimal performance within each of the five Key Performance Areas of Local Government within the context of available resources.

VALUES:

- Commitment;
- Transparency;
- Honesty;
- Trustworthiness; and
- Care

CHAPTER ONE

COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD

It is my privilege to present the 2021/2022 Annual Report for Ndlambe Local Municipality. Reflecting on the past year, there is much to be proud of and this in turn has strengthened our sense of purpose as we continue to work with our stakeholders towards the fulfillment of the municipality's Vision and Mission statement.

Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is developed initially as a five (5) year plan (aligned to the current term of office). This is revised and updated annually while taking current resources (detailing annual strategic objectives) into account. The strategic goals and priorities are cascaded into the strategic and operational plans of all directorates and related employee scorecards. By so doing, it is ensured that every effort at any point in time is constantly being made to achieve the required targets and desired outcomes. These strategic objectives are aligned with the Provincial Growth and Development Strategy, the National Development Plan, the National Spatial Development Perspective and the National Key Performance Areas.

The municipality's strategic goals and guiding objectives which this Final Annual Report should be read and interrogated against are as follows:

Strategic Goal 1	1. A premier place to work and do business
Strategic Objectives	1.1. Improve the efficient running of and the governance of the Municipality 1.2. Develop state-of-the-art physical infrastructure 1.3. Develop a vibrant, rapidly growing, employment generating agri-based economy 1.4. <u>Develop a vibrant, rapidly growing, employment generating tourism economy, including the heritage economy</u> 1.5. <u>Develop a vibrant, rapidly growing, employment generating oceans economy</u>
Strategic Goal 2	2. Destination of choice <i>for living</i>
Strategic Objectives	2.1. Improve financial viability of the municipality 2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens 2.3. Create a safe and secure living environment 2.4. <u>Position the municipality as a learning hub of excellence</u>
Strategic Goal 3	3. Tourist destination of choice for people who love natural and cultural heritage, and adventure water sports
Strategic Objectives	3.2. Preserve the natural beautiful environment 3.3. Develop and support adventure and extreme water sports 3.4. Develop cultural heritage economy

The Performance Management System monitors the implementation of the strategic goals and budget. Key performance indicators and targets were assigned to each of the strategic outcomes. These indicators have been measured and monitored throughout the year and all relevant information was captured on an electronic performance management system. The aim is to continuously monitor performance, serve as an early warning system and take corrective measures where necessary.

It is recognized that continued efforts must be placed on maintaining and improving existing performance in all areas. Every effort must be made to maintain a culture of service delivery and to maintain and enhance sound fiscal and administrative functioning at all costs. We and those that come after us will endeavor to ensure that the municipality continues to perform, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability and good governance within all spheres. Every effort will be made to meet and sustain community needs at all identified levels – as dictated and defined by the constraints of available infrastructure and resources.

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. One of the most important contributors to a municipality's financial health is how well its ratepayers and customers pay their municipal accounts. However, the recovery of debt in areas where Eskom provides power directly to the people remains a problem. Without adequate revenue, not even the most basic services can be rendered properly, nor can infrastructure such as roads and electricity, water and sewerage networks be maintained or upgraded.

The Municipality has done well in terms of basic service delivery. 100% of the registered urban residential properties have access to minimum service delivery levels or above. There are therefore some informal sites and backyard dwellers that do not have formal access to services. But, as a municipality we go as far as providing services in the form of gel stoves and gel as a source of energy for the informal communities. The Municipality continued to support registered indigent and poor households in the form of a monthly subsidy on their household accounts to cover the basic fees with regards to sewerage, refuse removal, water and electricity. Indigent households received 50 kWh of free electricity, 6 kl of water per month, free refuse removal per month, free access to sanitation and free rates if the value of the property is less than R350 000.

Vandalism and theft is unfortunately a growing problem in parts of the municipal area and is costing the Municipality a substantial amount annually. The time has come for a major educational drive to address this problem and to convince communities that vandalism is to their own detriment. The assistance and co-operation of ward councillors and ward committee members can be invaluable in this regard.

This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of our people. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our municipality.

CONCLUSION

The 2021/22 financial year was a challenging period for the local government sphere, with leadership changes requiring a particular focus on reconstituting many of its structures and committees. Testament to the professionalism and dedication of all the municipality's staff members who never allowed the changes taking place to distract them from their responsibilities, or diminish their determination, to serve the people of Ndlambe municipality Council could still reach a number of service delivery goals that are covered in this Annual Report.

I would like to express my gratitude to the Executive Committee and all the Councillors for their contribution and commitment towards realising the Vision and making a difference in the lives of all in Ndlambe. I would also like to thank the Management team and Staff members for their support during the year. Most importantly, I wish to thank the ratepayers, civic organisations and all stakeholders and individuals who continue to support us in our endeavours to change our local municipality for the better. Without your commitment and support, these achievements that would be outlined in this report would not have been possible.

COUNCILLOR K C NCAMISO

A handwritten signature in black ink, appearing to read 'K C Ncamiso', written over a horizontal dotted line.

MAYOR

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

This report provides the overview on the performance and progress made by Ndlambe Local Municipality (NLM), in fulfilling its strategic objectives and priorities, as aligned with the IDP, Budget, as well as Provincial and National strategic directives. The report contains highlights of the programmes and projects that were successfully delivered by Ndlambe Local Municipality (NLM) in order to enhance service delivery to the community and all stakeholders.

The five (5) year Integrated Development Plan (IDP) is revisited annually and after evaluating highlighted priorities and current plans available – not to mention the available Budget and resources/ infrastructure for the year – an annual set of IDP strategic objectives are created for each financial year. These then represent a realistic set of IDP strategic objectives for the current year. In order to ensure that these are successfully achieved, a Service Delivery and Budget Implementation Plan (SDBIP) for the organization as a whole (reflected within each Directorate) is created – aligned to both Budget and IDP.

From the SDBIP, performance targets are created for each s56 Director and this is aligned to each SDBIP, the IDP and Budget. This then culminates into the scorecards for each directorate. In each instance it is ensured that the service delivery targets created are aligned to the level above which ultimately means alignment with the IDP, Budget and SDBIP.

In terms of performance the municipality has recorded major progress in delivering the objectives of the IDP. This will be explicitly substantiated in detail in subsequent sections of this report, in particular the Organisational Scorecard section. The capacity and support received through intergovernmental cooperation also enabled us to discharge our constitutional responsibilities with reasonable efficiency. Some of the significant projects implemented included the following:

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
Augmentation of the Alexandria Bulk Water Supply	R5 534 576,50	R 5 531 186,27	R 0	100%	The plant is installed and tested; Commissioning is scheduled to take place on the 31 st August 2022.
Upgrading of Klipfontein Sports Field	R1 589 080,10	R 1 590 924,07	R 0	100%	Project Completed
Kenton on Sea bush River project: Marselle 500 housing project: Bulk Sewer Infrastructure	R12 548 504,84	R 12 561 360,60	R 0	100%	Project Completed

Kenton on Sea bush River project: Marselle 500 housing project: Bulk Water Infrastructure	R5 989 998,56	R 5 989 998,56	R 0	100%	Project Completed
Upgrading of Runeli Drive	R1 567 690,00	R 1 556 380,50	R 0	100%	Project Completed

Despite many achievements, challenges always abound and as a result the following areas will receive particular focus:

Water – especially during festive season in particular in Port Alfred, Bushmansrivermouth and Kenton-On-Sea which areas are visited the most by tourists during this period. Alexandria water supply remains a challenge and the municipality aims to increase water capacity to the area hence the upgrade of the Cannon Rocks RO plant, finishing up of Amatola contract 14 & 15 project and the boreholes water from neighbouring farmer to the reservoir. Amatola Water is given support by a technical team composed of Ndlambe, Department of Water and Sanitation and Local technical people from both Bushmansrivermouth and Kenton-On-Sea.

Port Alfred is going through acute water challenges due to drought. The Department of Water and Sanitation and Co-operative Governance and Traditional Affairs funded an RO plant for Port Alfred which amounted to R100 million (one hundred million rands). A private company is also selling RO plant water to the municipality. Boreholes do augment water to Port Alfred. Trucks are also carting water especially to high lying areas. The Sarel Hayward dam is steadily getting water from the weir through an additional dedicated pump.

Sanitation – the sewage system of the municipality is aging at a very fast pace. It is unfortunate that the municipality has water challenges because it follows that one will have problems with sewerage. The recycling of sewerage in the Port Alfred RO plant is negatively affected by the inadequate sewerage caused by the drought and spillage in the system. The rivers are at risk of being contaminated by sewerage and that becomes a health hazard to river users, species and has a back lash on tourism. The Department of Water and Sanitation has injected R85 million which must be used to improve sewerage infrastructure so that the water reclamation can be started.

Roads are continuously maintained however it is very difficult to keep pace with the rate in which they are aging given our financial state of affairs. Council has taken a stance to pave roads and this is ongoing and is visible in Ndlambe as whole. A portion of MIG is used to pave roads.

SMME development – the municipality does not compromise in giving work to the SMME's as part of local economic development and job creation despite the many challenges this puts on the administration.

Electricity - The municipality has outsourced the maintenance of electricity and the service provider is doing well. Indigent households are provided with free electricity which is 50KW per month and 6 kilo litres of water each month. Houses in particular squatter areas have been provided with gel stoves in the meantime as means of alternative energy. Department of Human Settlement has funded the municipality to upgrade informal settlements with electricity, stand pipes and roads. Loadshedding has to a large extent affected service delivery especially on water and sewerage.

Building Control remains a serious challenge in the area especially in the townships where people are building without following the building regulations and as a result of this there is a potential that the municipality may be losing a lot of revenue and the households who are contravening the building regulations are exposed to danger because they are living in houses that have not been approved by the relevant authorities. The municipality is doing by all means to overcome this challenge as it is one of the highest risk area. The fact that the Department of Human Settlements do not fully involve the municipality when building RDP houses is another challenge hence houses are dilapidated.

The municipality is also facing a challenge of **cemeteries** which are becoming full at a very fast rate due to the **HIV/AIDS and COVID19** pandemic which is and has been rife in the townships in particular and the fast rate of urbanisation. However, the relevant department is busy with the necessary process to acquire land for graveyards. Other methods of burying the dead especially in the township where these are foreign e.g burying two people over each other in one grave, cremation etc. to prolong the lifespan of these graveyards are introduced and encouraged. The municipality has budgeted for EIA in Port Alfred and is about to initiate the process. Kenton on Sea has got no land that is owned by the municipality. The land can only be secured by buying from the neighbouring private owners.

Waste management remains a huge challenge for the municipality. The costs associated with managing the sites are quite huge. We are hoping that our partnership with the Federation of Canadian Municipalities will bring about some form of assistance when it comes to waste management. The municipality having done cost benefit analysis resolved that this service be outsourced in particular landfill site management. This is over a period of three (3) years. However, a long term lasting solution is to secure yellow fleet so that the municipality can have capacity to manage its waste properly. Council has to consider a portion of Municipal Infrastructure Grant (MIG) for this purpose as COGTA is now considering applications in this regard.

The importance and relevance of an annual report in an accountable, participatory and developmental orientated local government as a valuable assessment tool cannot be over-emphasised. The 2020/2021 financial year has come to an end and, as required by section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), we must table a draft annual report within the prescribed time frames. The report is not only a compliance matter but provides a fair presentation of the performance of the municipality for the year under review.

I would therefore like to thank all for having contributed to making 2021/2022 a great success. I would like to record my sincere appreciation for the political leadership from the Mayor, the Executive Committee, the Speaker, Councillors, the Audit and Performance Audit Committee, management, staff and all stakeholders for their support and positive contribution and commitment.

ADVOCATE R DUMEZWENI



MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Ndlambe municipality, as a Category B municipality performs such municipal functions as enshrined in the Constitution of the Republic of South Africa, 1996. In particular these are listed in Schedule 4 part B & Schedule 5 part B. These include:

Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building regulations	Beaches and amusement facilities
Electricity	Billboards and display of advertisements in public places
Fighting services	Cemeteries and funeral parlours
Local tourism	Cleansing
Municipal Planning	Control of public nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties & Piers	Facilities for accommodation, care and burial of animals
Stormwater management system	Fencing and fences
Trading regulations	Traffic and parking
Licensing and control of undertaking that sell food to the public	Municipal roads
Local amenities	Noise pollution
Local sport facilities	Pounds
Municipal parks and recreation	Public places
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street lighting	

The Ndlambe municipality also performs other functions that may be delegated to it by another sphere of government.

The Ndlambe municipal area falls within the Eastern Coastal Zone (one of the areas within the Sarah Baartman District Municipality that has similar geographical characteristics and requires similar geographical guidance). This area can be described as an area with:

- A pristine coastal area;
- Well preserved river mouths and inter-tidal areas;
- Diverse vegetation;
- A relatively low density development along the coast; and

- Major tourism potential

The following is the presentation and analysis of key Ndlambe municipal population and household statistics as provided in the Stats SA Community Survey, 2016. A comparison of this data with Census 2011 is provided in the next page

SUMMARY OF KEY DEMOGRAPHIC AND SOCIO-ECONOMIC HIGHLIGHTS OF NDLAMBE LOCAL MUNICIPALITY

Demographics	2011		2016	
	Number	Percent	Number	Percent
Population	61 176		63 180	
Population growth				0.6
Population profile				
Black African	47 557	77.7	52 697	83.4
Coloured	4 473	7.3	5 077	8.0
Indian or Asian	144	0.2	136	0.2
White	8 704	14.2	5 271	8.3
Population density				
Population by home language				
Afrikaans	7 137	11.9	6 102	9.8
English	7 475	12.5	4 963	8.0
IsiXhosa	43 721	72.9	50 486	81.3
IsiZulu	171	0.3	115	0.2
Sesotho	169	0.3	34	0.1
Other	1 269	2.1	391	0.6
Number of households	19 875		20 818	
Households size	3.1		3.0	
Gender				
Male	29 035	47.5	30 096	47.6
Female	32 141	52.5	33 084	52.4
Age				
0 - 14	15 438	25.2	17 697	28.0
15 - 34	19 269	31.5	20 192	32.0
35 - 64	20 382	33.3	17 373	27.5
65 +	6 087	9.9	7 919	12.5

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing				
Formal	16 153	83.6	18 589	89.3
Traditional	727	3.8	856	4.1
Informal	2 185	11.3	1 315	6.3
Other	265	1.4	58	0.3
Access to water				
Access to piped water	18 796	95.7	18 721	89.9
No Access to piped water	841	4.3	2 097	10.1
Access to sanitation				
Flush toilet	11 978	66.3	15 977	76.7
Chemical	337	1.9		0.0
Pit toilet	5 021	27.8	2 116	10.2
Bucket	162	0.9	174	0.8
None	579	3.2	828	4.0
Energy for lighting				
Electricity	16 966	86.7	18 506	90.8
Other	2 608	13.3	1 881	9.2
Energy for cooking				
Electricity	15 221	77.7	17 846	86.1
Other	4 368	22.3	2 887	13.9
Access to refuse removal				
Removed by local authority at least once a week	15 440	78.6	18 544	89.1
Removed by local authority less often	474	2.4	121	0.6
Communal refuse dump	260	1.3	352	1.7
Own refuse dump	2 496	12.7	1 230	5.9
No rubbish disposal	582	3.0	512	2.5

Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	15 184			
Unemployed	6 593			
Employment by industry				
Formal				
Informal				
Private Households				
Economically active population	21 777			
Labour force participation rate		54.9		
Absorption rate		38.3		
Unemployment rate		30.3		
Employment at municipality				
2014				
2015				
Education				
Part-time	2 111		2 401	
Full-time	309		416	
Total	2 420		2 817	
No schooling	3 841	9.7	2 998	7.4
Some primary	8 052	20.2	7 212	17.8
Completed primary	2 544	6.4	2 817	6.9
Some secondary	13 271	33.3	15 047	37.1
Grade 12/Matric	8 109	20.4	9 479	23.4
Higher	3 706	9.3	2 974	7.3
Other	276	0.7	59	0.1

Free Basic Services	2014		2015	
	Number	Percent	Number	Percent
Indigent Households	9 298		9 618	
Water	9 298		8 108	
Electricity	6 315		6 339	
Sewerage & Sanitation	4 352		4 343	
Solid Waste Management	8 379		8 414	

Rating of quality of municipal services	2011		2016	
	Number	Percent	Number	Percent
Dependancy ratio		54.2		58.7
Poverty (head) count ratio		0.0		0.0
Electricity supply (good)		90.3		91.0
Sanitation (good)			12 073	62.9
Refuse removal (good)			13 966	70.3
Agriculture				
2011				
2016				
Agricultural households			2 602.0	12.5
Cattle				
1 - 10			307	72.1
11 - 100			51	12.0
100+			68	16.0
Total			426	100.0
Sheep				
1 - 10			26	51.0
11 - 100			25	49.0
100+			0	0.0
Total			51	100.0
Goat				
1 - 10			142	44.9
11 - 100			159	50.3
100+			15	4.7
Total			316	100.0
Type of agric activity				
Livestock production			1 111.0	51.0
Poultry production			850.0	43.3
Vegetable production			1 072.0	70.4
Other			590.0	9.9

Infrastructure	2011		2016	
	Number	Percent	Number	Percent
Access to telephone lines	3 591	18.3	2 409	12.1
Access to cellular phones	15 769	80.4	18 030	87.9
Access to Internet	5 871	29.9	1 863	9.3

Source: Stats SA, Census 2011 & Community Survey 2016

Population

Population by age group and gender

Age	Male	Female	Total	%Male	%Female
0 - 4	3006	2796	5802	4.9	4.6
5 - 9	2593	2538	5131	4.2	4.1
10 - 14	2261	2243	4504	3.7	3.7
15 - 19	2469	2464	4933	4	4
20 - 24	2549	2408	4957	4.2	3.9
25 - 29	2509	2571	5080	4.1	4.2
30 - 34	2032	2266	4298	3.3	3.7
35 - 39	2014	2218	4232	3.3	3.6
40 - 44	1767	2269	4036	2.9	3.7
45 - 49	1571	1998	3569	2.6	3.3
50 - 54	1477	1906	3383	2.4	3.1
55 - 59	1223	1526	2749	2	2.5
60 - 64	1052	1362	2414	1.7	2.2
65 - 69	814	1039	1853	1.3	1.7
70 - 74	734	1003	1737	1.2	1.6
75 - 79	424	588	1012	0.7	1
80 - 84	282	453	735	0.5	0.7
85 +	258	492	750	0.4	0.8
Total	29035	32140	61176	47.5	52.5

Source: Census, 2011

The Census 2011 data suggests a total population of 61 176 compared to the Census 2001 data which suggested a total population of 57 241, as compared to the 2005 backlog study figures of 58 927 and a total number of households of 18 913. The Socio Economic Profile of Cacadu estimates the population of Ndlambe Municipality at 63 000. The community survey (STATS SA – 2007) concurred with this population figure. When one compares Census 2011 population data with Census 2001, the population of Ndlambe has increased by a margin of 3935 persons and this represents a percentage increase of 1,2 per cent. This could be attributed to an influx of people from the surrounding areas to look for job opportunities in the new industries that have emerged in the municipal area. Also, the Thornhill housing development has attracted some individuals who were living outside Ndlambe to come back and settle in their newly built RDP homes. Another contributor to this population growth is the migration of people from inland towns and cities to the coast. This influx also impacts negatively on the unemployment rate which currently stands at 30.3 per cent with youth unemployment rate standing at 39 per cent.

The bulk of the migration patterns being experienced within the Municipality are due to holiday makers (approximately 33 000) in the peak season. The influx of seasonal holiday makers equates to approximately 56% of the permanent resident population and places tremendous pressure on the available infrastructure of the area. There is a small migration impact on the agricultural sector related to the harvesting of chicory and pineapples, which has no effect on the immediate service delivery as these activities take place on private land. It does, however, impact on the Municipality in the longer term as some migrant labour decides to remain once the seasonal work is completed.

Although undocumented, the Municipality is also dealing with an influx of farm workers to urban centres as well as people from neighbouring municipalities seeking new economic opportunities. This is placing increasing pressure on the housing delivery program and efforts to eradicate informal settlements.

Number of households

Household size by population group of head of the household

	Black African	Coloured	Indian or Asian	White	Other	Total
1	3837	174	14	987	39	5051
2	2779	212	22	1714	54	4781
3	2491	226	12	443	24	3196
4	2138	232	1	349	6	2726
5	1290	155	4	97	3	1549
6	745	93	1	38	1	878
7	485	56	1	11	1	554
8	244	15	1	2	0	262
9	140	10	0	3	0	153
10+	167	14	0	0	0	181
Total	14316	1187	56	3644	128	19331

Source: Census, 2011

Based on the above data, the average household size is 3.2 persons per household. Of the total number households, 42.6 per cent are female headed. Given the high percentage of female headed households the municipality's planning and projects should be targeted at reaching out to these households. Furthermore, there is a need for the municipality to engage relevant sector departments, such as Social Development and Women, Children and People with Disability, in this regard.

1.3 SERVICE DELIVERY OVERVIEW

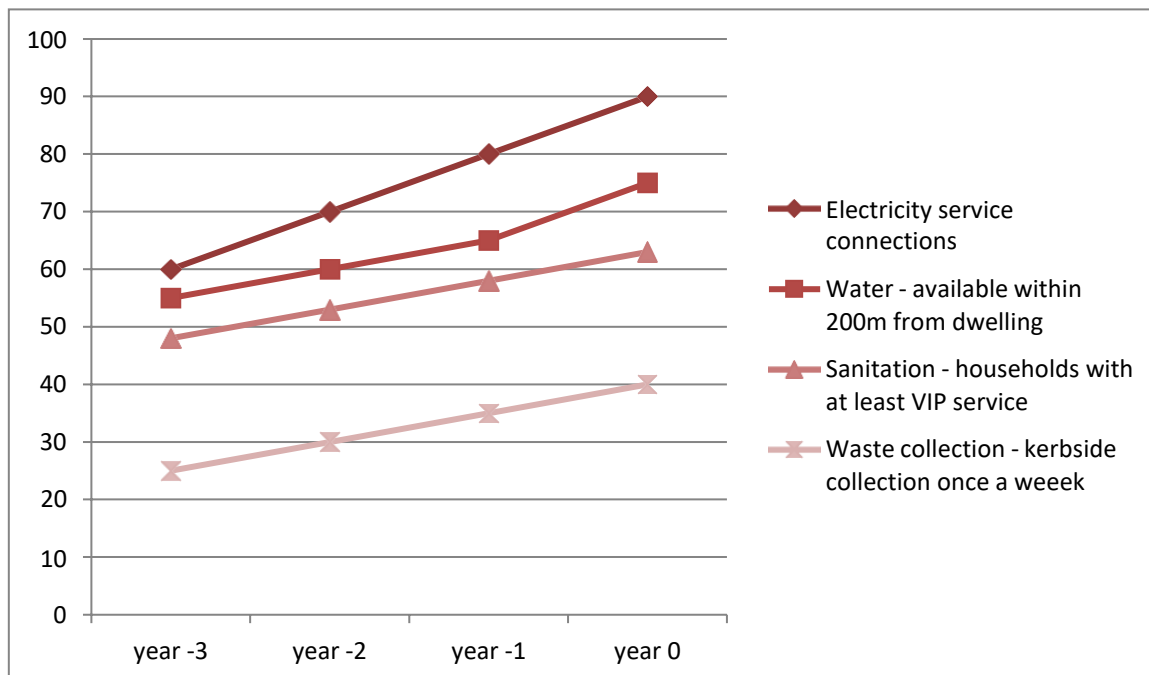
SERVICE DELIVERY INTRODUCTION

Basic service delivery achievements have been noteworthy and are continuing. Council has acknowledged that the biggest stumbling block to transformation and development within the municipal area has been suitable access to sufficient water. Council then embarked on a multi-year strategy to improve the water supply to the consumer base of Ndlambe Municipality. Implementation of these projects is underway. Other recent service delivery achievements include the various improvements and upgrades to various Waste Water Treatment Works, Technical upgrades to sewerage systems maintenance competency within staff.

Challenges include the following:

- Increasing unemployment levels within the consumer base.
- Increasing migration from rural agricultural sector to urban nodes
- Cost of service delivery when revenue base is considered.
- Ageing infrastructure operating in physically aggressive environment

Proportion of households with access to basic services



COMMENT ON ACCESS TO BASIC SERVICES:

It is a well-known fact that the reliability of the yields and the quality of the water from the respective water sources is in general inadequate. Furthermore the capacity of the bulk infrastructure is also inadequate especially during peak holiday seasons when holiday makers flock to the coastal resort town and the demand for municipal water supply cannot be met. This challenge is being addressed through grant funded projects. The present status quo results in many of the households in the area augmenting the Municipal supplies by establishing private rainwater harvesting facilities, which Council encourages and enforces within the building plan application process. All formal erven have access to basic services, which includes, water, sanitation, electricity refuse removal and road access. There are various levels of service but in all cases the minimum levels of service are exceeded.

1.4 FINANCIAL HEALTH OVERVIEW (2021/2022)

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is an important focus area.

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

Efforts are made to address the issues raised by the Auditor-General in both the audit report and the audit management letter for the audit. An audit check list was developed and is monitored by the internal auditor to ensure that we improve in the areas identified. Further controls and action plans have been implemented by the finance directorate to ensure that the financial statements are prepared timeously and that we work towards an improved audit outcome. To achieve a clean audit is going to be a challenge and all offices and directorates are going to have to pull together as a team to achieve the objective. The compilation of the financial statements and the audit undertaken by the auditor-general's office is no longer just a finance issue.

The demands on the finances of Ndlambe Municipality continue to be significant as backlogs in services, aging infrastructure, and maintenance remain a serious challenge. Emphasis has to be put on enhancing our revenue streams and collecting debt due to the Ndlambe Municipality by consumer and ratepayers that have the ability to pay. Households that receive indigent grants that are in fact not indigent also need to be addressed.

The internally funded capital budget, the reduction in the maintenance budget and reducing budgets for depreciation/bad debts provision/income foregone as a means to balance the budget and the increase to our customer's needs to be seriously addressed in future financial years as the aging infrastructure needs to be replaced and maintained.

A major challenge that continues to face the administration of Ndlambe Municipality and highlighted in the Auditor-Generals management letter in the past and still continuing, is the implementation and compliance to regulations emanating from the Municipal Finance Management Act including but not limited to supply chain management issues, asset management and budget control.

MUNICIPAL FINANCIAL VIABILITY

FINANCE DIRECTORATE

The finance directorate is a support directorate to other directorates and ratepayers of Ndlambe Municipality. The finance directorate consists of four sections namely the Budget and Treasury Office, Supply Chain Unit, Revenue and Expenditure. The main office of finance is situated in Port Alfred with three satellite offices in Alexandria, Kenton-on-Sea and Bathurst.

The objectives of the finance directorate for the 2021/2022 financial year were as follows;

- To activate/implement, update the entire Municipality's fixed asset register and ensure its Compliance to GRAP (Generally Recognised Accounting Practice)
- Ndlambe is able to raise sufficient revenue (internal and external sources) and manage the assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs
- To maintain Finance assets
- To improve communication of the budget process
- To implement mSCOA according to National Treasury Circulars and guidelines.
- Households living below the poverty line, as well as vulnerable groups, have improved access to all required basic services, health facilities and social/ work creating programs
- Develop the Supply Chain Management Unit to be in line with the SCM policy and meet the requirements of good practice and address all issues raised in the report of the Auditor-General

- To ensure financial resources are utilised in an economical, efficient and effective manner
- Develop the capacity of the Budget and Treasury Office (BTO) to meet the requirements of credible financial management.
- To ensure that all revenue is collected on a monthly basis to cover the operating expenditure of the municipality on a daily basis
- To ensure all indigents have access to free basic services.
- To ensure an effective customer care service to all residents.
- To ensure increased registration of the qualifying indigent households
- To ensure deceased indigent beneficiary's households are visited to obtain information of the occupant and verify if the household qualifies to be indigent.
- To ensure all collectable debt is collected

To meet the above objectives the following indicators were set that we needed to achieve;

- Percentage of progress made towards maintenance and rehabilitation of Asset register including all Finance Leases, Operating Leases, Infrastructure Assets and municipal and Investment properties
- New asset acquisitions are recorded/captured on a monthly basis.
- The existence of all assets is verified half yearly.
- All assets acquired are bar coded and insured on a monthly basis.
- Percentage increase in the possible local revenue base
- 100% spending of FMG grant allocated
- Increase in % of equitable share based on more accurate statistics in terms of the DORA
- Percentage decrease in non-payment
- Percentage of elements of financial system utilized
- Increased in number of staff trained to effectively use the financial system
- Increase in number of useful reports generated for planning and monitoring purposes
- Increase in the investments of maintenance / upgrade of financial system
- Number of reports that meet the legal requirements at the right time
- Percentage of improved cash flow by reducing expenditure to match actual cash on hand.
- Number of Finance assets assessed and ensuring that they are utilized economically.
- Relevant advertisements and loud hailing are done within the legislated time frames
- Increase in number of households benefiting from poverty alleviation programs
- Fully operational SCM unit in line with SCM Policy and MFMA implemented
- Income and expenditure reports are provided on a monthly basis to offices and directorates for them to do budget control.
- Infrastructure investment plan is developed for development priorities in the IDP.
- Relevant officials are trained to ensure that they are able to contribute to the financial management system (treasury departments and departmental managers)
- A process plan in place to ensure all new buildings, additions to buildings, re-zoning of properties, sub-divisions and consolidations are forwarded to the finance directorate on a monthly basis for billing and valuation purposes.
- All residents who do not have the financial means to pay for basic services in terms of the indigent policy are registered.
- A complaint register to reduce number of complaints from residents resulting from system errors is developed
- Increase in response time and resolution of complaints to be within 7 days of receipt

Finance Directorate Challenges

The following general challenges were experienced by the finance directorate for the year ending 30 June 2022;

- Grant dependency for capital expenditure
- Increase of the debtors book impacting negatively on our financial viability
- Turnaround time of customer queries and complaints
- Asset maintenance and asset control to ensure sustainability
- Revenue enhancement
- Lack of office space

- Staff establishment
- Reduction of bad debt, depreciation and income foregone budget to reduce the tariff percentage increase to ratepayers and consumers
- Water losses where Amatola Water to be paid for water lost
- Decentralisation of the supply chain unit.
- Subsidisation of water consumed by households in Amatola subsidised areas
- Debt collection in ESKOM licenced electricity distribution areas.

Finance Directorate Composition

Creditors

Payroll:

Administer payment of salaries and allowances. Monthly reconciliation of salaries. Payroll runs on the Friday closest to the 25th of each month where salaries are transferred electronically to staff members bank accounts .Payments made to the Pension Funds, SDL, PAYE and UIF as well as other salary deductions due, are done before the 7th of the following month. The duties are performed by a Senior accounting who reports directly to the Expenditure Assistant Director. The municipality is in the process of appointing an assistant for this position minimise the risk of centralising knowledge to one person.

Creditors Payments.

Administer payment of creditors. Creditors to be paid within 30 days of invoice received date on a monthly basis, statements of creditors reconciled with the orders/requisitions issued- Late submission of invoices past 25 days of invoice date should be accompanied by a memo stating the reason for such late payments. Ovvio scanning has been implemented to ensure easy access and safekeeping of such payment vouchers. Direct payments are done on a day to day basis for emergencies, accommodation, travelling and temporary wages. Project payments have been implemented by BTO – invoices are paid against such project .

Stores:

Execute control over stock/stores -Buying and controlling of stock which includes stationery, petrol and diesel, water meters etc. Stock taking at year end will no longer involve the participation of the storekeeper and Ass. Storekeeper, but will be done by the internal auditor and delegated staff members. Adjustment and obsolete stock items were taken to council to be written off. The fuel management functionality in MunSoft is used to manage and control fuel and enable us to draw fuel reports on fuel usage of each fleet.

The strategic objectives of the Creditors Section are to:

Creditors:

To utilise all the functions available on the MunSoft system in order to be more effective on directs/creditors payments.
To safekeep expenditure documentation electronically

The key issues for 2021/2022 were:

- To get all expenditure documents on an electronical filing system
- Balance all stock items and bin cards to the stores sub-ledger
- Balance and reconcile creditors statements
- To minimise fuel losses

Revenue

Overview:

The revenue section within Ndlambe Municipality covers a wide range of functions which are of an administrative nature. It plays a pivotal role in revenue generation and collection activities through;

- Formulation, implementation and reviewal of relevant revenue policies
- Ensuring compliance to national, provincial and local government legislation.

- Active participation in various government structures to promote intergovernmental.
- Engaging in revenue enhancement activities by billing for services consumed, provide key statistical data for setting annual tariffs, undertaking banking services, meter readings for billing purposes.
- Facilitation of property general and supplementary valuations and finally rating of properties.

One of the critical functions of the department is to continuously, monitor expenditure and give advice to other directorates to ensure that expenditure is within approved budget. Financial management is not only inward focused, it provides a wide range of services to local communities. It serves as a delivery mechanism for free basic services.

Free Basic Services

Financial function is responsible for facilitating an enabling environment for the implementation of free basic services by developing policies to be approved by council. It is through these policies that local communities can access these services. Communities are assisted by the Finance department to apply for these services and thereafter facilitate payment for such services. Different mechanisms are considered to extend the provision of certain free basic services to informal settlement and rural areas. Such services are provided through an alternative sources of energy namely gel, gel stoves, internal and street solar lights

Service Delivery

The Finance department is one of the key role players in service delivery. Finances' role is to provide support to the departments that are directly involved in service delivery. Such support is ensuring of cash resources, these resources are generated through various billing activities, collections of payments due are done by the finance department. One of the greatest challenges that Ndlambe is faced with is electricity distribution in townships which fall under ESKOM's electricity distribution licences. The challenge is in the distribution network that is currently in place. It must be noted that this problem is not only in Ndlambe.

There are number of problems to mention a few, insufficient credits levels maintained by the vendors resulting unavailability of electricity to consumers. The matter has been addressed with ESKOM, but no solution has been provided to us.

Property Valuations

A Supplementary Valuations were compiled during the 2021/2022 financial year to rate new properties and properties that have had improvements done. The General Valuation Roll was for implementation in the financial year 2021/22.

Strategic Objectives

The following are finance key strategic objectives which will contribute towards achievement of the municipality's strategic objectives;

- Creation and maintenance of a credible valuation roll
- Building and maintenance of a good customer relationship
- Creation and maintenance an internal customer approach when serving other internal departments.
- Reduction of errors in billing
- Ensuring maximum collection of municipal revenue through billing and revenue collection.
- Capacitating of departmental staff
- Use of various tools, equipment, to enhance revenue collection
- Identification of unbilled and unmetered consumption to enhance our revenue base.

Key issues for 2021/2022 financial year are;

The focus will be on the following issues, which are critical for service delivery and financial viability of Ndlambe Municipality, these will include but not limited to the list below;

- Resourcing the department
- Capacitating staff
- Improving billing and credit control information system/reports
- Increasing the number of registered indigents
- Ensuring the indigent register is credible

- Reduce account queries
- Shorten account query response time
- Increasing debt collection efforts
- Improve on the number of TID meter roll overs performed per month
- Improving customer relations
- Exploring other debt collection mechanisms
- Ensuring continuous supply of electricity to consumers in Ndlambe townships.
- Attending to by investigate, obtaining and updated to the financial system with postal or email details for all undelivered accounts
- Increased accessibility of Free basic Electricity to indigent people through ;
 - Indigent registration and
 - Issuing of free tokens without purchasing coupons.
 - Provision of alternative energy sources to rural and informal settlement communities.

It must be noted that due to processes to be followed some of the issues may be both short and long term issues

Budget And Treasury Office

Budget and Treasury Office was established in terms of section 80 of the MFMA. It consists of BTO manager reporting directly to the CFO. The section plays a pivotal role in compilation and management of expenditure. There is a limited staff complement resourced with the 5 Treasury funded interns. Reliance on interns is a risk as treasury may decide to stop the funding. Ndlambe will have to build its capacity with time.

The functions of the BTO are as follows:

- Budgeting,
- Financial Statements & Reporting,
- Asset Management,
- Cash Management,
- Investments
- Insurance.

The function of the budget and treasury office within the municipality is administered as follows and includes:

Budgeting

The Municipality's annual budget comprises of operating, capital expenditure, cash flow, and financial position budget. The operating budget funds employee salaries, operating costs, bulk purchases, and assistance for the poor, such as free basic water and sanitation. The Municipality's business and service delivery priorities were reviewed and where appropriate, funds were transferred from low- to high-priority programs to maintain sound financial stewardship. The focus is to critically review expenditure on non-core items.

The capital budget is set aside for spending on infrastructure and services, such as roads, water, and sanitation as well as the many other utilities and services that Ndlambe Municipality needs to function, grow, and offer opportunities to its residents.

The cash flow budget focuses on projected cash flow movements determining whether the municipality's cash receipts, and cash and cash equivalent can fund all the operating expenditure and capital commitments.

The entire budget amount per annum is based on the income that the Municipality accrues on rates, service charges, and grants and subsidies. Budgeting on the accrual basis enforces strict cash control measures as before expenditure can be incurred the income must be in the bank. The municipality has to move to a cash budget so that expenditure can be more certain.

BTO's involvement in budgeting starts from the planning, strategizing, preparing, tabling, approving, finalizing, and implementation stage. The planning and strategizing stages are done through the political guidance of the Mayor. i.e., review of timetable schedule and the previous year's budget process to determine what went wrong, what should be

corrected, and the way forward. This can be done through internal and external participation. The preparation for the finalizing stage of the budget is done by the BTO with the assistance of the Accounting Officer and the cooperation of the other directorates. After the implementation the BTO conducts in-year monitoring of the budget. The budget process as compared to prior years has improved, the introduction of funding envelopes that were provided to each directorate to budget within and the establishment of budget support teams allocated to assist and guide the directorates in budget preparation. The procurement plans were compiled and tabled to Council.

The strategic objective of this function is to:

- Compile well balanced, representative and affordable budget informed by the IDP and available resources.

The key issues for the financial year are:

- The in-year monitoring to control the budget.
- Improve Engagement of the budget steering committee involvement in the budget in order to achieve a smooth budget process.
- To include the SDBIP in the Budget process
- To achieve 100% aligned system generated cash flow with mScoa data strings
- To achieve 100 % compliance on mScoa

Financial Statements and Reporting

The BTO coordinates the process of preparing the financial statements with the finance management team. The finance management team is required to prepare statements that are in accordance with generally recognized accounting practice (GRAP). The Financial Statements are handed over to Auditor General on 31 August for auditing purposes as required by the S126 (1) b of the MFMA. The BTO prepares the monthly, quarterly, half-yearly, and yearly reports to Council, National, and Provincial Treasury based on the requirements required by the MFMA.

The strategic objectives of this function are to:

- Compile accurate and reliable financial statements and reports which reflect the true financial position of the Council.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to achieve an unqualified audit report.
- Monitor and update the progress of the audit action plan.

The key issues for the financial year are:

- Striving to produce financial statements that are fully complying with GRAP.
- To develop a monthly checklist to correct errors on matters affecting the financial statements before the reporting date.
- To address all the prior year's audit findings both in the audit report or management report and to maintain sustainability on areas that were not raised.

Asset Management

The asset office coordinates the verification of assets starting from January each year, The verification will first target the low-risk areas/locations and save for last for the high-risk areas. Controls the movement, transfers, acquisitions, and disposals of Council assets daily and calculates the depreciation Report to Council a list of assets to be disposed of for approval.

The strategic objectives of this function are to:

- Maintain the fixed assets register and ensure 100% compliance with GRAP
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to locate, identify, and revalue all Municipal Assets.
- Ndlambe Municipality to maximize revenue (internal and external sources) and manage its assets to meet its responsibilities in terms of service delivery incorporating both capital and operational costs.

The key issues for the financial year are:

- To maintain the asset register on a monthly basis.
- Ensuring that the Council asset register complies with GRAP.

- Reduce the scope of the consultant by managing and updating movable assets register inhouse
- Utilising the Assets module in the core financial system
- Introducing assets standard operating procedure to improve internal controls

Cash Management

Prepares a daily cash flow to determine whether the council is in the status to spend from the budget. Informs the directorates if there are any cash flow problems. Allocate grant monies to the allocated budget.

The strategic objectives of this function are to:

- To secure sound and sustainable cash flow management of the Council.

The key issues for the financial year are:

- To review the cash management and investment policy in accordance with any framework that may be prescribed in terms of s13 (1) of the MFMA.

Investments

The BTO maintains the quotation register. Identify monies that are transferred to the Council's current account and invest monies not immediately required. Prepares the monthly reconciliation and recognizes interest and re-invests investments on the due date.

The strategic objectives of this function are to:

- To secure sound and sustainable investment procedures of the Council.

The key issues for the financial year are:

- Implement authorization and review the investment decision made by the employee making the investment
- To utilise the investment module in the core financial system.

Insurance

Manages the insurance portfolio. Maintain and update the insurance register for all the additions and claims. Allocate payments received from the insurance company to the relevant vote. Update insurance claim register. The problems encountered when implementing the insurance activity are directorates are not informing the BTO of the new acquisitions and stolen assets for insurance additions. Directorates are submitting insufficient information for insurance claims and are not adhering to the terms of the insurance contract. i.e., late submissions

The strategic objectives of this function are to:

- To ensure all the Council assets as per the asset register are insured.

The key issues for the financial year are:

- To review the fixed asset register to comply with GRAP and ensuring that the fixed assets are at the market value for the insurance purposes.

SUPPLY CHAIN MANAGEMENT

Report for the period 1 July 2021 to 30 June 2022

SUPPLY CHAIN MANAGEMENT POLICY – Paragraph 6(3)(a) and 6(4) REPORT

Extracted from the SCM Policy as approved by Council:

"6. Oversight role of the council

(3) For the purposes of such oversight, the accounting officer must –

*(a) within 30 days of the end of each **financial year**, submit a report on the implementation of this policy to the council through its mayor;*

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

*(4) The accounting officer must, within 10 days of the end of **each quarter**, submit a report on the implementation of this policy to the mayor.*

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act."

1. Staffing Matters

During the 2021/2022 Financial Year, the department still operated with three permanent staff members of the Unit continued to face many challenges, due mainly to an insufficient number of staff members in the Unit to carry out the full range of duties as set out in the Municipality's Supply Chain Management Policy. The municipality contracted one person to beef up the SCM Unit. The municipality is currently has filled the position of a Senior Buyer and in the process of filling Contracts Manager vacancy to strengthen capacity in the SCM unit.

To ensure sustained compliance with Best Practice processes, and to address to issues raised previously by the Auditor-General, the Logistics Clerk post was filled on a permanent basis. However, the Task Grading in respect of this new post has still not yet been completed. The post of Logistics Clerk remains the only currently occupied post which has yet to be task graded. No firm indication has been provided by the Human Resources Section as to when this evaluation will be completed but it has been intimated by the HR Section of Ndlambe Municipality that the conclusion of the process is imminent.

2. Office Infrastructure

Training on the finer points of utilisation of the new VoIP telephone switchboard system has not yet been provided, and, as use is currently being made of low volume stand-alone units, it is also felt that, due to the requirements of the new Munsoft system, the SCMU is in need of a high volume scanner/printer

3. Decentralised Supply Chain Processes

It remains a challenge to fully and comprehensively comply with the administrative and reporting requirements of legislation due to the currently dispersed nature of responsibility for the various Supply Chain Management functions.

Council Took a resolution to centralise, attempts are made to achieve this objective,. One department was taken on board, training has been done, a commodity database is being developed. With effect from September the Departments will forward

4. Ndlambe Municipality Supplier Database

By amendment to the Supply Chain Management Policy, the municipality's supplier database, with effect from 1 July 2016, has become, *de facto*, the Central Supplier Database (see below).

5. Web Based Central Supplier Database (CSD)

With effect from 1 July 2016, Municipalities started using the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations. This means that the requirement for Ndlambe Municipality to operate and maintain a separate supplier database has fallen away, as all organs of state (including municipalities) must, make exclusive use of suppliers who are registered on the CSD.

To this end:

- An amendment to the Supply Chain Management Policy of the municipality, in line with the recommendations of National Treasury regarding compulsory CSD registration, was approved by Council.
- SCMU officials have been assisting many local potential suppliers to register on the CSD.
- The Supply Chain Manager has been registering Ndlambe officials as users on the CSD so that user departments can search this database for potential suppliers. This is an ongoing process.

The response from, particularly local, current suppliers to the municipality has, regrettably, been extremely poor. Ongoing efforts to encourage registrations are being made but there exists a considerable risk that the municipality, in order to ensure ongoing service delivery, may be left with no other option than to transact with unregistered suppliers.

The current user-friendliness of the CSD has proved to be rather challenging, and suggestions are being made, on an ongoing basis, to National Treasury regarding possible improvements to this aspect of the system.

6. Minimum Competency Levels

Section 119(1) of the MFMA states that: *"The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels."*

Both the Head: Supply Chain Management and Acquisition Officer must therefore comply with the requirements of the National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels in this regard. To date, both the SCM Head and Senior Buyer have not yet attained this requirement and the municipality is pushing them to comply.

7. Abakus System migration to the Munsoft System

MunSoft procurement system has been implemented partially, requisitions are done manually but requisitions are generated by the system. The manual requisitions are to be done electronically once the commodity database is developed

8. Deviations from SCM Processes

Although tendering procedures and many other provisions of the Supply Chain Management Policy were adhered to, many deviations (as defined in Section 36 of the SCM Regulations and Para 39 of Ndlambe Municipality's SCM Policy), mostly relating to the Informal and Formal Written Quotation provisions, still occur on a regular basis. Concerted efforts are continually being made by the Supply Chain Management Unit to inform user departments of ways to decrease their reliance on using deviations to support acquisitions.

9. National Treasury MFMA Circular 77 – Model SCM Policy for Infrastructure Procurement and Delivery Management

In October 2015 this circular, which suggested a separation of supply chain management requirements for general goods and services from those for infrastructure delivery, was issued. A "model" Infrastructure Procurement and Delivery Management policy was also provided.

As the current Supply Chain Management Regulations (Municipal Supply Chain Management Regulations per Notice 868 of 2005) do not make any provision for municipalities to have more than one Supply Chain Management Policy, no action, other than noting the contents of the circular, was taken. Implementation of the SPIDM as parallel procurement vehicle still remains a challenge.

10. National Treasury MFMA Circular 83 – Publication of information on the eTender Publication Portal

This circular, issued in July 2016, set out "requirements" by National Treasury (although a Circular is obviously not any form of Regulation) for municipalities and municipal entities to advertise, on the eTender Publication Portal

(<http://www.etenders.gov.za/>), all their bids and publish notices of all awarded bids, cancellations and deviations, variations and extensions of existing contracts.

The circular also stated, *inter alia*, that:

- “Accounting Officers must utilise the Organ of State System Account Application Form on the Office of the Chief Procurement Officer (OCPO) website to request access rights on the eTender Publication Portal.” No clarity has yet been provided to the SCMU regarding this matter.
- “The National Treasury will facilitate access to the system and provide training and support in collaboration with Provincial Treasuries.” No indication as to when this training will be provided has been received by the SCMU.

The circular also does not make any mention of a commencement date of the requirements. No action, other than noting the contents of the circular, has therefore been taken by the SCMU.

Municipal Regulations on a Standard Chart of Accounts (mSCOA)

In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts *inter alia* makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments (SCOA Version 5.5). To date Ndlambe has been complying with these requirements in all respects.

Names of pension fund	Number of member	Names of Medical Aids	Number of members
Cape Joint Pension Fund	3	LA Health	72
Cape Joint Retirement Fund	319	Bonitas	149
SALA Pension Fund	34	SAMWU National Medical Scheme	128
SAMWU National Pension Fund	83	Hosmed	10
Sanlam Pension Fund	18	Key Health	2

SERVICE PROVIDERS TO THE FINANCE DIRECTORATE STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. Service provider means a person or institution or any combination of persons and institutions which provide a municipal service.

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

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider

- Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

Section 116(2) of the MFMA further states that:

The accounting officer of a municipality must:

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement;

FINANCE RELATED BY-LAWS

By-laws Introduced during 2021/2022					
Newly Developed	Revised	Public Participation conducted prior to adoption of by-laws (yes/no)	Dates of public participation	By-laws Gazetted* (yes/no)	Date of publication
0	0	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

The finance policies that were reviewed and adopted for the 2021/2022 financial year did not necessitate any amendments to the financial by-laws that are in place. The finance related by-laws are available on the municipal web-site and at the finance offices.

FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services were funded from the “equitable share” grant received from National Treasury.

The criteria for an Indigent Household for 2021/2022 were as follows:

- ✓ The applicant must be a resident of the municipality.
- ✓ The applicant must be in possession of a valid South African identity document.
- ✓ The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold for a 100% rebate is an income of not more than two state pensions per month.
- ✓ The applicant must be the owner or tenant or any person who is authorised to occupy the property subject to availing authorised documents who receives municipal services and is registered as an account holder or legal authorised occupant on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- ✓ Any occupant or resident, as per the definition of indigent, of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- ✓ A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- ✓ The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- ✓ The account of a deceased estate may be subsidised if the occupier who occupies the house applies for services and indigent subsidy by completing the **NDLAMBE OCCUPANT DECLARATORY AFFIDAVIT FORM**
- ✓ Rateable house value of less than R350 000 or where the owner applies for assistance as a special case and as determined by the rates rebates committee.

- ✓ Any one of the following factors will serve as a disqualification
 - Where the applicant has or allows any business to be operated on the property
 - Where there is no written service agreement with the applicant;
 - Where the applicant owns more than one property, only one property will qualify for indigent subsidy
 - Where any of the documents requested in the application is not supplied the applicant will not qualify for subsidy

Water leaks on the consumer side of indigent households are repaired at no cost to the household by the municipality. Great savings on water losses were affected by these actions. The municipality needs to ensure that all indigent households have pre-paid electricity and water flow limited meters to keep consumptions to the limit allowed by the policy.

Finance Directorate - Staff Component – 2021/2022

The staff component does not fall into an ideal structure and this needs to be addressed when the budget and cash flow allows. It is also critical that the budgeted posts in finance must be filled at all time or debt collection and segregation of duty becomes a problem and in turn increases the risk factor.

MFMA Competencies – Finance Directorate

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act.

Employees and interns were identified in the finance directorate to obtain the CPMD qualification and prescribed competencies.

All of the finance directorate staff apart from the Assistant Director: Expenditure has complied with the requirements of the Government Notice 493 of June 2007.

Financial Sustainability of the Municipality

Financial Sustainability of the Municipality			
Financial Overview: 2021/2022 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income	532, 757,944	50, 846, 810	556,419,141
Grants	179, 888, 968	71, 784, 261	219,484,876
Taxes, levies and tariffs	1, 342, 820	1, 106, 239	5, 021, 013

Details	2021/2022			
	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to budget
Employees	(177, 110, 734)	(766,843)	(172,174,018)	171, 407, 175
General	(62, 256, 838)	(5, 219, 127)	(61, 881, 916)	56,662,789
Repairs and Maintenance	(28,394,821)	(29, 852, 878)	(33, 522, 294)	3, 669,416

Financial Overview: 2021/2022 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
- Exchange transactions	207,228,995	22, 744, 266	186, 669, 989
- Non-exchange transactions	325,528,949	73, 591, 076	369, 749, 152
Total Revenue	532, 757, 944	50, 846, 810	556, 419, 141
Less: Expenditure	(451, 212, 262)	(3, 222, 742)	(516, 559, 564)
Net Total*	81, 545, 682	47, 624, 068	39, 859, 577
*Note: surplus/(deficit)			

CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance is examined under the following four (4) components:

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

Each of these components is required to function optimally and the high levels of interaction and interdependence that is required to occur between these components, will impact positively on organizational & operational effectiveness overall.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

By necessity and design, formal political and administrative frameworks and infrastructure have been created both internally and externally in order to facilitate operational performance. To this end the required policy has been created and updated; structures (political and administrative) have been created and implemented, procedures and compliance prescriptions have been developed to aid and direct day-to-day operations; and an infrastructure and support system has been created. All of these ensure that operations occur in a sound and effective manner. In every instance, efforts are continuously made to meet community needs in an ordered and structured manner, while ensuring optimum levels of efficiency and effectiveness.

Ndlambe Municipality's operational focus is determined by its strategic objectives as reflected within its Integrated Development Plan (IDP). These objectives are initially translated into the performance targets that are reflected within the Service Delivery and Budget Integration Plan (SDBIP). These targets are translated further on an operational level by being cascaded into operational and management targets within the relevant performance scorecards within each directorate. This process facilitates that performance targets are monitored and met over a designated period of time and in the manner prescribed. The successful achievement of these objectives is dependent on the available resources i.e. operational, human and financial.

Functions of the political arm:

- Advocating and protecting the needs of the community and in this manner, facilitating the possibility of a better quality of life for all; and
- Communicating effectively and involving all members of the community in decision-making wherever practical and possible, in order to give new meaning to the concept of a "people-centred government".

Functions of the administrative arm:

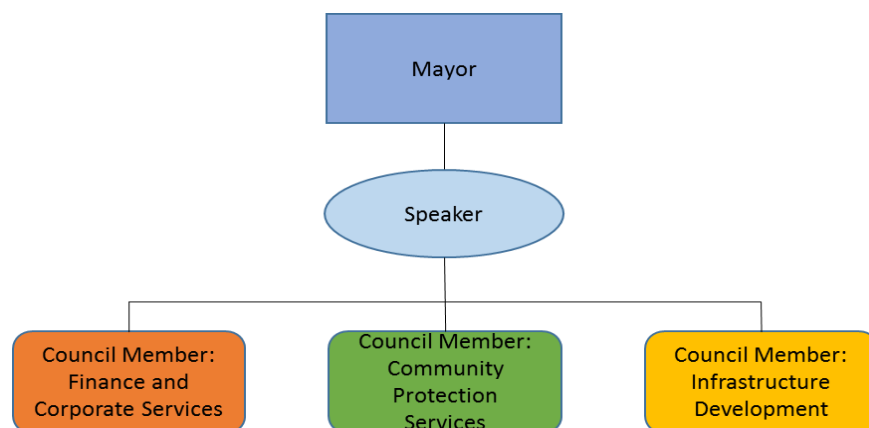
- Ensuring that there is sufficient infrastructure (human capital, resources, policies and procedures) in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance; and
- Providing a supportive and administrative role and function overall.

2.1.2 Political Governance

Introduction to Political Governance

As per the Municipal Structures Act, Act No. 117 of 1998, Ndlambe Municipality has a **Collective Executive System**. In terms of this and as depicted within the diagram below, it presents as a democratically elected Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors.

POLITICAL STRUCTURE OF THE MUNICIPALITY



Portfolio Councillors are allocated to oversee the functioning of each directorate including the Office of the Municipal Manager, thus enhancing the oversight role. By so doing, formal decision making is enhanced. In this manner, Councillors are better placed to make “informed decisions” and appropriate recommendations to Council for final approval where necessary.

a. Councillors

The Ndlambe Municipal Council is comprised of 20 Councillors (Ward Councillors and Party Representatives) and this is reflected as follows:

The Council has 20 seats (10 Proportional Representative (PR) Councillors and 10 Ward Councillors). All seats in the Council are filled. The Speaker is the Chairperson of Council. The party-political and demographic representation of Councillors is reflected in the table below:

Political Party	Number of Councillors	Gender of Distribution	
		Male	Female
African National Congress (ANC)	11	9	2
Democratic Alliance (DA)	6	4	2
Economic Freedom Fighters (EFF)	3	2	1
TOTAL	20	15	5

The Mayor of the Ndlambe Local Municipality is Ms KC Ncamiso and the speaker is Mr A Marasi. The Portfolio Councillor for Infrastructure Development is Cllr. S Dyakala, Community and Protection Services is Cllr. N Memani and the Portfolio Councillor for Finance is Cllr. S Venene and Corporate Services is Cllr Ncamiso.

List of Councillors and Political Party Representation

Initials and Surname	Political Party
Councillor A L Marasi (Speaker)	African National Congress
Councillor K C Ncamiso (Mayor)	African National Congress
Councillor A Nyumka	African National Congress
Councillor P Khungwayo	African National Congress
Councillor Z Myali	African National Congress
Councillor S Kolosa	African National Congress
Councillor M Sweli	African National Congress
Councillor E Walker	Democratic Alliance
Councillor S Zweni	African National Congress
Councillor A Bukani	African National Congress
Councillor S Melani	African National Congress
Councillor N Haynes	Democratic Alliance
Councillor X Runeli	Economic Freedom Fighters
Cllr M Mgweba	Economic Freedom Fighters
Cllr N Memani	Economic Freedom Fighters

Councillor Y P Kani	Democratic Alliance
Councillor S Venene	Democratic Alliance
Councillor T Mbekela	Democratic Alliance
Councillor W Johannes	Democratic Alliance
Councillor T Dyakala	Democratic Alliance

Administrative responsibilities of Councillors/Council

- Attendance of Council meetings (quarterly) and Special Council meetings (convened to address urgent issues – requiring urgent attention/action);
- Political decisions are taken regarding service delivery;
- Provision of an oversight role regarding Council;
- Compliance with Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000). It is legislated and understood that the executive and legislative authority of a municipality lies with the Council and Council is required to take all the decisions of the municipality subject to s59;

Committees of Council

Executive Committee (EXCO)

Councillor K C Ncamiso	Mayor, Chairperson & Portfolio Head: Corporate Services	African National Congress
Councillor T Dyakala	Portfolio Head: Infrastructural Development	African National Congress
Councillor S Venene	Portfolio Head: Finance	Democratic Alliance
Councillor N Memani	Portfolio Head: Community and Protection Services	Economic Freedom Fighters

Municipal Public Accounts Committee (MPAC)

Councillor A Nyumka	Chairperson	African National Congress
Councillor N Haynes	Member	Democratic Alliance
Councillor M Sweli	Member	African National Congress
Councillor M Mgweba	Member	Economic Freedom Fighters
Councillor A Bukani	Member	African National Congress

Functions of MPAC

- Provision of an oversight role in respect of the administration and executive committee of the council;
- Reviewing the municipal / municipal entity's quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council;
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy;

- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- Promoting good governance, transparency and accountability on the use of municipal resources;
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee's responsibilities/ area of competence.

To fulfil its functions MPAC may/is required to:

- Seek / have access to any information required from any councillor/employee;
- Report to council on the activities of the committee;
- Perform any other function assigned to the committee through a resolution of Council;
- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity;
- Request the support of the internal and external auditors when necessary;
- Engage directly with the public and consider public comments when received;
- Have permanent referral with regard to the following reports:
 - Mid-year /In-year s72reports
 - Annual Financial Statements
 - Reports of Auditor General and audit committee
 - Any other financial audit report from the municipality
 - Information on compliance in terms of sections 128 and or sections 133 of the MFMA
 - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
 - Performance information of the municipality.

Note:

- As with the previous year, the annual work plan was drafted and implemented;
- Oversight was provided as prescribed and in terms of any other issues deemed necessary;
- The oversight report for 2021/2022 as part of the Annual Report will be drafted and tabled to Council. This report will incorporate comments and recommendations on management's action plans developed in order to address findings raised by the Auditor General in its audit report

Audit Committee

Committee responsibilities and performance:

- i. The Audit Committee was established in terms of s166 of the MFMA 56 of 2003 and is comprised of four (4) independent members;
- ii. This Committee is bound by the Council approved Audit Committee's Charter;
- iii. The Committee performs an advisory function and role for the municipality and is directly accountable to Council. In this regard, it plays a key role in ensuring that there is accountability and transparency within the organization;
- iv. The quarterly performance information is required to be reviewed in terms of compliance;
- v. The unaudited financial statements are required to be reviewed prior to submission to the Auditor – General as per prescriptions of compliance;
- vi. The committee is required to provide an objective view on the effectiveness of the municipality's risk management processes during each quarter in terms of compliance and specific feedback is then required to be provided to the Accounting Officer and Council in this regard;
- vii. The committee is responsible for oversight on the integrity of financial controls, combined assurance, compliance management and meaningful integrated reporting to stakeholders;
- viii. The committee is required to discharge its responsibilities by using work done/information received from the internal audit unit and other information presented to it by the management at its quarterly meetings;
- ix. The committee minutes contain comments, resolutions and reports on work performed by the internal audit and the committee, and these are required to be approved during the quarterly meetings; and
- x. Approved internal audit reports are required to be distributed quarterly to the Accounting Officer, the Mayor and the chairperson of the Municipal Public Accounts Committee (MPAC) for notification and to management for action.

The Audit Committee was constituted as follows:

MEMBER	POSITION
Adv. S Gugwini Peter	Chairperson
Prof. W Plaatjies	Ordinary Member
Ms R Shaw	Ordinary Member

Note: A Manager: Internal Audit and 2 Internal Auditors facilitate the audit function in- house.

Ward Committees Establishment and Functionality

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

Purpose

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils in ensuring that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. These meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This has assisted the municipality in ensuring that public participation is enhanced and accountability of the municipality is not compromised

During 2021/2022 Ward Committee meetings were held in all 10 wards on different dates and for each quarter. These meetings were attended by community members. Issues raised by ward committees are reported quarterly to the Executive Committee and Council. From the results thereof, it appears that these meetings and this method of communication appears successful with issues being resolved. This system ensures that council is kept current on all issues raised within Ward Committee meetings.

Ward Committees and their Members

Ward 1

NO	Name and Surname
1.	Lulu R Jikolo
2.	Boyce Wandisile Jonga
3.	Sithembele Moko
4.	Boyce Stefano
5.	Mzolisi Centani
6.	Jan Smit
7.	P M Stutt
8.	L.E.Z.Z Titi
9.	Zameka Dlakwe
10.	Siphosethu Njoli

Ward 2

NO	Name and Surname
1.	Nobesuthu Vuso
2.	Catherine Coetzee
3.	Ian King
4.	Trevor Moko
5.	Hendrik September
6.	Thembisile Ketelo
7.	Ziyanda Funani- Magubela
8.	Lonwabo Mkhele
9.	Nomasomi Lawu
10.	Boniswa Kana

Ward 3

NO	Name and Surname
1.	Nomangesi Tshukulwane
2.	Elvira Ramaj
3.	Susan Muirhead
4.	Selda Masimla
5.	Eugen Williams
6.	Malibongwe Mangele
7.	Nomaslake Zozi
8.	Thembisile Bili
9.	Akhona Gampu
10.	Lindeka Nela

WARD 4

NO	Name and Surname
1.	Shame Kelly
2.	Catherine Abbot
3.	Andrian Purdon
4.	Nomachina Zweni
5.	Dumisa Nkinqana
6.	Ntobeko Magwaza
7.	Ntombise Dumezweni
8.	Rev Nkohla
9.	Mzwandile Nobhadula
10	Mvulakazi Magopheni

WARD 5

NO	Name and Surname
1.	Xolelani Nyamla
2.	Zameka Minyelela
3.	Bulelwa Draai
4.	Xolisile Krala
5.	Mtehethe Manyathi
6.	Sivuyile Memani
7.	Simon Blauw
8.	C Dewey
9.	C Boyd
10.	Siphokazi Mkrakra

WARD 6

NO	Name and Surname
1.	Roslyn Baartjies
2.	Claude Marais
3.	Terri Harrewyn
4.	Clive Naido
5.	Bonilile Hendele
6.	Lionard Trolip
7.	Theodore Willemse

8.	Michael James Newlands
9.	Raymond Schenk
10	Bandile Nomlomo

WARD 7

NO	Name and Surname
1.	Mila Hoyi
2.	Babalwa Vulindlu
3.	Thembisa Boo
4.	Thembekile George
5.	Nomawethu Feni.
6.	Thembisa Mpoli
7.	Linda Makinana
8.	Nkosiyethu Madotyeni
9.	Zukiswa Bavuma
10	Xolelwa Konza

WARD 8

NO	Name and Surname
1.	Anathi Mandilakhe Beja
2.	Zikhona Nesi
3.	Bongani Qhakamfana
4.	Nandipha Precious Sakata
5.	Noluvuyo Webu
6.	Nobendiba Ncumani
7.	Xolani Bukani
8.	Samkelo Buzani
9.	Sinethemba Matyumza
10.	Nomaxabiso Ngece

WARD 9

NO	Name and Surname
1.	Luyanda Tambo
2.	Luvuyo Sonanzi
3.	Mziwethu Mafani
4.	Bonani Gareth Nginase
5.	Ntomboxolo Jali
6.	Lulama Maduba
7.	Bonani Mhomho
8.	Sandiswa Tokota
9.	Mandlakazi Plaatjie
10.	Mkhohlisi Njadayi

Ward 10

NO	Name and Surname
1.	Marlyn Pattenden
2.	Stuart Boucher

3.	Richard Pryce
4.	Clinton Millard
5.	Zweli Nkwinti
6.	Antony Douglas
7.	Ann Edwards
8.	Stuart Frurstenburg
9.	Daniel Lodrwyk Scabbert
10.	Judie Van Wyk

Community Development Workers (CDW's)

Community Development Workers are required to interact with the community and identify households in need and to ensure that community relationships are nurtured so that community participation, support and correct utilization of services occur as a result of effective marketing.

Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose);
- Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office;

CDW's report to the relevant government department by utilizing designated reporting mechanisms in an effort to obtain required support and assistance for particular households. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work – with a view to resolving these at higher levels.

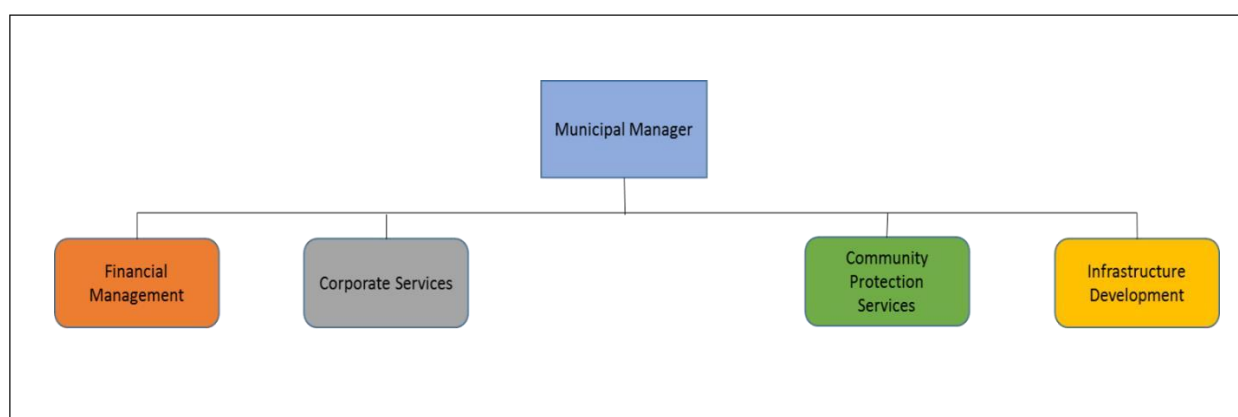
While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Administrative Governance

Introduction to Administrative Governance

The functional structure representing administrative governance is reflected as follows:

Figure 2: Basic organisational structure



Within the Ndlambe Local Municipality, there are four departments that report to the municipal manager (Adv. Rolly Dumezweni) namely; Financial Management (CFO: Mr Mlungisi Klaas), Corporate Services (Director: Lazola Maneli-Payi), Community Protection Services (Director: Nombulelo Booysen-Willy) and Infrastructure Development (Director: Noluthando Vithi-Masiza).

The political leadership and the administration complement each other to achieve the objectives of the IDP. The organogram of the municipality showing filled, vacant funded and unfunded and proposed positions will be attached when the IDP goes to Council.

2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

Efforts to improve and facilitate these relationships have led to the development of IGR (intergovernmental relations) structures which have been put in place and are driven at the local level. The IGR Forum has been established in order to formally promote and to improve this process. In order to govern and facilitate this process further, an Intergovernmental Relations Terms of Reference were developed by the municipality

Existing and Functional Structures

Additionally, the following structures exist to enhance IGR:

- The District Municipal Managers Forum;
- The District Mayor's Forum(DIMAFU);
- MUNIMEC Meetings;
- ☐ Attended by Mayor and Municipal Manager;
- ☐ Driven and coordinated by MEC for Co-operative Governance (to evaluate the performance of government programmes);
- Presidential Hotline

The Presidential Hotline continues unabated. This hotline is to be commended for all its efforts and achievements over the last two years in particular; Regular monthly reporting on issues raised and resolved/failure to resolve have been provided as required.

- IDP Representative Forum

These are held in order to consult with Sector Departments and in order to link IDP processes; and it is to be noted that all required meetings were held as planned.

2.2.1 Intergovernmental Relations

National Intergovernmental Structures

All the programmes that are developed by Ndlambe Municipality are derived from the legislative policies that are approved by National and Provincial Government.

Provincial Intergovernmental Structures

Munimec meetings are attended as and when run.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

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

2.3.1 Public Meetings Communication, Participation and Forums

Historically, it is noted that the Communication Plan and Strategy was adopted and implemented successfully.

Communication continues through Ward Committee meetings, radio talk shows and printed media. Additionally, the Presidential Hotline and the manual receipt of complaints are also being utilized in order to address all complaints received from communities and other stakeholders.

In an effort to heighten the success of customer care initiatives, the municipality has established a Customer Care Unit to deal with issues and/or complaints raised by communities. Mayoral outreaches provide a forum for community complaints and it is here that many community complaints are received. The Customer Relations Officer register the complaints in the Complaints Register, facilitating that this is then formally handled.

Efforts to improve public participation and communication have involved the extensive use of other communication media. These include:

2.3.1.1 Newspapers;

2.3.1.2 Broadcast media such as: These are used for media activities such as: advertising of Mayoral Outreaches and in order to communicate with the community generally.

2.3.1.3 IDP/Budget consultations occur in order to collect community needs and to report on needs. These meetings usually include ratepayers, community members, ward committees and other interest groups applicable to these wards.

Communications Forum

This forum meets quarterly in order to discuss issues relating to communications within the region. It consists of local municipal communicators, GCIS and local media representatives;

Ward Committees

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

COMPONENT D: CORPORATE GOVERNANCE

2.4 OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance is required to ensure that all legislative prescriptions are adhered to and in so doing to ensure that the rights of all stakeholders are protected.

Governance and compliance issues are required to be managed in the strictest sense. The administrative arm and related/designated human resources are required to ensure that all prescriptions (legal / policy prescriptions) are adhered to as prescribed, in order to ensure that the organization functions effectively and minimizes/eradicates all identified aspects of risk.

2.4.1 Risk Management

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

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

2.4.2 Oversight on Risk

The Internal Audit Committee is required to provide oversight on matters of risk – especially in respect of the top five risks identified. This oversight is provided while evaluating the perceived and actual risk

experienced. In a recognized manner, approved processes of measurement, reporting and control are undertaken in order to manage risk effectively.

2.4.3 By-Laws

The municipality has a number of by-laws that it needs to review but financial constraints have been experienced.

Comments on By-Laws

During 2021/2022 the municipality did not review any by-laws but there has been discussion to do so in the foreseeable future.

2.4.4 Municipal Website

The municipality has a functional website, but it requires regular updating for ease of information access and to market the municipality.

Comment Municipal Website Content and Access

The website was developed in order to improve communication with communities. The website needs to be revisited and perhaps redesigned and updated timeously for purposes of meaningful information dissemination.

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

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

2.4.5 Public Satisfaction on Municipal Services

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

- a) Complaint boxes have been installed at designated Community Halls within the municipal jurisdiction;
- b) The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins and anonymous complaints).
- c) The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- d) The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Unit.
- e) In the year under review the municipality conducted a Customer Satisfaction Survey and the report will be sent to Council for discussion and information purposes.

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 WATER AND SANITATION

WATER:

The Regulator for all Water and Sanitation Services is the Department of Water Affairs. Compliance monitoring and process control management oversight is done by this department.

Ndlambe Municipality is located within the Sarah Baartman District Municipality and is home to some 80 000 people. The Ndlambe Municipality (NM) is the legislated Water Services Authority for the area.

Ndlambe Municipality was appointed to act as both the Water Services Authority and Water Services Provider and fulfills both of these functions. However, the institutional arrangements profile consists of the following bulk & retail functions listed below.

Currently all the WSP functions and duties are conducted by either Water Services Providers, Water Services Support Service Agent or the Municipality itself and are as follows:

- Water Services Authority: Ndlambe Municipality, with Community Protection Services doing all water quality control monitoring operations.
- Water Services Provider: Ndlambe Municipality, with Infrastructural Development doing all water provision, with the exception of the following operations :
 - Alexandria Water Supply: P&S Consulting Engineers appointed to provide bulk water within a Water Services Support agreement
 - Kenton/Bushmans Water Supply: Amatola Water Board appointed to provide bulk water within a Water Services Provider agreement

All other Water Supply Systems are managed and operated by Ndlambe Municipality's Infrastructural Development Directorate, as the Water Services Provider. These include the following Water Supply Systems:

- Port Alfred Water Supply System
- Kleinemonde Water Supply System
- Bathurst Water Supply System

Ndlambe Municipality operates and maintains all water supply systems within both Water Services Authority and Water Services Provider functions, with the exception of the Amatola Water Board (previously Albany Coast Water Board) supply footprint, where bulk water is supplied by the Amatola Water Board.

There are six (6) local water supply schemes which service the main settlements within the area. Port Alfred, Seafeld and Bathurst are all fed mainly from surface water schemes whilst Boesmansriviermond, Kenton on Sea, Alexandria, Boknestrand and Cannon Rocks are supplied from ground water schemes.

Boesmansriviermond and Kenton on Sea augment their groundwater supplies with desalinated water through the Reverse Osmosis plant situated at Boesmansriviermond. The towns of Cannon Rocks and Boknes receive Reverse Osmosis processed water from saline borehole sources.

Potable, treated water is piped to all formal urban communities within Ndlambe, and is available to the vast majority of households. However, some of the Bathurst areas such as farms still rely on rainwater and private boreholes except Trappes Valley and Martindale (Station and village) communities that are connected to boreholes. The farms that are still rely on

rain water will be considered by the municipality to be connected to boreholes for continuous supply of water and they will form part of the IDP.

Where informal settlements occur, such as on the Brakfontein Farm commonage on the periphery of Alexandria, tankers transport water to strategically placed tanks, which are accessible to those that need.

Bathurst and Port Alfred areas are heavily affected by drought and the following is the current status:

Bathurst area used to be supplied by Golden Ridge dam which has reached day zero and the municipality has decided to look at option of implementing project that abstract water from Lushington River to ensure continuous supply of water for the area and the project was successful and Bathurst area is now getting water.

Port Alfred area used rely from supply coming from Sarel Hayward dam and Kowie river weir, this source reached day zero in June 2021 and the municipality has decided to connect private boreholes and implementation of 5ML/day RO plant project to ensure that Port Alfred area is getting water. Where 2ML/day is seawater and 3ML/day is reclamation RO plant, currently 2ML/day RO plant is producing water while the 3ML/day is not yet in operation due to insufficient inflow from the wastewater treatment plant.

The municipality again signed a contract with the service provider where the municipality will be getting 1ML/day seawater RO plant, this has also increased the water supply in the Port Alfred area.

Due to rainfall that received in November 2021, Sarel Hayward dam and Kowie river weir back into operation to supply water for the area although dam levels are still low and sometimes it becomes difficult to pump from the weir.

The high laying areas are still struggling to get water continuously due to low levels from our sources, but the situation is better than before as residents can get water for longer duration than before.

Water tanks are placed on strategic areas and these tanks are filled up by water tankers on a daily basis to ensure the availability of water to the communities carting from other areas such as Kenton On Sea and Kleinemonde, but only those high laying areas that are struggling with water.

Temporary dedicated line from Kowie river weir to sarel Hayward dam is in place to keep on feeding the dam while water is available from the weir. This assist to take as much water from the weir so that when Kowie river weir is low, water can be pumped directly from the dam.

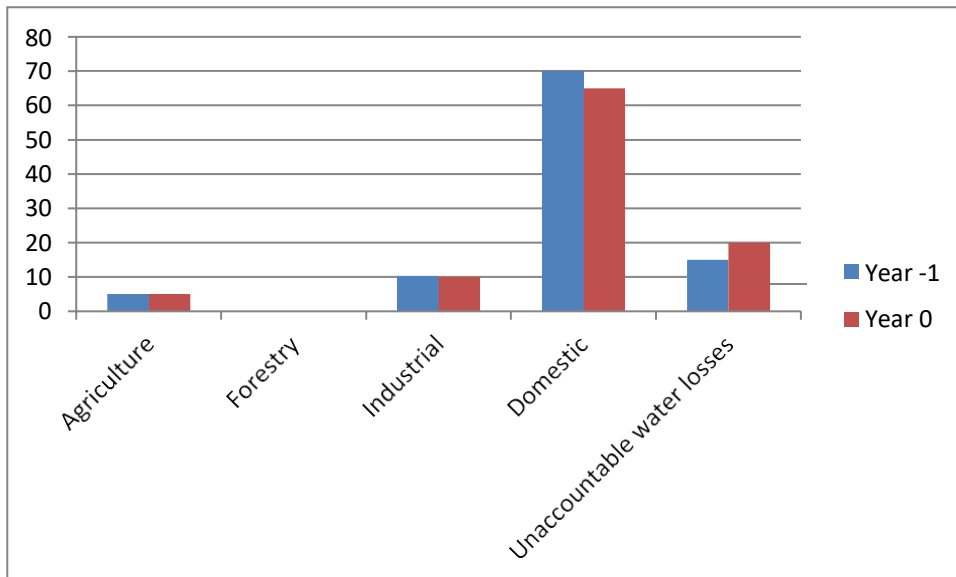
The municipality has a dedicated WCDM team that investigate water leaks throughout ndlambe to avoid the increase of water losses while there are maintenance teams in place dealing with daily maintenance and attending of water leaks in main water lines and reticulation network.

Through WSIG & COGTA-MDGR funding, the municipality has managed to implement the following projects in the 2021/22 FY:

- Upgrade and equipping of East Bank dunes(Drilling and equipping of boreholes in order to supply East Bank reservoir which will increase water supply for the area)
- Water Conservation and Water Management (Installation of booster pumps, Zonal Valves, bulk water meters, air valves, pressure relief valves and security tampering proof).
- Water Supply augmentation (Develop 10 x well field at Rufanes River.
- Drilling of 2x boreholes at Mansfield dam and 5x boreholes in Olive burn farm.
- Upgrade and equipping of East Bank dunes boreholes.

Bulk water services projects is also under construction to ensure there is enough bulk water available for the proposed housing projects in Thornhill and Marselle.

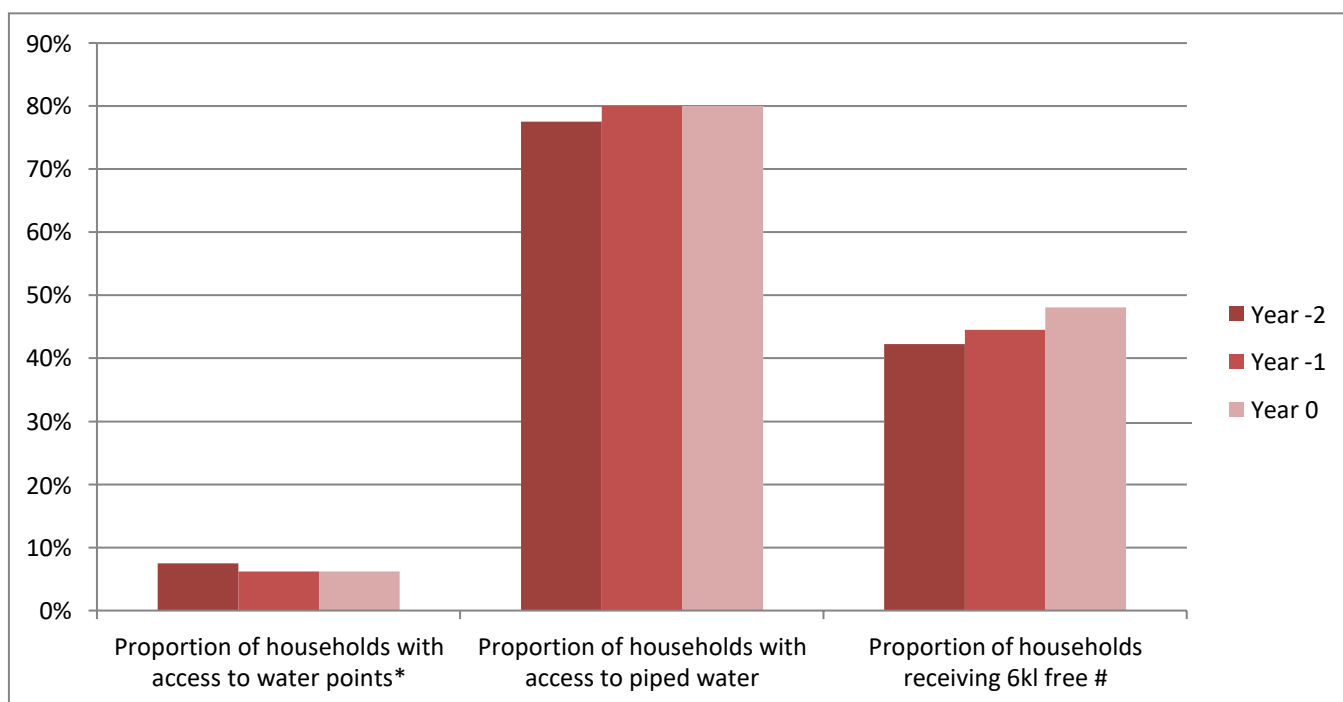
Total Estimated Proportional Use of Municipal Supplied Water by Sector					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	5	0	10	70	15
Year 0	5	0	10	65	20



Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	546	655	846	7432
Piped water outside yard (but not in dwelling)	865	456	486	9649
Using public tap (within 200m from dwelling)	486	465	546	1866
Other water supply (within 200m)				42
Minimum Service Level and above sub – total	1897	1576	1878	18989
Minimum Service Level and above percentage	80%	80%	76%	90%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				560
Other water supply (more than 200m from dwelling)	486	486	486	757
No water supply				
Below Minimum Service Level sub-total	486	486	486	1317
Below Minimum Service Level Percentage	20%	20%	24%	26%
Total number of households*	2,476	2,384	2,062	1.876
*_ To include informal settlements				

Indigent Households – Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	7696	8448	8905			9618
Households below minimum service level	0	0	0			0
Proportion of households below minimum service level	0	0	0			1866
Informal Settlements						
Estimated Total Households	1500	1000	1000			1000
Households below minimum service level	500	250	250			250
Proportion of households below minimum service level	33%	25%	25%			25%

Access to water



Water Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year 2		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	250 additional HHs (560 HHs outstanding) In Bathurst 304 H/H have been connected	284 additional HHs (560 HHs outstanding)	(200 HHs outstanding)	(100 HHs outstanding)	(837 HHs outstanding) 84 H/H were connected to the system	335 additional HHs (560 HHs outstanding) 19 H/H were connected to the system)	0 additional HHs (0 HHs outstanding)	0 additional HHs (0 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year - 1 (40 interruptions of one hour or more during the 18/19yr)	TO% (25Ints) Note: There are 6 water supply systems.	AO% (20Ints)	T1% (30Ints)	T1% (20Ints)	A1% (40Ints) There were 3 water supply Interruptions within the 6 water supply systems.	T2% (30Ints)	T5% (25Ints)	T5% (20Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year - 1 (xxx kilolitres (KI) unaccounted for during the yr)	TO% (1000 x 10 ³ KI)Note : Bulk Water Meter Audit underway to establish unaccountable water	AO% (xxxx KI)	T1% (1000 x 10 ³ KI)	T1% (1000 x 10 ³ KI)	A1% (2 009 x 10 ³ KI) No new Bulk meter have been installed New Bulk meters has been installed (Drought Relief Projects) in order to improve the	A1% (1000 x 10 ³ KI) Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from internal staff	T5% (xxxx KI) Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from	T5% (xxxx KI)

						NRW report. Therefore, unaccountable should have a significant improvement.	Installation and Replacement of Zonal water meters, Zonal water valves and pressure regulating valves in Ndlambe Municipality and this will assist the municipality to identify the hot sport areas where water is being lost in the system. This project was implemented through WSIG funding.		
Water Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Actual	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner									

Augmentation of municipal Water Supply	Number of households provided with established rainwater tanks, guttering and downpipes.		No water tanks provided for the households. (informal settlements) have been provided with standpipes within 200m.		Number of households provided with established rainwater tanks, guttering and downpipes	No water tanks provided for the households. Bulk water provision is being upgraded to meet the demand. All areas without water reticulation (informal settlements) have been provided with standpipes within 200m. No households in formal settlements are without water.		No water tanks provided for the households. All ndlambe areas, Rain water tanks are placed on strategic areas in order provide access to water especial during the drought season where most areas are struggling to get piped water in the 2020/21 financial year.	
Continuous supply of sufficient potable water that meet national compliance standards throughout Ndlambe	Water supplied as per DWA standards and guidelines		97%		Water supplied as per DWA standards and guidelines	95%			
Efficient utilisation of available resources	Reduction in accounted water and wasteful consumption within indigent households		Due to Bulk Water Meter Audit underway to establish unaccountable		Reduction in accounted water and wasteful consumption within	No new bulk meter has been installed New Bulk meters has been installed (Drought Relief Projects) in order to			

			water estimate is 10 – 15%		indigent households	improve the NRW report. Therefore, unaccountable water is estimated to be between 30-40%			
Increase investment in upgrading of existing infrastructure	Measured decrease in water supply shortfalls		Less than 10 days/annum		Measured decrease in water supply shortfalls	20 days/annum			
Increase investment in maintenance of existing infrastructure	Assets maintained to extend longevity of system with maintenance and repairs expenditure		21 Pump stations were maintained and other assets as per the need.		Assets maintained to extend longevity of system with maintenance and repairs expenditure	21 Pump stations were maintained and other assets as per the need. (All 21 pumps and other related infrastructure is maintained throughout the year)			Refurbishment of Kenton on sea WWTW (KOS) at an amount of R 2 444 516.54. Refurbishment of existing sanitation pumps in Alexandria, Marselle, Klipfontein, Kenton and Port Alfred at an amount of R 4 716 840.28
Sanitation Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target	Actual	Actual	Target	Actual	
(i)		*Previous year (iii)		*Previous Year	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year

			(iv)	(v)					(x)
Service Objectives : Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum									
Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum	Decrease in households using septic tanks, pit latrines and conservancy tanks							2448	
	Increase in investment in upgrading existing infrastructure by 10% per annum		No sewer project was implemented in financial year 2017/18			No sewer project was implemented in financial year 2019/20		Spent R 46 Million from Bucket eradication in Nemato and R17Million MIG allocation in Marselle.(.... FY) Upgrade of sewer pipeline in Carnation Street at an amount of R 2 627 541.59	
Service Objectives: To achieve Green Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Improvement in Green drop scorecard from previous evaluation	50-60%	The results have improved from average of 33% to 45.53%	50-60%	50-60%	No Recent audit has been done since 2014. Therefore the score remains	50-60%	33% to 45.53%	

						the same although improvements has been made on site.			

Employees: Water Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	26	30	26	4	
4-6	31	34	31	3	
7-9	8	8	8	0	
10-12	1	2	1	1	
13-15	0	0	0	0	
16-18	3	3	3	0	
19-20	0	0	0	0	
Total	69	77	69	8	2%

SANITATION:

Ndlambe Municipality operates and maintains all sewerage systems within both Water Services Authority and Water Services Provider functions. Water-borne sewerage is available to the majority of households.

The Ndlambe Municipality Council has determined that water-borne sewerage be the minimum level of service to the consumer base. This decision, although well intended, places tremendous strain on the available water resources. Leaking toilets have been identified as a leading reason for water loss. Astute management practice is being instilled within the unit responsible for operation and maintenance of these systems.

There are five (5) waste water treatment works being fed from water-borne sewerage systems which service the following communities:

- 1 Wentzel Park, Alexandria and Kwanonqobela
- 2 Marselle and Harmony Park
- 3 Ekuphumleni
- 4 Port Alfred and Nemato
- 5 Nolukhanyo

The provision of sewerage services excluding reticulation infrastructure includes a large proportion of the households in Ndlambe. Water-borne sanitation services are not available to several communities, who rely on conservancy tanks and septic tank sewerage systems. Ndlambe provides the service for the removal of sewerage using a fleet of sanitation vacuum tankers. These vehicles and their operational staff are under continuous pressure to deliver services. Breakdowns, due to an aged fleet, create backlogs and a dissatisfied consumer base.

The following communities still rely either solely on septic tank / soakaway systems or conservancy tanks or to some lesser degree:

- 1 Cannon Rocks
- 2 Boknes
- 3 Boesmansriviermond
- 4 Riversbend
- 5 Kenton-On-Sea
- 6 Seafeld
- 7 Bathurst
- 8 Port Alfred and Nelson Mandela Township

These households are serviced by a fleet of sanitation tankers, several of which are well beyond their expected operating lifespan. Financial constraints dictate that Ndlambe must make decision to deal with this fleet. . Ndlambe Municipality has managed to purchase sanitation vacuum tankers on the following financial years:

2018/19 – 2 trucks

2020/21 – 2 Trucks
2021/22 – 3 Trucks

The municipality currently has six sanitation trucks but most of the time only three running due to the age and breakdowns on the two trucks.

The new trucks expected will be assisting the municipality to deal with suction much better than before.

All municipal toilet facilities, change rooms and other ablution facilities not connected to water-borne sewerage pipes are serviced by this fleet. Blockages are also attended to, often resulting from the inappropriate utilisation of the service. It is the objective of Council to achieve and sustain “Green Drop” status throughout all of Ndlambe. This is a compliance monitoring system which is managed and implemented by the Department of Water and Sanitation. This quality and service goal is being achieved by improving management performance, which should lead to acceptable discharge water quality.

The limited water in the Port Alfred area resulting to most blockages experienced and the municipality is working hard to attend to these within accepted time.

Most of the pumps were refurbished during the 2020/21 financial year through WSIG funding and the following were the projects:

- Refurbishment of Kenton on sea WWTW
- Retrofitting of plumbing households in Ndlambe Municipality
- Upgrade of sewer pipeline in Carnation Street
- Refurbishment of existing sanitation pumps in Alexandria, Marselle, Klipfontein, Kenton and Port Alfred.

The refurbishment of pump stations will reduce the occurrence of pump overflows and direct everything to the Waste water treatment works designed for the disposal while the retrofitting will reduce water losses.

Part of the projects that was implemented through WSIG were the upgrading of station hill sewer pipeline in carnation where the municipality was experiencing regular sewerage spillages and after the project was implemented all the spillages in the area are no longer exist, while the refurbishment of waste water treatment plant in Kenton On sea will improve the quality of water discharged to the river in order to avoid pollution of river water.

Bulk sewer services projects is also under construction to ensure there is enough bulk sewer available for the proposed housing projects in Thornhill and Marselle.

COMMENT ON WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

Performance of water services and the provision thereof has seen improvements on many fronts when one considers the IDP objectives and goals. Achieving targets are fund-related. Grants received are limited. Internal capital funds have not been available. The need exceeds the available funds, so the challenge has been to make as big a change as possible within the available resource base.

The Municipality is committed to improving water service provision in its region despite the recent water service challenges, which include the following challenges and remedial action:

- Insufficient supply quantity to meet the growing demand
 - Remedial actions include various Water Conservation projects. Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from internal staff that has started piloting the conservation of water in areas of Alexandria, Marselle and Kenton on Sea. Water conservation and demand management practices are continually being assessed and improved, as funds become available.
 - A drought relief project was implemented in the year 18/19 which aimed at dealing the refurbishment of existing water infrastructure such as Meter & Valve replacement, pump station refurbishment.

- Aged infrastructure operating within extreme environmental conditions
 - Remedial actions include that the entire infrastructural “as-built” within this sector is being assessed within a master plan.
- Poor quality of low cost house plumbing leads to leaks and subsequent loss.
 - Remedial actions include loss control and the addressing of leaks in indigent households. This has been done on a wide scale throughout Ndlambe.
 - Future low-cost house design will focus on the quality of all water and sanitation fittings included in the house construction.
- Source quality, where the main phenomena affecting the quality of the water in the region is the materialization (or salination) of the water in the main catchments due to the geology (marine origin) of the area.
 - Remedial actions include the establishment and operation of Reverse Osmosis Technology, which, although expensive, is effective in addressing salinity issues and is now operational in Cannon Rocks, Boknes, Kenton-On-Sea and Boesmansriviermond.
- Massive peaks in demand, due to the transient nature of this consumer base.
 - Bulk storage reservoirs have been prioritised within the Water Services Plan. Funding channels have been provided and prioritised projects have begun implementation.
- The municipality continue to submit business plans in order deal with both water and sanitation infrastructure required projects.

It is the intention of the municipality to achieve and sustain “Blue Drop Status” within water services provision. This is a compliance monitoring system managed and implemented by the Department of Water and Sanitation, as the regulator. Ndlambe Municipality has, as a result of the above, identified a need for the development of an Infrastructure Master Plan for water services (water and sanitation). Funding has been allocated to the NM by the Development Bank of South Africa (DBSA). The objective of the project is to develop a water service infrastructure master plan with associated as built drawings of the existing infrastructure.

3.2 ELECTRICITY

Electrical supply, at a basic Level of Service, is achieved and continues to improve. Housing projects do not get the go-ahead for implementation until such time as bulk services are installed, which includes electricity supply. Escalating cost of supply is a worrying factor, as affordability and sustainability of supply is under pressure. The Ndlambe Municipal Electrical Network Audit Report was prepared and submitted, highlighting component requirements, backlogs and strategic planning for future supply provision parameters.

Ndlambe Municipality renders electrical services in the towns of Port Alfred and Alexandria. Eskom supplies electricity in bulk to both components. Port Alfred town has one 11-kilovolt-supply point and Alexandria has one 11-kilovolt-supply point. Eskom supplies electricity to the rural areas outside Ndlambe, also Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

Ndlambe Municipality buys electricity in bulk from Eskom and is responsible for the distribution thereof within its approved areas of supply, under license from the National Electricity Regulator. Electricity is taken from Eskom at two intake substations, i.e. Port Alfred and Alexandria, and redistributed to the end consumer through a series of cables, lines and substations.

The directorate is responsible, and employs a service provider, namely, CDR ELECTRICAL (PTY) LTD, for:

- The construction and maintenance of the distribution network as well as providing new infrastructure to ensure a reliable and affordable supply of electricity to all;
- The effective management of revenue by ensuring all electricity supplied is billed for and reducing losses in order to cover operating and capital expenses;
- The provision of a reliable and acceptable level of public lighting to improve the safety and living standards of residents, including street and public lighting for Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

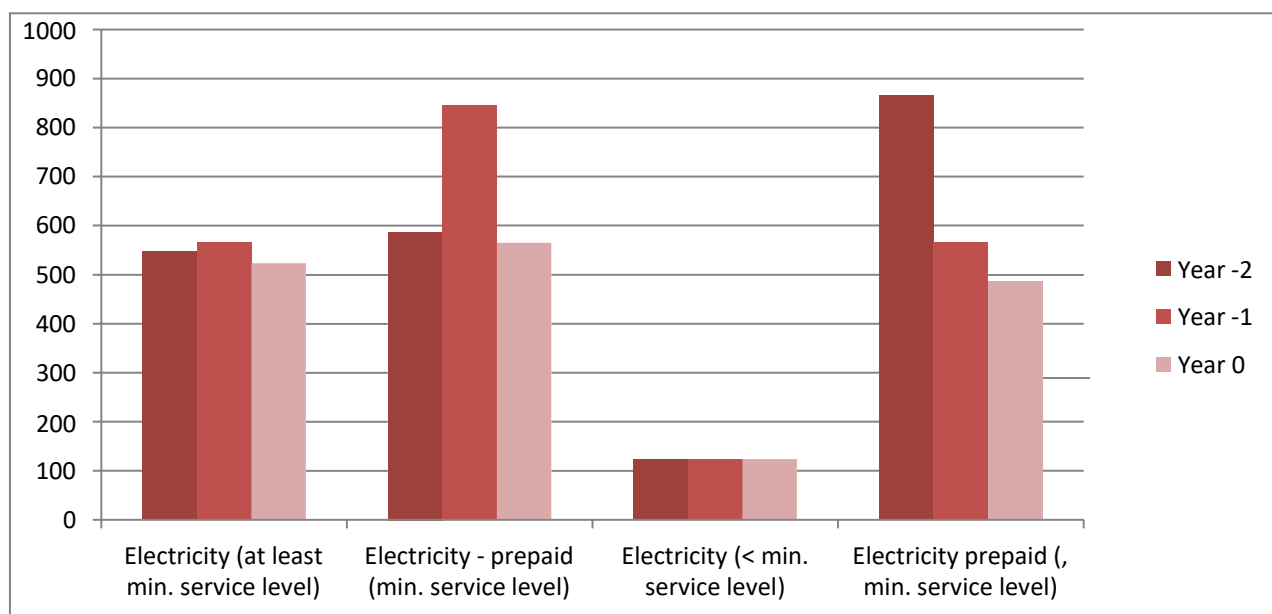
The challenge experienced is a streetlight backlog in the areas that were formally under Eskom’s management. The Municipality is dealing with this. Management of public lighting, including high mast lights, is normally shipped out to an annual tender service provider.

INTRODUCTION TO ELECTRICITY

The distribution and reticulation areas, excluding provision of electricity by Eskom, covers Port Alfred and Alexandria. Each consumer is considered a customer and has got access to electricity supply. The electrical supply to Port Alfred is of a high standard. The electrical supply to Alexandria, inclusive of Wentzel Park, needs upgrading. In Port Alfred there are still numerous medium voltage feeders which were laid many years ago. These have now become inadequate to carry the required increasing load. This requires upgrading. The problem is not purely an overload one, but it also prevents safe management practice.

Due to a lack of funds we have not been able to upgrade these cables, which are now practically redundant. Alexandria is also at the stage where all MV cabling needs upgrading. Although the expansion of the town is not excessive, this should be considered in the near future. Funding should be prioritized to cater for the increasing loads.

The project to address to upgrade the Port Alfred Power Substation was submitted to the department of energy and was approved and funding was availed to implement the project in the 2021/22 FY, the project is completed except the overheadline to Thornhill new proposed development. The completion of the over headline project will assist Ndlambe municipality to be able to connect existing and planned housing projects such as Thornhill and others.



Households – Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	N/A	N/A	16684			N/A
Households below minimum service Level			1866			
Proportion of households below minimum service level						
Informal Settlements Only in ESKOM Supply Area						
Total Households	To Be Established	To Be Established	To Be Established			To Be Established
Households ts below minimum service						
Proportion of households ts below minimum service level						

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : That Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by CDR and Eskom									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)
4335	0	509	509	509	0	29	0	1000	0

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
(i)	(ii)		(iv)			(vii)			
Service Objectives : That Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by CDR and ESKOM									
To provide free basic alternative energy to all indigent households with no electricity by 30 June 2015	All registered indigents		1261		All registered indigents	2636			

Employees: Electricity Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	2	1	1	
4-6					
7-9	0	1	0	1	
10-12	1	1	1	1	
13-15					
16-18					
19-20					
Total	2	4	2	3	

Financial Performance Year 0: Electricity Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	38 344 135	54 404 169	55 069 306	54 404 169	
Expenditure:	34 631 435	50 792 779		51 833 420	
Employees	378 570	471 720		118 028	
Repairs and Maintenance	3 334 130	1 672 520		729 349	
Other					
Total operational Expenditure	38 344 135	54 404 169		54 404 169	
Net Operational Expenditure					

Although there is an urgent need for capital expenditure there are presently no funds available to address this need.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Power supply characteristics in the areas supplied by Eskom are not ideal. Surges and spikes in power supply have a negative impact on equipment and machinery. Even though measures are taken to reduce the impact of the above, there is still regular damage to pumps and motors. This is due to being at the end of the Eskom supply line.

3.3 HOUSING

INTRODUCTION TO HOUSING

The Ndlambe Municipality's strategy for the provision of subsidised housing is to eliminate housing backlogs and to provide appropriate housing for those who cannot provide for themselves.

Intensive projects have been implemented in the past, although in Year 0 no new projects were initiated. These are dependent on the provision of basic services prior to top-structure and for which basic service projects are currently underway.

There are areas where subsidised housing backlogs are growing, due to several factors. Migratory trends have seen an influx of indigent people into the area. Disaggregation of families into more than one housing unit has also resulted in expanding backlogs.

The top 3 service delivery priorities for Council have been water, sanitation and road priorities. The impact of these projects has been that essential upgrades and improvements have taken place during Year 0 which will enable stalled subsidised housing projects to be revisited. These projects were stalled due to the lack of sufficient bulk services.

The Ndlambe Municipality identifies and responds to those communities that are living in poverty by providing land and certain essential services to decrease the deficiencies in basic service delivery. There is a housing section within the Infrastructural Development Directorate, which has satellite offices in Alexandria, Kenton-on-Sea and Boesmansriviermond. The level and extent of service provision is as support to the Dept Human Settlement and to assist the indigent with the application process for a subsidised house.

Expanded housing requires expanded bulk services. The cost of renewing and upgrading core infrastructure to maintain the demand for housing is a continual challenge. This balance affects net demand in the municipality as project lists need to be prioritised for implementation. Ndlambe Municipality is responding well to the challenges created, by ensuring adequate bulk services are available and that indigent registers are maintained.

Expenditure on housing is done by the Dept Human Settlement and is facilitated by Ndlambe Municipality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3			
Year -2			
Year -1	21009	9009	43%
Year 0	21769	9009	41%

Housing Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : Adequate shelter for all people throughout Ndlambe with specific emphasis on low income households.									
Provision for housing for all households	Additional houses provided during the year (Houses required at year end)	613 additional houses (Planned)	0 additional houses	0 additional houses	0 additional houses (Planned)	0 additional houses			
Kenton on Sea Housing project	455 New houses built	564		564	0	455 (43 Advertised and Contractors appointed)			
Completion of Bushman 269	5 New Houses	20		29		29 Complete			
Nemato 120	0 (Slab/Foundation phase)	120		120		75 Complete 10 Completion Stages			

Employees: Housing Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3			2		
4-6					
7-9					
10-12	5	6	5	1	83%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20					
Total	7	8	9	1	15%

The funding for houses is directly from human settlement as stipulated in the constitution, Council only manages projects.

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure is a challenge, especially within the context of affordability.

Recent standards and norms in subsidised housing practice have tended towards Breaking New Ground Projects, such as has been implemented in Thornhill, Port Alfred.

This development could only go ahead once bulk services were installed and available. As a result, only 509 of 5000 houses were built in the first phase, awaiting bulk services for the balance of houses.

With the introduction of Amatola water the challenge of bulk will be temporary curbed as it was reported by Amatola water that 2900 housing units have been unlocked by the upgrades that took place in recent months. It was further reported that out of 2900 housing units that can be developed in Thorn hill only 600 units can be built at this stage due to bulk electricity shortage.

In Kenton on Sea the bulk is completed, we should have a contractor on site for internal reticulation very soon.

Many municipalities, including Ndlambe Municipality, have started the process of formalising informal settlements. Ndlambe has started the process of designing and planning Informal Settlements around its jurisdiction. Planning and organising the informal areas have many advantages inter alia the following:

- A positive, legible urban structure that integrates the settlement with its surrounds;
- A safer integrated public realm;
- Emergency and services vehicular access and egress roads;
- Safe and convenient paths for movement of people on foot;
- Open space, where achievable, for essential community facilities that may precede the formal upgrading process;
- Better located and maintained basic municipal utility services.
- The successful re-blocking of an informal settlements aim to-
- Reduce the risk of fire developing and spreading quickly over large areas;

The following Informal Settlements have been approved by the department of Human Settlements:

- Cricket Field
- New Rest (Port Alfred)
- Ezidonkini
- Byso
- Nomzamo/Marselle 500
- Klipfontein
- Brakfontein

Funding has been approved and will be available via HDA who will act as funding manager on behalf of the provincial department of Human Settlements.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Ndlambe Municipality manages road alignments which are within the urban footprints of the Spatial Development Plan. Management includes operations, maintenance, upgrades and refurbishment. All other alignments are managed by other sector departments, including Department of Roads and SANRAL. These include both surfaced and gravel roads.

There is the Ndlambe Roads Forum, which meets on a regular basis and is well represented by stakeholder groups within the district.

The major alignment and road artery which runs through Ndlambe from east to west is the R72, the management of which falls under SANRAL. This road is a vital link between the two development nodes of Coega outside Port Elizabeth and the IDZ on the outskirts of East London. The route contributes to the economy of the municipality and provides access to the heart of the Sunshine Coast, being Port Alfred and surrounds, thereby bringing tourists and visitors on an ever-increasing scale.

It is a well-known and measured fact that the road network servicing Ndlambe Municipality is in a poor state. A general shortage of maintenance staff, necessary to maintain in excess of 280km of surfaced and gravel roads, is a continual challenge. The table below indicates the extent of the road network in the various towns within Ndlambe.

In 2004 Ndlambe received a grant from the DBSA and commissioned Consulting Engineers, Stewart Scott Inc. to prepare a Roads Management Programme. The report, received in 2005, indicates that an amount in excess of R 400 million was required to address essential road maintenance backlogs. An additional sum was also determined for capital investment in order to upgrade the existing road network and to establish new alignments.

It was established in this study that an amount of approximately R10 million per annum was required for road maintenance. Given the lack of internal capital budget, the municipality is faced with a mammoth uphill task of maintaining the road network, with an escalating backlog but is doing the best it can to upgrade the roads

3.4 ROADS

INTRODUCTION TO ROADS

There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved within the Port Alfred CBD and surrounding areas, using labour intensive construction to construct concrete and block paving alignments. These have been welcomed by the public.

The majority of the existing road network was inherited when the demarcation process was formalised in 2001. This network was established by the former Town Councils, who did not adhere to general construction practice and standard road designs

Sarah Baartman district municipality has completed the maintenance plan and now submitted to the municipality and will be submitted to the council for approval. The condition of the road network in Ndlambe is generally poor. This is due to several factors, including the following:

- Poor quality of available road building materials,
- The former Town Councils did not adhere to general construction practice and standard road designs
- inadequate or non-existent storm water control infrastructure,
- lack or complete absence of adequate plant and equipment and
- restricted financial resources.

Routine maintenance (day to day pothole repair, repair and unblocking of drains and blading of gravel roads) expenditure recommended by the 2004 Stewart Scott Inc. Road Management Programme for 2004/2005 was R 9.8 million. Escalating this by a conservative 7.5% per annum gives a figure of R16.3M for the current year in review (2011/12). The actual expenditure was R 9.65 million, a shortfall of almost 50%. The periodic maintenance (resealing of surfaced roads and regravelling of gravel roads) is recommended to have been in the order of R 5.5M for the current year in review and in the order of R30M to date since the recommended implementation of the road management programme. Due to budgetary constraints this scale of implementation has been impossible. The above figures would have been adequate just to maintain the status quo with regard to the condition of the road transportation network.

The capital expenditure recommended by the same Stewart Scott Inc. Road Management programme is R 24.7 Million for the year under review and to date it is recommended that R 96.4 million should have been invested in new and upgraded infrastructure by now. If we assume an average width of 6m for all roads then a replacement cost of R 2.5 million per km for surfaced roads and R 500 000 per km for gravel roads would not be unrealistic.

Based on these figures, our 172km of surfaced roads and 140km of gravel roads represent an asset on the ground with a replacement value in the order of R 500 million rand. Easily the single most valuable asset owned by the municipality. Given that the average design lifespan of a road is in the order of 10 – 25 years and given that this can be drawn out to 30 – 50 years with adequate and timeous remedial and maintenance actions, it is clear from the above that the single biggest challenge with regards to the road network is to secure adequate funding from internal or external sources. This will be to reverse the deterioration of the current network and to enable the municipality to embark on a realistic upgrading programme for the social and economic benefit of all residents and visitors.

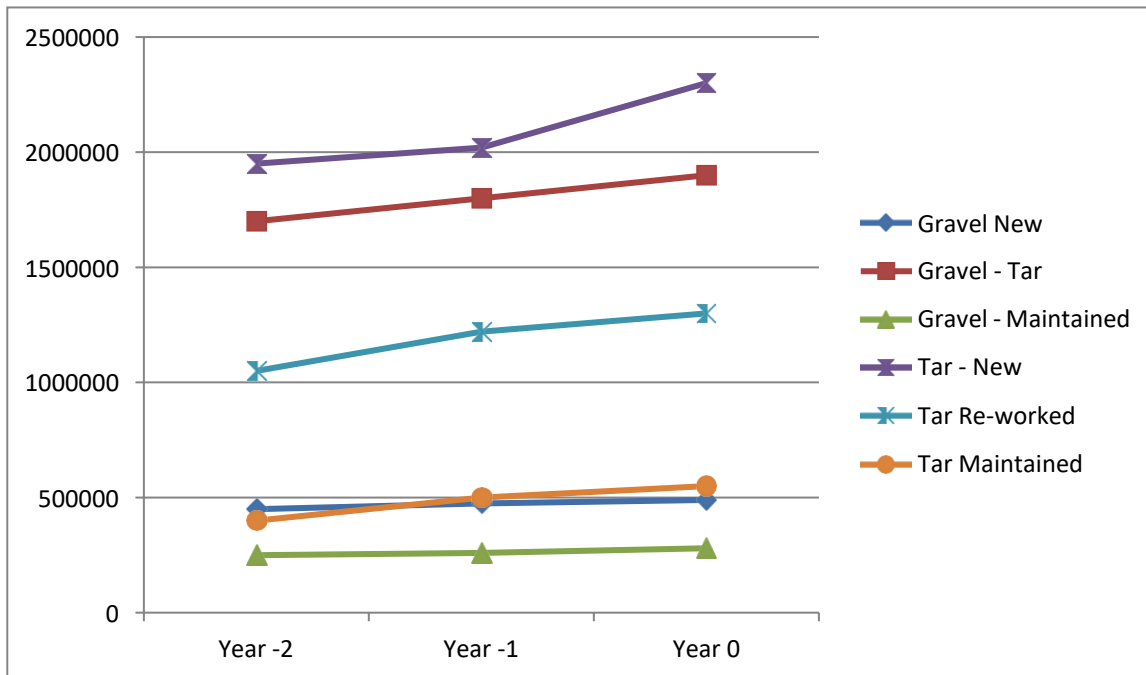
Recent periods of relatively heavy and sustained rainfall has impacted negatively on all road surfaces, mainly due to the poor or complete lack of stormwater drainage infrastructure. There has been a rapid deterioration in riding surfaces, as a result.

The municipality is also introduced a slurry sealing operation, where critical roads that always develops potholes are sealed to minimise the development of potholes on surfaced roads

Limited funding for roads rehabilitation and upgrading is a challenge for the municipality as the condition of our roads become worse as their life span is overdue.

Gravel Road Infrastructure (kilometres)				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/block paving	Gravel roads graded/maintained
Year -2	135.78	0	1.86	135.78km
Year -1	137,64	0	0	137,64km
Year 0	138,14	0	9	54.4km

Tarred Road Infrastructure					
	Total roads tarred	New roads tarred	Existing roads re-tarred	Existing roads tar re-sheeted	Tar roads maintained
Year -2	150.62	1.86	2.25	0	123km
Year -1	148,76	0	0	0	148,76km
Year 0	149,76	0	0	0	23.8 km



Road Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : Community of Ndlambe has safe and efficient access to good quality roads, built according to applicable standards									
Elimination of gravel roads in townships	1 Kilometer of gravel road tarred	1,5 km gravel roads tarred	0 km gravel road tarred	1,5 km gravel road tarred	1 km gravel road tarred	1 km gravel road tarred			
Upgrading of municipal roads as required	0 kms of municipal roads developed	0,5 kms	0,5 kms	6 kms	5 kms	5 kms	0.45km	0.45km	
Compilation of Storm Water Master Plans for all towns	Approved Storm Water Master Plans	0	0	2	2	0			

Employees: Road Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0-3	96	90	96	6	6.25%
4-6	18	18	18	0	
7-9	3	3	3	0	
10-12	2	2	2	0	
13-15					
16-18	2	2	2	0	
19-20					
Total	121	115	121	6	6.25%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The priority of the four largest capital projects was determined by traffic volume and level of disrepair. Due to the unavailability of internal capital funds, grants were solicited through the Expanded Public Works Programme. This programme rewards effective service delivery and the intention is to expand this programme to each urban footprint, thereby creating a spread of job opportunities and skills enablement.

The year 5 targets set out in the IDP schedule cannot be attained within approved budget provision due to the scope of backlog and scale of need. To rectify the matter, grant funders need to be convinced that the pilot projects are best practice and are effective in the delivery of suitable road surfaces.

Should the above be deemed effective, the programme will be unbundled and enlarged to include all townships in Ndlambe, which would result in a huge variation to any total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

The Ndlambe maintenance team is currently ensuring that all roads are functioning regardless of lack of funding, through wet blading, regravelling, pothole patching, slurry sealing and stormwater cleaning.

No provincial roads have been delegated to the Ndlambe Municipality.

3.5 STORMWATER (STORMWATER DRAINAGE)

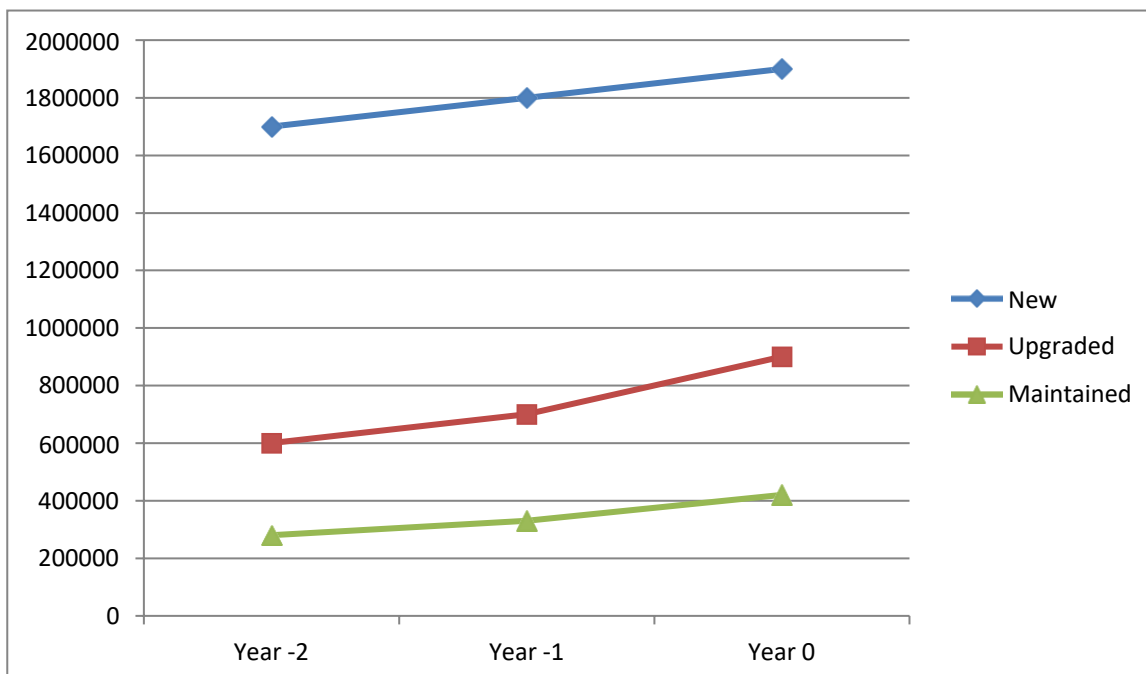
INTRODUCTION TO STORMWATER DRAINAGE

The floods which occurred in Oct of Year -1 highlighted the reality of how marginal and in places how completely absent storm water infrastructure is within the various urban footprints of Ndlambe Municipality. Township development practice did not always consider appropriate stormwater infrastructure, due to affordability and pressing need to house the homeless, bulk infrastructure such as water and Sanitation. This backlog is real and growing, due to the absence of funding required to address this situation. Existing infrastructure, especially underground reticulation, is mostly undersized or completely absent.

The municipality has a challenge of eroding gravel roads during heavy rains and stormwater pipes get blocked by the eroded material. The upgrading of these gravel roads will be a solution in order to control the stormwater with limited solids/ material to stormwater system, but again limited funding is a challenge to address this problem.

Stormwater Master Plans have been solicited and these will be prioritised and implemented as and when funding allows. These will be linked to dovetail with the planned road maintenance plan, as discussed previously.

Stormwater Infrastructure				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgrade	Stormwater measures maintained
Year -2	115,40	115,40	0	65,24
Year -1	125,56	125,56	10,16	75,17
Year 0	125,56	125,56	0	68.50
Cost of construction / maintenance				
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	Included in roads, above	Included in roads, above		1 341 510



Stormwater Policy Objectives Taken from the IDP									
Service objectives	Outline Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
(i)		(ii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : Community of Ndlambe has safe and efficient stormwater management, to minimise the risk of flooding and collateral damage.									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining

Employees: Stormwater Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	16	26	16	10	63%
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
Total	17	27	17	10	63%

Financial Performance Year 0: Stormwater Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	1 050 870	1 341 510		1 341 510	
Expenditure:	672 790	838 280		838 280	
Employees	60 000	63 000		63 000	
Repairs and Maintenance	318 080	440 230		440 230	
Other					
Total operational Expenditure	1 050 870	1 341 510		1 341 510	
Net Operational Expenditure					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage performance does not achieve expectations due to various factors, which can be considered as follows:

Historically, town plans were developed by the respective Local Town Councils. These towns concentrated on developing the business areas as residential properties were seen as being holiday accommodation

- Sub-surface stormwater infrastructure is costly to install and was rarely considered in the urban development of communities within Ndlambe Municipality
- Former subsidised housing projects did not prioritise the establishment and implementation of stormwater systems and it is now with hindsight that this oversight is so glaring.
- Consecutive development has exacerbated the lack of stormwater drainage insufficiencies.
- Stormwater Master Plans were previously not considered within the urban development criteria.

The municipality is in process of developing storm-water maintenance plan with the assistance by Sarah Bartman district municipality; this will assist the municipality to source funding in order to deal with storm-water issues.

3.6 FLEET MANAGEMENT

Municipal transport is provided strictly for official services only and is not to be used for private purposes. Council will provide transport to on-duty employees in accordance with its normal operational requirements, as well as in specific circumstances approved by the relevant director. The municipality has a shortage of fleet due to lack of internal capital budget. Furthermore, extended downtime of fleet when it is in the workshop is another hindrance to service delivery.

Fleet Management Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
(i)	(ii)		(iv)			(vii)			
Service Objectives : Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop									
Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop			There is an effective fleet management in place. The policy has been updated and will go to council for adoption			There is an effective fleet management in place. The policy has been updated and will go to council for adoption			

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.7 PLANNING

INTRODUCTION TO PLANNING

The revision of the planning legislation, specifically for Municipalities, started almost few years back with the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. Since then the Regulations for this Act was published. As part of the National Planning Legislation Revision, Ndlambe Municipality initiated a process of ensuring compliance with the new legislation by amongst other things establishing its Municipal Planning Tribunal; Appeal Authority, and also adopted a wall to wall scheme. The municipality has also adopted and gazetted its Spatial Planning and Land Use Management By-law.

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

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The SDF also functions as a marketing tool to facilitate public and private partnerships in the implementation of projects and to assist to bring about economic and social regeneration of the various towns and settlements. It also:

- provides a long-term vision of the spatial development of the municipality
- aligns the municipality's spatial development goals, strategies and policies with relevant national and provincial spatial principles, strategies and policies;
- guides the proposals contained in the more detailed local plans which cover a shorter planning time frame and the preparation of Local Spatial Development Plans (LSDF's);
- helps to spatially coordinate, prioritise and align public investment in the municipality's five-year Integrated Development Plan (IDP);
- directs private investment by identifying areas that are suitable for urban development, areas where the impacts of development needs to be managed, and areas that are not suited for urban development;
- identifies strategies to prevent indiscriminate loss and degradation of critical biodiversity areas, and to ensure the necessary level of protection for the remaining areas;
- provides policy guidance to direct decision-making on the nature, form, scale and location of urban development, land use change, infrastructure development, disaster mitigation and environmental resource protection.

A Spatial Development Framework (SDF) is to a large extent influenced by the following legislation:

- The Local Government: Municipal Systems Act (Act No. 32 of 2000);
- The IDP and Performance Management Regulations (2001); and
- The Spatial Planning and Land Use Management Act (Act No. 16 of 2013).

The reviewed SDF will give effect to the development principles contained in the Spatial Planning & Land Use Management Act (Act No. 16) of 2013 including:-

- Spatial Justice;
- Spatial Sustainability;
- Efficiency;
- Spatial Resilience; and
- Good Administration

REVIEW OF THE NDLAMBE SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The current Ndlambe Municipality's Spatial Development Framework (SDF) was approved by Ndlambe Council in 2013 in terms of the Municipal Systems Act (MSA). Tshani Consulting was appointed in July 2020 to review the Ndlambe SDF and the project has already commenced. The progress on the review of the SDF has been hampered by the COVID-19 Pandemic. The project is expected to be completed by December 2022.

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, 2013 (ACT NO. 16 OF 2013)

The Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) was promulgated on 5 August 2013 and its Regulations to come into effect on 1 July 2015. The objects of the Act are the following:

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- Ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- Provide for development principles and norms and standards;
- Provide for the sustainable and efficient use of land;
- Provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- Redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

SDF's form the basis of all future decisions in terms of SPLUMA and they will be taken by authorised officials or tribunals, which are non-political /technical bodies, established in terms of Section 35 of SPLUMA. It broadly determines that a municipality or municipalities jointly, must constitute a Planning Tribunal to consider all land use planning applications.

Ndlambe Municipality has adopted, and gazetted Municipal Planning By-Law (Spatial Planning and Land Use Management Bylaw) in 2016. The Bylaw determines the procedural and administrative aspects of land use planning and management, instead of the Provincial Regulations. One of the implications of the SPLUMA legislation and processes is that a municipality now becomes legally accountable for land development decisions, i.e. an applicant or aggrieved party will no longer litigate the MEC and add the municipality as a respondent. Instead, the municipality will be the first respondent in litigation in this regard. The Municipality has- managed to achieve various milestones in implementing and complying with the provisions of SPLUMA. The following table represents the Municipality's Compliance with SPLUMA:

SPLUMA REQUIREMENTS	Compliance %	Ndlambe Status	Comments
Approved & Gazetted Bylaw	100%	Bylaws approved & Gazetted on 4 February 2016	Complied
Appointed Authorised Official	100%	Council Appointed Authorised Official Director Infrastructure	Complied

Land Use Applications Categorised	100%	Applications categorized according to the SPLUM Regulations	Complied
Municipal Planning Tribunal (MPT) Established	100%	Ndlambe has established a Single MPT, trained the members, gazzeted their names and the first meeting of the Planning Tribunal was in December 2018. The Tribunal has been functioning since December 2018. The Tribunal sits every second month.	Complied
Appeal Authority Established	100%	Council confirmed that the Executive Committee will be the Appeal Authority for Ndlambe as per SPLUMA.	Complied Members of the Appeal Authority and Technical Advisers have received training. The Appeal Authority is functional and considering appeals when they are received. The first sitting was on 29 June 2021.
Integrated Land Use Schemes	100%	SBDM has funded Ndlambe for the project and appointed Urban Dynamics Town Planners for the project. Public Participation process commenced in November 2018 and closing in January 2019. The ILUS was APPROVED & ADOPTED BY COUNCIL IN MARCH AND CAME INTO EFFECT ON THE 1 JUNE 2019.	Complied Land Use Scheme approved & adopted by Council in March 2019 and came into effect on the 1 June 2019.
SPLUMA Compliant SDF	50%	The review of the SDF has commenced already. The new expected completion date is December 2022.	Municipality is funding this project from internal funding.
Town Planning Personnel Capacity	50%	1 Professional Town Planner 1 Administrative Contract Assistant 1 Contract worker as Tribunal Administrator.	The Section is currently understaffed. Only 1 permanent staff member and two contract workers. Manager Town Planning Position is currently Vacant, however the position has been advertised.
GIS System	100%	Currently the Municipality is using Ovvio as its GIS System.	Complied

INTEGRATED LAND USE SCHEME

In terms of Section 24 of the Spatial Planning and Land Use Management Act (Act 16 of 2013) all municipalities are required to adopt and approve a single Land Use Scheme for its entire area within five (5) years from the commencement of the Act. The Ndlambe Integrated Land Use Scheme after intensive public participation was approved and adopted by full Council on the 27th of March 2019 and was thereafter gazetted in the Provincial gazette. The commencement of the new scheme was the 1st of June 2019.

POLICY FORMULATION

There has been an increasing need for policy formulation in the town planning department, however due to capacity issues within the section it has been a challenge to ensure that policy formulation is prioritized as there needs to be proper SPLUMA compliant systems in place. The following policies are policies that the section have been drafted and have gone through public participation; however the public participation process was not satisfactory and therefore will need to be redone. After another comprehensive public participation the policies will be submitted to Council for adoption:

- Land Use Management Policy.
- Geographical Name Change Policy
- Cell Phone Tower Policy
- House Shop Policy

SYSTEMS

Systems deal with the establishment of planning processes and procedures, these have been effectively instituted through strategies such as creating posters/ brochures with frequently asked town planning questions; established procedures for land use application submissions. The Municipality has outsourced this function to Ovvio and the system used is Ovvio. The aim of the system is to have less paper and ensure that everything is done on the system. The Municipality has no GIS personnel to assist internally.

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

With the implementation of the new legislation and population growth came new challenges. The planning department has accepted the challenges and is creating an organised planning environment with documents, strategies, policies and ensuring to motivate the need of fully-fledged personnel component to promote effective planning, which will ensure that the targets set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme is crucial instruments used by planners to ensure vibrant growing towns which can ensure every citizen can reach his or her full potential. The service rendered to the community is of a high standard with development to stimulate the local economy and create job opportunities.

3.8 PROJECT MANAGEMENT UNIT

ROLES AND RESPONSIBILITIES PMU

Responsible for the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to town and spatial planning, and through the co-ordination of technical and administrative operations against departmental, statutory and audit guidelines in order to ensure that service delivery is strategically managed and maintained in accordance with laid legislated standards.

3.8.1 Municipal infrastructure Grant projects (PMU)

Allocations for the three year MTEF Cycle

No	Financial Year	Allocation	PROGRESS
1	2019/2020	R 27 295 000.00	100% Completed
2	2020/2021	R 36 535 000.00	100% Completed
3	2021/2022	R 28 663 000.00	100% Completed

List of proposed projects for 2020/2021 financial year MIG

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
1	Augmentation of the Alexandria Bulk Water Supply	R 5 551 947,62	R 0	100 %	Project Completed
2	Upgrading of Klipfontein Sports Field	R 1 692 840,41	R 0	100 %	Project Completed
4	Upgrading of Marselle Sports Field	R 4 902 855,90	R 0	100 %	Project Completed
5	Upgrading of Kenton on sea sportsfield	R 4 484 678,88	R 0	100 %	Project Completed
6	Upgrading of Ndlambe Roads(Alfred Road)	R 1 701 875,34	R 0	100 %	Project Completed
7	Upgrading of Internal Bulk Sewer reticulation in Marselle	R 9 249 692,66	R 0	100 %	Project Completed
8	Upgrading of Internal Bulk Water reticulation in Marselle	R 6 271 426,44	R 0	100 %	Project Completed
9	Upgrading of Internal Bulk Sewer reticulation Line : Thornhill (Planning)	R 740 928,54	R 0	100 %	Project Completed
10	Upgrading of Bulk water reticulation in Thornhill (Planning)	R 134 004,21	R 0	100 %	Project Completed
	5% PMU	R 1 356 750,00	R 0	100 %	Project Completed
	<u>Total Allocation</u>				<u>R 36 535 000.00</u>

List of proposed projects for 2021/2022 financial year MIG

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
Augmentation of the Alexandria Bulk Water Supply	R5 534 576,50	R 5 531 186,27	R 0	100%	The plant is installed and tested; Commissioning is scheduled to take place on the 31 st August 2022.
Upgrading of Klipfontein Sports Field	R1 589 080,10	R 1 590 924,07	R 0	100%	Project Completed
Kenton on Sea bush River project: Marselle 500 housing project: Bulk Sewer Infrastructure	R12 548 504,84	R 12 561 360,60	R 0	100%	Project Completed
Kenton on Sea bush River project: Marselle 500 housing project: Bulk Water Infrastructure	R5 989 998,56	R 5 989 998,56	R 0	100%	Project Completed
Upgrading of Runeli Drive	R1 567 690,00	R 1 556 380,50	R 0	100%	Project Completed
PMU 5%	R 1 433 150,00	R 1 433 150,00	R 0	100%	
Total Amounts	R 28 663 000,00	R 28 663 000,00			

List of projects for 2022/2023 financial year MIG

PROJECT NAME	WARD	SECTOR	TOTAL PROJECT COST	BUDGET
Kenton on Sea & bushmans river project : Marselle 500 housing project: Bulk sewer infrastructure	3	Sewer	R4 475 806,00	R4 475 806,00
Upgrading of Rhuneli drive in Port Alfred	7,8,9	Road	R4 596 073,65	R4 596 073,65
Thornhill Ministerial Housing Project MIG: Balance phase 2 Contract 1 Link Sanitation			R20 118 720,35	R20 118 720,35

Infrastructure	6	Sanitation		
PMU ADMIN. 5%	N/A	N/A	R1 536 400,00	R1 536 400,00
Total Allocation				R 30 727 000.00

List of proposed projects for 2020/2021 financial year EPWP

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
Upgrading of Kariega	R 1 002 000,00	R 1 002 000,00	R 0	100%	Project Completed
Total Amounts	R 1 002 000,00	R 1 002 000,00			

List of proposed projects for 2021/2022 financial year EPWP

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
Upgrading of Takuta Road Phase 1	R 1 144 000,00	R 1 144 000,00	R 0	100%	Project Completed
Total Amounts	R 1 144 000,00	R 1 144 000,00			

List of proposed projects for 2022/2023 financial year EPWP

NO	Project Description	Ward	Sector	TOTAL PROJECT COST	BUDGET
1	Upgrading of Takuta Road Phase 1	8	Roads	R 1 730 000.00	R 1 730 000.00

3.8 LOCAL ECONOMIC DEVELOPMENT (KPA 3)

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Ndlambe Municipality is land locked between four Municipalities namely Nelson Mandela Metro, Makana, Ngqushwa and Buffalo City Metro. Ndlambe Local Municipality is a predominantly rural area with agriculture and tourism dominating the economy. It encompasses the towns of Kenton-on-Sea, Boknes, Bathurst, Boesmansriviermond, Alexandria and Cannon Rocks.

The recently released population statistics by Stats SA indicates that Ndlambe has a population of 61 176 out of which youth unemployment is generally high especially in the townships. Unemployment is at 30.3% as per 2011 statistics. The Key economic sectors for the Ndlambe Municipal area are:

- Tourism
- Agriculture
- Services sector
- Enterprise Development

The employment within Ndlambe is largely spread across the following economic sectors: government, agriculture and services industry. Government and the agricultural Industry has for quite some time been the contributors in employment. Agriculture is less diversified with key farming activities being Dairy Farming, Beef Farming, Chicory, and Pineapple Farming. Most of the farming activities within the area are pursued by white farmers with black communities being the mere providers of labour. This is largely due to unaffordable high costs of production in farming in particular chicory production.

The Agricultural industry has in the past 10 years been in a state of decline the chicory industry has been the hardest hit with many farmers either shutting down operations or switching over to other commodities like beef farming. The decline in any of the key sectors always has a direct negative impact in the townships in terms of jobs losses and employment. Government has for the past few years started land acquisition initiatives by buying farms to settle groups of farmers or communities to take over some of the white owned farms. The land acquisitions through the Land Reform Programme have not been a great success, in many instances farms bought on behalf of communities and or farming groups started declining thus shedding more jobs with declining productivity. Government owned land and that owned by the municipality e.g. commonages is hardly commercialised or used productively to benefit local communities in a sustainable manner.

As part of a strategy to revive the contribution of the agricultural sector in the local economy, the municipality issued a call for proposals inviting service providers to tender for doing a land audit of state farm land within the municipality, propose strategies for scaling up production and alternative land use. The municipality further requested service providers to profile current performance of land reform farms and determine if there is scope for expansion, increased productivity, and value addition for maximum job creation opportunities.

COMMENT ON LOCAL JOB OPPORTUNITIES:

Port Alfred is the most sought-after holiday destination on Route 72 and is known for its wonderful temperate climate, endless pristine beaches, friendly village atmosphere, glorious surf, magnificent deep sea and river fishing and the laid-back lifestyle so beloved by all visitors, many of whom become permanent residents.

Alexandria is home to various heritage and tourism sites amongst them being the "Chungwa's Grave" that lies in an area known as the Woody Cape, the Nongqawuse's Grave at the Fick's Farm Holding. It is also famous for its chicory farming industry and has been branded as the "Chicory Country" while Bathurst brings together the past and the present, being the hub of one of the largest pineapple growing areas in South Africa and also the famous Ox - Braai held annually on the New year's eve. It is host to what is believed to be the oldest Inn in South Africa, as well as the third oldest pub in South Africa. It is accepted that the natural environment provides the basis for the regional economy, especially the primary agriculture and tourism sectors.

Kenton on Sea, is a small coastal town on the Sunshine Coast. It is situated between the Bushman's River and the Kariega River. The area has many pristine beaches and green rolling hills, and a nature reserve along the shore ensures that no housing developments can spoil the coast. Ndlambe municipality equally boasts with its beaches, the municipality has two beaches, namely Kelly's and Kariega Beaches with full Blue Flag Status whilst Middle Beach in

Kenton is a pilot Blue Flag. This is one of the draw cards of tourists to the Ndlambe shores, Blue flag status promotes safety and cleanliness within our beaches.

Cannon Rocks is a village nestled in between the Boknes Village and the boundary of the Greater Addo Elephant Park it has the vast expanse of the warm Indian Ocean in front and rolling farmlands behind, making Cannon Rocks a small piece of paradise.

Part of the developmental approach based on the

Livestock Farming

The livestock farmers in the Ndlambe Municipal area consist of a large number of small scale farmers who farms with very small herds of cattle, sheep and goats. At present the larger part of these farmers, who farms with cattle, only marketed their animals at an older age as C grade carcasses. The small size of the herds in this area is a contributing factor to this scenario. Farmers try to keep their cattle as long as possible before they market it so that the number of animals, and thus the size of their wealth, can stay as large as possible. The slow capital return from cattle marketed as C grades creates cash flow problems for the black farmers in partnership.

Very little value-adding and processing of the product is taking place within the Eastern Cape. Although the Eastern Cape has registered abattoirs to slaughter cattle, most cattle leave the province as weaner calves for feedlots in other provinces where they are marketed. One of the main reasons is that it is more efficient to take store animals to the source of feed to be fattened than to transport the feed. The current production of feed for livestock is entered in the North West, Free State and Mpumalanga provinces where maize and soybeans are traditionally produced. The Eastern Cape currently imports 120,000 tons of feed for the livestock industry and would use more were it not for the high transport cost.

Another important phenomenon is that the abattoirs in the Eastern Cape, situated mainly in Nelson Mandela Bay, East London, Queenstown, Mthatha and Kokstad are generally running below their slaughter capacity. These abattoirs are dependent on animals that are brought to acceptable condition mainly during the summer on natural grazing. Apart from on farm fattening by commercial farmers, the communal and smallholder livestock owners are not in a position to round their animals off for marketing purposes. This in turn results in low off-take as well as poor prices being realized. The natural grazing in the communal areas thus becomes grossly overgrazed with low levels of income generated are by the resource.

However, beef cattle farming in the Ndlambe Municipal area have great potential that needs to be developed. Any interventions done should seek to change the picture in favour of black farmers be it those farming in commonages or in land reform farms. The commercialisation of commonages through ensuring and promoting infrastructure development is being implemented at the Kruisfontein Farm in Alexandria, the intervention also seeks to promote proper and sustainable farming activities at the commonages.

There is a huge need to commercialise livestock farming in Commonages. If this is done there is an opportunity to create community wealth and more jobs, the abattoir project being planned in Alexandria is one of the projects to revive and resuscitate the economy of Alexandria.

Dairy Farming

The Dairy Industry is relatively stable with a positive cash flow, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. The Dairy Industry is highly mechanised and therefore not a massive job creator. It is a profitable

venture to the few involved in it. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the Land Reform Farms and those going under Partnerships based on milk sharing or equity schemes are the most pragmatic option for making the black/community owned Dairy Farms to be functional and productive.

Fully embrace the objectives of Alexandria Abattoir is the anchor project that demonstrate partnership between the public sector and the private.

Pineapple Production

The main producing areas of pineapples in South Africa are Northern KwaZulu Natal (Hluhluwe district) and the Eastern Cape. The Eastern Cape generally account for over three quarters of the pineapples produced in South Africa. As pineapples are indigenous to the tropics, the crop requires areas where the climate is warm, humid and free from extreme temperatures (25°C being optimal).

In determining which pineapple cultivar to plant, a producer should take the following into consideration:

- The global demand and the demand in specific markets.
- His or her (the producer's) current infrastructure in respect of being able to cope with pruning, spraying, picking, cold storage and packing of a particular cultivar.
- The availability of natural resources like water, soil types, cold units and slopes.
- The land should be prepared so as to control water runoff and thereby limit soil erosion, facilitate good drainage and prevent root and heart rot, facilitate uniform distribution of sunlight to all plants, and have roads allowing machinery easy access to the pineapple plants to expedite spraying and harvesting.

Pineapple production has been declining over the past five years. Production declined by 6% during the 2009/10 season when compared with the 2008/09 volume. The decrease in production has previously been associated with the cadmium contaminated zinc sulphate fertilizer that was used by the pineapple producers. A multi-national fertilizer distributor operating in the Eastern Cape Province sourced low cost zinc sulphate from China. This zinc sulphate contained high concentrations of cadmium and lead. The resulting effect on crops dosed with these fertilizers was contaminated fruit which has damaged the reputation for South African fruit globally. The continuous decline may be an indication that the industry is still struggling to pull itself out of the crisis. Ndlambe municipal area has been hardest hit by the impact of this catastrophe in the Pineapple industry.

Chicory Production

Chicory in South Africa is exclusively produced and processed in the Eastern Cape, Alexandria since 1895. This is an established industry which used to have 100 Chicory commercial farmers each employing 40 workers thus translating to 4000 jobs created at farm operation level. The central processing plant used to create 130 permanent jobs. 95% of roasted Chicory produced by the Industry supplies two major roasted Chicory users namely Nestle for Ricoffy and National Brands Limited for Frisco, Koffiehuis, Ace and Kloof etc.

The CHICORY industry has been given a massive financial and economic boost when it received a R2 million grant from the Department of Rural Development & Agrarian Reform to revitalise the local chicory production. The department, in collaboration with reputable and JSE listed giant Nestle' South Africa, signed a Memorandum of Understanding with local farmers to ensure production of chicory in Ndlambe that will meet the supply demand by Nestle' for products produced using locally produced chicory. The government has heard the farmers' outcry for the revitalisation of the local chicory industry and has implemented a long-term solution that will not only revitalise the industry but recreate various jobs lost in the closing down of the chicory industry in Ndlambe.

Developments in the Hospitality Industry

Royal St. Andrews Hotel

People come to Port Alfred for the sunshine, the clear blue Indian Ocean lapping onto its Blue Flag beach, adventures on the Kowie River, its unique boutique shops and artisan brewery, its people and to simply relax.

The hotel has a total of 60 rooms which are designed, equipped and furnished to add a new luxury dimension to the Sunshine Coast experience. 50 modern luxurious rooms, as well as conference facilities, have been skilfully crafted to complement the old-world charm of the much-loved original hotel, which was built in 1924. Located in Port Alfred, South Africa, the Royal St. Andrews Hotel has re-opened after an extensive 3 year renovation.

Royal St. Andrews Hotel is the perfect destination for avid golfers as the hotel is situated within walking distance of the Royal Port Alfred Golf Club, one of the oldest and well known golf courses in South Africa. In addition the Gary Player designed Fish River Sun Country Club, and the new Belmont Valley Country Club are within a 45 minute drive.

Cannon Rock Beach Suites

Cannon Rocks Beach Suites through the support of the National Department of Tourism has been completed and handed over to the municipality. The Self Catering facility boasts with 5 fully furnished chalets, one of the chalets is disable friendly. In line with implementing transformation within the tourism sector, Ndlambe municipality has leased out the facility to a cooperative to manage it. Plans to extend the facility to a fully functional conference facilities and additional beds so as to accommodate people who hold conferences at the facility.

Each unit has a one or two bedrooms and a fully kitted kitchen, cutlery and crockery and top of the shelf electric appliances. Guests can relax in the living room or outside on the patio with a built-in braai, dining table and outdoor shower. Fully equipped Conference Facility with a projector, screen and all the necessities for a successful corporate or social function are available on request. The Conference facility can accommodate 60-100 people depending on the seating plan. The facility has been graded to 3 star and the Municipality continues to provide support to the entity for sustainability purposes.

Operation Phakisa

The Provincial Department of Public Works invited all District Municipalities and Local Municipalities who have coastal towns to participate in the Property Marketing Event held on the 27 - 28 June 2018. This marketing event was directed to all the Districts and Local Municipalities which have coastal towns and properties that could be developed to attract economic development and tourism in their towns.

The theme of the conference was “Attracting Investment in State Coastal Maritime Infrastructure and Properties, Expand Current Businesses and Create New Businesses, Create Employment Opportunities, Generate Revenue for the Municipalities, Stimulate Economic Growth and Ensure Economic Transformation”

The engagement with the province and coastal municipalities also sought to highlight the context of:

- Operation Phakisa:
- Oceans Economy:
- Small Harbours and State Coastal Property Development

The primary focus and objectives of the two day engagement was:

- To coordinate and integrate sector Department plans in Small Harbours in line with Operation Phakisa: Oceans Economy;

- Develop a Marine infrastructure development and maintenance Plan;
- Provide guidance in Property management including letting out;
- Develop a strategy to stimulate local economic development;
- To encourage job creation and SMME empowerment;
- To develop a revenue generation strategies
- To ensure radical socio-economic transformation.

From the Sarah Baartman District, four (4) coastal local municipalities were invited to present their investment plans and exhibit at the conference. These municipalities are: Koukamma, Kouga, Sundays River Valley and Ndlambe. Ndlambe has been recently identified as the ideal destination for Fishing Programme and 15 participants will be capacitated to take further the Small-Scale Fishing industry.

Building Inclusive Green Municipalities (BIGM)

The Building Inclusive Green Municipalities (BIGM) project aims to improve the capacity of South African municipal governments to support effective service delivery, improve local green economic growth, and enhanced climate change mitigation and adaptation measures. In the Municipality of Ndlambe, the BIGM project aims to improve municipal-level plans and policies targeting asset management integrating climate change adaptation and mitigation, including asset management practices. The Federation of Canadian Municipalities (FCM) will be implementing this project in partnership with the South African Local Government Association (SALGA). The City of Ottawa will be the partner municipality of Ndlambe. The project ensures and promotes the meaningful inclusion of women, youth and vulnerable groups in design and implementation of local economic development initiatives and increase their representation in decision-making processes at the local level. Ndlambe from the BIGM programme has been partnered with the City of Ottawa. The partnership is focusing on achieving the following objectives by the end of the programme:

- Sharing best practices in relation to goals of the project
- Create a toolkit and train partners
- Create and maintain good working relationships with partners in South Africa
- Understand challenges and opportunities with South African partners

Jobs created during Year 0 by LED initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs Created No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	10 initiatives	8 jobs lost	57 jobs created	EPWP Employment Contracts
Year -2	5	4	9	EPWP Employment Contracts

Year -1	5	Lot of businesses were affected by the COVID-19 Lockdown regulations	Lot of businesses were affected by the COVID-19 Lockdown regulations	EPWP Employment Contracts
Year 0	3	N/A		EPWP Employment Contracts

Job Creation through EPWP projects					
Details		EPWP Projects		Jobs created through EPWP projects	
		No.		No.	
Year -1		5		91	
Year 0					
Employees: Local Economic Development Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
7-9	1	1	1	0	0%
10-12	1	3	0	3	100%
13-15	1	1	1	0	0%
Total	3	5	2	3	60%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Ndlambe Municipality has a huge scope to increase and intensify cattle farming and goat farming as key focal farming enterprises to emerging farmers and commercial farmers.

Livestock farming based on commonages has to be commercialised and township based farmers have to be taken through a commercialisation path through a massive campaign, technical support, training and design of a programmes to support black farmers towards commercialisation of livestock farming out of the townships. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the land reform farms and those going under.

Partnerships based on milk sharing or equity schemes is the most pragmatic option for making the black/community owned dairy farms to be functional and productive. The Dairy industry is relatively stable and cash flow positive, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a

strategy will secure the long-term sustainability of the industry. Unfortunately, the Diary industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it.

The LED Forum was launched by the Deputy Minister of Economic Development Department, Honourable Mr Madala Masuku, honouring up what he had committed to during the LED Conference in Alexandria. Number of young people benefited on the 'Youth Programme Training' from all wards and more than 30 participants.

5 Cooperatives have been assisted for funding, machinery and equipment, these are mainly from Alexandria.

Project Name	Funding Agent
1. Masiphathisane Co-op	Ndlambe Municipality
2. Injica Co-op	Ndlambe Municipality
3. Cannon Rocks Beach Suites(Siwelele Co-op)	Ndlambe Municipality, ECPTA and Sarah Baartman District
4. Glam and Glow	Ndlambe Municipality
5. Ndlambe Tanks	Ndlambe Municipality
6. Tana Kitchen	Ndlambe Municipality
7. Shaw Park Holdings	Ndlambe Municipality
8. Emzini Lounge	Sarah Baartman District
9. Masarheni Co-op	Ndlambe Municipality and Dept. of Agriculture

Ndlambe LED Unit through proposal submitted to the National Department of Tourism (NDT) received funding amounting to 10 million for Ndlambe Tourism Infrastructure. They have also appointed an Implementer for the project; Eastern Cape Tourism Agency (ECPTA) will be the project implementer. The project is at the design stage and an advert will be published for local SMME's to participate.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.9 INTRODUCTION TO LIBRARIES; ARCHIVES; COMMUNITY

Ndlambe Libraries are gradually progressing in terms of services and diversity of patrons, and we have launched a Mini-Lib which serves blind and partially blind patrons. The Libraries in Ndlambe Municipality have taken the role of promoting education by assisting schools to improve their pass-rate, and we also provide catering and transport for extra classes on Saturdays.

Library services have improved immensely as there are more newspapers offered than before, for example the libraries now have Sunday Times and City Press available as a result of community requests. Services also include Tablets in addition to computers; there is also Wifi available in libraries. This demonstrates improved technological progression in Ndlambe Libraries.

CIRCULATION OF LIBRARY MATERIALS

All Functional nine Ndlambe Municipal Libraries have migrated to Brocade Library System and some are still transferring their members and books that were on the manual system onto the Brocade Library System. Statistics for the Ndlambe Libraries for the whole year are as follows:

LIBRARIES	CIRCULATION	BOOK BLOCK LOAN
ALEXANDRIA	3932	Alexandria Christian Academy Day Care and Grade R
BUSHMANS	3544	Nompucuko Combined School

KENTON	8664	Kenton Primary School
EKUPHUMLENI	2527	
PORT ALFRED	11415	Port Alfred Social Welfare Freestone Library (Book Wagon)
BATHURST	2564	
FREESTONE	3124	Sizamele Educare Centre, Qhayiya Primary School and Port Alfred Library (Book Wagon)
DR. I. K. MABINDISA	3083	Alpha Lee Aftercare, Nonkqubela Community Project Port Alfred Library (Book Wagon)

LIBRARY STRUCTURES

Library Structures in the form of Book Clubs for any age group and Library Committees are part of Ndlambe Municipal Libraries. This ensures that the community can be part of the needs' analysis of Library services.

Julian Mike who is a Library Committee Member in Marselle Library represents Ndlambe Municipality in the Sarah Baartman District Committee and reports back to the municipality through Marselle Library.

LEARNER SUPPORT PROGRAM

In addition to the Saturday Classes initiated by the Municipality as school intervention program for improved matric passing rate, Ndlambe Municipality employed Ms Ncanywa as a Learner Support Assistant. She specialises in teaching Nompucuko's Grade 11 and 12 learners in Mathematics and Physical Science.

SCHOOL INTERVENTION PROGRAM

As stated in the introduction, these are extra classes provided by the Municipality on weekends to improve the matric pass rate of Ndlambe Municipality. This initiative involved an agreement between the Municipality and the Nelson Mandela University where Third Year Level students tutor Ndlambe Municipal learners with subjects that need upgrading.

AWARENESS PROGRAMS

One way of Library Promotion and Marketing is through awareness programs or events where Ndlambe Municipal Libraries take services to the communities through outreach programs.

Outreach Programs include the following:

- South African Library Week: Celebrated in March of every year
- World Book Day: Celebrated in April of every year
- World Play Day: Celebrated in May
- Career Day: done in May
- Mandela Day: July
- Holiday Programs: During School Recess
- National Book Week: Celebrated in September
- Spelling Bee: Celebrated in October
- Youth Empowerment Event: Celebrated in December
- World Aids Day Event: Celebrated in December

The above Outreach programs exclude the individual awareness programs performed.

3.10 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES

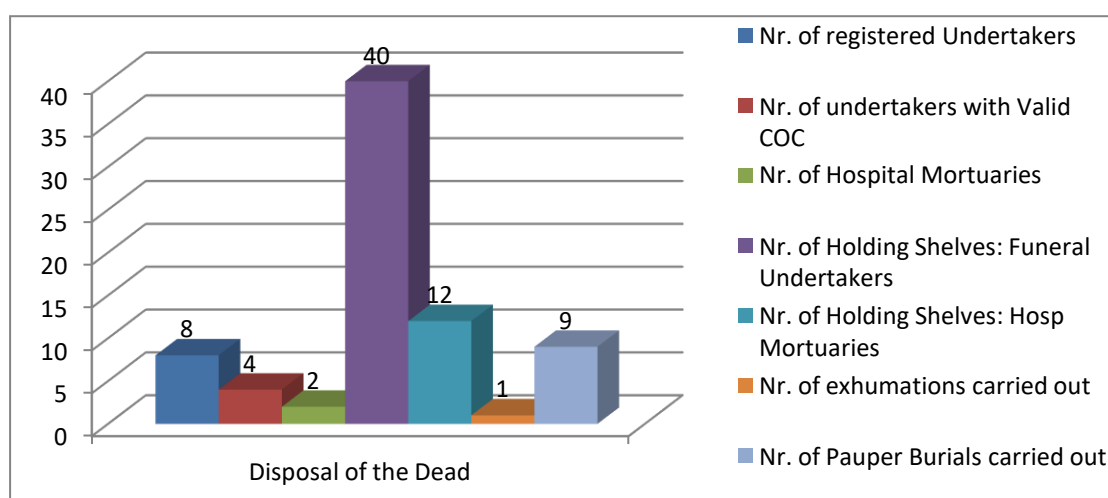
This service falls under Parks and Recreation Section. The municipality is currently under pressure due to unavailability of land for cemeteries. In terms of the revised SDF there is a need to identify new cemeteries but this will require environmental impact assessments and identification of land. All cemeteries throughout the municipality are cleaned on a regular basis as and when required. The cemeteries are reaching capacity and once the land disposal policy process is completed land needs to be identified for cemetery space and the necessary EIA and legislative requirements be followed. The municipality does not have its own crematorium facility and as such individuals utilise the services of funeral parlours.

1. Disposal of the Dead

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislation, which is Regulation 363 relating to the management of human remains including any other regulations relating to applicable health standards.

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislation, which is Regulation 363 relating to the management of human remains including any other regulations relating to applicable health standards.

Graph below: Illustration of information relating to disposal of the dead



COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

There is no staff specifically employed for "Cemeteries" – these employees fall under "Parks & Recreation";

- *There are no posts in the Organogram allocated for "Cemeteries"; and*
- *There has been no capital budget for Cemeteries and Crematoria during the financial year under review*

REFUSE REMOVAL SERVICES

15 961 formal + 4 632 informal households = **20 593 households**

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Port Alfred			
Monday	Town of Port Alfred	10	872
Tuesday	Nemato	7-9	709
	East Bank / Bottom West	10	861
Wednesday	Saltvlei / Station Hill	10, 6	1119
	Nemato	7-9	695
Thursday	Ndlovini	7-9	1595
	Thornhill	6	500
Thursday / Friday	Businesses in PA	10	*
TOTAL			<u>6351</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Alexandria			
Monday	Alexandria Town	1	
Tuesday	Alexandria Town	1	273
Wednesday	Wentzel Park	1	736
Thursday	KwanonQubela	2	
Friday	KwanonQubela	2	1987
TOTAL			<u>2996</u>
GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS

Bushman's River Mouth			
Monday	Riversbend / Harmony Park	3	487
Tuesday	Old Bushmans (Town)	3	254
Wednesday	Half Marselle / River Rd	3	581
Thursday	Rest of Marselle	3	750
Friday	Businesses, Bins & Beach	3	35
Kenton-on-Sea			
Monday	Kenton Businesses	4	36
Monday	Kenton Town	4	146
Tuesday	Kenton Residence	4	387
Wednesday	Kenton Residence	4	375
Thursday	Ekuphumleni	4	820
Friday	Businesses, Bins & Beach	4	36
TOTAL			<u>3800</u>
GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Boknes / Cannon Rocks			
Monday	Boknes	1	350
Monday	Cannon Rocks	1	250
Greater Bathurst			
Monday	Town of Bathurst	5	205*
Tuesday	Nolukhanyo	5	856
Wednesdays	Freestone Ndlovini	5	918
Seafeld / Kleinemonde			
Monday	Seafeld / Kleinemonde	6	235
TOTAL			<u>2814</u>
Informal areas	Ndlambe area		<u>4632</u>

COMPONENT E: ENVIRONMENTAL PROTECTION

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

3.11 POLLUTION CONTROL

- There is no staff employed for pollution control – the Environmental Health Practitioners are carrying out this function;
- There are no posts in the Organogram specifically for pollution control;
- There is no budget allocated specifically for pollution control.

3.12 BIO-DIVERSITY AND LANDSCAPE

ENVIRONMENTAL CONSERVATION

KEY PERFORMANCE AREAS

- Blue Flag beach Management
- Beach Front and Infrastructure Management.
- Nature Reserve Management
- Environmental Education
- Environmental Compliance (Marine; Estuaries; Terrestrial)

BLUE FLAG BEACH MANAGEMENT

- Kariega Main Beach
- Kelly's Beach
- Middle Beach K.O.S

STAFF

- Conservation Officer's portfolio includes management of: Blue Flag beaches; swimming Beaches, public facility's
- Two permanent staff members: in that of a Blue Flag beach attendants; working every weekend and public holidays at Kelly's and kariega beach.
- Appointed 8 contractual lifeguards, 4 - Kelly's Beach and 4 - Kariega Main Beach. (01 December 2021 – 30 April 2022)
- Appointed 6 short term lifeguards during December 2021 until January 2022 for the following beaches Boknesstrand and East beach
- West Beach was manned by beach marshals casuals over new year's 21 December – 04 January due to Dangerous currents and prevention of public swimming

BLUE FLAG STATUS BEACHES

- Ndlambe municipality applied for two full status beaches namely that of Kelly's Blue Flag Beach (17th season in a row), Kariega Main Beach (13^h season in a row), and Middle beach (9th season).
- At the National launch, Ndlambe received two Blue Flags, namely that of Kelly's Beach (Ward 10), Kariega Main Beach and a Pilot beach, Middle Beach (Ward 4).
 - During this period 1 unannounced visit were carried out by a Blue Flag South Africa Inspector.
 - Applications for season 2022 2023 have been submitted in April 2022 to WESSA and National Jury will sit between October/November 2022 for this coming year evaluation. The results will be via a press release from WESSA.

Contractual / Casual staff:

	October	November	December	January
Boknesstrand			8	1

Kariega Beach	1		7	3
Kellys Beach	3	2	5	3
West Beach			3	

RESCUES LIFEGUARDS

	KELLY	KARIEGA
Drownings/Near Drownings	0	0
Helpouts/RTB	9	16
Board/ski	0	0
Boat/IRB	0	0
Resuscitation	0	0

FIRST AID

	KELLY	KARIEGA
Cuts and Abrasions	0	0
Sprains/fractures	0	0
Stings	14	12
Sunburn	0	0
Hospitalised	0	0

Drowning's/Near drowning

- 5 September 2021 - near drowning. 5 persons stuck in East beach middle rip. Surfers assisted them out of rip.
- 20 November 2021 - near drowning West Beach - member of the public went in and saved the person with the Pink Buoy. 2 January 2021 - west beach.
- 1 x fatal drowning and 1x near drowning (saved by local vessel Kowie Bunga)

Rescues/Help outs

A number of help outs were done this year with torpedo buoys and life craft. This was partly due to some freak strong currents at the beaches but mostly due to alcohol and negligence of parents. Drinking at/on beaches is a huge concern and stricter enforcement of the law is needed. It is a major safety risk for the lifeguards and municipal Officials when dealing with an intoxicated individual or individuals during those situations, where their lives are also at risk.

NATURE RESERVE MANAGEMENT

STAFF

- Conservation Officer's portfolio includes management of: local Authority Nature Reserves and private reserve guidance; monitor Public open space and commonage usage; further this liaise with rate payers urban and rural, to resolve complaints and queries.
- Two Rangers and one Lodge Attendant, that are permanent staff members at the nature reserves

RESERVE MANAGEMENT

- Local Authority Reserves under Management of the Conservationist are namely:
 - Joan Muirhead Nature Reserve
 - Kap River Nature Reserve
 - Great Fish River Wetland Reserve
 - Roundhill Oribi Reserve Nature Reserve
 - Great Fish River Wetland Reserve
 - Joan Muirhead Nature reserve
 - Ghio Wetland Nature Reserve
- The water level in the Kap River has increased after the completion of the low-level bridge, however this has been insufficient due to the ongoing drought conditions.
- Poaching remains a major issue and will not be sorted out until the correct equipment purchased and rangers are employed.

ACCESS CONTROL: FISH RIVER RESERVE

- The fish river camping ground was closed to campers this year, however there was a human presence as usual over the December period and Portable ablutions were provided.

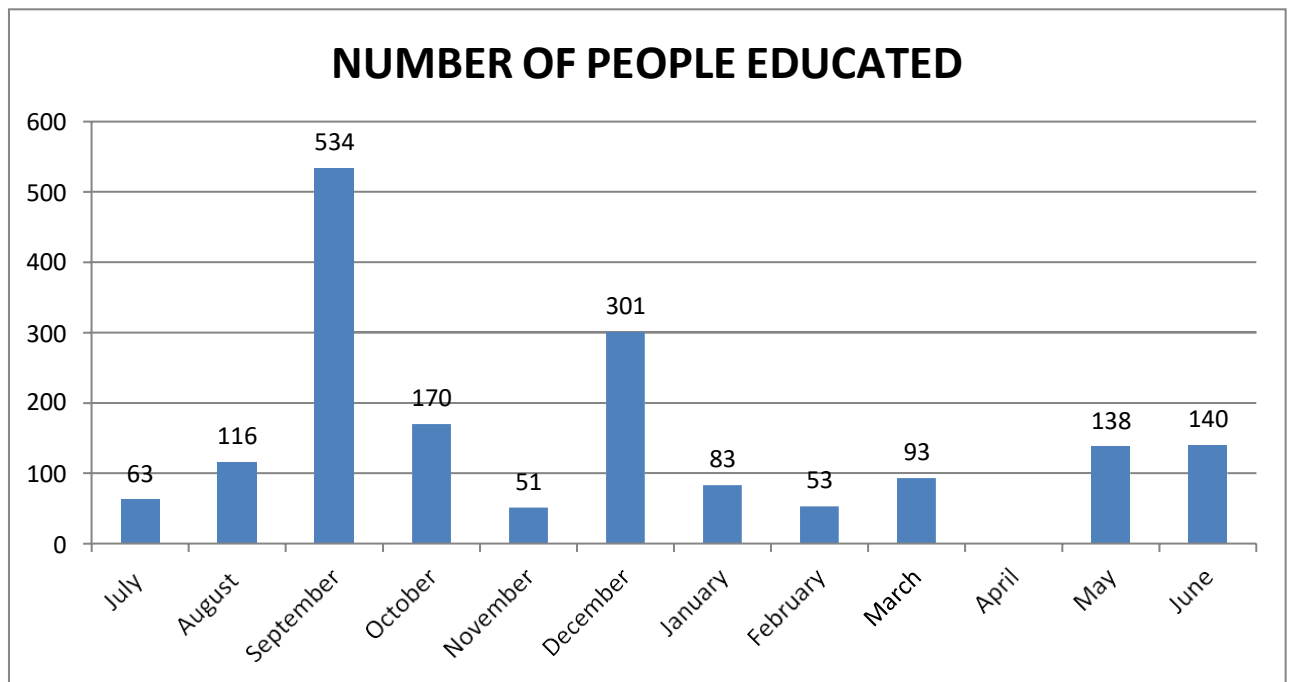
End June 2022 Game count on Municipal Reserves

<u>Round Hill Oribi Nature Reserve</u>		<u>Kap River Nature Reserve</u>	
Species	Pop.	Species	Pop.
Bontebok	4	Bushbuck	3
Burchells zebra	44	Common Duiker	2
Springbuck	10	Giraffe	12
Warthog	2	Impala	60
Bushbuck	1	Reedbuck	2
Kudu	4	Nyala	12
		Red hartebeest	6
		Warthog	24
		Waterbuck	3
		Burchells zebra	65

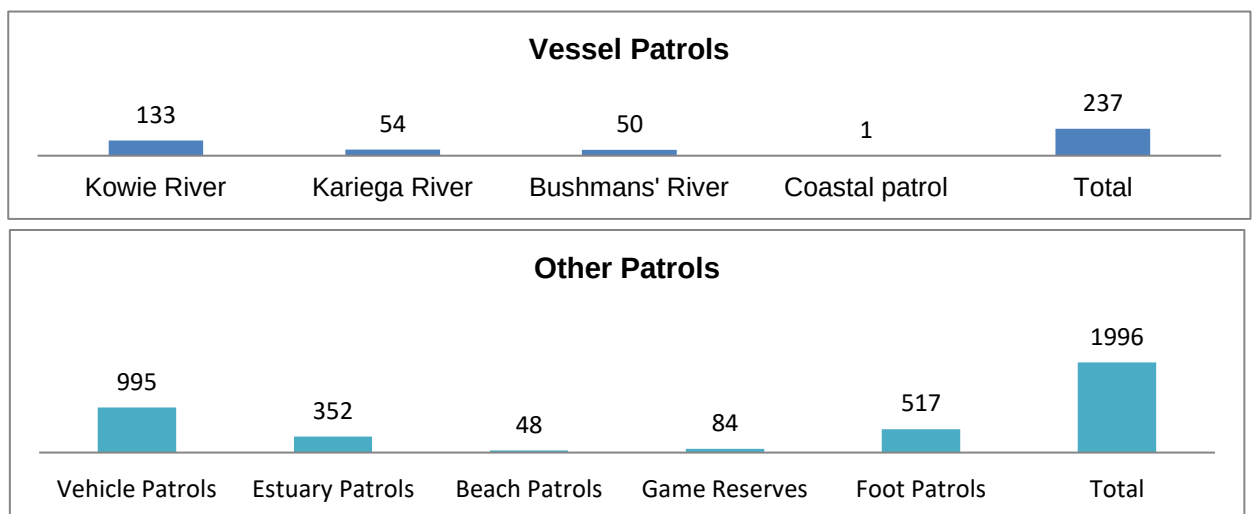
ENVIRONMENTAL EDUCATION

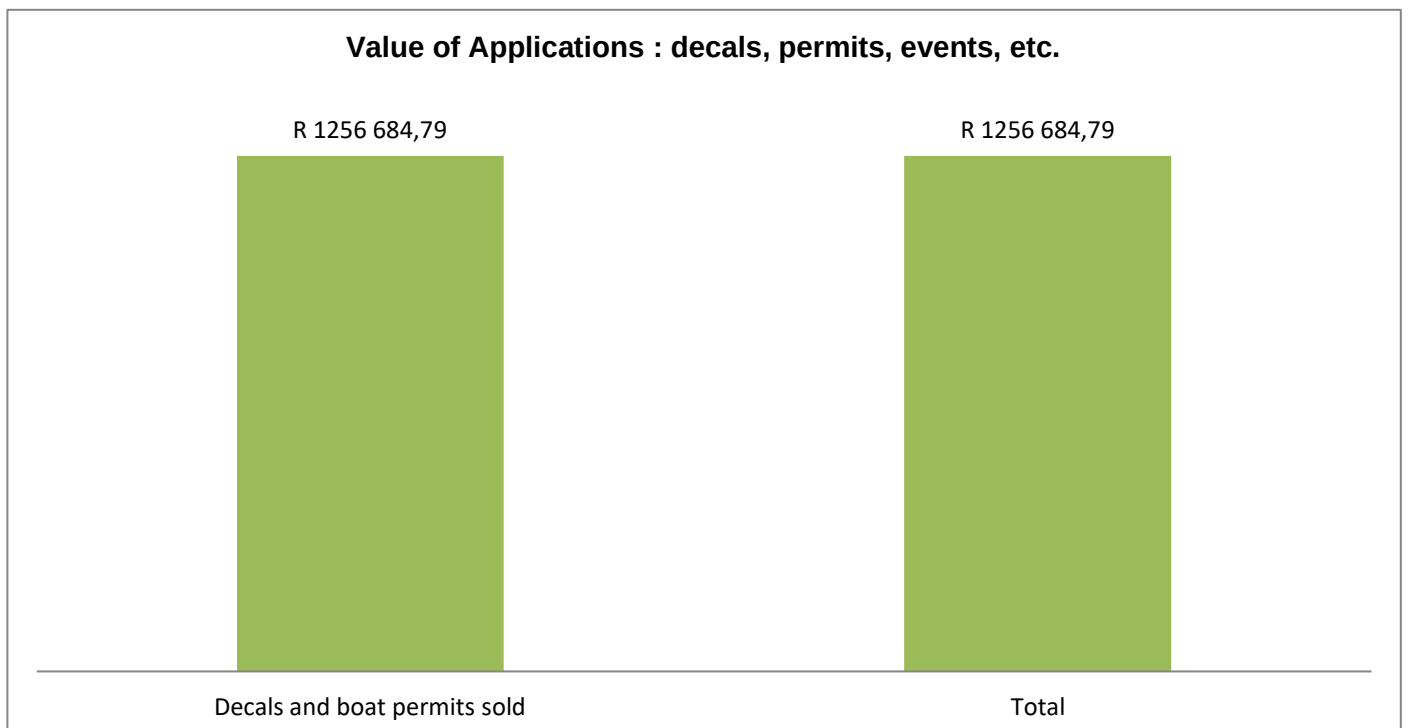
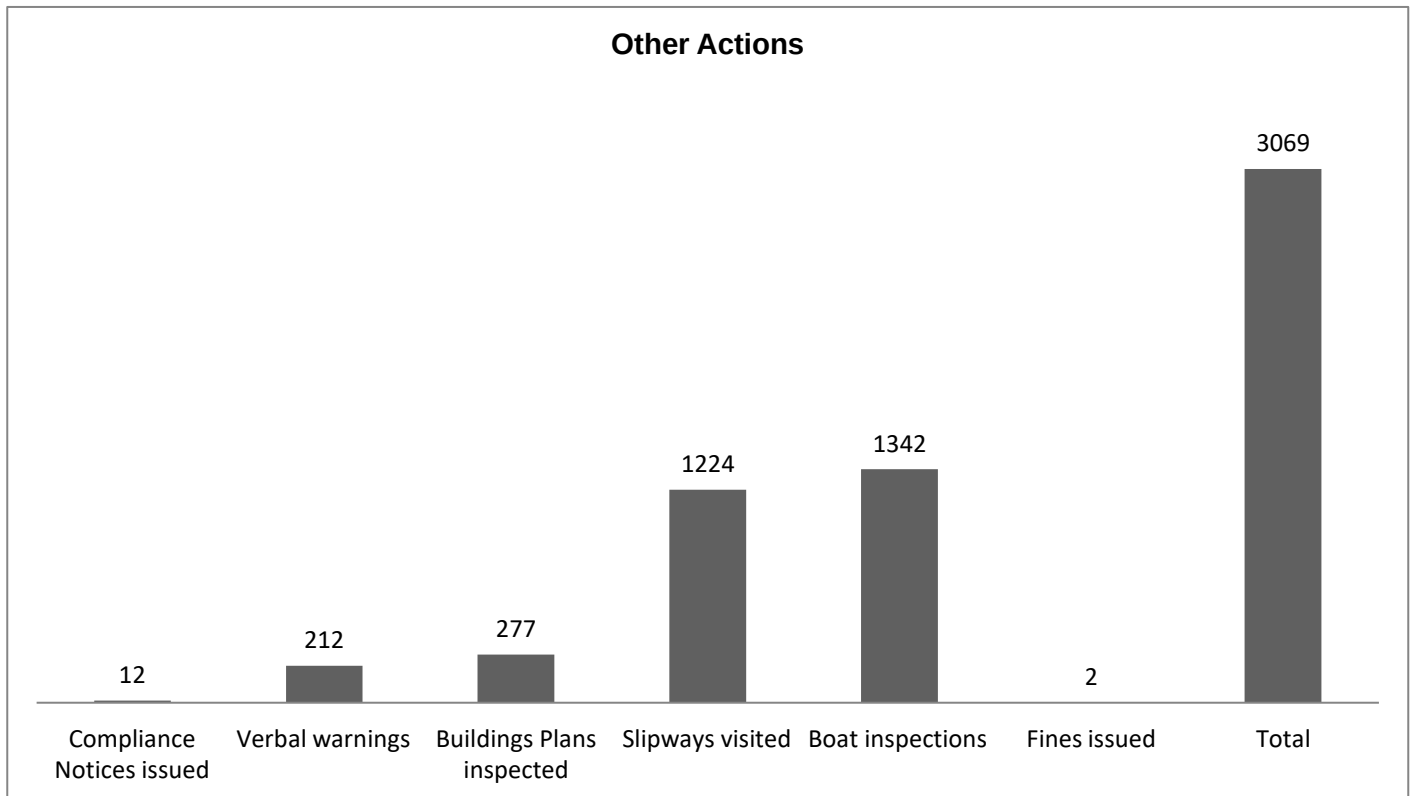
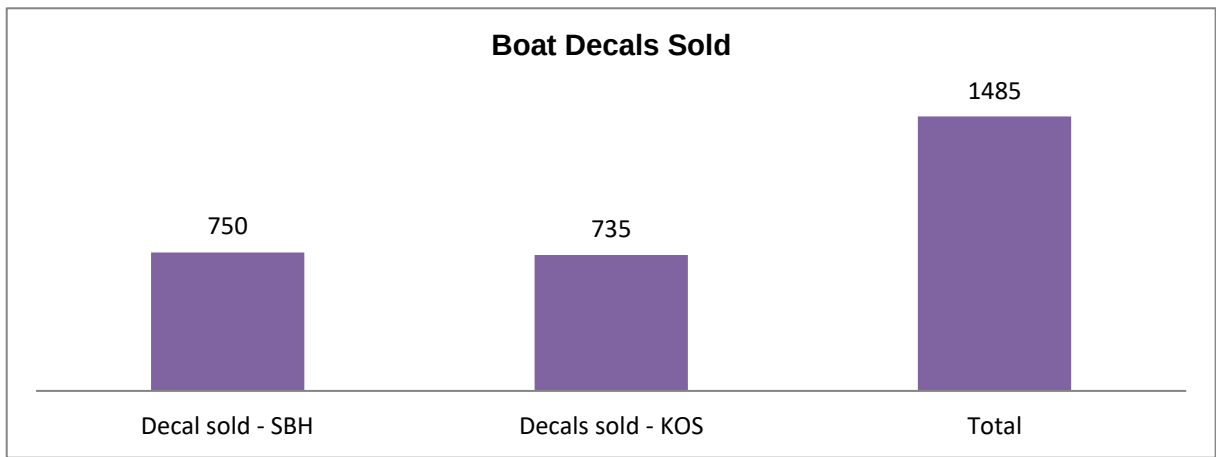
STAFF

- Environmental Education Officer



ENVIRONMENTAL COMPLIANCE





3.13 ENVIRONMENTAL HEALTH

3.13.1 Background

Environmental health services means the health services falling within the definition of Municipal Health Services as outlined in the National Health Act, 2003 (Section 3.12 or 2.12), also known as Municipal Health Services in respect of which the District Municipality has full legislative and executive authority in terms of section 84(1)(i) of the Municipal Structures Act.

Ndlambe Municipality has entered into a Service Level Agreement with Sarah Baartman District Municipality to render Municipal Health Services Function on behalf of the district municipality. In the service level agreement Sarah Baartman District Municipality commits that the district will provide a subsidy that transfer of payment quarterly will be undertaken by the district for the purposes of rendering the agreed Municipal Health Services.

It is recorded that the package of Municipal Health Services which the District Municipality request Local Municipality to perform as agreed in terms National Health Amendment Act, 2013 (Act No. 12 of 2013) that only a health officer who is registered with as an Environmental Health Practitioner in terms of the Health Professions Act, 1974 (Act No. 56 of 1974) may exercise any of the powers conferred under this section.

The definition of Municipal Health Services is provided in section 1 of the National Health Act, (Act 61 of 2003) and includes:

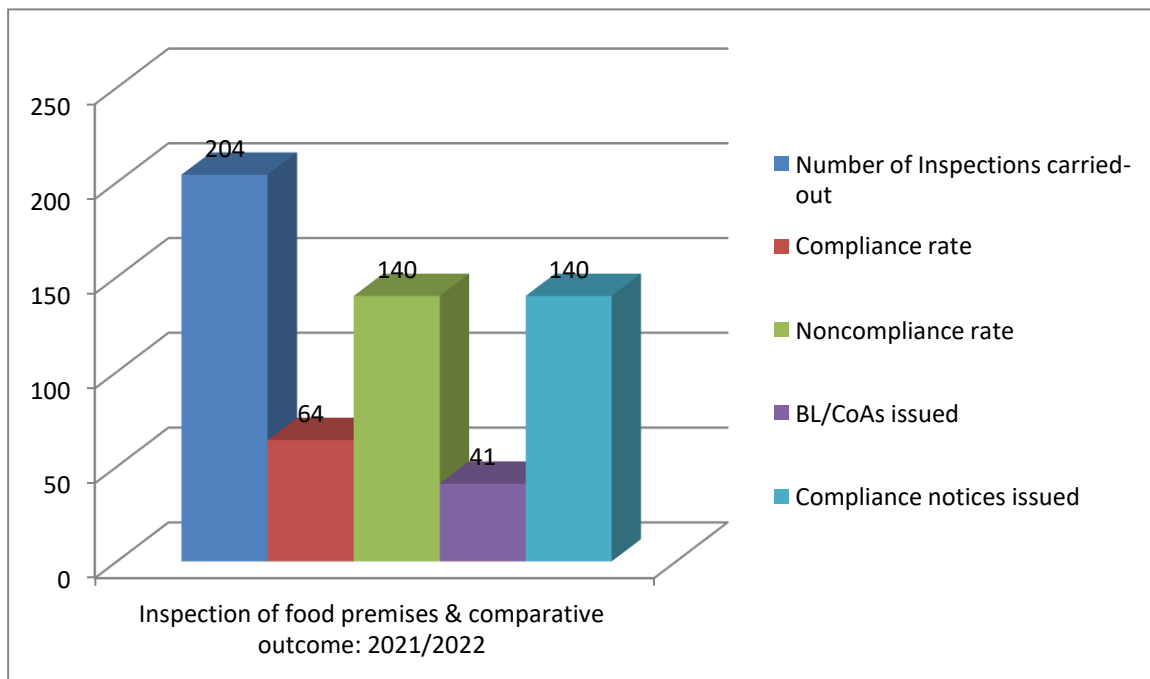
- Water quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunization;
- Vector control
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

According to the National Norms and Standards for Environmental Health and the World Health Organisation (WHO) norm for staffing of Environmental Health Practitioners, the acceptable ratio is 1: 10 000 population to enable Environmental Health Practitioners to render municipal health service effectively. Currently, Ndlambe Municipality with the latest 2011 Census population which is estimated around 61 176, with this population, Ndlambe Municipality is not adhering to the WHO and National Norms and Standards for Environmental Health. The norms and standards stipulate that for such population there should be 6 functional Environmental Health Practitioners, instead of the current 2 Environmental Health Practitioners.

3.13.2 Food Quality Control – Inspection of Food Premises

Inspection of food premises is one of the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Food Quality Control is also set out on the municipal IDP as one of the key performance areas for environmental health services. Regular unannounced inspections are carried out on food premises to make sure that food premises are compliant with food hygiene handling requirements as per legislative requirement by ensuring food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food chain. Vigorous efforts are made to assist and encourage all food premises inspected to be compliant with the regulations governing general food hygiene handling where there are contraventions with the regulations.

Analysis of Inspections carried out



3.13.2.1 National Recall – Bottled and Canned Appletiser Products: SEPTEMBER 2021

Number of Premises / Retailer / Consumer Inspected	Packaging Type	Code	Number of Units	Notes
One Hundred and Six-Eight (168)	PET 1250 ml	BB 07 Nov 2021	26	Return to supplier with upliftment receipt
	Cans (6 x 330 ml)	No BB code	6	Return to supplier
	PET 1250 ml	No BB code	1	Return to supplier

3.13.2.2 Certificate and Safe Disposal of Seized foodstuffs

i) Woolworths Store – Port Alfred: October 2021

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manager.

ii) Woolworths Store – Port Alfred: November 2021

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manager.

iii) **Woolworths Store – Port Alfred: February 2022**

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manager.

3.13.2.3 Health and Hygiene Training for Food Handlers

Food Vendors were trained on Health and Hygiene; and the following areas were covered during the training:

- Personal and environmental hygiene principles
- Use and the importance of personal protective equipment
- Hand washing techniques
- General food safety
- Food handling and storage requirements
- Clean as you go principle
- Waste management (food waste)

3.13.3 Water Quality Monitoring

Water quality monitoring is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Water Quality monitoring is also set out on the municipal IDP as one of the priority areas for basic service delivery. Regular drinking water samples are taken for bacteriological and chemical analysis as per legislative mandate (SANS 0241) to establish water safeness for human consumption.

The tables below indicate compliance/failure as a result of Escherichia coli (E. coli) which is an indicator of faecal pollution by warm blooded animals (often interpreted as human faecal pollution). E.coli is responsible for infectious diseases such as gastroenteritis, cholera, dysentery and typhoid fever after ingestion of contaminated water.

Tables further provide a summary of drinking water quality compliance information on monthly basis over a year (July 2021 – June 2022).

Water Quality Compliance Table: July 2021 – December 2021

E.coli (health) (count per 100 mL) for Ndlambe Municipality.

Area	July 2021		August 2021		September 2021		October 2021		November 2021		December 2021	
	Sampl es Compl ied	% Compli ance	Sampl es Compl ied	% Compli ance	Sampl es Compl ied	% Compli ance	Sampl es Compl ied	% Compli ance	Sampl es Compl ied	% Compli ance	Sampl es Compl ied	% Compli ance
Ndlambe Municipality	15 / 15	100.0%	18 / 18	100.0%	10 / 22	45.5%	20/21	95.2%	22 / 22	100.0%	10 / 21	47.6%

Alexandria	3 / 3	100.0%	3 / 3	100.0%	2 / 3	66.7%	4 / 4	100.0%	4 / 4	100.0%	3 / 3	100.0%
Bathurst	1 / 1	100.0%	3 / 3	100.0%	3 / 3	100.0%	3 / 3	100.0%	3 / 3	100.0%	1 / 3	33.3%
Bushmans River	3 / 3	100.0%	3 / 3	100.0%	0 / 3	0.0%	1 / 2	50.0%	3 / 3	100.0%	2 / 3	66.6%
Cannon Rocks / Boknes	2 / 2	100.0%	2 / 2	100.0%	2 / 2	100.0%	2 / 2	100.0%	2 / 2	100.0%	2 / 2	100.0%
Kenton-on-Sea	2 / 2	100.0%	2 / 2	100.0%	0 / 2	0.0%	2 / 2	100.0%	2 / 2	100.0%	0 / 2	0.0%
Kleinemonde / Seafeld	1 / 1	100.0%	1 / 1	100.0%	1 / 1	100.0%	1 / 1	100.0%	1 / 1	100.0%	1 / 1	100.0%
Port Alfred	3 / 3	100.0%	4 / 4	100.0%	2 / 8	25.0%	7 / 7	100.0%	7 / 7	100.0%	1 / 7	14.3%

Water Quality Compliance Table: January 2022 – June 2022

E.coli (health) (count per 100 mL) for Ndlambe Municipality.

Area	January 2022		February 2022		March 2022		April 2022		May 2022		June 2022	
	Sampl es Comp lied	% Compli ance	Sampl es Comp lied	% Compli ance	Sampl es Comp lied	% Compli ance	Sampl es Comp lied	% Compli ance	Sampl es Comp lied	% Compli ance	Sampl es Comp lied	% Compli ance
Ndlambe Municipality	23 / 24	95.8 %	13 / 25	52 %	14 / 26	53.8%	21 / 25	84%	18 / 24	75%	17 / 21	80.9%
Alexandria	3 / 3	100 %	3 / 3	100 %	3 / 3	100 %	4 / 4	100 %	4 / 4	100 %	4 / 4	100 %
Bathurst	3 / 3	100 %	0 / 3	0.0 %	0 / 3	0.0 %	3 / 3	100 %	3 / 3	100 %	3 / 3	100 %
Bushmans River	3 / 3	100 %	2 / 3	66 %	2 / 3	66 %	1 / 3	33.3 %	1 / 3	33.3 %	0 / 3	0.0 %
Cannon Rocks / Boknes	2 / 2	100 %	2 / 2	100 %	2 / 2	100 %	2 / 2	100 %	1 / 2	50 %	2 / 2	100 %
Kenton-on-Sea	2 / 2	100 %	1 / 2	50 %	2 / 3	66 %	2 / 2	100 %	1 / 1	100 %	1 / 1	66 %
Kleinemonde / Seafeld	1 / 1	100 %	1 / 1	100 %	1 / 1	100 %	1 / 1	100 %	1 / 1	100 %	1 / 1	100 %
Port Alfred	9 / 10	90 %	4 / 11	34 %	4 / 11	34 %	8 / 10	80 %	7 / 10	70 %	4 / 7	34 %

- Complying samples indicates the number of samples complying with **SANS: Microbiological - Standard Limits** vs. the total number of samples collected in an area.

- The percentage compliance displayed is the percentage of all samples collected in the area falling within **SANS: Microbiological - Standard Limits**.

Estuaries Water Quality Monitoring & Effluent Quality Monitoring

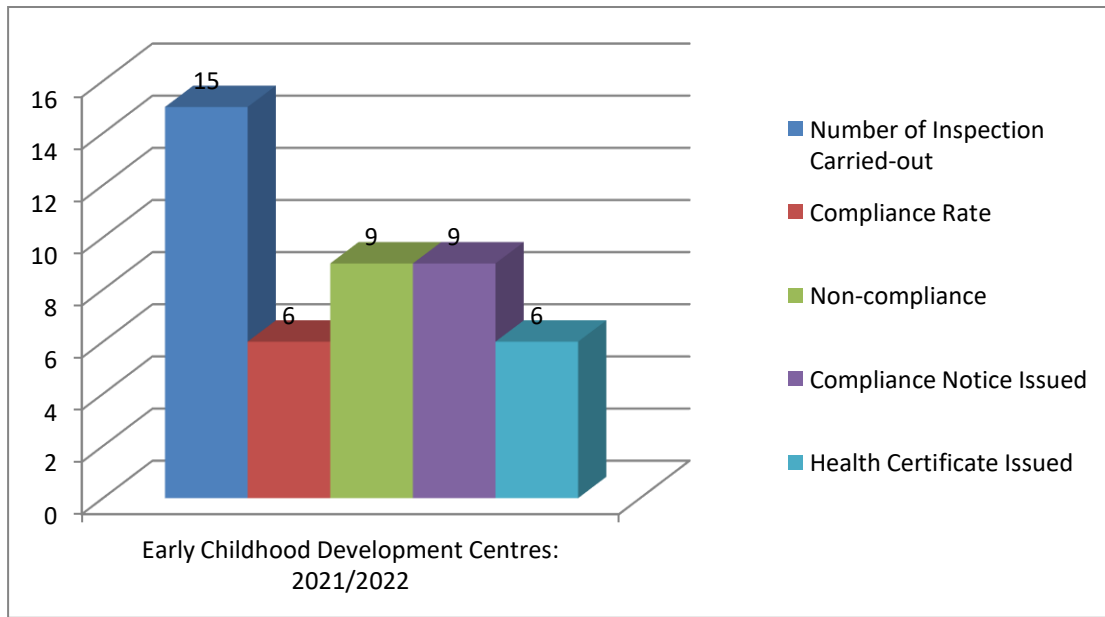
Months	Rivers Compliance for Recreational Purpose			Months	Effluent Compliance: General Authorizations		
	Rivers Collected	Samples Complied	% Compliance		Samples Collected	Samples Complied	% Compliance
July 2021	7	7	100%	July 2021	5	2	40%
Aug. 2021	9	8	88,8%	Aug. 2021	5	2	40%
Sept. 2021	8	7	87,5%	Sept. 2021	5	1	20%
Oct. 2021	8	7	87,5%	Oct. 2021	5	4	80%
Nov. 2021	8	8	100%	Nov. 2021	5	2	40%
Dec. 2021	8	6	75%	Dec. 2021	5	3	60%
Jan. 2022	8	7	87,5%	Jan. 2022	5	2	40%
Feb. 2022	9	8	88,8%	Feb. 2022	5	4	80%
Mar. 2022	10	9	90 %	Mar. 2022	5	1	20%
April 2022	10	8	80 %	April 2022	5	3	60%
May 2022	10	9	90 %	May 2022	5	4	80%
June 2022	10	10	100 %	June 2022	5	3	60%

3.13.4 Health Surveillance of Premises

Health surveillance of premises falls within the scope of practice of environmental health practitioners, it is for this reason that Environmental Health Practitioners are required to carry-out inspections on the early childhood development centres, in order to ensure amongst others, the following:

- Conducting environmental health impact assessments of premises;
- Assess aspects such as ventilation and indoor air quality, lighting and moisture proofing, thermal quality, structural safety and floor space;
- Assess overcrowded, dirty or other unsatisfactory health conditions on any occupied premises;
- Ensuring the prevention and abatement of any condition on any premises, which is likely to constitute a health hazard;
- Promoting health and hygiene, aiming at preventing environmentally induced diseases and related communicable diseases.

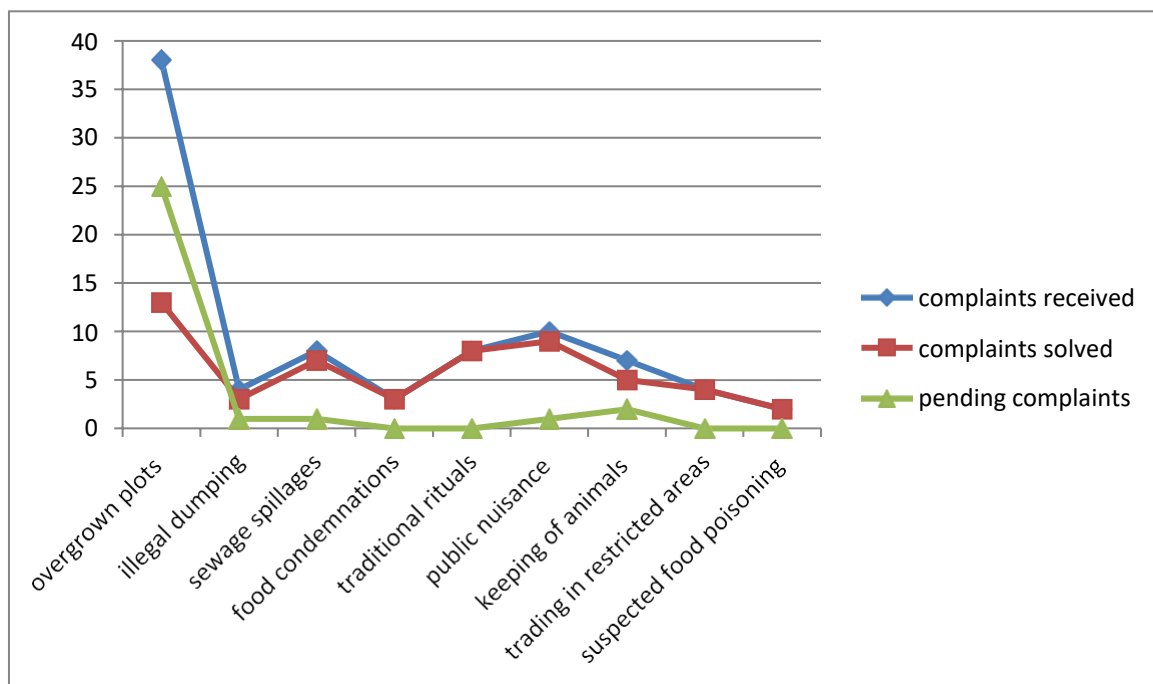
3.13.4.1 Inspection of Early Childhood Development Centres



3.13.4.2 Environmental Health Related Complaints

Environmental health is concerned with all aspects of natural and built environmental that may affect human health. Environmental health also contributes to the promotion of wellness and prevention of disease, primarily by controlling environmental factors that negatively impact on human health; it also encompasses the discipline of anticipating, recognizing, evaluating and controlling health hazards. Most of the complaints attended are the priority areas of the municipality as listed on the municipal IDP document.

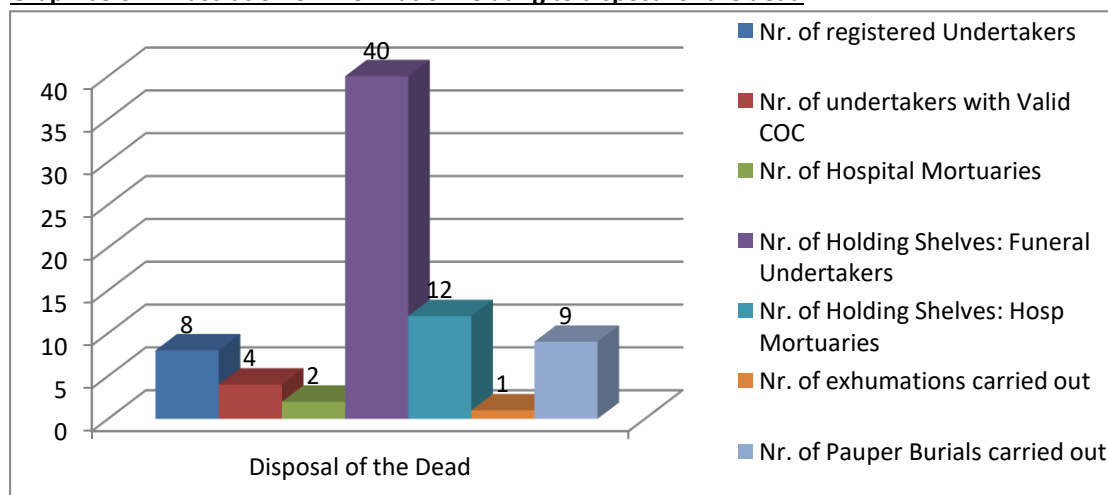
The graph below illustrates environmental health related complaints received and attended to, during the 2021/2022 financial year. These environmental health related complaints were attended to, and are illustrated in the graph below:



3.14 Disposal of the Dead

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislation, which is Regulation 363 relating to the management of human remains including any other regulations relating to applicable health standards.

Graph below: Illustration of information relating to disposal of the dead

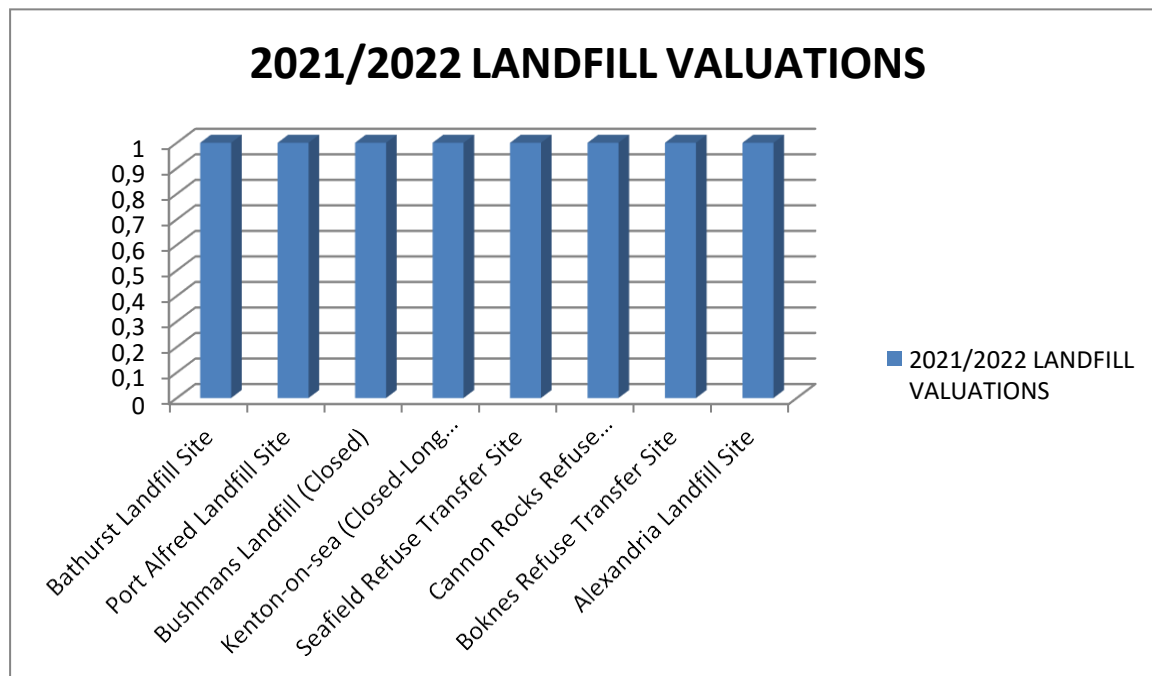


3.14.1 Annual Landfill Site: External Valuations

Municipalities are required to recognise closure provisions licensed and unlicensed waste management facilities due to legal obligations and report on these as required in terms of generally recognised accounting practice (GRAP 19).

The valuations of the municipal landfill sites were carried out by an independent service provider. Information used in compiling the valuations was mainly supplied by the Municipality, which has been supplemented by the visual inspections of the landfill sites undertaken by the service provider and municipal officials (Environmental Health Practitioners).

The chart below indicates facilities that were considered during the 2021/2022 landfill valuations.



COMPONENT G: SECURITY AND SAFETY

3.15 SECURITY SERVICES

PLACE	INCIDENT	DETAILS	PROGRESS
Nemato - Mswela street	Theft of a tank	Water tank belonging to the Municipality had been stolen from a street in Nemato	A criminal case had been registered with the SAPS
Waste water treatment plant Port Alfred	Theft of copper cable	Copper cable had been stolen	A criminal case had been registered with the SAPS and the internal investigation had been conducted and finalized
Security lights faulty at the civic centre	Security lights faulty	A lights were off due to a fault	Fault reported to the municipal electrician for further action
Civic centre	Vandalism	Ablutions had been vandalised	The matter was reported to the security armed response for high visibility

WWTP Port Alfred	Theft of copper cable	Copper stolen and the assailants fled on foot	A criminal case had been reported with the Nemato SAPS
Bathurst ,Nico Malan Drive	Centenary hall caught fire	Building burned down	Bathurst SAPS opened an inquiry for investigation
House breaking/Break in	Nolukhanyo sports field care taker house broken into	The care taker had his house broken into. The house is situated on municipal premises	A criminal case had been registered for investigation
Malicious damage to property	Ekuphumleni hall	Multiple damaged caused	A criminal case had been opened for investigation at the SAPS
Malicious damage to property	KwaNonkqubela community hall	Multiple damage caused	A criminal case had been opened at the SAPS
Malicious damage to property	Wintzel Park community hall	Multiple damage caused	A criminal case had been registered with the SAPS
Theft of beams	CPS ,Port Alfred	Point to point beams stolen	A criminal case had been registered with the SAPS
Tempering with CCTV camera	CPS Port Alfred	One external CCTV camera tempered with	A criminal case had been registered with the SAPS
Malicious damage to property	Thornhill substation	Electrical wiring stolen	A criminal case had been registered with the SAPS
Theft of copper cable	Wharf street engine room	Copper cable stolen ,entry gained through a wooden ventilator	A criminal case had been registered with the SAPS
Theft of copper cable	Waste water works – Port Alfred	Copper cable stolen	Criminal case had been registered with the SAPS

COORDINATION CARRIED OUT	Nrs
Patrols conducted on municipal buildings and facilities	580
Ad-hoc security visits on guarded sites	120
Complaints received & attended	49
Threats and risk assessments conducted per site (Ndlambe East)	24
Threats and risk assessments conducted per site (Ndlambe West)	24
Internal inquiries investigated	5

Criminal cases registered	13
Recovered municipal property:	
• Used road signs	8
• Litres of diesel	75
• Hollow doors	4
• IRB roof sheets	12

TRAFFIC SERVICES

Report financial year 2021 / 22 - Motor Vehicle Licencing and Registration (MVRA)

	Trx	Amount
Temporary permits issued	88	R11 550.00
Temporary permits (blank) issued	17	R17 850.00
Special permits issued	18	R1 458.00
Registration of vehicles	2 834	R365 084.50
Duplicate registration certificates issued	382	R234 660.00
Licencing of vehicles	14 347	R8 113 084.24
Allocated personal number plates	13	R2 808.00
Driving Licence card admin levy	1	R605.00
Transaction fee	8 377	R603 072.00
TOTAL FEES COLLECTED BY RA		R9 350 171.74
TOTAL AGENCY FEES (NDLAMBE)		R2 164 248.02
TOTAL PROVINCIAL FEES		R6 582 851.72
RTMC FEES		R603 072.00

The Motor vehicle Licencing and Registration section collected a total of **R2 164 248.02** for the financial year 2021 / 22.

Report financial year 2021 / 22 - Driving Licence Testing Centre (DLTC)

	Trx	Amount
Application for Learner Licences	1 199	R255 387
Application for PrDP	1 331	R143 748
Application for Heavy Motor Vehicle tests	894	R308 430
Application for Light Motor Vehicle tests	383	R112 602
Duplicate Learner Licences issued	54	R9 720
Issued Driving Licences	5 571	R1 137 888
Issued Learner Licences	699	R48 231
Issued Temporary Driving Licences	2 530	R201 792

The Driving Licence Testing Centre section collected a total of **R2 217 798.00** for the financial year 2021 / 22

Report financial year 2021 / 22 - Law Enforcement (TCS)

Income collected by TCS		R257 200

The Law Enforcement section collected a total of **R257 200** for the financial year 2021 / 22.

INCOME GENERATED BY TRAFFIC DEPARTMENT: TOTAL: R4 639 246.02

FIRE & EMERGENCY SERVICES

CATEGORY	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
NUMBER OF FIRES AS FOLLOWS					0
BUILDINGS	1	0	2	2	5
DWELLINGS (formal - brick & mortar)	3	8	12	8	31
INFORMAL DWELLINGS (Shacks/mud/hut etc.)	18	10	14	7	49
ELECTRICAL	0	0	3	3	6

RUBBISH	7	8	11	14	40
VEGETATION	40	10	25	12	87
TRANSPORT Cars/busses/trains/aircraft/s hip	3	2	3	2	10
OTHER (not specified above) Gas	0	0	0	1	1
SUB TOTAL	72	38	70	49	229
NUMBER OF SPECIAL SERVICES	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
ACCIDENTS (Cars/busses/trains/aircrafts etc.)	40	43	27	55	
RESCUE (people/animals trapped/lost from machinery or water etc.)	1	0	0	2	
SPILLAGES (oil, diesel on road services)	2	5	2	5	
MISCELLANEOUS (any other not specified)	24	132	93	115	
HAZMAT SPILLAGES (chemicals ect.)	0	0		0	
SUB TOTAL	67	180	122	177	0
ACCUMALATED HOURS FOR DURATION OF INCIDENT	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Vegetation	37	5	60	8	110
Hazmat	3	0	0	0	3
NUMBER OF ANCILLARY SERVICES	1st Quarter July -	2nd Quarter October -	3rd Quarter January - March 2022	4th Quarter	Grand Total 2021/2022

	September 2021	December 2021		April - June 2022	
Provision of Potable Water	0	0	0	0	0
Locked premises	0	0	0	0	0
Any other types of humanitarian services	0	0		0	0
SUB TOTAL	0	0	0	0	0
NUMBER OF NO - SERVICES	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Extinguish before arrival	4	1	1	9	15
False Alarm Good Intent	0	0	2	1	3
False Alarm Malicious	0	1	0	2	3
SUB TOTAL		2	3	12	21
GRAND TOTAL OF INCIDENTS.	139	220	195	238	250
NUMBER OF PEOPLE INVOLVED IN:	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Fires	126	106	158	75	465
Accidents	92	117	66	113	388
TOTAL	218	223	224	188	853
NUMBER OF FATALITIES	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Fires	1	0	5	3	9

Accidents	4	1	1	12	18
TOTAL	5	1	6	15	27
NUMBER OF INJURIES:	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Fires	3	2	0	36	41
Accidents	54	22	26		102
TOTAL	57	24	26	36	143
	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
ESTIMATED DAMAGES (inclusive of Contents and Building/land)	625500	2041000	2672490	2074200	7413190
ESTIMATED VALUES (Contents and Building)	2904000	933850	3098690	818300	7754840
	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
ESTIMATED DAMAGES (Veld Fires)	1500	15	130	11	1656
ESTIMATED VALUES	62000	375	3250	275	65900
NO. OF STAFF (Full Time)	AREA MUNICIPAL	TOTAL FILLED	TOTAL VACANT		
Chief Fire Officer	1	1	0		
Assistant/Deputy Chief	0	0	1		
Divisional Commanders	0	0	0		
Station Commanders	0	0	2		

Platoon Commanders	0	0	8		
Senior / Leading Fire fighters	4	4	4		
Fire Fighters	7	7	25		
Control Room Operators	2	2	2		
Reservist/Volunteer Fire fighters	13	13	0		
Admin staff	0	0	1		
Other staff	0	0	0		
TOTAL	27	27	43		
NUMBER OF VEHICLES	AREA /MUNICIPAL	CURRENT TOTAL	AGE AND CONDITION	TOTAL REQUIRED	ESTIMATED COST
Major Fire Pumpers	4	3(2 OOC)	FAIR	1	2800000
Medium Pumper Fire Engines	2	1	GOOD	1	2400000
Light Rescue vehicles	2	2	NEW		
Heavy Duty Rescue	1	0		1	2500000
LDV Fire Skid units	4	3	2FAIR/1 NEW	1	400000
Firefighting trailers	0	0			
Water Tankers	2	2(OOC)	OLD	2	2600000
Hazmat trailer / vehicle	1	1	GOOD		
Hydraulic Platforms	0	0			
Turntable Ladders	0	0			
OTHER: JOC	1	1	GOOD		
TOTAL		8		6	10700000
FIRE SERVICES VEHICLES	TYPE	NUMBER	SINCE WHEN		
Vehicles involved in Accidents	none	0			

Vehicles Out of Commission	Major/Wtanker	2/2	last year/3yrs		
TOTAL	0	4			
BUILDINGS / FIRE STATIONS	CURRENT	REQUIRED	ESTIMATED COSTS		
Location of fire stations	P/ALFRED / BUSHMANS	3	1000000		
No. of fire stations (Includes Satellites)	2	3			
TOTAL	2	3	0		
TRAINING & DEVELOPMENT OF STAFF	ALL STAFF TRAINED TO DATE (NOT ONLY DURING THIS QUARTER)				
Number of staff trained in:	FIRE FIGHTER 1	FIRE FIGHTER 2	HAZMAT OPERATIONS	HAZMAT AWARENESSES	BASIC AMBULANCE ASSISTANT /LEVEL 3
TOTAL	26	25	26	25	25
CATEGORY	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
IN- SERVICES TRAINING TO FIRE STAFF					
Specify subjects covered (e.g. ropes/ship/aircraft fire fighting/ hazmat)	112	61	71	97	
Number of hours i.r.o theoretical and practical	224	122	142	194	682
TOTAL	224	122	142	194	682

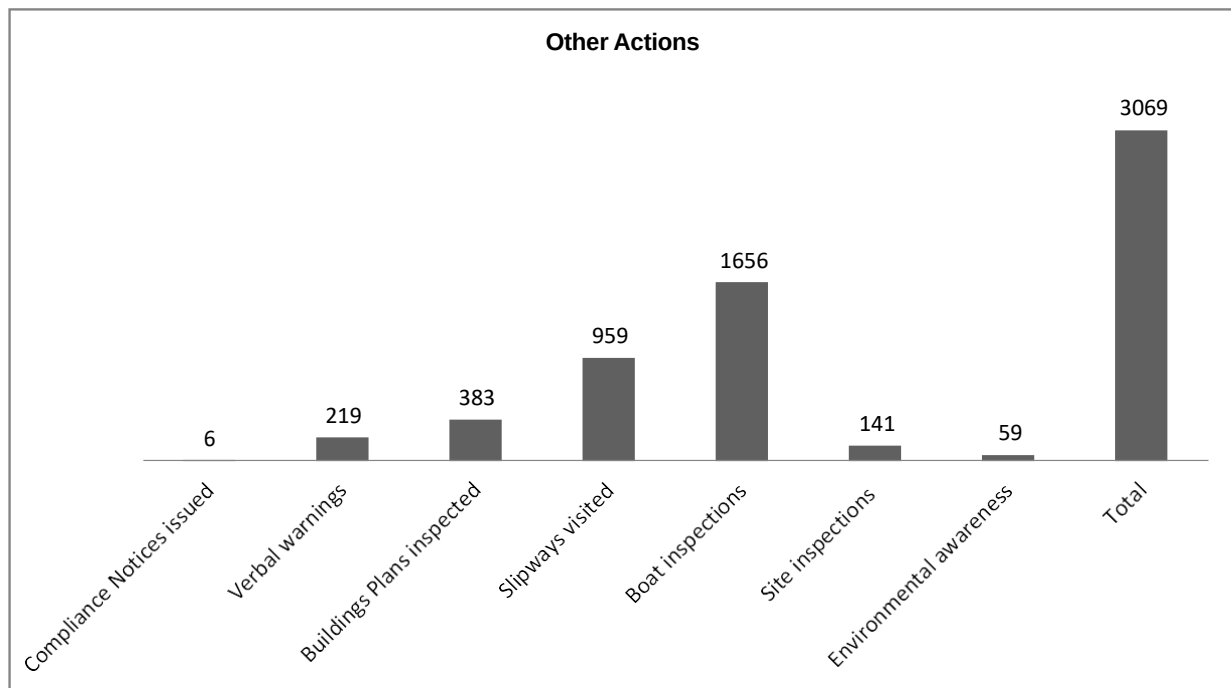
FORMAL TRAINING BY FIRE STAFF	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Specify type of training ()	0	0	0	vehicle extrication, rope rescue, fire prevention	
Number of Staff Trained during the Quarter	0	0	0	5	5
TOTAL	0	0	0	5	5
AWARENESS AND TRAINING	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Number of civilians made aware	81	0	0	2	83
Specify the type of institutions visited (e.g. Old age home/Hospital / Clinic / Factory / Govt. buildings / Library etc.)	INDUSTRIAL	School	0	Schools	
Number of children and teachers made aware	0	2	40	673	715
Number of schools covered	0	67	1	5	73
TOTAL	81	69	41	680	871
FIRE SAFETY (number of inspections conducted)	1st Quarter July - September 2021	2nd Quarter October - December 2021	3rd Quarter January - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
General Inspections	99	136	107	165	507
Flammable Liquid	10	4	1	6	21
Building Plans	121	89	87	86	383
Fire Hydrants(specify the area)	278	195	257	246	976

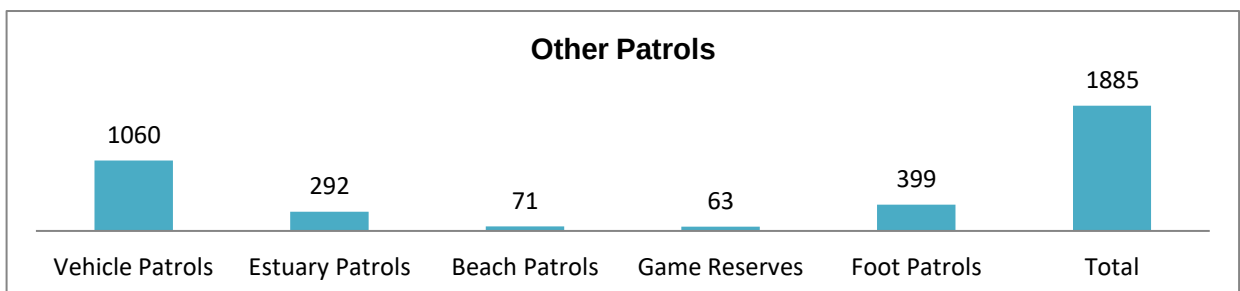
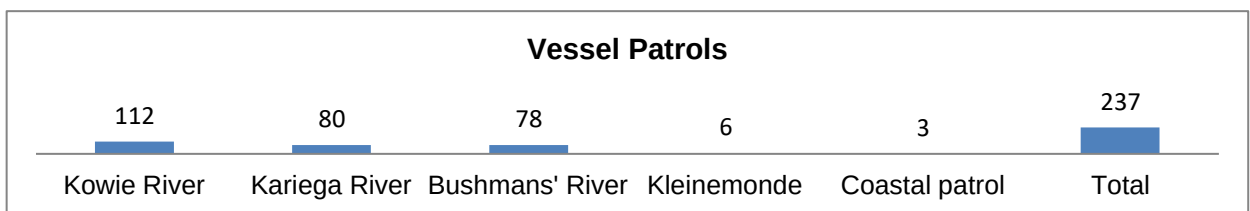
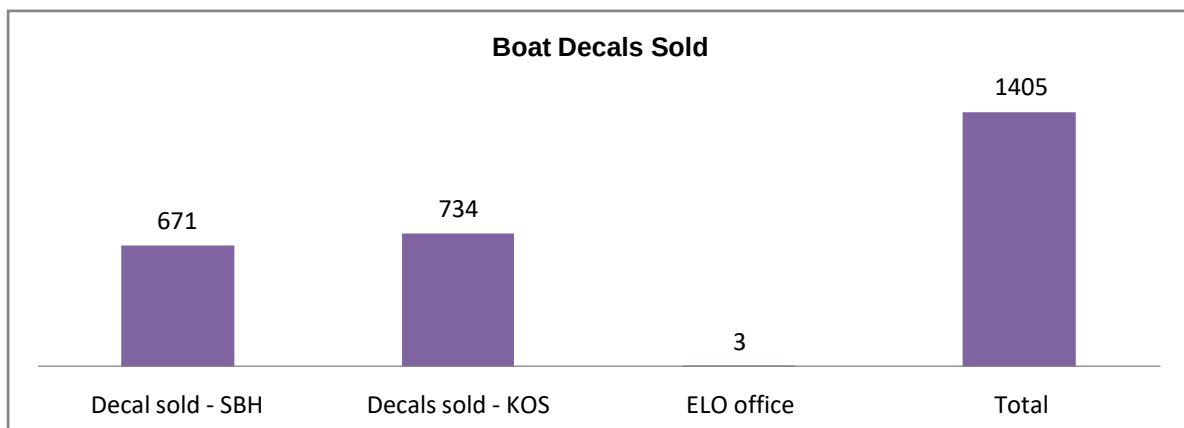
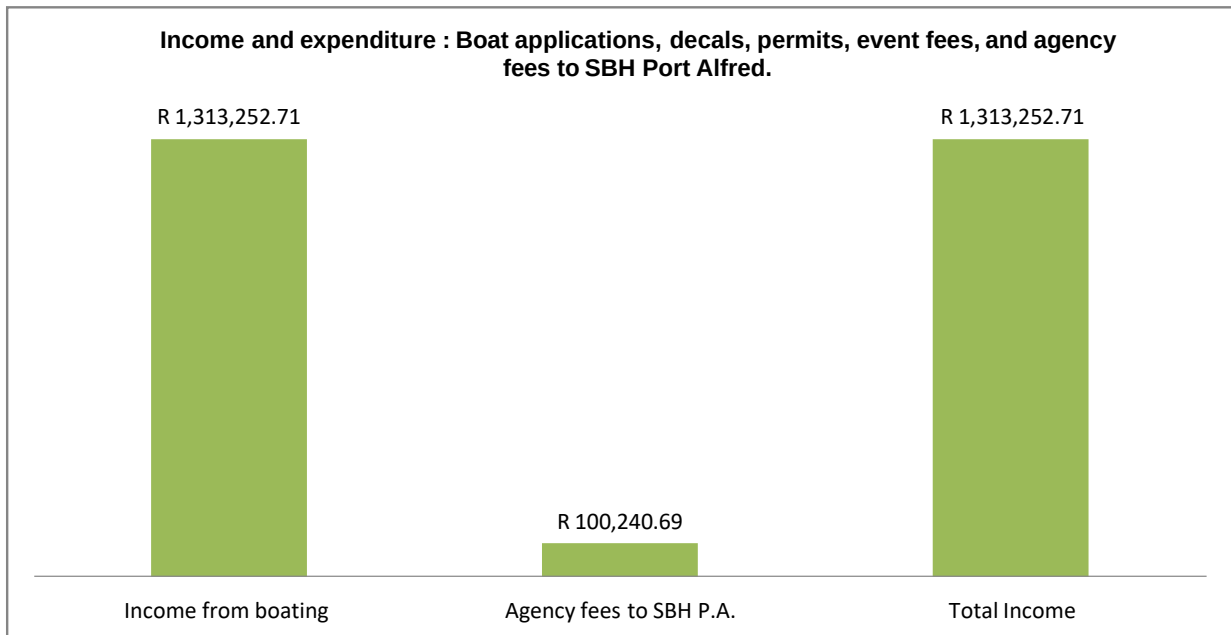
Burning Permits Issued	11	14	9	6	40

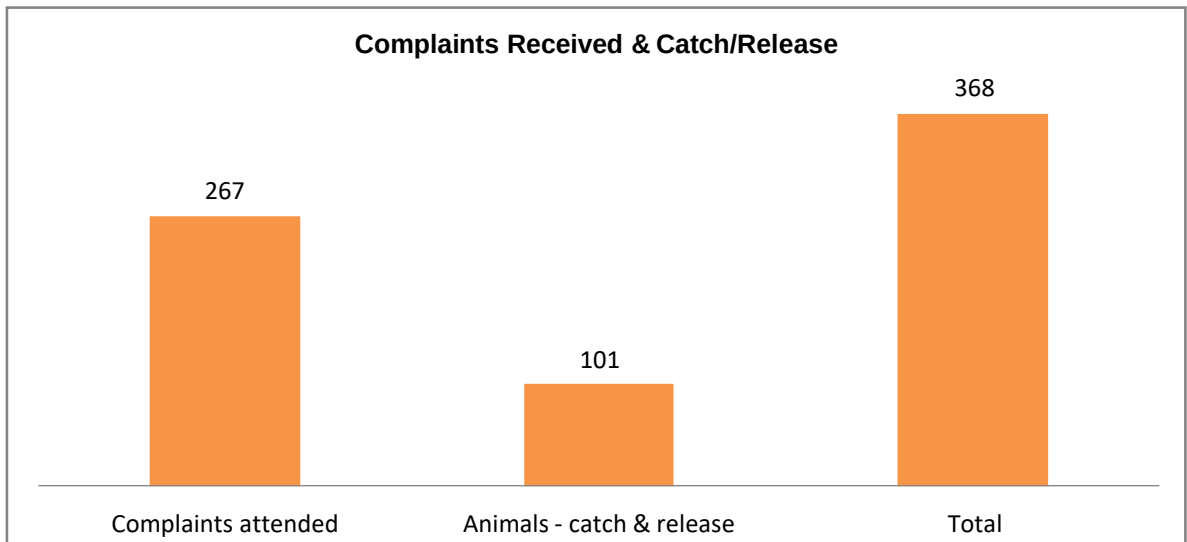
3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

- Disaster Management is a competency of Sarah Baartman District Municipality. A Disaster Co-Ordinator has been appointed by the District Municipality and he has a satellite office in Port Alfred;
- The Municipality is currently not carrying out the function of Animal Licensing. The control of animals and
- Public Nuisances is a shared function between By-law Compliance, Environmental Conservation and Environmental Health.

ENVIRONMENTAL COMPLIANCE







CHAPTER 4

ORGANISATIONAL DEVELOPMENT

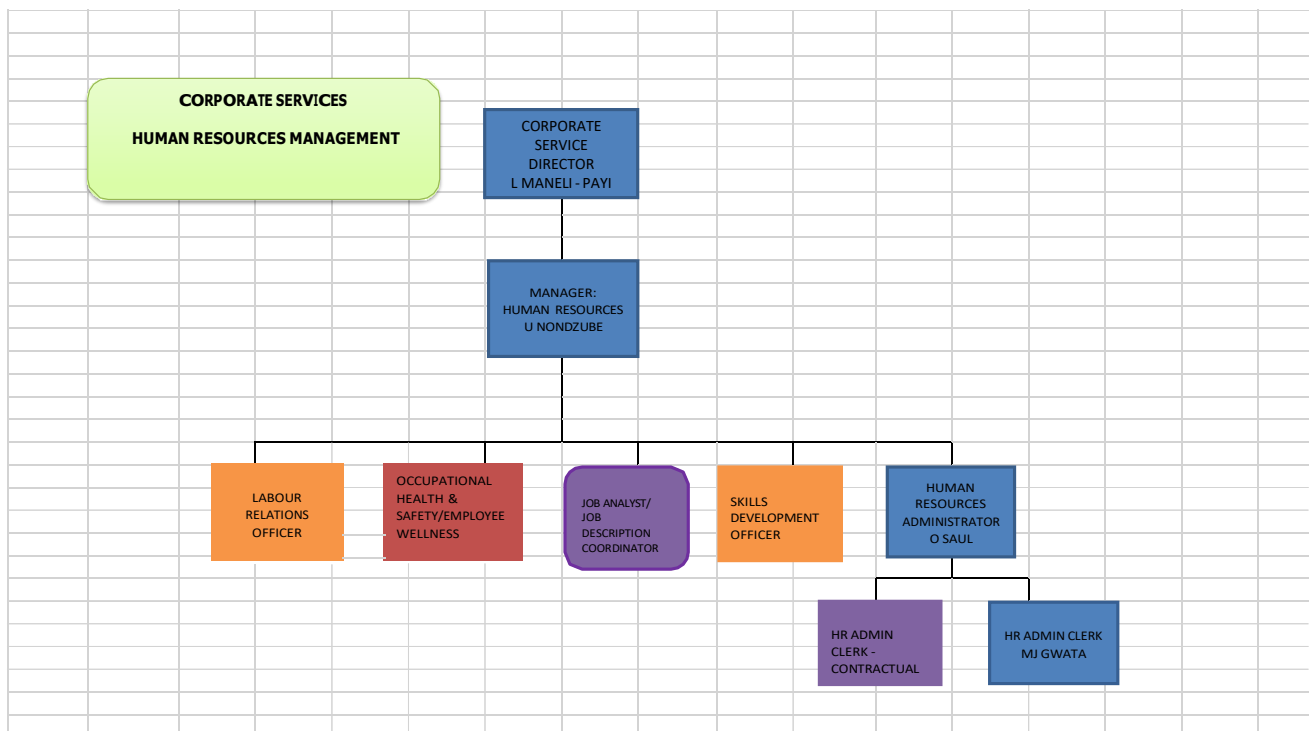
INTRODUCTION TO HUMAN RESOURCE SERVICES

Ndlambe Municipality employs approximately 463 people who currently account for more than 38% of the local municipality's overall budget. It should be understood that people are not only an organisation's most valuable assets, they are the organization. Without them nothing will happen. The staff should be seen and treated as the organisation's customers-it therefore becomes the duty of the municipality to work towards making them successful.

Critical to people management is management of their performance through not only goal setting but also regular performance reviews which is championed by the Office of the Municipal Manager. Of importance in Human Resource Management is the investment in the training of staff-the more staff know the more value will the Municipality be able to add to its customers.

Lastly the Municipality through the Human Resources has to develop mechanisms to measure, absenteeism and staff turnover so as to ensure that the people management process is working optimally through the PayDay System. The effective and strategic management of human resources therefore becomes the cornerstone of the wider transformation of the Local Government Service.

To survive and to remain a key player in sustainable development the municipality thus has to develop measures that will ensure a strategic human resource management approach. The Municipality has an adopted Organisational Structure.



4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees: Human Resources Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Sec 56	1	1	1	0	0
Task Grade 6 – 16	3	4	3	1	33

Employees					
Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	34	37	34	3	8
Wastewater (sanitation)	30	25	30	5	8
Electricity	2	3	2	1	33
Waste Management	104	117	104	13	11
Housing	6	8	6	2	25
Wastewater (storm water drainage)	75	85	75	10	12
Roads	32	35	32	3	9
Transport	0	0	0	0	0
Town Planning & Building Control	8	10	10	2	20
Local Economic Development	5	6	5	1	17
Planning (strategic and Regulatory)	0	0	0	0	0
Community and Social Services	50	56	50	6	11
Environmental Protection / Health	3	3	3	1	33
Sport and Recreation	1	1	1	0	0
Corporate Policy Offices and Other	115	133	115	18	14
Totals	463				

Vacancy Rate: Year 2022/23			
Designations	Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	1	0
Other S57 Managers (excluding Finance Post)	3	1	33
Other S57 Managers (Finance Post)	0	0	0
Fire Fighters	11	0	0
Senior Management levels 13 – 17 (excluding Finance Post)	11	2	18
Senior Management levels 13 – 17 (Finance Post)	5	2	40
Highly skilled supervision: levels 9 – 12 (excluding Finance posts)	9	2	22
Highly skilled supervision: levels 9 -12 (finance posts)	4	1	25
Internal Audit Staff : (Levels 9– 12)	3	0	0

COMMENT ON VACANCIES AND TURNOVER:

The critical positions mentioned in the above column are filled which positively reflect the stability of the Municipality and the functioning of the Retention Strategy of Ndlambe Municipality. However, other terminations in lower positions are as a result of resignations, deaths, retirements and dismissals.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Council has reviewed and adopted policies including new policies have been developed. The process of policy development is on-going or as the needs arise. It must be noted that the engagement process in consultation with labour at the Local Labour Forum meetings and with the working session with the Councillors in policy development has led to the final adoption of the policies. Local Labour Forum sits quarterly to discuss issues of mutual interest between the employer and organised labour. When the Local Labour Forum does not sit a memorandum of agreement is signed by the Employer and Organised Labour. This forum is very critical as it maintains stability in the institution.

4.2 POLICIES

No.	Policy	Custodian(s) Responsible person
1	Allowances Policy	Corporate Services
2	Bereavement Policy	Corporate Services
3	Employee Wellness Policy	Corporate Services
4	Labour Relations Policy	Corporate Services
5	Leave Policy	Corporate Services
6	Occupational Health & Safety Policy	Corporate Services
7	Overtime Policy	Corporate Services
8	Private Work (Code of Conduct) Policy	Corporate Services
9	Remuneration Policy	Corporate Services
10	Recruitment and Selection Policy	Corporate Services
11	Essential User Car Scheme Policy	Corporate Services
12	Study and Capacity Building Policy	Corporate Services
13	New Policy Disciplinary Procedure Agreement	Corporate Services
14	Motor Vehicle Allowance	Corporate Services
15	Policy On Casual Or Contract Workers	Corporate Service
16	Grievance Policy	Corporate Services
17	Attendance and Punctuality Policy	Corporate Services
18	Relocation Policy	Corporate Services
19	Retention and scarce skills Policy	Corporate Services
20	Smoking Policy	Corporate Services
21	Substance abuse Policy	Corporate Services
22	Job Evaluation Policy	Corporate Services
23	Chronic illness Policy	Corporate Services
24	Sexual Harassment Policy	Corporate Services
25	Covid-19 Ready Workplace Plan and return to Work Policy	Corporate Services

26	Training, Education and development Policy and skills development plan for Councillors	Corporate Services
27	Whistle Blowing	Corporate Services
28	Appointment of Senior Managers Policy	Corporate Services
29	Danger Allowance Policy	Corporate Services
30	Mayors External Bursary Policy	Corporate Services
31	Anti – Corruption and Fraud Prevention Policy	Corporate Services
32	Post – Retirement Medical Aid Subsidy Policy	Corporate Services
33	Uniform Policy	Corporate Services

4.3 INJURIES, SICKNESS AND SUSPENSIONS

COMMENT ON INJURY AND SICK LEAVE:

The use of injury on duty leave has been low as the injuries sustained during the year were not gross in nature. Nine cases were reported to the Compensation Fund for injuries. Two employees were dismissed for serious misconduct which involves theft and conflict of interest. On the other hand, the use of sick leave has proven to be high due to lifestyle diseases amongst other things however, the wellness programmes continue to mitigate this problem. Furthermore, there are various reasons to this, and they could be ill-health as there are chronic illnesses and also the abuse of sick leave. There has been one suspension of an employee and the matter was concluded.

Financial Competency Development: Progress Report*						
Description	A. Total Number of officials employed by municipality (Regulations 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	1	0	1	1	1	1
Senior Managers	4	0	4	4	4	4
Any other Officials	10	0	0	10	0	0
Supply Chain Management Officials	3	0	0	3	0	0
Heads of supply chain	1	0	0	1	0	0

management units						
Supply chain management senior managers	0	0	0	0	0	0
Total	20	0	6	20	6	6

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality recognises the investment in human capital through capacitation of staff. Annually the Workplace Skills Plan is developed and submitted to the Local Government Seta. The plan contains the capacity building programmes for its Councillors and workforce. The Municipality also bride it

COUNCILLORS INDUCTION:

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Siphokazi Dyakazi	Skills Programme	Councillors Induction Programme
2. Andile Marasi	Skills Programme	Councillors Induction Programme
3. Asanda Nyumka	Skills Programme	Councillors Induction Programme
4. Phumlani Khungwayo	Skills Programme	Councillors Induction Programme
5. Zandisile Welcome Myali	Skills Programme	Councillors Induction Programme
6. Simphiwe Kolosa	Skills Programme	Councillors Induction Programme
7. Mzwandile Sweli	Skills Programme	Councillors Induction Programme
8. Edward Hildreth Keillor Walker	Skills Programme	Councillors Induction Programme
9. Sibusiso Zweni	Skills Programme	Councillors Induction Programme
10. Ayanda Bukani	Skills Programme	Councillors Induction Programme
11. Siyabulela Irvan Melani	Skills Programme	Councillors Induction Programme
12. Nadine Enid Haynes	Skills Programme	Councillors Induction Programme
13. Xolisa Runeli	Skills Programme	Councillors Induction Programme
14. Mzwandile Mgweba	Skills Programme	Councillors Induction Programme
15. Nokuthula Memani	Skills Programme	Councillors Induction Programme
16. Phil Yedwa Kani	Skills Programme	Councillors Induction Programme
17. Thunyela Mbekela (	Skills Programme	Councillors Induction Programme

18. Sikhumbuzo Venene	Skills Programme	Councillors Induction Programme
19. Watuse G. Johannes	Skills Programme	Councillors Induction Programme

EMPLOYEE TRAINING REPORT:

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Wanezile Futuse Cashier	Bursary	Bachelor of Financial Accounting
2. Aubrina Coltman Records Administrator	Bursary	Bachelor of Arts Archives/ Information Science
3. Siphokazi Mfanyana ISD Officer	Bursary	Diploma Disaster Management
4. Patrick Jokani Building Inspector	Bursary	Bachelor of Commerce
5. Sizeka Dili Accounting Clerk	Bursary	Bachelor of Public Administration
6. Anelisa Klaas Personal Assistant to Director Infrastructure	Bursary	Diploma Public Administration
7. Nomathamsanqa Vulindlu Asset Clerk	Bursary	BCom Supply Chain Management
8. Ntombikayise Saki Cashier	Bursary	Higher Certificate in Accounting
9. Phumeza Bhuti Internal Auditor	Bursary	Post Graduate Diploma in Internal Auditing
10. Nontsikelelo Cekwana Library Assistant	Bursary	PGCE
11. Philasande Donkrag Library Assistant	Bursary	Diploma Human Resources

12. Sonwabile Landzela Manager Internal Auditing	Bursary	Postgraduate Diploma Forensic Audit
13. Owethu Jobela Manager Housing	Bursary	BA Honours Development Studies
14. Onwabile Ndiki Executive Secretary to the Director Finance	Bursary	Advanced Diploma in Accounting Science Internal Auditing
15. Unathi Nondzube Manager Human Resources	Skills Programme	Annual Labour Update
16. Olwethu Saul Senior Personnel Officer	Skills Programme	Employment Equity Reporting
6. Dinisile Coto Senior Housing Administrator	Skills Programme	Computer Training
7. Lizo Mohapi Acquisition Officer	Bursary	Advanced Diploma Logistics
8. Sipho Daniso Committee Officer	Bursary	Bachelor of Public Administration
9. Mbulelo Veto Truck Driver	Skills Programme	Training of the Training Committee
10. Patrick Jokani Building Inspector	Skills Programme	Training of the Training Committee
11. Janene Naude Building Inspector	Skills Programme	Training of the Training Committee
12. Olwethu Saul Senior Personnel Officer	Skills Programme	Training of the Training Committee
13. Melia Memani Library Assistant	Bursary	Diploma Public Administration

14. Sonwabile Landzela Manager Internal Audit	Bursary	Postgraduate Diploma Forensic Audit
15. Tracy Mc Lean Reid Executive Secretary to the Director Corporate Services	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
16. Debbie Nel Executive Secretary to the Director Community/Protection Services	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
17. Onwabile Ndiki Executive Secretary to the Director Finance	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
18. Khanyisa Kani Executive Secretary to the Municipal Manager	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
27. Anelisa Klaas Executive Secretary to the Director Infrastructural Services	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
19. Nombuso Sodladla Executive Secretary to The Speaker of Council	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
20. Ntomboxolo Nelo Executive Secretary to The Mayor	Skills Programme	Advance Personal Assistant, Secretary and Office Administration Training Course
21. Adv R Dumezweni Municipal Manager	Skills Programme	GovLaw Conference
22. Mrs Lazola Maneli – Payi Director Corporate Services	Skills Programme	GovLaw Conference
23. Thulani Maluleke Deputy Director Infrastructural Development	Bursary	Certificate in Municipal Finance

LGSETA DISCRETIONARY GRANT

NAME AND SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Zolani Diniso General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
2.. Siseko Gqukani General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
3. Monwabisi Mnyanda General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
4. Milile Baskiti General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
5. Bongani Mvalo General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
6. Gcobani Lenya General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
7. Lindsay Hilpert Meter Reader	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
8. Zongezile Lose Senior Meter Reader	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The expenditure on skills development is prioritised according to the needs of the organisation in order to enhance service delivery. All the Head of Departments have attended the financial competency regulations. The municipality also invests on its employees through formal education. The Finance Interns are also trained in the financial competency space through the MSIG.

CUSTOMER CARE UNIT

The Municipality has a dedicated Customer Care Unit which has a tracking report system on all complaints received It.

OBJECTIVES

- To use the Batho Pele Principles as a milestone for monitoring and providing feedback on quality of municipal service delivery;

- To use and entrench people centeredness and Batho Pele as a service delivery improvement tool for the municipality

The White Paper on Transformation of Public Services aims to provide people centred customer service. It calls for a shift away from inward looking systems, processes and attitudes to the issues and interests of the people or the public.

To deliver people centred services it is important for the municipality to embrace and institutionalize the Batho Pele principles. This is not only to ensure that the municipality complies with legislation but a people centred culture leads to improved service delivery.

1. **PROPOSED PROCESS PLAN**

- Conduct diagnostic analysis
- Develop tools for diagnostic analysis in a phased approach
- Develop and propose solutions
- Develop Customer Relations Framework/Strategy
- Integrated Service Delivery (a move away from silo mentality negative effect on service delivery)
- Surveys (CRM) internal and external
- Reporting Matrix for continuous improvement
- Understanding the importance of customer / customer retention

CHAPTER 5

ORGANISATIONAL SCORECARD

At this level the performance of the municipality is measured and managed against progress made in achieving the strategic objectives as set out in the Integrated Development Plan (IDP) of the municipality. This will be done on the basis of Key Performance Indicators and targets set for each of the strategic objectives of the municipality. Given the fact that the IDP has a five year time span, the measures set at this level will be of a strategic and mostly long-term nature with an outcome and impact focus. The measures set for the municipality at an organisational level are captured in an organisational scorecard below.

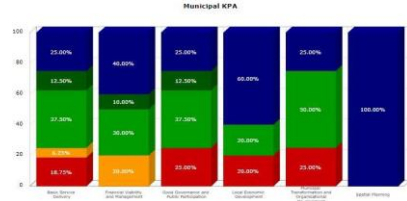
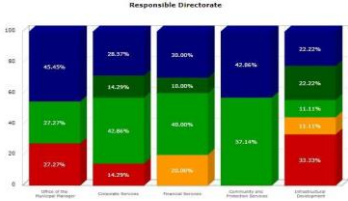
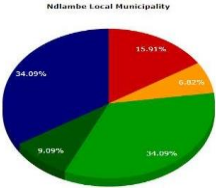
Ndlambe Local Municipality Annual Performance Report 2021/2022																																																											
Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Municipal KPA	Baseline	Quarter ending September 2021						Quarter ending December 2021						Quarter ending March 2022						Quarter ending June 2022						Overall Performance for Quarter ending September 2021 to Quarter ending June 2022																												
							Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R																										
1_1_7_1	Director: Infrastructural Development	Infrastructural Development	1. Turnaround time for processing of land use applications	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Spatial Planning	4.64	4.64	N/A	2.9	B	[1_1_7_1] Director: Infrastructural Development: The Municipal Planning Tribunal Could not sit and consider applications in October 2021. This prolonged the turn around time on processing of land use applications. Although the target was not met by a slight margin. The applications were considered within the 18 months, which is the legislated time frame as per the National Act (SPLUMA). (December 2021)		4.64	N/A	2.92	B	[1_1_7_1] Director: Infrastructural Development: The Town Planning Office will submit items to the Municipal Planning Tribunal for consideration as per the schedule of the MPT Sittings. (December 2021)		4.64	N/A	3.67	B	[1_1_7_1] Director: Infrastructural Development: The target has not been met as a result of shortage of staff in Town Planning. More responsibility with less personnel. Although the target has not been met, the applications were processed within the 18 Months legislated time period. (March 2022)	[1_1_7_1] Director: Infrastructural Development: The Town Planning Manager Position must be filled as a matter of urgency in order to relief some of the pressure from the Assistant Town Planner and in order to meet targets. (March 2022)	16	N/A	4.2	B	[1_1_7_1] Director: Infrastructural Development: Targets were met. Overly achieved. (June 2022)	[1_1_7_1] Director: Infrastructural Development: None Targets met. (June 2022)	7.48	3.47	B																										
3_1_1_18	Director: Corporate Services	Corporate Services	18. Response time to customer complaints	Improve the efficient running of and the governance of the Municipality	Municipal Transformation and Organisational Development	3	3	N/A	3	G	[3_1_1_18] Director Corporate Services: One complaint is being dealt with by two different directorates and the matter needs legal opinion hence could not be attended to in time (September 2021)		3	N/A	3	G			3	N/A	3	G			3	N/A	3	G			3	3	G																										
3_1_1_19	Director: Corporate Services	Corporate Services	19. Staff Vacancy Rate	Improve the efficient running of and the governance of the Municipality	Municipal Transformation and Organisational Development	11.98%	0.00%	N/A	0.00%	N/A			0.00%	N/A	0.00%	N/A			10.00%	N/A	15.00%	R	[3_1_1_19] Director Corporate Services: 2 X Library Assistants RE-ADVERTISED - Advert attached (March 2022)	[3_1_1_19] Director Corporate Services: The following vacancies were advertised: 2 X FBS Data Capturers: Appointment Letters 2 X Building Inspector: Appointment Letters Foreman Roads and General Works: Position shortlisted awaiting interviews Senior Housing Clerk: Position shortlisted awaiting interviews 4 X Process Controllers (Waterworks): Positions shortlisted awaiting interviews Assistant Electrician: Position shortlisted awaiting interviews Truck Driver (Refuse Removal) - Position shortlisted awaiting interviews 2 X Wastewater Operator: Position shortlisted awaiting interviews Library Assistant: Position shortlisted and re-advertised (March 2022)		10.00%	N/A	10.20%	R	[3_1_1_19] Director Corporate Services: The following vacancies were advertised: 2 X FBS Data Capturers: Appointment Letters 2 X Building Inspector: Appointment Letters Foreman Roads and General Works: Appointment Letter Senior Housing Clerk: No recommendations on the interview candidates 5 X Process Controllers (Waterworks): Appointment Letters Truck Driver (Refuse Removal): Appointment Letter 2 X Wastewater Operator: Appointment Letter Casting Admin Clerk: Appointment Letter Library Assistant: Position re-advertised awaiting shortlisting Director Corporate Services and Director Financial Services: Positions advertised awaiting shortlisting (June 2022)	[3_1_1_19] Director Corporate Services: The following vacancies were advertised: 2 X FBS Data Capturers: Appointment Letters General Workers: Positions advertised awaiting shortlisting 2 X Building Inspector: Appointment Letters Foreman Roads and General Works: Appointment Letter Senior Housing Clerk: No recommendations on the interview candidates 5 X Process Controllers (Waterworks): Appointment Letters Truck Driver (Refuse Removal): Appointment Letter 2 X Wastewater Operator: Appointment Letter Casting Admin Clerk: Appointment Letter Library Assistant: Positions re-advertised awaiting shortlisting Director Corporate Services and Director Financial Services: Positions advertised awaiting shortlisting (June 2022)	10.00%	N/A	10.20%	R		10.00%	N/A	10.20%	R		10.00%	N/A	10.20%	R		10.00%	N/A	10.20%	R		10.00%	N/A	10.20%	R		10.00%	10.20%	R
3_1_1_20	Director: Corporate Services	Corporate Services	20. The number of people from employment equity target groups employed in the entire organisation in compliance with a municipality's approved employment equity plan (Indians and Disabled/Proxy Indicator)	Improve the efficient running of and the governance of the Municipality	Municipal Transformation and Organisational Development	1	0	N/A	0	N/A			0	N/A	0	N/A			0	N/A	0	N/A			1	N/A	1	G			1	1	G																										
3_1_9_21	Director: Corporate Services	Corporate Services	21. The percentage of a municipality's budget (OPEx) actually spent on implementing its workplace skills plan	Improve the efficient running of and the governance of the Municipality	Municipal Transformation and Organisational Development	0.60%	0.10%	N/A	57.95%	B	[3_1_9_21] Director Corporate Services: There were more training requests from Directorates than the previous quarters and the Training Committee Approved more employees than anticipated due to the availability of budget (September 2021)	[3_1_9_21] Director Corporate Services: target met (September 2021)	0.30%	N/A	6.42%	B	[3_1_9_21] Director Corporate Services: Training Committee will convene in January 2022 to Approve study allocation to employees as per available budget. (December 2021)	[3_1_9_21] Director Corporate Services: Training Committee will convene in January 2022 to Approve study allocation to employees as per available budget. (December 2021)	0.50%	N/A	51.23%	B	[3_1_9_21] Director Corporate Services: As a result of new staff being employed the applications for trainings have increased so is the spending (March 2022)		0.70%	N/A	126.66%	B	[3_1_9_21] Director Corporate Services: In order to capacitate staff before the end of financial year a concerted effort was made to increase spending for implementation of workplace skills plan (June 2022)		1.80%	242.26%	B																										
2_1_2_7_2	Director: Community Protection Services	Community and Protection Services	2. Number of formal households with access to refuse removal as per schedule	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	0	15 961	N/A	21 325	B	[2_1_2_7_2] Director Community Protection Services: target overachieved (September 2021)	[2_1_2_7_2] Director Community Protection Services: no corrective measure (September 2021)	15 961	N/A	21 325	B	[2_1_2_7_2] Director Community Protection Services: target overachieved (December 2021)	[2_1_2_7_2] Director Community Protection Services: no corrective measure (December 2021)	15 961	N/A	21 761	B	[2_1_2_7_2] Director Community Protection Services: target overachieved (March 2022)	[2_1_2_7_2] Director Community Protection Services: no corrective measure (March 2022)	15 961	N/A	21 761	B	[2_1_2_7_2] Director Community Protection Services: target overachieved (June 2022)	[2_1_2_7_2] Director Community Protection Services: no corrective measure (June 2022)	15 961	21 761	B																										
2_1_2_7_3	Director: Community Protection Services	Community and Protection Services	3. Number of informal areas provided with access to refuse removal as per schedule (skip bins collection)	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	7	7	N/A	7	G			7	N/A	7	G			7	N/A	7	G			7	N/A	7	G			7	7	G																										
2_1_2_5_4	Director: Community Protection Services	Community and Protection Services	4. Number of beaches with full blue flag status	Develop a vibrant, rapidly growing, employment generating oceans economy	Basic Service Delivery	2	0	N/A	0	N/A			2	2 Blue Flag Beaches (December to April)	2	G	[2_1_2_5_4] Director Community Protection Services: target met (December 2021)	[2_1_2_5_4] Director Community Protection Services: None needed (December 2021)	2	2 Blue Flag Beaches (December to April)	2	G	[2_1_2_5_4] Director Community Protection Services: target met (March 2022)	[2_1_2_5_4] Director Community Protection Services: None needed (March 2022)	2	2 Blue Flag Beaches (December to April) During May and June apply for next year status	2	G	[2_1_2_5_4] Director Community Protection Services: target met (June 2022)	[2_1_2_5_4] Director Community Protection Services: None (June 2022)	2	2	G																										
2_1_2_10_5	Director: Community Protection Services	Community and Protection Services	5. Number of patrols conducted within the estuaries (Kowie, Bushmans, Kariega)	Preserve the natural beautiful environment	Basic Service Delivery	234	42	Kowie 12 patrols, Kariega 12 patrols, Bushmans 12 patrols, beaches 6	100	B	[2_1_2_10_5] Director Community Protection Services: Due to complaints received and a major boating/rainy event on the Kowie River, more opportunities were to carry out more patrols. (September 2021)	[2_1_2_10_5] Director Community Protection Services: N/A (September 2021)	86	Kowie 24 patrols, Kariega 24 patrols, Bushmans 24 patrols, beaches 14	113	G2	[2_1_2_10_5] Director Community Protection Services: Due to several events on the rivers and the festive period, more patrols were conducted and time spent on boatvetted patrols. (December 2021)	[2_1_2_10_5] Director Community Protection Services: N/A (December 2021)	64	Kowie 18 patrols, Kariega 18 patrols, Bushmans 18 patrols, beaches 10	68	G2	[2_1_2_10_5] Director Community Protection Services: Target achieved. (March 2022)	[2_1_2_10_5] Director Community Protection Services: The target figure is incorrect. Should be 21. Boat patrols Kowie is 6 Boat patrols Kariega is 8 Boat patrols Bushmans is 8 Beach patrols is 3 Totaling 21 (March 2022)	42	Kowie 12 patrols, Kariega 12 patrols, Bushmans 12 patrols, beaches 6	52	G2	[2_1_2_10_5] Director Community Protection Services: Over-achieved: due to availability of RCO, an additional boat patrol was performed. (June 2022)	[2_1_2_10_5] Director Community Protection Services: None. (June 2022)	234	333	B																										
2_1_2_10_6	Director: Community Protection Services	Community and Protection Services	6. Number of biodiversity priority areas patrolled (nature reserves) - Kap and Fish River, Roundhill - Joan Muthhead Local Authority Nature Reserves	Preserve the natural beautiful environment	Basic Service Delivery	4	4	N/A	4	G	[2_1_2_10_6] Director Community Protection Services: Target Met (September 2021)	[2_1_2_10_6] Director Community Protection Services: None needed (September 2021)	4	N/A	4	G	[2_1_2_10_6] Director Community Protection Services: target met (December 2021)	[2_1_2_10_6] Director Community Protection Services: none needed (December 2021)	4	N/A	4	G	[2_1_2_10_6] Director Community Protection Services: target met (March 2022)	[2_1_2_10_6] Director Community Protection Services: None needed (March 2022)	4	N/A	4	G	[2_1_2_10_6] Director Community Protection Services: target met (June 2022)	[2_1_2_10_6] Director Community Protection Services: None needed (June 2022)	4	4	G																										
2_1_2_8_7	Director: Community Protection Services	Community and Protection Services	7. Percentage compliance with the required attendance time for firefighting incidents (in accordance with SANS 10096)	Create a safe and secure living environment	Basic Service Delivery	100.00%	100.00%	N/A	100.00%	G	[2_1_2_8_7] Director Community Protection Services: Target met (September 2021)	[2_1_2_8_7] Director Community Protection Services: None (September 2021)	100.00%	N/A	100.00%	G	[2_1_2_8_7] Director Community Protection Services: Target met (December 2021)	[2_1_2_8_7] Director Community Protection Services: None (December 2021)	100.00%	N/A	100.00%	G	[2_1_2_8_7] Director Community Protection Services: Target is met. (March 2022)	[2_1_2_8_7] Director Community Protection Services: None (March 2022)	100.00%	N/A	100.00%	G	[2_1_2_8_7] Director Community Protection Services: None (June 2022)	[2_1_2_8_7] Director Community Protection Services: None Required (June 2022)	100.00%	100.00%	G																										
2_1_2_8_8	Director: Community Protection Services	Community and Protection Services	8. Number of stop and checks carried out to enhance vehicle safety	Create a safe and secure living environment	Basic Service Delivery	100	40	N/A	40	G	[2_1_2_8_8] Director Community Protection Services: Target was met (September 2021)	[2_1_2_8_8] Director Community Protection Services: No corrective measures are applicable (September 2021)	50	N/A	50	G	[2_1_2_8_8] Director Community Protection Services: Target was met (December 2021)	[2_1_2_8_8] Director Community Protection Services: Not applicable (December 2021)	40	N/A	99	B	[2_1_2_8_8] Director Community Protection Services: Target was overachieved - the target was 10 and the section managed to do 19 (March 2022)	[2_1_2_8_8] Director Community Protection Services: Not applicable (March 2022)	30	N/A	37	G2			160	226	B																										
2_1_2_2_9	Director: Infrastructural Development	Infrastructural Development	9. Number of water and sanitation infrastructure projects completed	Develop state-of-the-art physical infrastructure	Basic Service Delivery	1	1	N/A	0	R	[2_1_2_2_9] Director Infrastructural Development: Target not achieved (September 2021)	[2_1_2_2_9] Director Infrastructural Development: No projects were planned to be completed (September 2021)	0	N/A	0	N/A			0	N/A	0	N/A			4	N/A	1	R	[2_1_2_2_9] Director Infrastructural Development: Adjustment based on AG request as per their recalculation. Notes: This indicator is broken down into the following 5 sub indicators in the departmental SDBP: 1. Percentage progress made towards the completion of the augmentation of the Alexandria Water Supply (construction completed); 2. Percentage progress made towards the completion of the Internal Bulk Water reticulation in Marsale (Construction completed); 3. Percentage progress made towards the completion of the Internal Bulk Sewer reticulation in Marsale (Construction completed); 4. Percentage progress made towards the completion of the Thornhill Bulk Outfall Sewer 5. Meters of internal bulk sewer and reticulation station pipes constructed in Station Hill (June 2022)	[2_1_2_2_9] Director Infrastructural Development: Adjustment based on AG request as per their recalculation. Management will ensure correct reporting against this KPI in the next financial year. (June 2022)	5	1	R																										
2_1_2_7_10	Director: Infrastructural Development	Infrastructural Development	10. Percentage of households with access to basic sanitation	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	79.00%	80.00%	N/A	41.33%	R	[2_1_2_7_10] Director Infrastructural Development: Target not achieved due to the fact that most of households that are using conservancy tanks that are using conservancy tanks were not billed. The insufficient water due to drought in Ndlambe has resulted to limited water for flushing hence most of conservancy tanks could not get full. (September 2021)	[2_1_2_7_10] Director Infrastructural Development: Water interventions are in place such as communal tanks, boreholes and others (September 2021)	80.00%	N/A	39.99%	R	[2_1_2_7_10] Director Infrastructural Development: Most of households are using conservancy tanks which we do not bill on a monthly basis and most of house owners are not always in town as most of our households are holiday houses. (December 2021)	[2_1_2_7_10] Director Infrastructural Development: Water interventions are in place such as communal tanks, boreholes and others (December 2021)	80.00%	N/A	41.62%	R	[2_1_2_7_10] Director Infrastructural Development: Target not achieved due to the fact that most of households that are using conservancy tanks were not billed. The insufficient water due to drought in Ndlambe has resulted to limited water for flushing hence most of conservancy tanks could not get full. (March 2022)	[2_1_2_7_10] Director Infrastructural Development: Water interventions are in place such as communal tanks, boreholes and others (March 2022)	80.00%	N/A	40.72%	R	[2_1_2_7_10] Director Infrastructural Development: The billing registers are not reflecting all households with access to sanitation but only reflecting those requested pump out and the ones connected to sewer system. (June 2022)	[2_1_2_7_10] Director Infrastructural Development: Infrastructure department together with Finance department will look after way of providing POE. This will be sorted out on the new financial year. (June 2022)	80.00%	40.82%	R																										
2_1_2_7_11	Director: Infrastructural Development	Infrastructural Development	11. Percentage of households with access to water supply	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	94.88%	96.00%	N/A	106.67%	G2			96.00%	N/A	109.97%	G2			96.00%	N/A	109.97%	G2			96.00%	N/A	109.00%	G2			96.00%	108.75%	G2																										
2_1_2_7_12	Director: Infrastructural Development	Infrastructural Development	12. Percentage of non-revenue water	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	41.17%	38.00%	N/A	31.00%	B	[2_1_2_7_12] Director Infrastructural Development: Due to many experienced burst pipes due to aging infrastructure, leaking water meters and water valves non-revenue water was increased to 44% (December 2021)	[2_1_2_7_12] Director Infrastructural Development: No projects were planned to be completed (September 2021)	38.00%	N/A	44.00%	R	[2_1_2_7_12] Director Infrastructural Development: The plan is to install meters to all the hydrants for the whole municipality and all lines need to be replaced to avoid burst pipes. (March 2022)	[2_1_2_7_12] Director Infrastructural Development: The plan is to install meters to all the hydrants for the whole municipality and all lines need to be replaced to avoid burst pipes. (March 2022)	38.00%	N/A	54.00%	R	[2_1_2_7_12] Director Infrastructural Development: This plan is to install meters to all the hydrants for the whole municipality and all lines need to be replaced to avoid burst pipes. (March 2022)	[2_1_2_7_12] Director Infrastructural Development: The plan is to install meters to all the hydrants for the whole municipality and all lines need to be replaced to avoid burst pipes. (March 2022)	38.00%	N/A	38.21%	R	[2_1_2_7_12] Director Infrastructural Development: Adjustment due to AG request as per their recalculation. (June 2022)	[2_1_2_7_12] Director Infrastructural Development: Management to ensure that correct actual is reported against this KPI in the next financial year. (June 2022)	38.00%	38.21%	R																										
2_1_2_7_13	Director: Infrastructural Development	Infrastructural Development	13. Percentage of households with access to electricity	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	100.00%	100.00%	N/A	92.67%	G	[2_1_2_7_13] Director Infrastructural Development: (September 2021)		100.00%	N/A	108.63%	G2			100.00%	N/A	102.67%	G2			100.00%	N/A	97.88%	G	[2_1_2_7_13] Director Infrastructural Development: Target not met due to the fact that households that billed by Eskom are not part of the report. (June 2022)	[2_1_2_7_13] Director Infrastructural Development: Report from Eskom has been requested and no reply has been received yet (June 2022)	100.00%	100.31%	G2																										

Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Municipal KPA	Baseline	Quarter ending September 2021						Quarter ending December 2021						Quarter ending March 2022						Quarter ending June 2022						Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
							Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
2.1.2.7.14	Chief Financial Officer	Financial Services	14. % registered indigent households having access to free basic services	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	100.00%	100.00%	N/A	100.00%	G	[2.1.2.7.14] n/a (September 2021)	[2.1.2.7.14] n/a (September 2021)	100.00%	N/A	100.00%	G	[2.1.2.7.14] Target met (December 2021)	[2.1.2.7.14] n/a (December 2021)	100.00%	N/A	100.00%	G	[2.1.2.7.14] NA (March 2022)	[2.1.2.7.14] NA (March 2022)	100.00%	N/A	100.00%	G	[2.1.2.7.14] Target Met (June 2022)	[2.1.2.7.14] None (June 2022)	100.00%	100.00%	G
2.1.2.7.15	Director Infrastructural Development	Infrastructural Development	15. Compliance to SANS241	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	100.00%	100.00%	N/A	87.00%	G	[2.1.2.7.15] Director Infrastructural Development: 18 sample sites that were tested this current month were not all compliant to SANS 241. 11 of sample points fail the test, and therefore target has not been achieved in this current month. (September 2021)	[2.1.2.7.15] Director Infrastructural Development: Corrective measures are in place to rectify the failure in these sample points. (September 2021)	100.00%	N/A	84.39%	G	[2.1.2.7.15] Director Infrastructural Development: Target not met due to sample sites that did not comply with SANS 241 (December 2021)	[2.1.2.7.15] Director Infrastructural Development: Resampling of the failed site was conducted and all sites were then compliant (December 2021)	100.00%	N/A	81.23%	G	[2.1.2.7.15] Director Infrastructural Development: Target achieved (March 2022)	[2.1.2.7.15] Director Infrastructural Development: None (March 2022)	100.00%	N/A	85.10%	G	[2.1.2.7.15] Director Infrastructural Development: A total of 23 test sample sites were taken this month. Out of the 23 sites, 21 was for the treated (potable) water and 2 was for untreated water. There are 6 sites of treated water which failed due to non-compliance with the SANS241 water standards. Therefore the 100% target could not be achieved for the month of June. (June 2022)	[2.1.2.7.15] Director Infrastructural Development: Water boiling notices has been issued to the community and the root cause of the water failure is being investigated. (June 2022)	100.00%	84.43%	G
2.1.2.2.16	Director Infrastructural Development	Infrastructural Development	16. Metres of road improved (paving)	Develop state-of-the-art physical infrastructure	Basic Service Delivery	1500	0	N/A	0	N/A	[2.1.2.2.16] Director Infrastructural Development: The project was delayed due to quality of paving delivered by supplier and had to be returned back and also the process of changing the supplier. (March 2022)	[2.1.2.2.16] Director Infrastructural Development: The issue was resolved and the project is running smoothly (March 2022)	0	N/A	0	N/A	[2.1.2.2.16] Director Infrastructural Development: Target met (June 2022)	[2.1.2.2.16] Director Infrastructural Development: None (June 2022)	450	950m	300	B	[2.1.2.2.16] Director Infrastructural Development: Target not met. The project was delayed due to quality of paving delivered by supplier and had to be returned back and also the process of changing the supplier. (March 2022)	[2.1.2.2.16] Director Infrastructural Development: The issue was resolved and the project is running smoothly (March 2022)	950	N/A	950	G	[2.1.2.2.16] Director Infrastructural Development: Target met (June 2022)	[2.1.2.2.16] Director Infrastructural Development: None (June 2022)	950	950	G
2.1.2.2.17	Director Infrastructural Development	Infrastructural Development	17. Metres of road improved (grading)	Develop state-of-the-art physical infrastructure	Basic Service Delivery	3 800	1 000	1000m	1 232	G2	[2.1.2.2.17] Director Infrastructural Development: The target has been exceeded due to the excess procurement of G5 material and our plant was also operating having to exceed out target this month. (September 2021)	[2.1.2.2.17] Director Infrastructural Development: Corrective measures are in place to rectify the failure in these sample points. (September 2021)	1 000	1000m	29 003	B	[2.1.2.2.17] Director Infrastructural Development: We have over achieved this month due to the fact that we had plans regarding and material making it easy for us to achieve (December 2021)	[2.1.2.2.17] Director Infrastructural Development: 5780 meters were graded this month as we had material and plant was working (March 2022)	1 000	1000m	16 020.13	B	[2.1.2.2.17] Director Infrastructural Development: A total number of 30 602 meters of gravel road was graded using G5 material (June 2022)	[2.1.2.2.17] Director Infrastructural Development: A total number of 30 602 meters of gravel road was graded using G5 material (June 2022)	4 000	1000m	20 602	B	[2.1.2.2.17] Director Infrastructural Development: A total number of 30 602 meters of gravel road was graded using G5 material (June 2022)	[2.1.2.2.17] Director Infrastructural Development: A total number of 30 602 meters of gravel road was graded using G5 material (June 2022)	4 000	67 457.33	B
4.1.2.3.4.22	Municipal Manager	Office of the Municipal Manager	22. Number of jobs created	Develop a vibrant, rapidly growing, employment generating economy	Local Economic Development	784	40	N/A	617	B	[4.1.2.3.4.22] Municipal Manager: We have over achieved because a lot of people were employed in the month of September (September 2021)	[4.1.2.3.4.22] Municipal Manager: There is no correct measures to take place. (September 2021)	624	N/A	1 757	B	[4.1.2.3.4.22] Municipal Manager: We have under achieved and it will be rectified in January. (December 2021)	[4.1.2.3.4.22] Municipal Manager: More jobs will need to be created and by making sure time sheets are handed in and signed on time. (December 2021)	481	N/A	1 267	B	[4.1.2.3.4.22] Municipal Manager: We have over achieved because more jobs were created for people instead of the target that we were given. (March 2022)	[4.1.2.3.4.22] Municipal Manager: There are correct measures that need to be done. (March 2022)	41	N/A	1 154	B	[4.1.2.3.4.22] Municipal Manager: More jobs were created than the target that was set which makes it a very good thing that. (June 2022)	[4.1.2.3.4.22] Municipal Manager: There are no correct measures that need to be done as the target was met. (June 2022)	1 186	4 795	B
4.1.2.3.11.23	Municipal Manager	Office of the Municipal Manager	23. Number of tourism initiatives supported	Develop and support adventure and extreme water sports	Local Economic Development	0	0	N/A	0	N/A	[4.1.2.3.11.23] Municipal Manager: During the period on review, there is no Heritage & Cultural event supported. (September 2021)	[4.1.2.3.11.23] Municipal Manager: As the festive season approaches the planned event will be hosted during December 2021. (September 2021)	1	N/A	1	G	[4.1.2.3.11.23] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.11.23] Municipal Manager: Anticipating during the third quarter (December 2021)	0	N/A	0	N/A	[4.1.2.3.11.23] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.11.23] Municipal Manager: Anticipating during the third quarter (December 2021)	0	N/A	0	N/A	[4.1.2.3.11.23] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.11.23] Municipal Manager: Anticipating during the third quarter (December 2021)	1	1	G
4.1.2.3.12.24	Municipal Manager	Office of the Municipal Manager	24. Number of heritage and cultural events/initiatives supported	Develop cultural heritage economy	Local Economic Development	0	1	N/A	0	R	[4.1.2.3.12.24] Municipal Manager: During the period on review, there is no Heritage & Cultural event supported. (September 2021)	[4.1.2.3.12.24] Municipal Manager: As the festive season approaches the planned event will be hosted during December 2021. (September 2021)	2	N/A	0	R	[4.1.2.3.12.24] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.12.24] Municipal Manager: Anticipating during the third quarter (December 2021)	0	N/A	0	N/A	[4.1.2.3.12.24] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.12.24] Municipal Manager: Anticipating during the third quarter (December 2021)	0	N/A	0	N/A	[4.1.2.3.12.24] Municipal Manager: No Cultural Heritage activities supported during this period (December 2021)	[4.1.2.3.12.24] Municipal Manager: Anticipating during the third quarter (December 2021)	3	0	R
4.1.2.3.3.25	Municipal Manager	Office of the Municipal Manager	25. Number of farmers supported (subsistence and emerging)	Develop a vibrant, rapidly growing, agri-based employment generating economy	Local Economic Development	0	2	N/A	2	G	[4.1.2.3.3.25] Municipal Manager: There is only one request letter we received for this month (September 2021)	[4.1.2.3.3.25] Municipal Manager: Other request are still in progress (September 2021)	2	N/A	0	R	[4.1.2.3.3.25] Municipal Manager: No Farmers supported for this month (December 2021)	[4.1.2.3.3.25] Municipal Manager: Delayed on processing of documentation by recipients and next months the target to be achieved. (December 2021)	2	N/A	20	B	[4.1.2.3.3.25] Municipal Manager: We have over achieved because more farmers were supported for this month. (March 2022)	[4.1.2.3.3.25] Municipal Manager: There are correct measures that need to be done. (March 2022)	2	N/A	11	B	[4.1.2.3.3.25] Municipal Manager: We over achieved for this month. (June 2022)	[4.1.2.3.3.25] Municipal Manager: We over achieved for this month. (June 2022)	2	20	B
4.1.2.3.3.26	Municipal Manager	Office of the Municipal Manager	26. Number of SMME's and Cooperatives supported	Develop a vibrant, rapidly growing, employment generating economy	Local Economic Development	9	2	N/A	4	B	[4.1.2.3.3.26] Municipal Manager: We received more request than the ones we targeted (September 2021)	[4.1.2.3.3.26] Municipal Manager: We over achieved (September 2021)	2	N/A	5	B	[4.1.2.3.3.26] Municipal Manager: We over achieved (December 2021)	[4.1.2.3.3.26] Municipal Manager: We over achieved (December 2021)	2	N/A	16	B	[4.1.2.3.3.26] Municipal Manager: We over Achieved the target (March 2022)	[4.1.2.3.3.26] Municipal Manager: We over achieved the target (March 2022)	2	N/A	32	B	[4.1.2.3.3.26] Municipal Manager: We over achieved in these month. (June 2022)	[4.1.2.3.3.26] Municipal Manager: We over achieved in these month. (June 2022)	2	32	B
5.2.6.27	Chief Financial Officer	Financial Services	27. Collection Rate	Improve financial viability of the municipality	Financial Viability and Management	84.00%	82.00%	N/A	75.90%	G	[5.2.6.27] Target not met due to the delay from Government departments to settle their annual charges. This is as a direct result of staff rotation and staff working from home at the Government departments responsible for payments. Further the National Public Works department has requested to pay their accounts on a monthly instead of annual basis. Billing was done annually and needs to be changed to monthly. This also had an effect on the collection rate. (September 2021)	[5.2.6.27] In line with the latest communication the departments will start paying towards the annual debt in October 2021. That by the end of October Finance Department will ensure all National Government accounts are adjusted to reflect monthly billing. (September 2021)	89.00%	N/A	87.40%	G	[5.2.6.27] Target not met due to further collection to be done on COGTA and the Government debt so as to ensure there accounts are reconciled and amounts are paid. Installation of prepaid water meters to reduce water billing which becomes uncollectable from indigent debtors and Eskom area debtors. Awareness campaigns to be held with the Councilors and rate payers for the implementation of water meters. Further data cleansing to be done on uncollectable debt and billing errors, also write-offs to be done on uncollectable debt as this effects the collection percentage (March 2022)	[5.2.6.27] Further discussions to be held with COGTA and the Government debt so as to ensure there accounts are reconciled and amounts are paid. Installation of prepaid water meters to reduce water billing which becomes uncollectable from indigent debtors and Eskom area debtors. Awareness campaigns to be held with the Councilors and rate payers for the implementation of water meters. Further data cleansing to be done on uncollectable debt and billing errors, also write-offs to be done on uncollectable debt as the effects the collection percentage (March 2022)	84.00%	N/A	81.03%	G	[5.2.6.27] year to date Target not met but the actual collection rate for March 2022 is 88% (March 2022)	[5.2.6.27] During the mid year assessment presentation to PT Ndabambe requested assistance from PT with regards to Government departments not paying their debts. Procurement of prepaid water meters to reduce water billing which becomes uncollectable from indigent debtors and Eskom area debtors. Awareness campaigns to be held with the Councilors and rate payers for the implementation of water meters. Further data cleansing to be done on uncollectable debt and billing errors, also write-offs to be done on uncollectable debt as the effects the collection percentage (March 2022)	84.00%	N/A	81.00%	G	[5.2.6.27] Collection rate is 81.9 therefore 0.01% below target. (June 2022)	[5.2.6.27] Ndabambe has handed over the debt of Rural development and land reform. Ndabambe has also handed over all the vacant land with significant property valuations and instructed Revco to attach these properties for the outstanding rates and taxes. Currently the municipality is working through the debtors book to identify further debt that can be send for legal debt collection processes (June 2022)	84.75%	81.53%	G
5.2.6.28	Chief Financial Officer	Financial Services	28. Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)	Improve financial viability of the municipality	Financial Viability and Management	1	0	N/A	0	N/A	[5.2.6.28] Target is just time. The norm is 1 to 3 months. The reason for this is because in December the total expenditure is high due to the high employee cost paid in December. (December 2021)	[5.2.6.28] Not Applicable (December 2021)	1.2	N/A	1.67	B	[5.2.6.28] Target is just time. The norm is 1 to 3 months. The reason for this is because in December the total expenditure is high due to the high employee cost paid in December. (December 2021)	[5.2.6.28] Not Applicable (December 2021)	0	N/A	0	N/A	[5.2.6.28] Target is just time. The norm is 1 to 3 months. The reason for this is because in December the total expenditure is high due to the high employee cost paid in December. (December 2021)	[5.2.6.28] Not Applicable (December 2021)	1.4	N/A	2.33	B	[5.2.6.28] Target achieved. Ndabambe will be able to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue (GRANTS) during that month. (June 2022)	[5.2.6.28] Not Applicable (June 2022)	1.3	2	B
5.3.6.29	Chief Financial Officer	Financial Services	29. Percentage reduction of Irregular Expenditure	Improve financial viability of the municipality	Financial Viability and Management	0.00%	20.00%	N/A	0.00%	R	[5.3.6.29] Target not met. (September 2021)	[5.3.6.29] There is currently no write off for irregular expenditure. (September 2021)	40.00%	N/A	0.00%	R	[5.3.6.29] The AFS audit is still pending. (December 2021)	[5.3.6.29] Not applicable. (December 2021)	60.00%	N/A	0.00%	R	[5.3.6.29] Target not met. (March 2022)	[5.3.6.29] There is currently no write off for irregular expenditure. (March 2022)	80.00%	N/A	70.00%	G	[5.3.6.29] While analyzing the irregular data it was noted that some of the amounts declared as irregular did not have sufficient details to enable the investigation process and a principle agreement was reached with MPAC that the missing details details be collected and these amounts be presented once the detailed information has been obtained (June 2022)	[5.3.6.29] The appointment and training of MPAC members contributed to the under performance. (June 2022)	80.00%	70.00%	G
5.3.6.30	Chief Financial Officer	Financial Services	30. Percentage reduction of Fruitless and Wasteful Expenditure	Improve financial viability of the municipality	Financial Viability and Management	0.00%	100.00%	N/A	100.00%	G	[5.3.6.30] Target met. (September 2021)	[5.3.6.30] Not Applicable. (September 2021)	0.00%	N/A	0.00%	N/A	[5.3.6.30] Target not met. Currently there is no Fruitless and Wasteful write off. (March 2022)	[5.3.6.30] It will only be applicable only in year end. (March 2022)	100.00%	N/A	0.00%	N/A	[5.3.6.30] Target not met. (March 2022)	[5.3.6.30] It will only be applicable only in year end. (March 2022)	100.00%	N/A	100.00%	G	[5.3.6.30] Target not met. (June 2022)	[5.3.6.30] It will only be applicable only in year end. (June 2022)	100.00%	100.00%	G
5.3.6.31	Chief Financial Officer	Financial Services	31. Percentage reduction of Unauthorised Expend																														

Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Municipal KPA	Baseline	Quarter ending September 2021						Quarter ending December 2021						Quarter ending March 2022						Quarter ending June 2022						Overall Performance for Quarter ending September 2021 to Quarter ending June 2022			
							Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Target Description	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	
6_1_1_41	Municipal Manager	Office of the Municipal Manager	41. Number of Public Participation meetings and formal engagements held with the Local Communities	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	4	2	N/A	2	G	[6_1_1_41] Municipal Manager: Target met (September 2021)		2	N/A	3	B	[6_1_1_41] Municipal Manager: Target met (December 2021)		2	N/A	3	B	[6_1_1_41] Municipal Manager: Engage Art Centre in Bathurst applied for liquor license, we then conducted a public participation meeting (March 2022)		2	N/A	3	B		8	11	B		
6_1_1_42	Municipal Manager	Office of the Municipal Manager	42. Number of special programmes held/supported	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Good Governance and Public Participation	7	6	6. Womens Month (1) Casual Day (1) Mandela Day (1) Youth Council Meeting (1) Womens Forum (1) Soup Kitchen (1)	3	R	[6_1_1_42] Municipal Manager: Usually, the month of September is used to host a Casual Day gathering for people with disabilities. However, the risks and regulations of Covid-19 prohibited any form of gathering (September 2021)	[6_1_1_42] Municipal Manager: The municipality does not have any corrective measures for Covid-19 (September 2021)	6	6. Disability Month (1) Elderly Month (1) Youth Council Meeting (1) Disability Forum Meeting (1) Soup Kitchen (1)	2	R	[6_1_1_42] Municipal Manager: Target was met. Elderly month was celebrated by donating Christmas food parcels. This was done in collaboration with Corporate Services (December 2021)		2	Youth Council Meeting (1) Soup Kitchen (1)	1	R	[6_1_1_42] Municipal Manager: A request for a Youth Council meeting to convene was done in February instead of March 2022 (March 2022)	[6_1_1_42] Municipal Manager: A meeting will be requested for the month of April (March 2022)	5	5. Sports Easter Tournament (1) Youth Council Meeting (1) Soccer Tournament (1) Youth Day (1) Soup Kitchen (1)	5	G	[6_1_1_42] Municipal Manager: 1. Youth Day Celebrations, launch of Ndabambe Young Achievers Annual Awards. 2. Youth Council Meeting (June 2022)			18	11	R
6_1_1_43	Director Corporate Services	Corporate Services	43. Number of Council meetings held	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	4	1	N/A	0	R	[6_1_1_43] Director Corporate Services: Not achieved as no Council meeting was held. As per attached memo from the Speaker, a Special Council meeting is to be held on Friday, 1 October 2021 (September 2021)	[6_1_1_43] Director Corporate Services: The normal schedule of meetings will recommence after elections (September 2021)	1	N/A	1	G	[6_1_1_43] Director Corporate Services: Achieved (December 2021)	[6_1_1_43] Director Corporate Services: None (December 2021)	1	N/A	1	G	[6_1_1_43] Director Corporate Services: Target met (March 2022)	[6_1_1_43] Director Corporate Services: None (March 2022)	1	N/A	3	B	[6_1_1_43] Director Corporate Services: Two (2) Special Council meetings were held on 07 June and 30 June 2022 due to urgency of compliance items that needed council approval (June 2022)	[6_1_1_43] Director Corporate Services: None (June 2022)	4	6	G2	
6_1_1_44	Director Corporate Services	Corporate Services	44. Number of council members who have declared their financial interests when elected	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	0	0	N/A	0	N/A			20	N/A	20	G	[6_1_1_44] Director Corporate Services: Twenty New Councillors signed the Declaration of interest form (December 2021)	[6_1_1_44] Director Corporate Services: N/A (December 2021)	0	N/A	0	N/A	[6_1_1_44] Director Corporate Services: No Target for this month (March 2022)		0	N/A	0	N/A		20	20	G		

Summary of Results

Rating	KPI Not Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	2% <= Actual/Target <= 74.999%	7
O	KPI Almost Met	75.000% <= Actual/Target <= 89.999%	3
G	KPI Met	Actual meets Target (Actual/Target <= 100%)	15
G2	KPI Well Met	Actual/Target <= 132.999%	4
B	KPI Extremely Well Met	Actual/Target <= 133.000%	15
Total KPIs:			44



ANNEXURE A

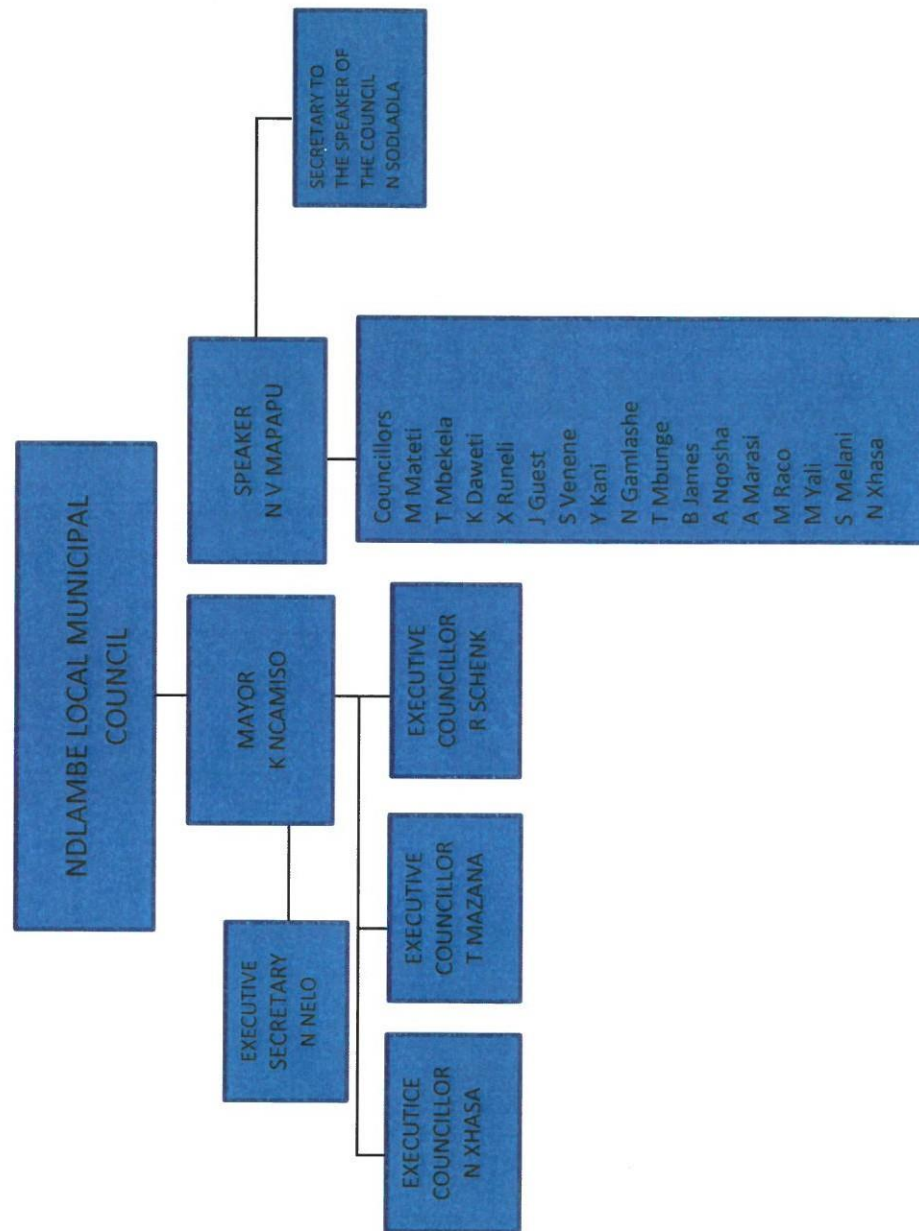
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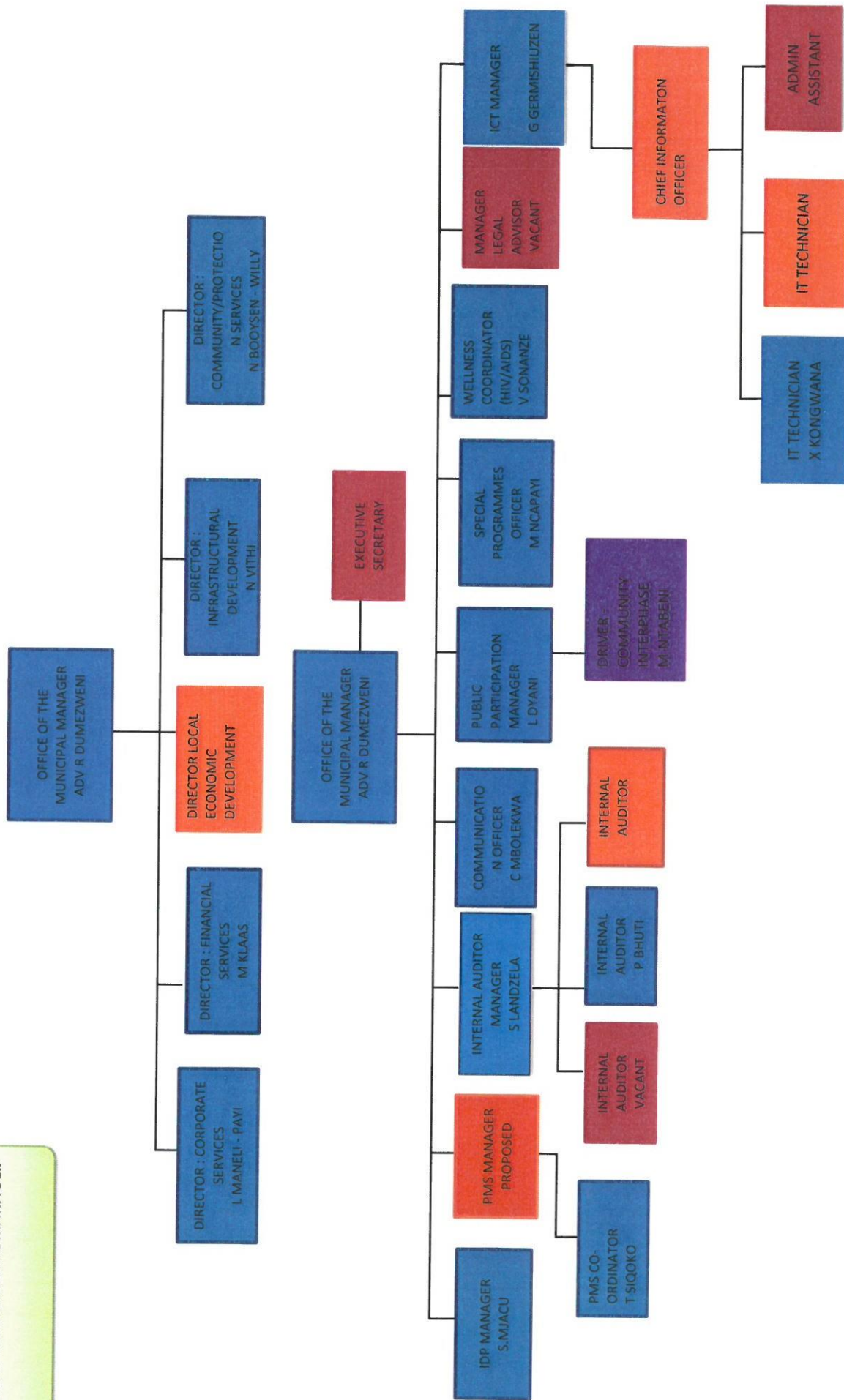
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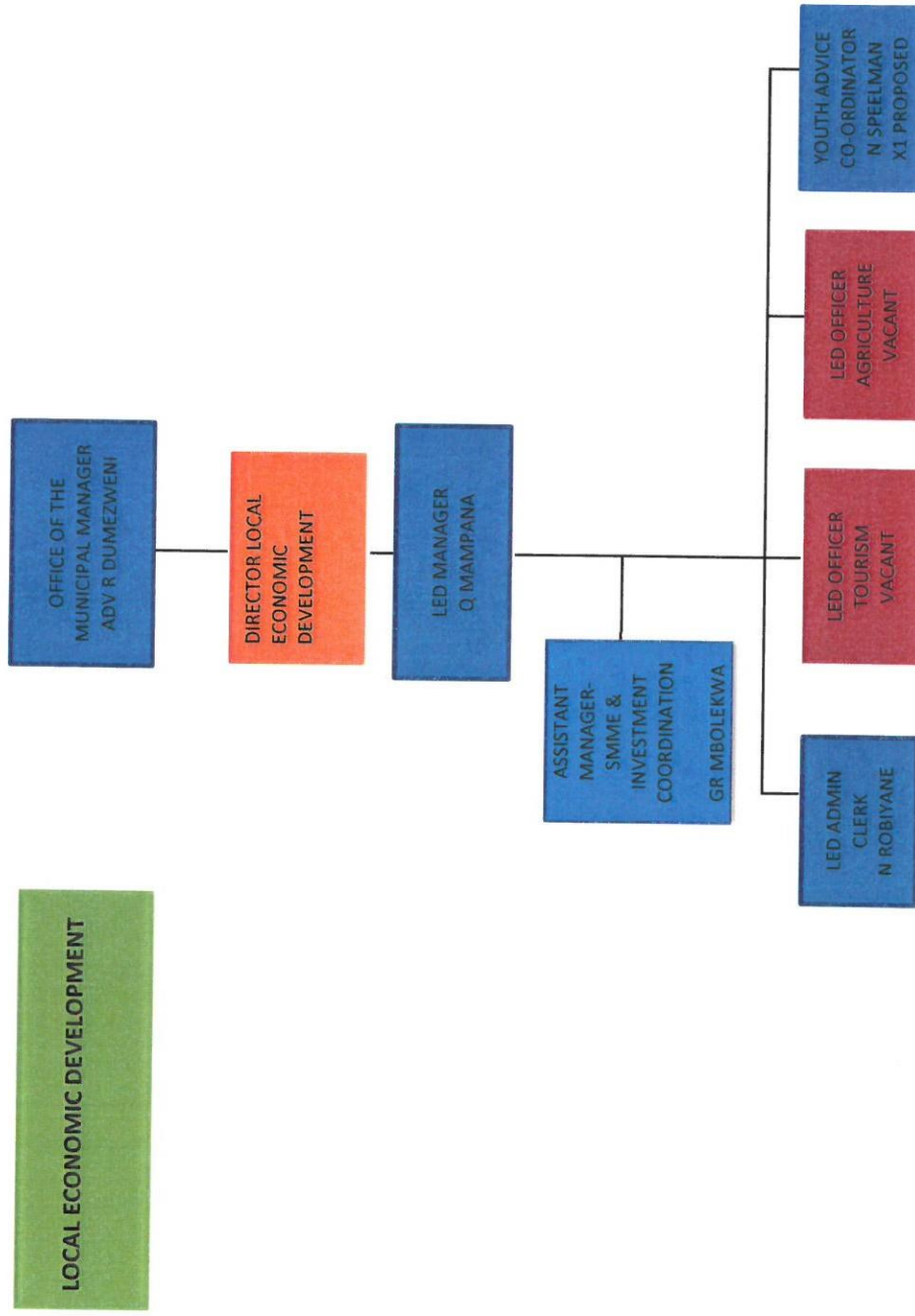
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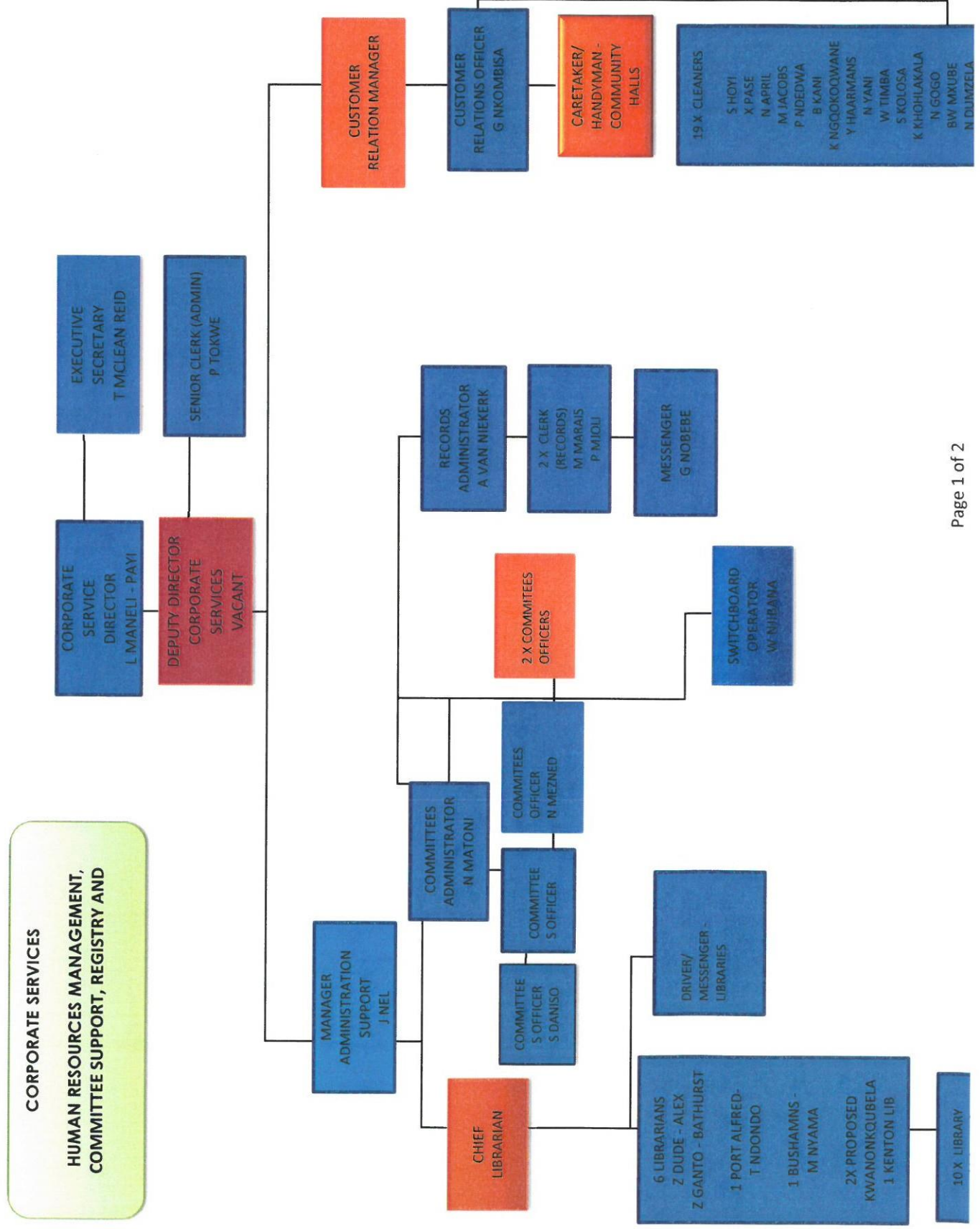
OFFICE OF THE MAYOR AND
SPEAKER



OFFICE OF THE MUNICIPAL MANAGER

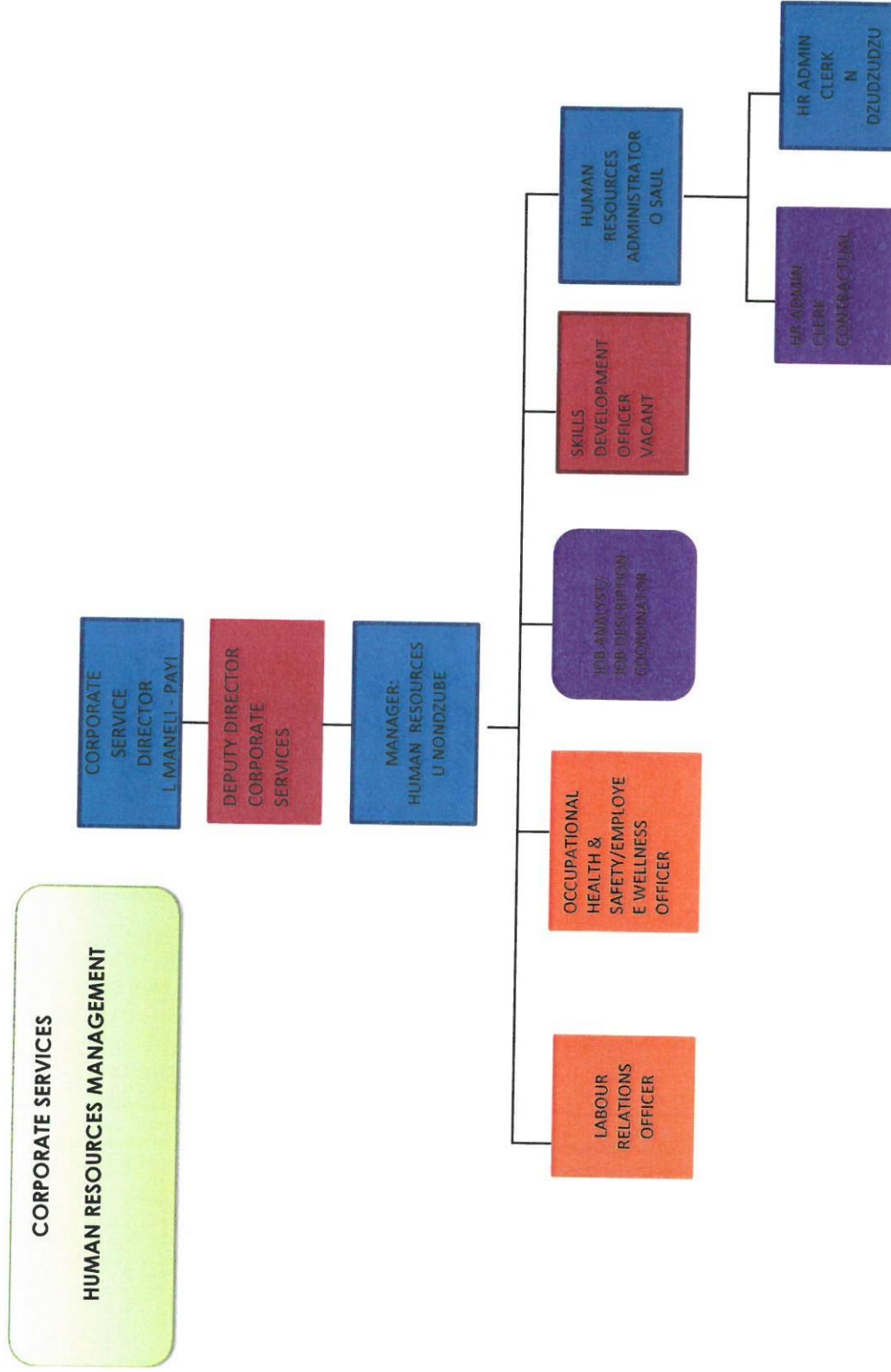




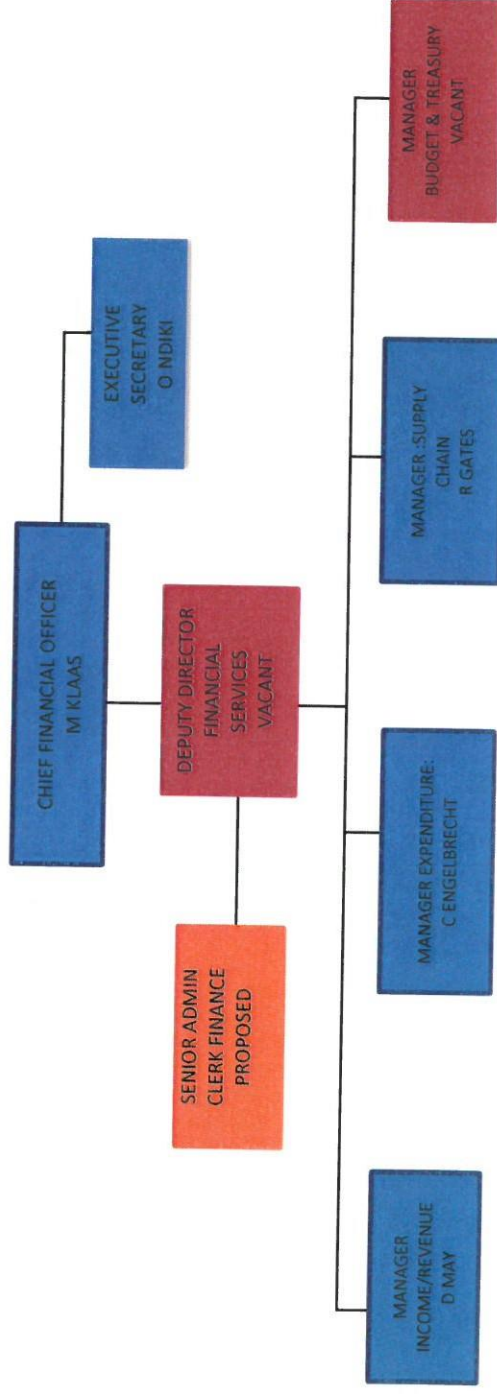


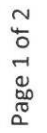
ASSISTANTS
A KOM
V PLAATJIE
B NGXIKI
P SONANDZE
P KONDILE
M MEMANI
N NCANYWA
T NELO
P DONKRAG
5 5 14-2019

N MAYINJE
G SAMUEL
Z LUBELWANA
V GUMENEKE
T NIECANA

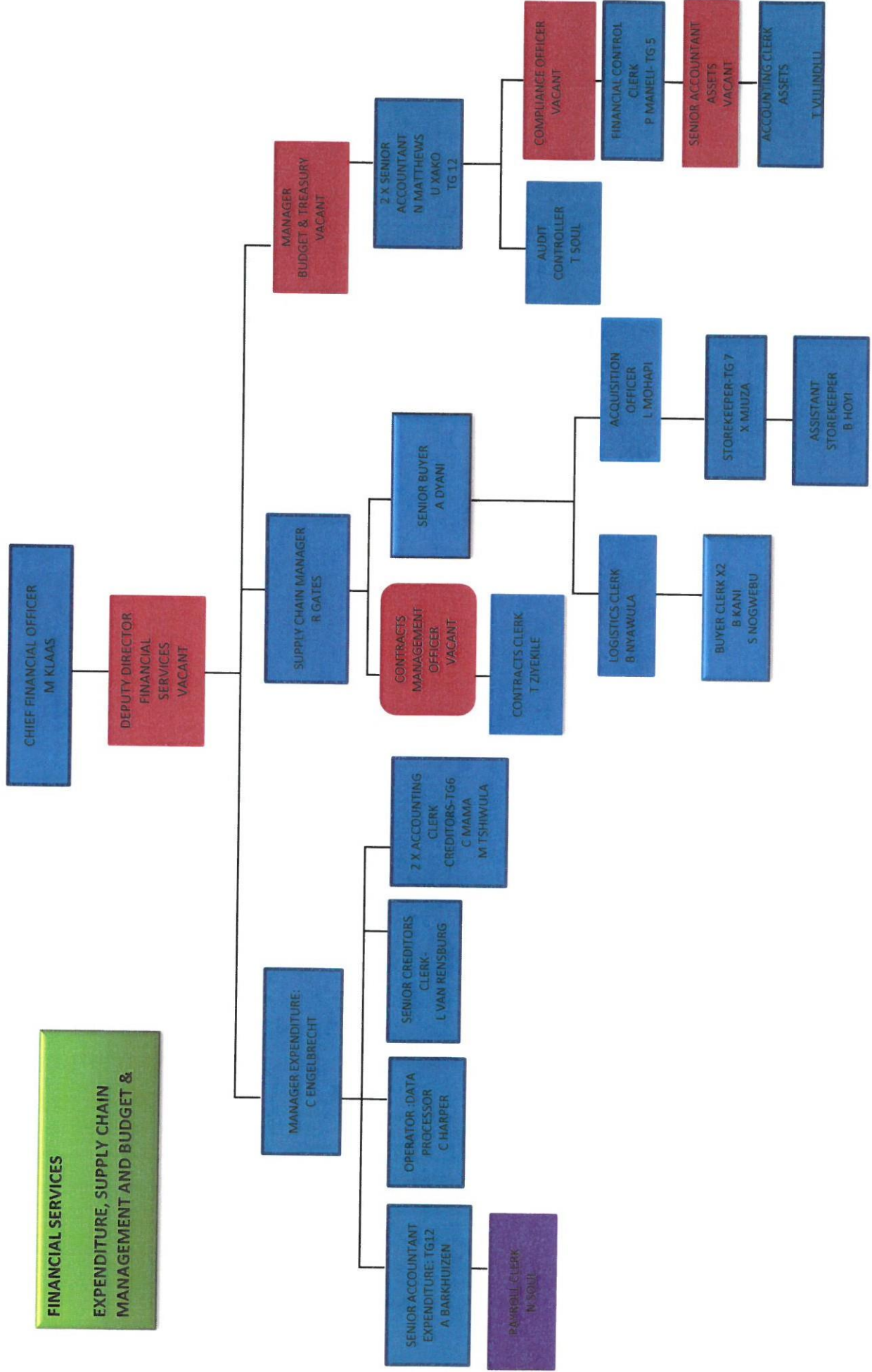


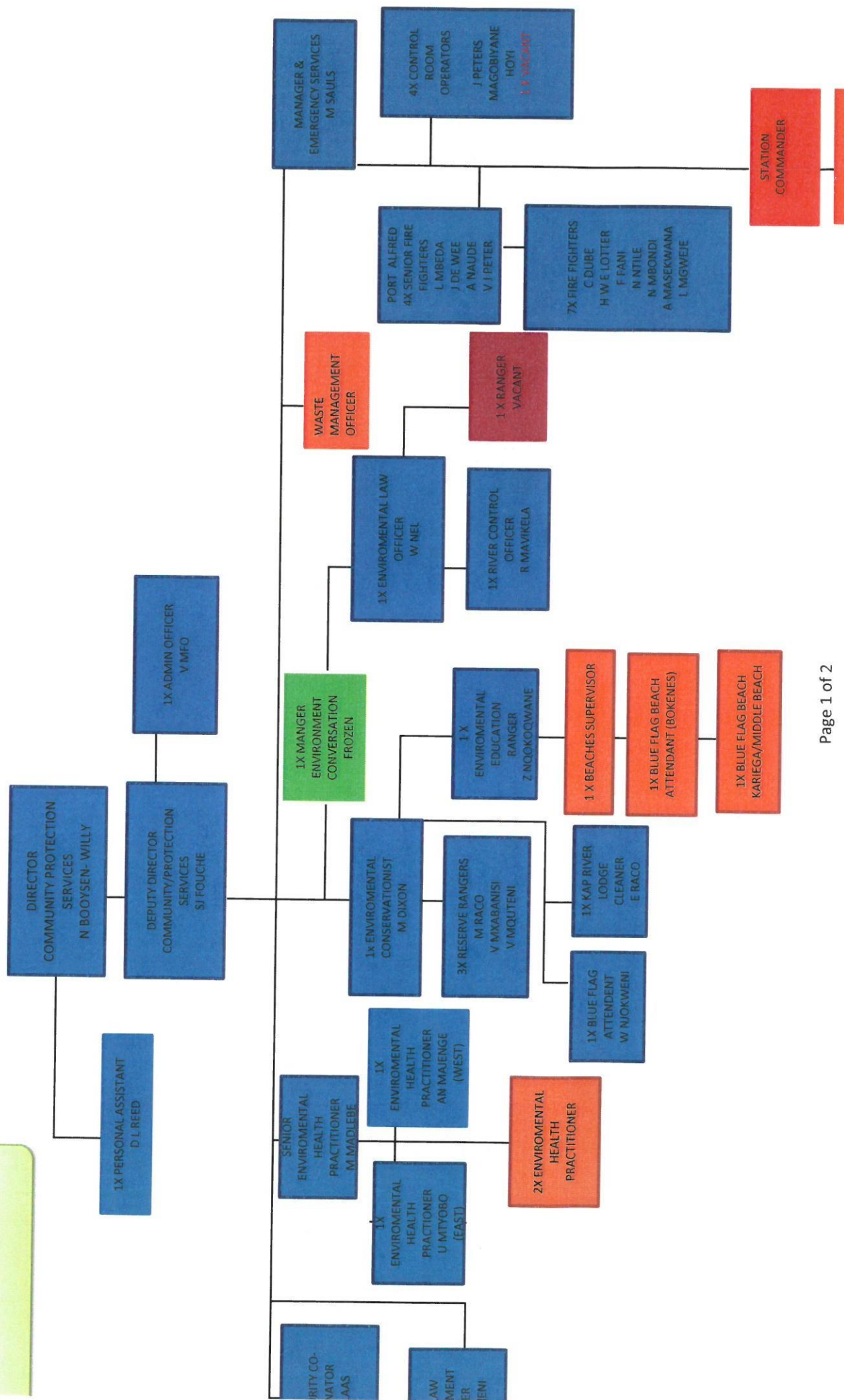
FINANCIAL SERVICES

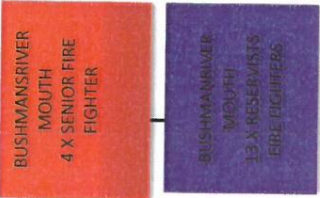


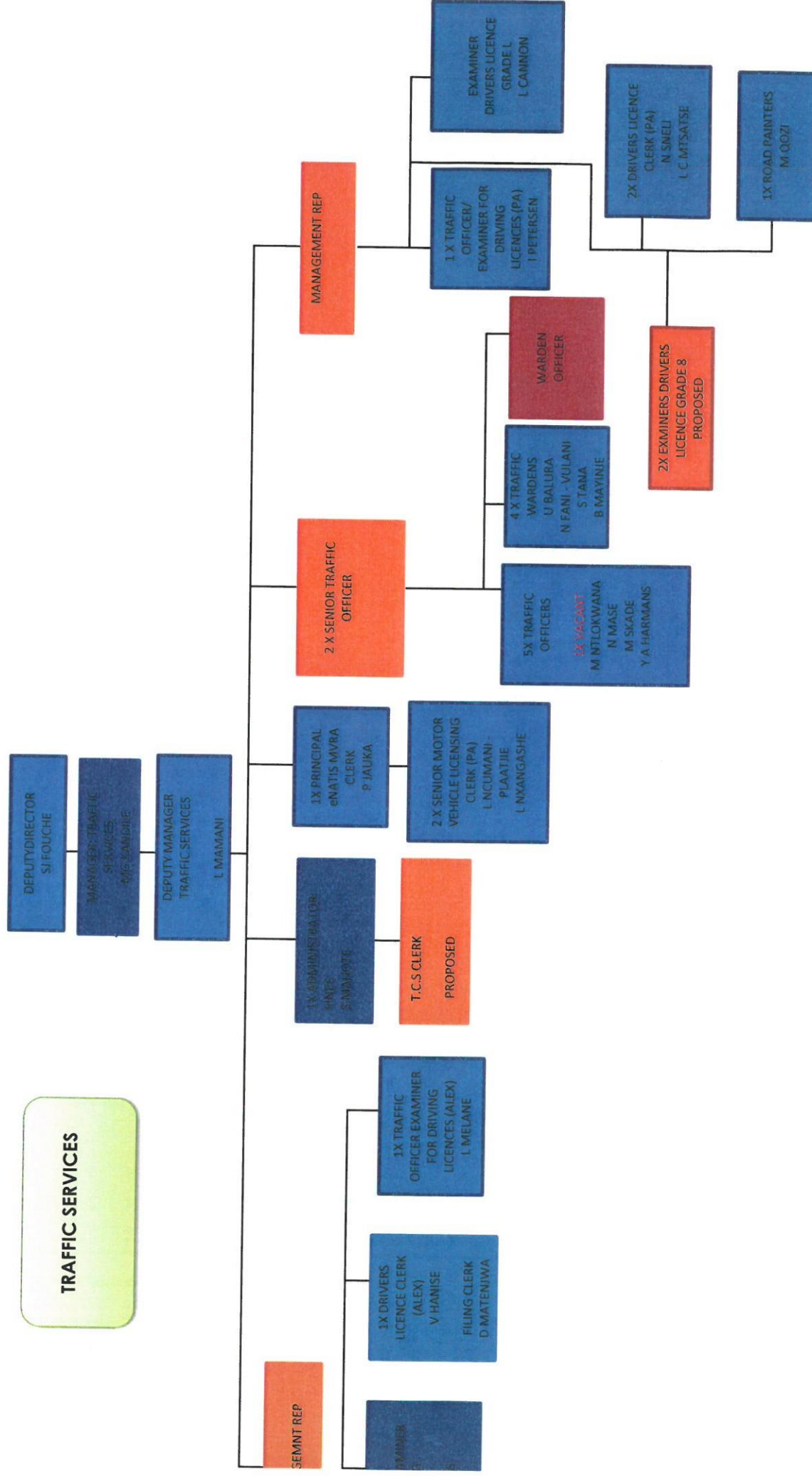


P/A
- K GUMENGE,
- N KOLELE,
- L MOLEFE,
- B VANGA,
- B XHAIJ ,
- B BOOI
- L HILPERT

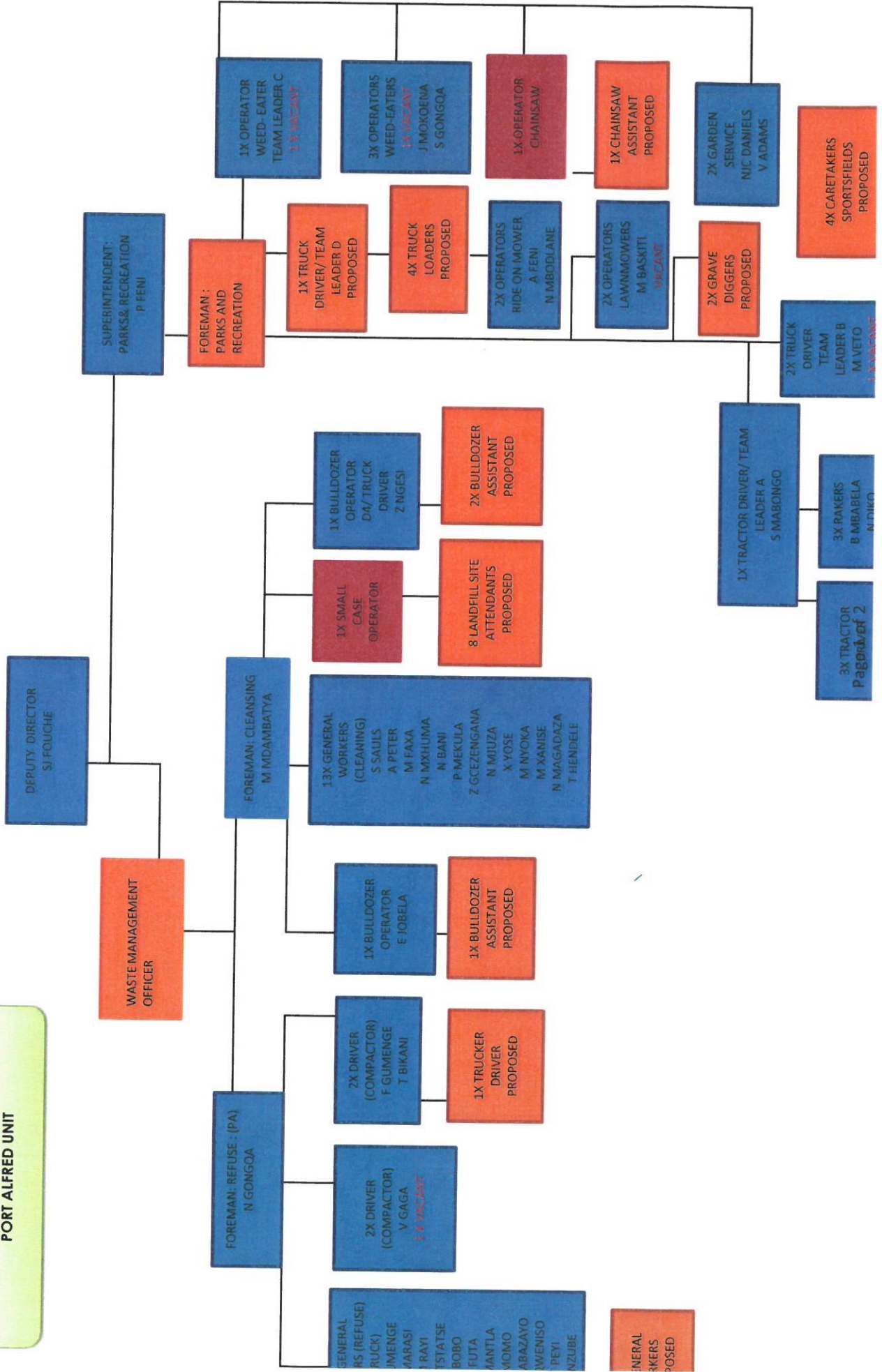


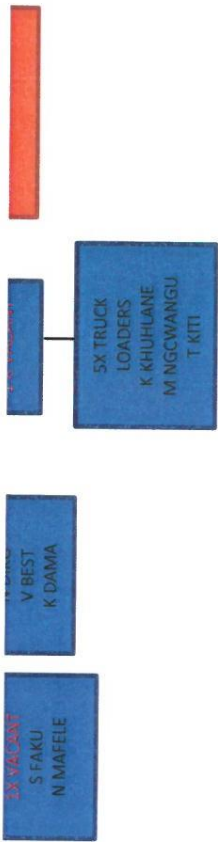




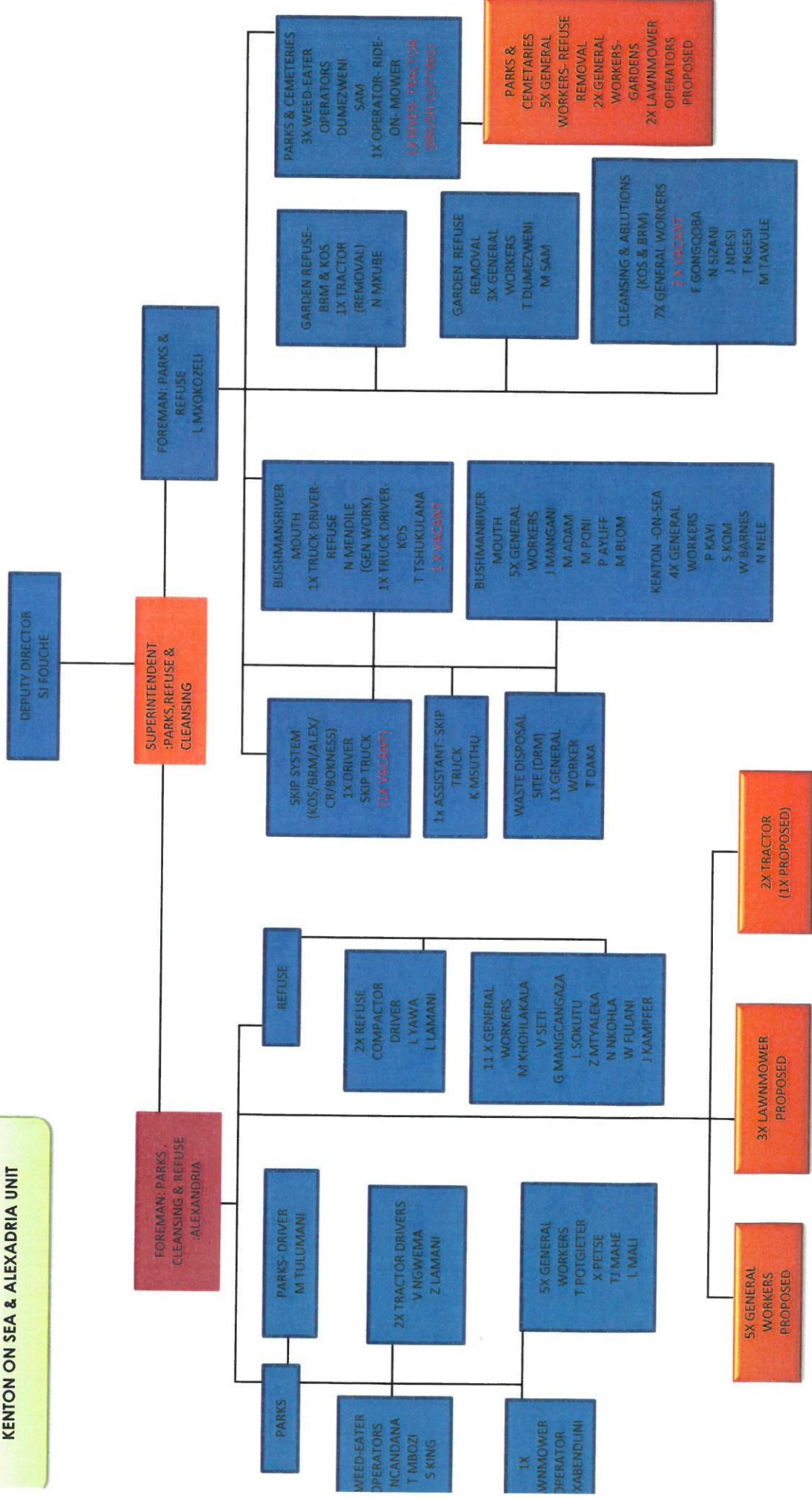


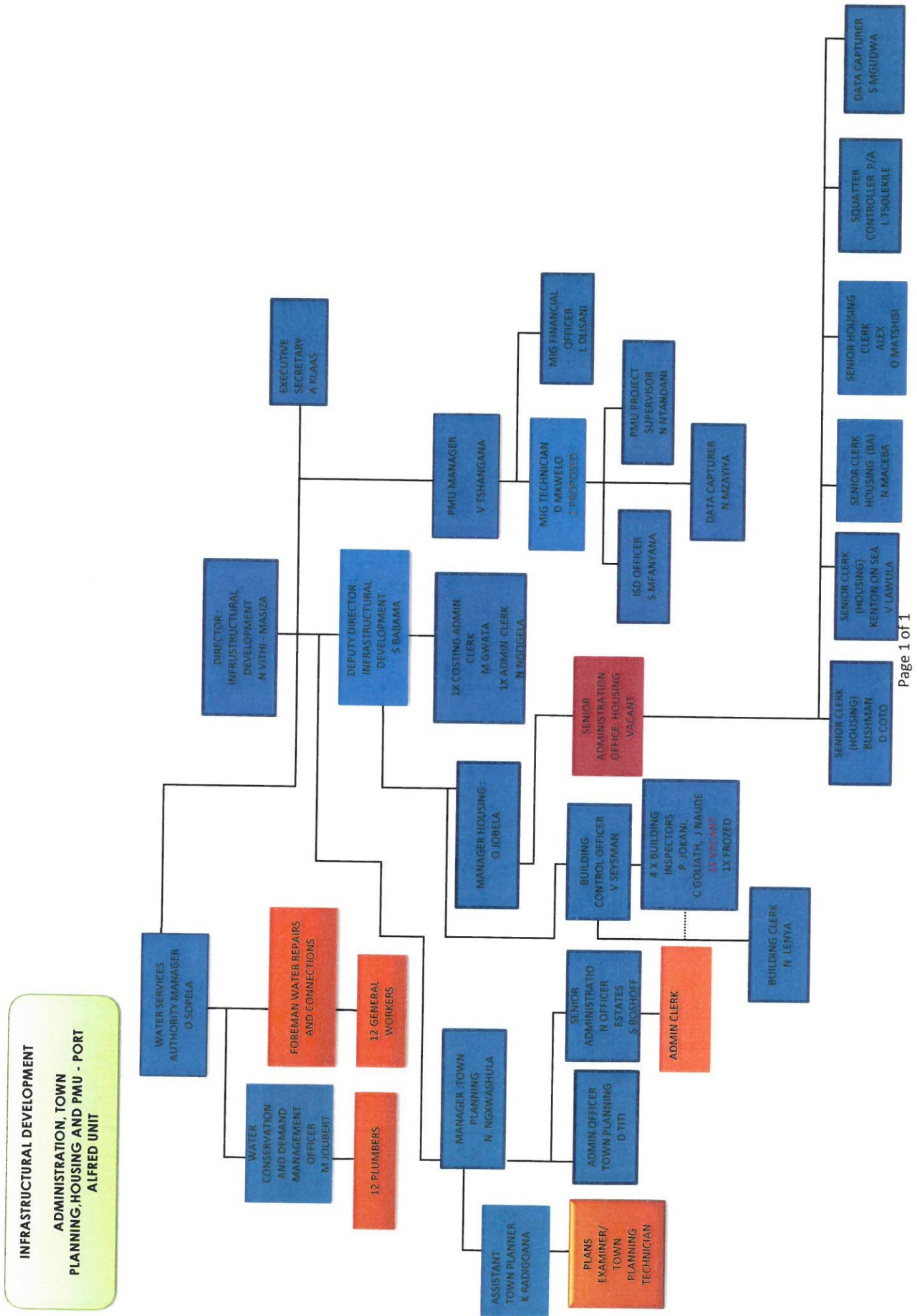
**REFUSE AND CLEANSING
PORT ALFRED UNIT**

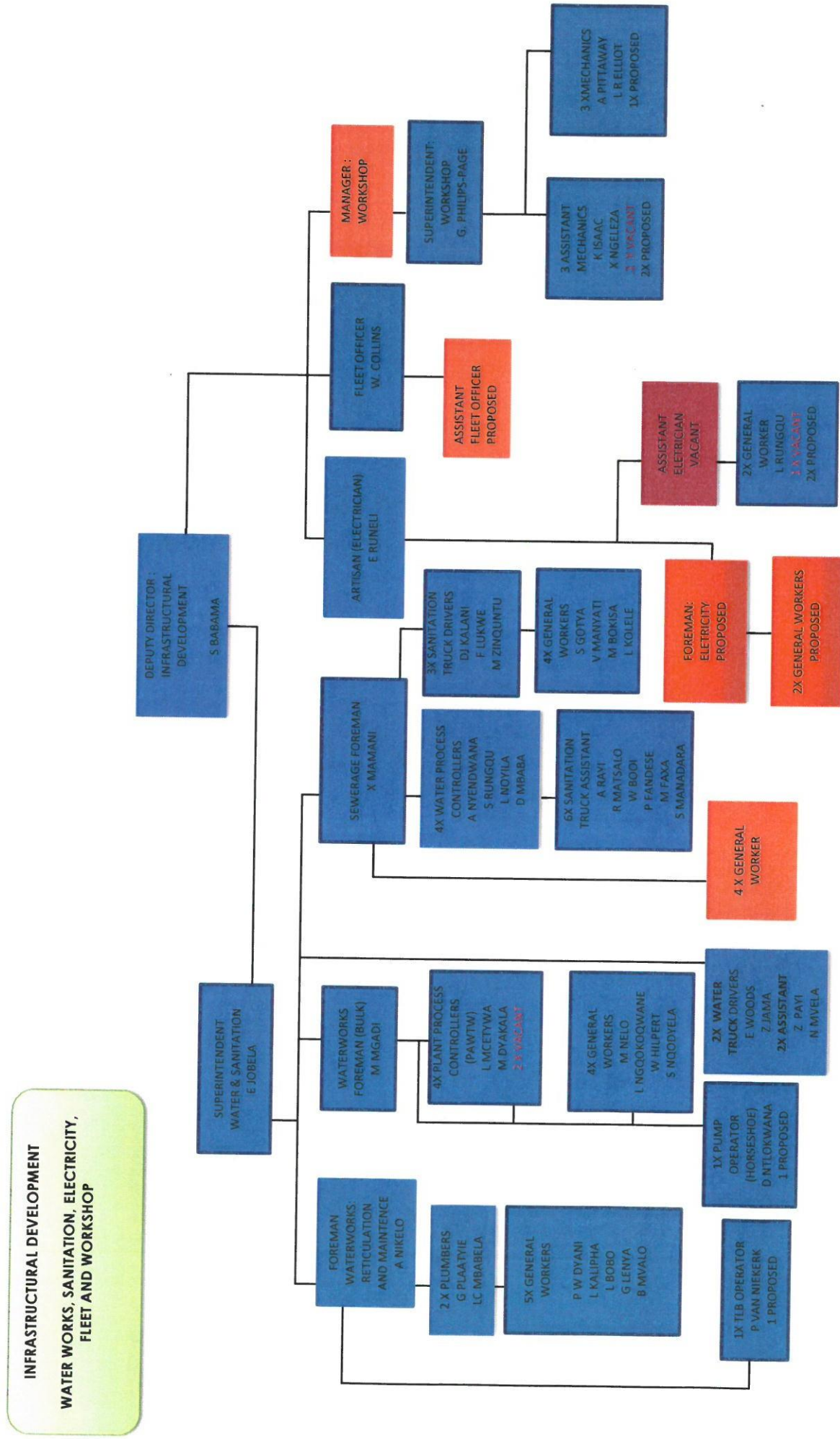


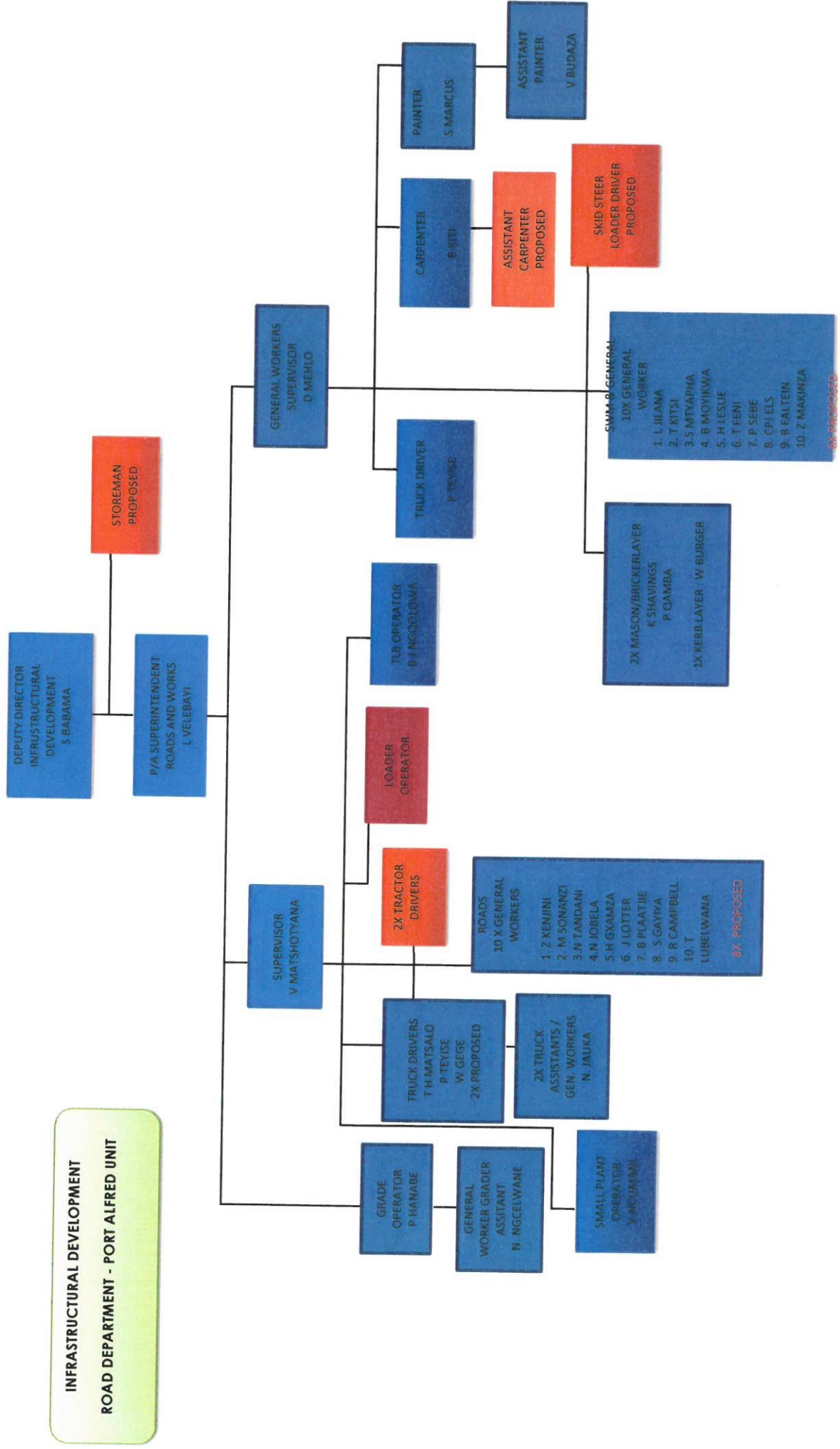


**PARKS, REFUSE AND CLEANSING
KENTON ON SEA & ALEXANDRIA UNIT**



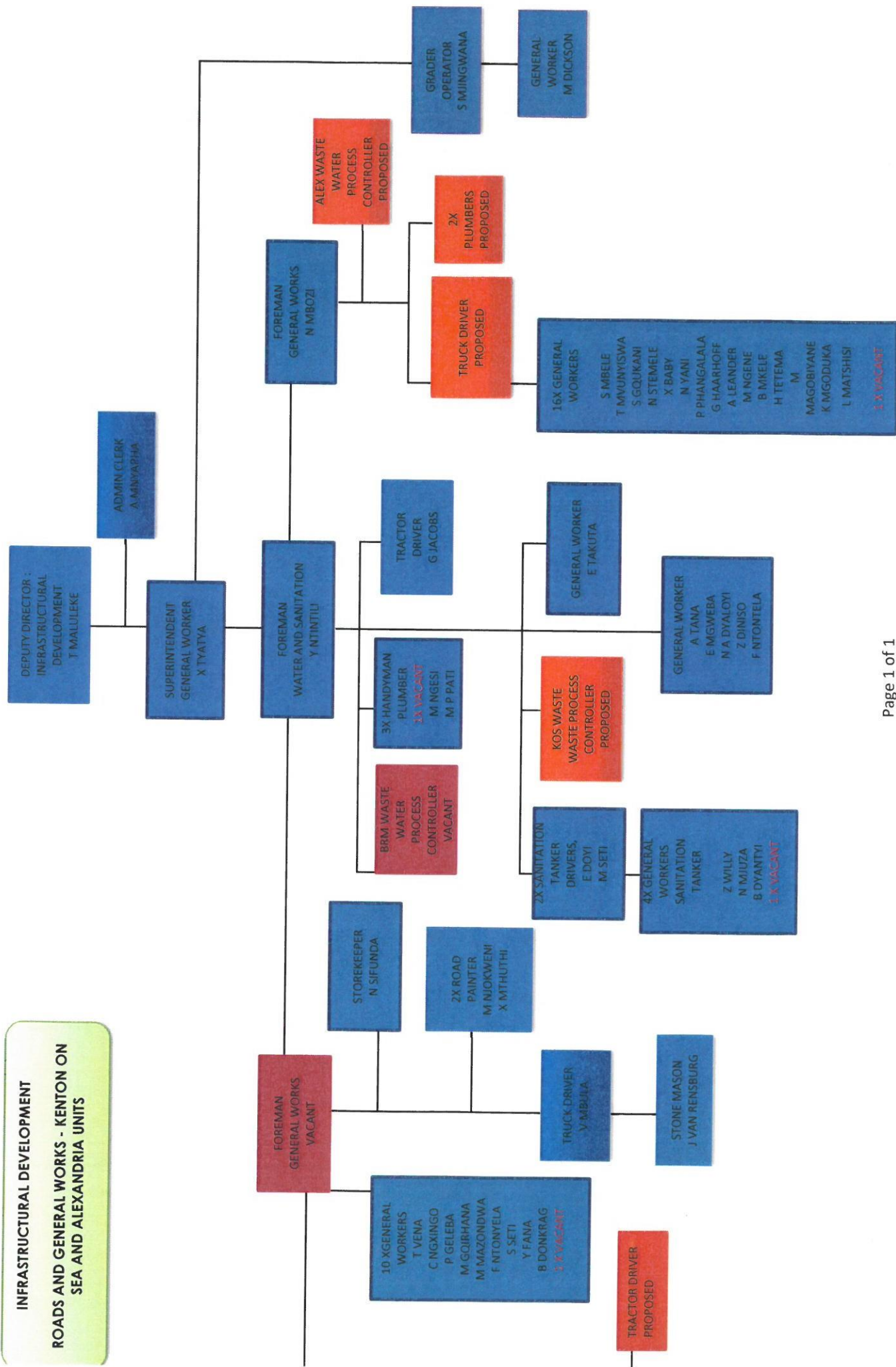






INFRASTRUCTURAL DEVELOPMENT

ROADS AND GENERAL WORKS - KENTON ON SEA AND ALEXANDRIA UNITS



ANNEXURE B

AUDIT REPORT 2021/2022

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Ndlambe Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ndlambe Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ndlambe Local Municipality as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material losses and impairments

8. As disclosed in note 48 to the financial statements, material water losses of R14,1 million (2021: R17,4 million) were incurred, which represents 38,2% (2021: 40%) of total water purchased. The losses were predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore, apparent losses were realised due to metering inefficiencies, meter faults, and unauthorised and unmetered consumption.
9. As disclosed in note 48 to the financial statements, material electricity losses of R5,1 million (2021: R6,5 million) were incurred, which represents 8,8% (2021: 13,3%) of total electricity purchased. These losses were predominantly due to medium voltage and low voltage losses in switchgear, overheads lines, obsolete aluminium lines, underground cables and transformers. Losses were also attributed to metering and meter reading losses and losses due to tampering.
10. As disclosed in notes 4 and 5 to the financial statements, impairments of R48,9 million (2021: R46,4 million) relating to receivables from non-exchange and R118 million (2021: R98,2 million) relating to receivables from exchange transactions were incurred as a result of irrecoverable debtors.

Unauthorised expenditure

11. As disclosed in note 44 to the financial statements, unauthorised expenditure of R112,4 million was incurred in the current year and previous years due to overspending of cash and non-cash items in various municipal departments. This balance is an accumulation of current and previous year amounts. In the current year, R71 million was written off while in the previous year R237,3 million had been written off.

Irregular expenditure

12. As disclosed in note 46 to the financial statements, irregular expenditure of R79 million (2021: R187,5 million) was incurred in the current year due to supply chain management (SCM) regulation and policy deviations. Furthermore, R410,3 million of current and prior year amounts were written off in the current year.

Other matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

14. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. The disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
20. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as

defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2022:

Development priorities	Pages in the annual performance report
KPA 2 – Basic service delivery and infrastructure	x – x

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. I did not identify any material findings on the usefulness and reliability of the reported performance information for KPA 2 – Basic service delivery and infrastructure.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2 – Basic service delivery and infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
28. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, receivables and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
30. The 2020-21 annual report was not made public after being tabled in council, as required by section 127(5)(a)(i) of the MFMA.
31. The local community was not invited to submit representations in connection with the 2020-21 annual report, as required by section 127(5) (a) (ii) of the MFMA.
32. The council failed to adopt an oversight report containing the council's comments on the 2020-21 annual report, as required by section 129(1) of the MFMA.

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure of R79 million disclosed in note 46 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations.
34. Reasonable steps were not taken to prevent unauthorised expenditure of R75,5 million, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget per municipal department, on cash and non-cash items.

Procurement and contract management

35. A person in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for councillors issued in terms of the Municipal Systems Act.
36. A person in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for councillors issued in terms of the Municipal Systems Act.

Human resource management

37. Bonuses were paid to the municipal manager and senior managers before the annual report for the applicable performance year was tabled and adopted by council, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers.

Other information

38. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
39. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
40. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.
42. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report on that fact.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
44. Leadership did not adequately discharge its oversight responsibilities with regards to the implementation and monitoring of internal controls, which resulted in inaccurate and incomplete financial information and non-compliance with laws and regulations. The action plan was inadequately implemented and monitored in the current year to address reoccurring findings on compliance. Furthermore, the financial statements and annual performance report were submitted with material misstatements, and were subsequently adjusted through the audit process.
45. Record keeping within the municipality remains a challenge. The regular process of collecting and reporting on credible information was not always implemented, most notably relating to the collation, collection and verification, storage and reporting of information to support the actual performance as reported in the annual performance report.

46. The municipality did not have a proper risk management process in place, as there were no processes to identify risks and to develop mitigating controls. In addition, the internal audit unit did not review internal controls and compliance with laws and regulations. The impaired functioning of the internal audit unit greatly affected the effectiveness of the audit committee.

Auditor - General.

East London

29 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Ndlambe Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNEXURE C

AUDITED ANNUAL FINANCIAL STATEMENTS
2021/2022



Ndlambe Local Municipality
Annual Financial Statements
for the year ended 30 June 2022

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity

Ndlambe Municipality (EC 105) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

Grading of local authority

Grade 3

Nature of business and principal activities

Municipal Services

New Executive committee - Nov 2021

Mayor

Councillor KC Ncamiso - Corporate Services Portfolio - March 2022 onwards

Speaker

Councillor AL Marasi

Executive Councillors

Councillor ST Dyakala - Infrastructure Portfolio

Councillor NF Memani - Community Protection Portfolio

Councillor S Venene - Finance Portfolio

Councillor A Nyumka - MPAC Chair

Councillor S Kolosa - Chief Whip

Councillor A Bukani

Councillor N Sweli

Councillor EHK Walker

Councillor NE Haynes

Councillor P Khungwayo

Councillor SI Melani

Councillor S Zweni

Councillor MW Mgweba

Councillor PY Kani

Councillor ZW Myali

Councillor WG Johannes

Councillor T Mbekela

Councillor X Runeli

Councillor AW Diniso - resigned

Outgoing Executive committee - July - Nov 2021

Mayor

Councillor KC Ncamiso - Corporate Services Portfolio

Speaker

Councillor NV Maphaphu

Executive Councillors

Councillor T Mazana - Infrastructure Portfolio

Councillor N Xhasa - Community Protection Portfolio

Councillor LR Schenk - Finance Portfolio

Councillor TM Mbunge - MPAC Chair

Councillor AL Marasi - Chief Whip

Councillor N Ngamlashe

Councillor A Ngqosha

Councillor CB James

Councillor M Raco

Councillor JP Guest

Councillor MW Yali

Councillor SI Melani

Councillor M Mateti

Councillor K Daweti

Councillor PY Kani

Councillor S Venene

Councillor TD Mbekela

Councillor X Runeli

Councillors

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Primary legislation governing the municipality's operations

Local Government Municipal Finance Management Act (Act No 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Constitution of the Republic of South Africa (Act 108 of 1998)

Municipal Property Rates Act (Act 6 of 2004)

Accounting Officer

R Dumezweni

rdumezweni@ndlambe.gov.za

Chief Finance Officer (CFO)

M Klaas

mklaas@ndlambe.gov.za

Business address

47 Campbell Street

Port Alfred

6170

Postal address

P O Box 13

Port Alfred

6170

Bankers

First National Bank

Auditors

Auditor General

Jurisdiction

The Ndlambe Local Municipality includes the following areas:

Port Alfred

Bathurst

Alexandria

Kenton-on-Sea

Cannon-Rocks

Seafield

Marselle

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 12
Accounting Policies	13 - 46
Notes to the Annual Financial Statements	46 - 102

Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
FMG	Financial Management Grant
DSRAC	Department of Sports, Recreation, Arts and Culture
DME	Department of Minerals and Energy
INEP	Integrated National Electrification Programme
DWAF	Department of Water and Forestry
ACIP	Accelerated Capital Infrastructure Project
DoRA	Division of Revenue Act
DME	Department of Minerals and Energy
DWS	Department of Water and Sanitation
SBDM	Sarah Baartman District Municipality
CoGTA	Department of Co-operative Governance and Traditional Affairs
VAT	Value Added Tax
SARS	South African Revenue Service

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (Act 56 of 2003) and 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 2023 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 annual financial statements set out on pages 5 to 102, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



R Dumezweni
Accounting Officer

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	3	1 146 323	1 103 240
Receivables from non-exchange transactions	4	21 191 062	28 001 228
Receivables from exchange transactions	5	28 365 756	21 860 666
VAT receivable	6	7 176 066	13 947 742
Cash and cash equivalents	7	77 785 500	77 077 363
Operating lease asset	8	7 960	128 191
		135 672 667	142 118 430
Non-Current Assets			
Investment property	9	261 357 290	260 119 984
Property, plant and equipment	10	1 093 521 752	1 040 579 722
Intangible assets	11	146 537	266 369
Heritage assets	12	16	16
Other financial assets	13	42 962	49 246
		1 355 068 557	1 301 015 337
Total Assets		1 490 741 224	1 443 133 767
Liabilities			
Current Liabilities			
Consumer deposits	15	2 537 867	2 382 641
Payables from exchange transactions	16	56 777 483	55 864 133
Unspent conditional grants and receipts	17	16 676 702	1 048 439
Financial liabilities - DBSA	18	1 919 728	1 738 010
Operating lease liability	8	46 620	57 445
Employee benefit obligation	19	3 427 491	3 768 000
Provisions	20	12 014 775	11 092 334
		93 400 666	75 951 002
Non-Current Liabilities			
Financial liabilities - DBSA	18	2 450 514	4 370 245
Employee benefit obligation	19	65 229 744	64 358 000
Provisions	20	60 330 172	54 276 702
		128 010 430	123 004 947
Total Liabilities		221 411 096	198 955 949
Net Assets		1 269 330 128	1 244 177 818
Accumulated surplus		1 269 330 128	1 244 177 818
Total Net Assets		1 269 330 128	1 244 177 818

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	166 321 134	154 494 270
Rendering of services		430 870	407 750
Rental of facilities and equipment		796 315	667 429
Interest received - Trade and other receivables		5 657 234	4 739 159
Licences and permits		3 267 204	2 981 737
Housing debtor income		1 444 801	1 845 940
Other income	23	4 473 608	4 780 265
Interest received - investment	24	4 278 823	2 942 458
Total revenue from exchange transactions		186 669 989	172 859 008
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	134 328 925	124 995 920
Licences and Permits - Non-exchange		1 211 988	984 234
Environmental levies		5 021 013	5 012 373
Interest received - Non-exchange receivables		2 976 991	1 726 274
Transfer revenue			
Government grants & subsidies	26	208 894 930	278 854 003
Public contributions and donations	27	6 435 634	1 715 421
Fines, Penalties and Forfeits		675 422	371 854
Total revenue from non-exchange transactions		359 544 903	413 660 079
Total revenue	21	546 214 892	586 519 087
Expenditure			
Employee related costs	28	(164 361 413)	(163 348 705)
Remuneration of councillors	29	(7 812 605)	(7 547 525)
Depreciation and amortisation	30	(47 494 773)	(45 530 909)
Finance costs	31	(6 696 803)	(6 354 014)
Lease rentals on operating lease		(5 379 494)	(2 165 147)
Debt Impairment	32	(47 323 184)	(42 420 180)
Alternative Energy Programmes		(5 594 743)	(2 425 709)
Bulk purchases	33	(81 666 463)	(65 594 016)
Contracted services	34	(77 353 013)	(74 949 450)
Transfers and Subsidies		(3 349 996)	(3 309 889)
General Expenses	35	(61 881 916)	(59 370 849)
Total expenditure		(508 914 403)	(473 016 393)
Operating surplus		37 300 489	113 502 694
Loss on disposal of assets and liabilities		(3 665 364)	-
Fair value adjustments	36	(837 645)	(2 298 210)
Impairment loss	37	(7 645 161)	(146 094)
		(12 148 170)	(2 444 304)
Surplus for the year		25 152 319	111 058 390

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported		1 118 573 583	1 118 573 583
Adjustments			
Correction of errors	43	14 545 845	14 545 845
Balance at 01 July 2020 as restated*		1 133 119 428	1 133 119 428
Changes in net assets			
Surplus for the year		111 058 390	111 058 390
Total changes		111 058 390	111 058 390
Restated* Balance at 01 July 2021		1 244 177 809	1 244 177 809
Changes in net assets			
Surplus for the year		25 152 319	25 152 319
Total changes		25 152 319	25 152 319
Balance at 30 June 2022		1 269 330 128	1 269 330 128
Note(s)			

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Rates and services		271 618 656	241 675 139
Government Grants and Subsidies		234 727 441	288 149 613
Interest income		10 046 383	8 057 879
Other receipts		6 593 831	6 998 058
		<u>522 986 311</u>	<u>544 880 689</u>
Payments			
Employee costs		(172 174 018)	(170 896 230)
Suppliers		(229 102 441)	(188 359 549)
Finance costs		(6 696 803)	(6 354 014)
Grants and subsidies		(3 349 995)	(3 309 889)
		<u>(411 323 257)</u>	<u>(368 919 682)</u>
Net cash flows from operating activities	39	<u>111 663 054</u>	<u>175 961 007</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(110 277 061)	(127 627 085)
Proceeds from sale of property, plant and equipment	10	1 060 157	-
Net cash flows from investing activities		<u>(109 216 904)</u>	<u>(127 627 085)</u>
Cash flows from financing activities			
Repayment of financial liabilities - dbsa		(1 738 013)	(1 995 121)
Net cash flows from financing activities		<u>(1 738 013)</u>	<u>(1 995 121)</u>
Net increase/(decrease) in cash and cash equivalents		708 137	46 338 801
Cash and cash equivalents at the beginning of the year		77 077 363	30 738 562
Cash and cash equivalents at the end of the year	7	<u>77 785 500</u>	<u>77 077 363</u>

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	181 067 277	(22 345 412)	158 721 865	166 321 134	7 599 269	53.1
Rendering of services	402 359	-	402 359	430 870	28 511	53.2
Rental of facilities and equipment	205 176	728 729	933 905	796 315	(137 590)	53.3
Interest received	5 758 630	-	5 758 630	5 657 234	(101 396)	53.4
Licences and permits	11 889 840	-	11 889 840	3 267 204	(8 622 636)	53.5
Housing debtor income	579 432	(1 127 583)	(548 151)	1 444 801	1 992 952	53.6
Other income	3 738 173	-	3 738 173	4 473 608	735 435	53.7
Interest received - investment	3 588 108	-	3 588 108	4 278 823	690 715	53.8
Total revenue from exchange transactions	207 228 995	(22 744 266)	184 484 729	186 669 989	2 185 260	

Revenue from non-exchange transactions

Taxation revenue

Property rates	138 921 071	-	138 921 071	134 328 925	(4 592 146)	53.9
Licences and Permits (Non-exchange)	2 100 838	(282 702)	1 818 136	1 211 988	(606 148)	53.10
Environmental levies	1 342 820	1 106 239	2 449 059	5 021 013	2 571 954	53.11
Interest received - non-exchange receivables	3 201 008	-	3 201 008	2 976 991	(224 017)	53.12

Transfer revenue

Government grants & subsidies	179 888 968	71 458 564	251 347 532	208 894 930	(42 452 602)	53.13
Public contributions and donations	-	435 697	435 697	6 435 634	5 999 937	53.14
Fines, Penalties and Forfeits	74 244	873 278	947 522	675 422	(272 100)	53.15
Total revenue from non-exchange transactions	325 528 949	73 591 076	399 120 025	359 544 903	(39 575 122)	
Total revenue	532 757 944	50 846 810	583 604 754	546 214 892	(37 389 862)	

Expenditure

Personnel	(169 555 333)	(823 843)	(170 379 176)	(164 361 413)	6 017 763	53.16
Remuneration of councillors	(7 555 401)	(57 000)	(7 612 401)	(7 812 605)	(200 204)	53.17
Depreciation and amortisation	(38 422 920)	-	(38 422 920)	(47 494 773)	(9 071 853)	53.18
Impairment loss	-	-	-	(7 645 161)	(7 645 161)	53.19
Finance costs	(599 546)	(732)	(600 278)	(6 696 803)	(6 096 525)	53.20
Lease rentals on operating lease	(2 685 152)	(3 310 230)	(5 995 382)	(5 379 494)	615 888	53.21
Debt Impairment	(25 000 002)	-	(25 000 002)	(47 323 184)	(22 323 182)	53.22
Alternative Energy Programmes	(4 000 000)	1 949 867	(2 050 133)	(5 594 743)	(3 544 610)	53.23
Bulk purchases	(64 882 843)	4 045 000	(60 837 843)	(81 666 463)	(20 828 620)	53.24
Contracted Services	(73 319 227)	799 723	(72 519 504)	(77 353 013)	(4 833 509)	53.25
Transfers and Subsidies	(2 935 000)	(606 400)	(3 541 400)	(3 349 996)	191 404	53.26
General Expenses	(62 256 838)	(5 219 127)	(67 475 965)	(61 881 916)	5 594 049	53.27
Total expenditure	(451 212 262)	(3 222 742)	(454 435 004)	(516 559 564)	(62 124 560)	
Operating surplus	81 545 682	47 624 068	129 169 750	29 655 328	(99 514 422)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on disposal of assets and liabilities	-	-	-	(3 665 364)	(3 665 364)	53.28
Fair value adjustments	-	-	-	(837 645)	(837 645)	53.29
	-	-	-	(4 503 009)	(4 503 009)	
Surplus before taxation	81 545 682	47 624 068	129 169 750	25 152 319	(104 017 431)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	81 545 682	47 624 068	129 169 750	25 152 319	(104 017 431)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	2 300 362	467 654	2 768 016	1 146 323	(1 621 693)	53.30
Operating lease asset	217 109	-	217 109	7 960	(209 149)	53.31
Receivables from non-exchange transactions	44 192 587	1 850 118	46 042 705	21 191 062	(24 851 643)	53.32
Receivables from exchange transactions	34 703 580	(20 752 985)	13 950 595	28 365 756	14 415 161	53.32
VAT receivable	(6 866 398)	-	(6 866 398)	7 176 066	14 042 464	53.33
Cash and cash equivalents	40 020 208	(20 715 209)	19 304 999	77 785 500	58 480 501	53.34
	114 567 448	(39 150 422)	75 417 026	135 672 667	60 255 641	

Non-Current Assets

Investment property	195 688 139	-	195 688 139	261 357 290	65 669 151	53.35
Property, plant and equipment	991 494 332	91 898 019	1 083 392 351	1 093 521 752	10 129 401	53.36
Intangible assets	551 371	(556 729)	(5 358)	146 537	151 895	53.37
Heritage assets	16	-	16	16	-	53.38
Other financial assets	49 246	-	49 246	42 962	(6 284)	53.39
	1 187 783 104	91 341 290	1 279 124 394	1 355 068 557	75 944 163	

Total Assets

1 302 350 552 52 190 868 1 354 541 420 1 490 741 224 136 199 804

Liabilities

Current Liabilities

Consumer deposits	2 212 163	-	2 212 163	2 537 867	325 704	53.40
Payables from exchange transactions	55 300 287	(786 298)	54 513 989	56 777 482	2 263 493	53.41
Unspent conditional grants and receipts	450 307	4 225 515	4 675 822	16 676 702	12 000 880	53.42
Financial liabilities - DBSA	(1 738 010)	-	(1 738 010)	1 919 728	3 657 738	53.43
Operating lease liability	98 938	-	98 938	46 620	(52 318)	53.44
Employee benefit obligation	5 326 535	-	5 326 535	3 427 491	(1 899 044)	53.45
Provisions	13 377 481	-	13 377 481	12 014 775	(1 362 706)	53.46
	75 027 701	3 439 217	78 466 918	93 400 665	14 933 747	

Non-Current Liabilities

Financial liabilities - DBSA	6 108 256	-	6 108 256	2 450 514	(3 657 742)	53.47
Employee benefit obligation	53 990 691	-	53 990 691	65 229 744	11 239 053	53.48
Provisions	39 207 384	-	39 207 384	60 330 172	21 122 788	53.49
	99 306 331	-	99 306 331	128 010 430	28 704 099	

Total Liabilities

174 334 032 3 439 217 177 773 249 221 411 095 43 637 846

Net Assets

1 128 016 520 48 751 651 1 176 768 171 1 269 330 129 92 561 958

Net Assets

Accumulated surplus	1 128 016 520	48 751 651	1 176 768 171	1 269 330 129	92 561 958	53.50

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Rates and services	263 765 000	(2 228 000)	261 537 000	267 362 404	5 825 404	53.51
Government Grants and subsidies	179 461 000	75 684 000	255 145 000	219 099 179	(36 045 821)	53.52
Other receipts	23 408 000	1 210 000	24 618 000	19 506 879	(5 111 121)	53.53
	466 634 000	74 666 000	541 300 000	505 968 462	(35 331 538)	

Payments

Supplier and Employee costs	(385 259 000)	(2 985 000)	(388 244 000)	(385 524 647)	2 719 353	53.54
Finance costs	(600 000)	-	(600 000)	(6 696 803)	(6 096 803)	53.55
Grants and subsidies paid	(2 935 000)	(616 000)	(3 551 000)	(3 349 995)	201 005	53.56
	(388 794 000)	(3 601 000)	(392 395 000)	(395 571 445)	(3 176 445)	

Net cash flows from operating activities

77 840 000 71 065 000 148 905 000 110 397 017 (38 507 983)

Cash flows from investing activities

Purchase of property, plant and equipment	(78 368 000)	(92 216 000)	(170 584 000)	(109 011 024)	61 572 976	53.57
Proceeds from sale of property, plant and equipment	-	-	-	1 060 157	1 060 157	53.58
Decrease in non-current investments	67 000	-	67 000	-	(67 000)	53.59

Net cash flows from investing activities

(78 301 000) (92 216 000) (170 517 000) (107 950 867) 62 566 133

Cash flows from financing activities

Repayment of financial liabilities - DBSA	(1 738 000)	-	(1 738 000)	(1 738 013)	(13)	53.60

Net cash flows from financing activities

(1 738 000) - (1 738 000) (1 738 013) (13)

Net increase/(decrease) in cash and cash equivalents

(2 199 000) (21 151 000) (23 350 000) 708 137 24 058 137

Cash and cash equivalents at the beginning of the year

42 268 000 6 496 000 48 764 000 77 077 363 28 313 363 53.61

Cash and cash equivalents at the end of the year

40 069 000 (14 655 000) 25 414 000 77 785 500 52 371 500

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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. All amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that these assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow -

The municipality considers the nature of the agreements entered into between itself and other entities. 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).

Should it render a service on behalf of another entity or vice versa, it will trigger the need to the related disclosure in terms of GRAP 109.

The municipality has identified that it acts as an agent for the collection of motor vehicle licence fees on behalf of the department of Transport.

Additional information is disclosed in Note 52.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

1.6 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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	50 Years
Plant and machinery	Straight-line	5 - 15 Years
Motor vehicles	Straight-line	5 - 15 Years
Office equipment	Straight-line	5 - 15 Years
IT equipment	Straight-line	5 - 15 Years
Community	Straight-line	10 - 30 Years
Electricity Network	Straight-line	15 - 80 Years
Roads	Straight-line	15 - 80 Years
Wastewater Network	Straight-line	15 - 60 Years
Water Network	Straight-line	15 -100 Years

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.7 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.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.7 Intangible assets (continued)

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.

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 -15 Years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

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.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.9 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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.9 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents
Other financial assets

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

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

Payables from exchange transactions
DBSA Loans

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 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.

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.

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.10 Statutory receivables (continued)

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:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

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.

1.11 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

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

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 weighted average cost 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.

1.13 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.13 Leases (continued)

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.13 Leases (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.13 Leases (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 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.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

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.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 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

1.15 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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.15 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.15 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.16 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.

Provisions are not recognised for future operating surplus (deficit).

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.17 Revenue from exchange transactions (continued)

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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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 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.

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.18 Employee benefits (continued)

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.

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.18 Employee benefits (continued)

Measurement

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

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

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.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.18 Employee benefits (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.21 Accounting by principals and agents (continued)

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Comparative figures

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

1.23 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 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.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.25 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.26 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.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.28 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 venturers).

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

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

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

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.28 Related parties (continued)

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.

1.29 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.

1.30 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of the financial period the municipality determined commitments in respect of capital expenditure in terms of GRAP 17 that has been approved and contracted for.

1.31 Material Losses (Water and Electricity)

Water and electricity losses are required to be disclosed as part of the material loss disclosure of the MFMA Section 125. Losses are calculated on the following basis -

Nr of units of lost supply, being the difference between what was supplied and what has been sold at the per unit tariff rate.

The unit tariff rate, in the case of electricity being the lower rate of Kwh as charged per council and the case of water the lowest rate per KI (incl VAT).

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	The impact of the is not material.

2.2 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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Guideline: Guideline on Accounting for Landfill Sites - GRAP 25 (as revised): Employee Benefits - iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction - Guideline: Guideline on the Application of Materiality to Financial Statements - GRAP 104 (as revised): Financial Instruments - iGRAP 21: The Effect of Past Decisions on Materiality - GRAP 2020: Improvements to the standards of GRAP 2020 - GRAP 1 (amended): Presentation of Financial Statements	01 April 2099 01 April 2099 01 April 2099 01 April 2099 01 April 2025 01 April 2023 01 April 2023 01 April 2023	- Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact - Unlikely there will be a material impact

3. Inventories

Water for distribution	75 960	57 366
Stores, materials and fuels	1 070 363	1 045 874
	1 146 323	1 103 240

Inventories recognised as an expense during the year 5 186 850 8 156 047

No Inventories were written down to net realisable value.

Game is held for recreational purposes in the form of viewing of game at the reserves by the public. These animals are held for the enjoyment of the public and not for resale. It is not the intention of the municipality to trade in wildlife and as such these animals have not been recognised as Biological assets or non-living resources.

4. Receivables from non-exchange transactions

Consumer debtors - Rates	61 629 311	56 795 421
Environmental Levies	7 948 124	6 830 649
Schedule 6B - RBIG receivable	-	10 204 248
Deposits	85 500	85 500
Housing Sundry	125 061	125 061
Recoverable legal expenses	326 494	326 494
Provision for doubtful debts - Environmental Levies	(7 180 783)	(6 976 795)
Provision for doubtful debts - Consumer debtors - Rates	(41 742 645)	(39 389 350)
	21 191 062	28 001 228

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Receivables from non-exchange transactions (continued)		
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtors - Rates	61 629 311	56 795 421
Environmental Levies	7 948 124	6 830 649
Provision for doubtful debts - Receivables from Non-Exchange transactions	(48 923 428)	(46 366 145)
	20 654 007	17 259 925
Financial asset receivables included in receivables from non-exchange transactions above	537 055	10 741 303
Total receivables from non-exchange transactions	21 191 062	28 001 228

Statutory receivables general information

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2022, R 7 470 243 (2021: R 8 970 151) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Factors the entity considered in assessing statutory receivables past due but not impaired

The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rata'd per non-exchange and exchange portions of each debtors' account. Lastly, this is accumulated to produce the provision for impairment as raised at year end. Refer to the municipal policy for full details.

Statutory receivables impaired

As of 30 June 2022, Statutory receivables of R 48 923 428 (2021: R 46 366 145) were impaired and provided for.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(45 564 128)	(44 730 441)
Provision for impairment	(7 018 278)	(4 674 375)
Amounts written off as uncollectible	3 658 978	3 068 671
	(48 923 428)	(46 336 145)

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2022, R 537 055 (2021: R 537 055) were past due but not impaired.

5. Receivables from exchange transactions

Gross balances

Electricity	28 366 992	19 751 205
Water	53 450 487	44 757 711
Waste water	20 690 373	18 058 336
Refuse	25 986 608	22 207 586
Prepaid Electricity Sales - Vendors	1 401 744	426 191
Housing rental	1 071 928	1 449 828
Service charges and other	15 519 131	13 409 577
	146 487 263	120 060 434

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Provision for Doubtful debts - Electricity	(16 749 379)	(10 496 976)
Provision for Doubtful debts - Water	(44 411 925)	(37 885 877)
Provision for Doubtful debts - Waste water	(18 390 779)	(16 164 831)
Provision for Doubtful debts - Refuse	(23 400 389)	(20 056 537)
Provision for Doubtful debts - Housing rental	(1 017 931)	(1 388 685)
Provision for Doubtful debts - Service charges and other	(14 151 104)	(12 206 862)
	(118 121 507)	(98 199 768)
Net balance		
Electricity	11 617 613	9 254 229
Water	9 038 562	6 871 834
Waste water	2 299 594	1 893 505
Refuse	2 586 219	2 151 049
Prepaid electricity sales - Vendors	1 401 744	426 191
Housing rental	53 997	61 143
Service charges and other	1 368 027	1 202 715
	28 365 756	21 860 666
Electricity		
Current (0 -30 days)	8 141 034	6 440 373
31 - 60 days	2 469 517	1 548 990
61 - 90 days	1 560 448	820 695
91 - 120 days	1 307 874	555 416
121 - 365 days	6 335 439	3 125 185
> 365 days	8 552 680	7 260 546
	28 366 992	19 751 205
Water		
Current (0 -30 days)	7 386 104	5 729 427
31 - 60 days	2 014 022	1 619 732
61 - 90 days	1 776 902	1 620 186
91 - 120 days	1 810 630	1 467 954
121 - 365 days	7 935 662	9 191 720
> 365 days	32 527 167	25 128 692
	53 450 487	44 757 711
Waste water		
Current (0 -30 days)	1 426 517	1 396 998
31 - 60 days	735 252	741 133
61 - 90 days	604 475	619 482
91 - 120 days	583 379	587 205
121 - 365 days	3 170 300	3 735 984
> 365 days	14 170 450	10 977 534
	20 690 373	18 058 336

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	1 678 456	1 641 674
31 - 60 days	886 265	869 956
61 - 90 days	715 238	702 765
91 - 120 days	645 002	644 672
121 - 365 days	3 695 647	3 951 746
> 365 days	18 366 000	14 396 773
	25 986 608	22 207 586
Prepaid electricity sales - Vendors		
Current (0 -30 days)	1 401 744	426 191
Housing rental		
Current (0 -30 days)	72 426	63 048
31 - 60 days	36 752	52 804
61 - 90 days	35 661	34 732
91 - 120 days	34 988	33 973
121 - 365 days	147 885	174 883
> 365 days	744 216	1 090 388
	1 071 928	1 449 828
Service charges and other		
Current (0 -30 days)	1 362 454	368 185
31 - 60 days	238 020	259 105
61 - 90 days	214 662	253 101
91 - 120 days	212 841	253 645
121 - 365 days	1 444 172	1 522 784
> 365 days	12 046 982	10 752 757
	15 519 131	13 409 577
Reconciliation of allowance for impairment		
Balance at beginning of the year	(98 199 767)	(83 388 948)
Contributions to allowance	(46 768 590)	(42 328 277)
Debt impairment written off against allowance	26 846 850	27 517 457
	(118 121 507)	(98 199 768)

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2022, R 6 405 340 (2021: R 7 536 598) were past due but not impaired.

Consumer debtors impairment process

The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rata'ed per non-exchange and exchange portions of each debtors' account. Lastly, this is accumulated to produce the provision for impairment as raised at year end. This process is similar to the process undertaken for the provision of doubtful debts as documented under note 4. Refer to the municipal policy for full details.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. VAT receivable

VAT	7 176 066	13 947 742

VAT receivable represents the Net amount of refunds outstanding along with the yet to be claimed Input VAT on accruals and yet to be declared Output VAT on outstanding Accounts receivable. This is as a result of the differences between the cash basis of declarations to SARS and the Accrual basis of accounting for the GRAP annual financial statements.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 111	5 111
Bank balances	6 027 941	9 864 837
Short-term deposits	71 752 448	67 207 415
	77 785 500	77 077 363

Ndlambe Municipality also holds four bank accounts with the New Republic Bank Limited. These accounts related to bank investments made by Port Alfred TLC. New Republic Bank Limited went into liquidation in 1999. These accounts do not show any withdrawable funds/balances and are not active on bank confirmation searches. The liquidation process is however ongoing and during the prior year distributions have been made in accordance with the liquidation process as disclosed in note 23.

Cash and cash equivalents pledged as collateral

Total financial assets ceded to DBSA	1 300 000	1 300 000
There is a cession recorded against the account (FNB-71078484865) to this value.		
Refer to note regarding DBSA loans.		
Total financial assets pledged as guarantee to ESKOM	11 403 720	1 024 929
There is a guarantee recorded against the FNB bank accounts in favour of ESKOM.		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
	5 684 152	9 864 837	9 109 621	6 027 941	9 864 837	8 791 767
FIRST NATIONAL BANK	3 119 050	6 923 549	7 890 189	3 462 839	6 923 549	7 588 268
General Account-Current						
FIRST NATIONAL BANK	106 172	715 338	51 883	106 172	715 338	51 883
Current Account-Housing						
FIRST NATIONAL BANK	2 458 930	2 225 950	1 167 549	2 458 930	2 225 950	1 151 616
Current Account - Revolving						
	34 854 052	38 840 559	13 703 949	34 854 052	38 840 559	13 703 949
FIRST NATIONAL BANK	18 096 193	32 576 527	7 439 917	18 096 193	32 576 527	7 439 917
CRR Call Accounts						
FIRST NATIONAL BANK	3 139 220	3 124 438	3 124 438	3 139 220	3 124 438	3 124 438
Fixed Deposit Account DBSA						
FIRST NATIONAL BANK	3 154 458	3 139 594	3 139 594	3 154 458	3 139 594	3 139 594
Call Account - Eskom						
FIRST NATIONAL BANK	10 464 181	-	-	10 464 181	-	-
Call Account - Eskom						
Guarantee						
	20 883 266	14 694 740	3 548 656	20 883 266	14 694 740	3 548 656
STANDARD BANK	213 606	200 897	188 944	213 606	200 897	188 944
Notice Bank - Alex						
STANDARD BANK	-	778 610	-	-	778 610	-
Call Account - FMG 003						
STANDARD BANK	-	-	-	-	-	-
Call Account - Ndlambe waste						
managment 006						
STANDARD BANK	-	-	-	-	-	-
Call Account - LED Kapriver 007						
STANDARD BANK	1 979 540	483 647	483 687	1 979 540	483 647	483 687
Call Account - Fire Officer 008						
STANDARD BANK	1 278 940	603 935	694 445	1 278 940	603 935	694 445
Upgrade road 009						
STANDARD BANK	1 332 068	1 289 307	-	1 332 068	1 289 307	-
Upgrade Bathurst Bulkwater						
supply 010						
STANDARD BANK	287 602	937 711	6 409	287 602	937 711	6 409
Bathursts Water 011						
STANDARD BANK	-	-	8 060	-	-	8 060
PMU 012						
STANDARD BANK	3 370	-	-	3 370	-	-
INEG 014						
STANDARD BANK	-	-	129 389	-	-	129 389
Upgrade Roads 015						
STANDARD BANK	-	-	-	-	-	-
LED Mobile 016						
STANDARD BANK	-	-	2 037 722	-	-	2 037 722
Equitable Share Councillors 017						
STANDARD BANK	-	-	-	-	-	-
Revolving Account 018						
STANDARD BANK	-	5 847	-	-	5 847	-
EPWP 019						

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022			2021		
7. Cash and cash equivalents (continued)						
STANDARD BANK	-	-	-	-	-	-
DEDEA West Beach 020						
STANDARD BANK	-	-	-	-	-	-
Drought Relief 021						
STANDARD BANK	1 291 321	266 013	-	1 291 321	266 013	-
MIG Upgrade Sewer 022						
STANDARD BANK	1 040 431	722 526	-	1 040 431	722 526	-
Water Service Infrastructure 023						
STANDARD BANK	3 453 435	4 020 813	-	3 453 435	4 020 813	-
Drought Relief 024						
STANDARD BANK	1 372 403	1 373 927	-	1 372 403	1 373 927	-
EC Sports 025						
STANDARD BANK	8 031 237	4 011 507	-	8 031 237	4 011 507	-
Ndlambe Building Acc's 026						
STANDARD BANK	-	-	-	-	-	-
COGTA Retention 027						
STANDARD BANK	396 403	-	-	396 403	-	-
OTP 028						
STANDARD BANK	135 105	-	-	135 105	-	-
Wentzel Park 029						
STANDARD BANK	67 805	-	-	67 805	-	-
Wentzel Park Rentention						
	4 634 858	2 404 770	4 334 005	4 634 858	2 404 770	4 334 005
INVESTEC BANK	-	-	-	-	-	-
Call Account - Disaster 501						
INVESTEC BANK	-	-	16 215	-	-	16 215
Call Account - FMG 502						
INVESTEC BANK	-	-	400 241	-	-	400 241
Call Account - FMG 503						
INVESTEC BANK	-	-	-	-	-	-
Call Account - LED Essential Oil 504						
INVESTEC BANK	-	-	1 916	-	-	1 916
Call account -Chicory 506						
INVESTEC BANK	-	-	-	-	-	-
Call Account - Cacadu IDP 510						
INVESTEC BANK	-	-	902 019	-	-	902 019
Call Account-EC Sports 511						
INVESTEC BANK	699 940	464 730	223 017	699 940	464 730	223 017
Call Account -LG Seta 512						
INVESTEC BANK	-	-	30 136	-	-	30 136
EPWP 514						
INVESTEC BANK	-	-	-	-	-	-
Call Account - EC Loc Gov LED Section Assist 515						
INVESTEC BANK	-	-	647 864	-	-	647 864
Equitable share Councillors 516						
INVESTEC BANK	2 118 096	1 835 922	1 808 562	2 118 096	1 835 922	1 808 562
Call Account-PrepwaterMete523						
INVESTEC BANK	-	-	-	-	-	-
Call Account-LED Initia 524						
INVESTEC BANK Call	1 816 822	104 118	104 140	1 816 822	104 118	104 140
Account-Retention 526						
INVESTEC BANK	-	-	129 151	-	-	129 151
Call Account-DME 509						
INVESTEC BANK	-	-	35 723	-	-	35 723
Call Account-Disaster relief 529						

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022			2021		
7. Cash and cash equivalents (continued)						
INVESTEC BANK	-	-	35 021	-	-	35 021
Call Acc-MIG Water Ret. 530						
	11 380 270	11 267 347	464 888	11 380 270	11 267 347	464 888
ABSA BANK	407 021	-	383	407 021	-	383
Call Account - PMU 0075						
ABSA BANK	5	-	(771 383)	5	-	(771 383)
Call Account - Roads 0651						
ABSA BANK	-	-	1 120 028	-	-	1 120 028
Call Account - Sportsfield 1801						
ABSA BANK	-	-	1 015	-	-	1 015
Call Account - Sewer Projects 2132						
ABSA BANK	-	-	114 845	-	-	114 845
Call Account - Waterworks 2417						
ABSA BANK	2 731 566	1 575 136	-	2 731 566	1 575 136	-
Call Account - Councillors Equitable Share 3669						
ABSA BANK	885 501	-	-	885 501	-	-
Call Account - Revolving 9340						
ABSA BANK	7 718	9 692 211	-	7 718	9 692 211	-
Call Account -Additional Equitable share - Covid19 9798						
ABSA BANK	5 341 062	-	-	5 341 062	-	-
Call Account -071						
ABSA BANK	2 007 397	-	-	2 007 397	-	-
Call Account -637						
Total	77 436 598	77 072 253	31 161 119	77 780 387	77 072 253	30 843 265

8. Operating lease asset (liability)

Current assets	7 960	128 191
Current liabilities	(46 620)	(57 445)
	(38 660)	70 746

Operating lease liabilities result from operating leases where the municipality is the lessee and have straight lined the rental expenditure over the period of the lease in accordance with GRAP 13.

Operating lease assets result from operating leases where the municipality is the lessor and have straight lined the rental income over the period of the lease in accordance with GRAP 13. Refer to note 40 for disclosure in terms of GRAP 13 future minimum cashflows.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	264 385 513	(3 028 223)	261 357 290	268 061 991	(7 942 007)	260 119 984

Reconciliation of investment property - 2022

	Opening balance	Additions	Disposals/Dere cognitions	Depreciation	Total
Land	233 814 087	4 913 937	(2 500 040)	-	236 227 984
Buildings	26 305 897	-	-	(1 176 591)	25 129 306
	260 119 984	4 913 937	(2 500 040)	(1 176 591)	261 357 290

Reconciliation of investment property - 2021

	Opening balance	Depreciation	Total
Land	233 814 087	-	233 814 087
Investment property	27 482 335	(1 176 438)	26 305 897
	261 296 422	(1 176 438)	260 119 984

Pledged as security

No Investment Property has been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	82 260 691	-	82 260 691	82 260 691	-	82 260 691
Buildings	146 492 454	(39 098 660)	107 393 794	131 085 353	(31 391 072)	99 694 281
Plant and machinery	9 686 044	(7 227 455)	2 458 589	9 413 480	(6 680 135)	2 733 345
Motor vehicles	48 473 109	(27 993 614)	20 479 495	40 217 977	(24 824 355)	15 393 622
Office equipment	10 018 517	(7 859 559)	2 158 958	9 903 588	(7 359 926)	2 543 662
IT equipment	7 016 646	(4 592 009)	2 424 637	6 753 659	(4 487 062)	2 266 597
Electrical Network	158 541 559	(52 635 542)	105 906 017	145 478 276	(50 908 254)	94 570 022
Work in progress	115 366 362	-	115 366 362	172 261 259	-	172 261 259
Roads	470 243 144	(159 023 894)	311 219 250	463 296 171	(145 261 955)	318 034 216
Wastewater network	189 357 411	(52 827 540)	136 529 871	184 012 467	(45 818 157)	138 194 310
Water network	331 001 405	(123 677 317)	207 324 088	222 524 530	(109 896 813)	112 627 717
Total	1 568 457 342	(474 935 590)	1 093 521 752	1 467 207 451	(426 627 729)	1 040 579 722

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	82 260 691	-	-	-	-	-	82 260 691
Buildings	99 694 281	56 629	(6 609)	15 410 578	(4 378 581)	(3 382 504)	107 393 794
Plant and machinery	2 733 345	315 187	(8 201)	-	(526 856)	(54 886)	2 458 589
Motor vehicles	15 393 622	8 915 414	(28 785)	-	(3 620 835)	(179 921)	20 479 495
Office equipment	2 543 662	335 898	(26 962)	-	(658 879)	(34 761)	2 158 958
IT equipment	2 266 597	793 089	(52 753)	-	(544 127)	(38 169)	2 424 637
Electrical Network	94 570 022	681 401	(723 142)	16 233 288	(3 495 001)	(1 360 551)	105 906 017
Work in progress	172 261 259	97 541 584	-	(154 436 481)	-	-	115 366 362
Roads	318 034 216	-	(229 285)	7 418 377	(14 010 947)	6 889	311 219 250
Wastewater network	138 194 310	19 234	(1 132 680)	7 249 951	(5 709 331)	(2 091 613)	136 529 871
Water network	112 627 717	352 588	-	108 124 287	(13 270 858)	(509 646)	207 324 088
	1 040 579 722	109 011 024	(2 208 417)	-	(46 215 415)	(7 645 162)	1 093 521 752

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	82 260 691	-	-	-	-	-	82 260 691
Buildings	103 096 895	515 804	-	-	(3 918 418)	-	99 694 281
Plant and machinery	3 237 661	232 023	-	-	(736 339)	-	2 733 345
Motor vehicles	15 897 209	2 995 196	-	-	(3 498 783)	-	15 393 622
Office equipment	2 722 846	664 640	-	-	(843 824)	-	2 543 662
IT equipment	1 908 402	920 402	-	-	(562 207)	-	2 266 597
Electrical Network	98 995 085	-	-	-	(4 425 063)	-	94 570 022
Work in progress	57 952 131	118 467 156	(3 879 601)	(132 333)	-	(146 094)	172 261 259
Roads	325 522 273	2 642 100	3 879 601	-	(14 009 758)	-	318 034 216
Wastewater network	140 936 659	2 387 995	-	-	(5 130 344)	-	138 194 310
Water network	120 249 857	3 468 471	-	-	(11 090 611)	-	112 627 717
	952 779 709	132 293 787	-	(132 333)	(44 215 347)	(146 094)	1 040 579 722

Property, plant and equipment in the process of being constructed or developed

Reconciliation of Work-in-Progress 2022

	Included within Buildings	Included within Roads	Included within Water Network	Included within Sewerage Network	Included Electrical Network	Total
Opening balance	13 072 277	-	141 555 953	17 633 029	-	172 261 259
Additions/capital expenditure	2 448 301	7 418 377	47 697 395	23 744 220	16 233 288	97 541 581
Transferred to completed assets	(15 410 578)	(7 418 377)	(108 124 287)	(7 249 951)	(16 233 288)	(154 436 481)
	110 000	-	81 129 061	34 127 298	-	115 366 359

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Included within Buildings	Included within Roads	Included within Water Network	Included within Sewerage Network	Total
Opening balance	3 333 816	3 879 601	49 504 792	1 233 922	57 952 131
Additions/capital expenditure	9 884 555	-	92 051 161	16 531 440	118 467 156
Impairment	(146 094)	-	-	-	(146 094)
Other changes, movements	-	-	-	(132 333)	(132 333)
Transferred to completed items	-	(3 879 601)	-	-	(3 879 601)
	13 072 277	-	141 555 953	17 633 029	172 261 259

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	17 846 541	16 089 111

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 894 604	(2 748 067)	146 537	3 402 629	(3 136 260)	266 369

Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software, other	266 369	(17 065)	(102 767)	146 537

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	381 197	24 296	(139 124)	266 369

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

12. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	16	-	16	16	-	16

Reconciliation of heritage assets 2022

	Opening balance	Total
Conservation areas	16	16

Reconciliation of heritage assets 2021

	Opening balance	Total
Conservation areas	16	16

Age and/or condition of heritage assets

The following information relating to age and/or condition of heritage assets is provided for better appreciation:
Heritage assets all are of considerable age as they mostly relate to remains of old infrastructure, such as the pier, mooring posts and parts of ship wrecks. These have ages between 60 - 150 years.

Restrictions on heritage assets

The heritage assets, disclosed below have restrictions in terms of their disposal due to the fact that they are registered with the National Heritage Council and therefore cannot and will not be disposed of in the course of operations of the municipality.

Carrying value of heritage assets with restrictions:

Conservation areas	16	16
Disposal restrictions due to registration at National Heritage Council.		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

13. Other financial assets

Designated at fair value

Listed shares	42 962	49 246
Old Mutual shares held at fair value determined at the quoted market value.		

Non-current assets

Designated at fair value	42 962	49 246

14. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	28 365 756	28 365 756
Receivables from non-exchange transactions	-	21 191 062	21 191 062
Cash and cash equivalents	-	77 785 500	77 785 500
Other financial assets	42 962	-	42 962
	42 962	127 342 318	127 385 280

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	56 777 483	56 777 483
Financial liabilities - DBSA	4 370 242	4 370 242
	61 147 725	61 147 725

2021

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	21 860 666	21 860 666
Receivables from non-exchange transactions	-	28 001 228	28 001 228
Cash and cash equivalents	-	77 077 363	77 077 363
Other financial assets	49 246	-	49 246
	49 246	126 939 257	126 988 503

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	55 864 133	55 864 133
Financial liabilities - DBSA	6 108 255	6 108 255
	61 972 388	61 972 388

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
15. Consumer deposits		
Electricity	1 745 871	1 709 771
Water	757 674	646 147
Housing rental	34 322	26 723
	2 537 867	2 382 641
16. Payables from exchange transactions		
Trade payables	12 424 555	9 280 925
Payments received in advanced	7 876 656	6 486 978
Accrued leave pay	9 071 296	8 447 596
Accrued bonus	3 783 531	3 724 897
Accrued expense	10 961 364	5 159 019
Unidentified Direct Deposits	5 195 350	7 611 956
Retention monies	6 530 281	12 717 443
Overtime accrual	686 995	678 525
Human Settlements	106 172	715 337
Advanced Receipts - Land sales proceeds	141 283	1 041 457
	56 777 483	55 864 133
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
MIG	-	-
INEP	-	-
COGTA - Disaster Grant	7 848 524	-
EC Sports, Arts and Culture	1 131 249	1 044 562
EPWP	34	145
FMG	-	2 013
Water Services Infrastructure Grant	5 723 522	1 719
SBDM: Public Safety	1 973 373	-
	16 676 702	1 048 439
Movement during the year		
Balance at the beginning of the year	1 048 439	1 041 458
Additions during the year	87 409 373	57 838 000
Income recognition during the year	(71 781 110)	(57 831 019)
	16 676 702	1 048 439

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
18. Other financial liabilities		
At amortised cost		
DBSA Loan 101161/2	2 646 727	3 280 760
20 Years @ 10.89%		
DBSA Loan 102557/1	1 723 515	2 827 495
15 Years @ 8.81%		
	4 370 242	6 108 255
Total other financial liabilities	4 370 242	6 108 255
Non-current liabilities		
At amortised cost	2 450 514	4 370 245
Current liabilities		
At amortised cost	1 919 728	1 738 010
19. Employee benefit obligations		
Defined benefit plan		
Post retirement medical aid plan		
The amounts recognised in the statement of financial position are as follows:		
Carrying value of defined benefit obligation-wholly unfunded		
Present value of the defined benefit obligation-wholly unfunded	(59 973 000)	(52 499 290)
Benefits paid during the year	2 480 081	2 676 070
Current service costs	(2 862 000)	(2 490 020)
Interest Costs	(5 891 000)	(5 543 332)
Actuarial Gain/(Loss)	6 615 645	(2 116 428)
	(59 630 274)	(59 973 000)
Non-current liabilities	(57 375 604)	(57 442 000)
Current liabilities	(2 254 670)	(2 531 000)
	(59 630 274)	(59 973 000)
The fair value of plan assets includes:		
Net expense recognised in the statement of financial performance		
Current service cost	2 862 000	2 490 020
Interest cost	5 891 000	5 543 332
Actuarial (gains) losses	(6 615 645)	2 116 428
Benefits paid during the year	(2 480 081)	(2 676 070)
	(342 726)	7 473 710

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,25 %	10,03 %
General earnings inflation rate (long term)	6,20 %	4,71 %
Health cost inflation rate (health cost trend)	8,77 %	6,78 %
Net discount rate	3,20 %	3,04 %
Average retirement age (Years)	62	62

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on Interest Costs - movement in health care inflation	8 253 089	6 272 052
Effect on Service Costs - movement in health care inflation	4 099 184	2 843 908

Amounts for the current and previous four years are as follows:

	2022	2021	2020	2019	2018
Defined benefit obligation	(59 630 274)	(59 973 000)	(52 499 290)	(59 171 458)	(62 299 488)

Long Service Awards

Ndlambe Municipality offers long service bonus awards to active employees, the amount of which is dependent on the annual salary of the individual employee. Councillors are not eligible for this benefit and were not taken into account. The award comprises of a percentage of their annual salaries as well as additional leave days to employees at the end of the specified time period.

The amounts recognised in the statement of financial position are as follows:

Carrying value of the defined benefit obligation-wholly unfunded

Present value of the defined benefit obligation-wholly unfunded	(8 153 000)	(6 817 936)
Benefits paid during the year	475 475	340 886
Current service costs	(964 000)	(764 911)
Interest Costs	(678 000)	(501 104)
Actuarial Gain/(Loss)	292 564	(409 935)
	(9 026 961)	(8 153 000)
Non-current liabilities	(7 854 140)	(6 916 000)
Current liabilities	(1 172 821)	(1 237 000)
	(9 026 961)	(8 153 000)

The fair value of plan assets includes:

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
19. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	964 000	764 911
Interest cost	678 000	501 104
Actuarial (gains) losses	(292 564)	409 935
Benefits paid during the year	(475 475)	(340 886)
	873 961	1 335 064

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,02 %	8,98 %
General earnings inflation rate (long term)	7,65 %	5,74 %
Net discount rate	2,20 %	3,07 %
Average retirement age (Years)	62	62

Other assumptions

Assumed inflation & discount trends have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed discount rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on Long service Award - discount rate	9 545 793	8 550 919
Effect on Interest Costs - discount rate	897 730	798 044
Effect on Service Costs - discount rate	1 008 584	893 055

Amounts for the current and previous four years are as follows:

	2022	2021	2020	2019	2018
Defined benefit obligation	(9 026 961)	(8 153 000)	(6 817 936)	(6 980 880)	(6 278 398)

Summary of Employee benefit obligations

The Employee benefit obligations disclosed above can be summarised as follows:

Current Liabilities - Employee benefit obligations

Post retirement medical aid plan	2 254 670	2 531 000
Long service awards	1 172 821	1 237 000
	3 427 491	3 768 000

Non-Current Liabilities - Employee benefit obligations

Post retirement medical aid plan	57 375 604	57 442 000
Long Service Awards	7 854 140	6 916 000
	65 229 744	64 358 000

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

20. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Fair Value Adjustments	Interest costs/Unwindin g of Interest	Total
Environmental rehabilitation	65 369 036	831 361	6 144 550	72 344 947

Reconciliation of provisions - 2021

	Opening Balance	Fair Value Adjustments	Interest costs/Unwindin g of Interest	Total
Environmental rehabilitation	57 588 778	2 180 642	5 599 616	65 369 036
Non-current liabilities			60 330 172	54 276 702
Current liabilities			12 014 775	11 092 334
			72 344 947	65 369 036

Ndlambe Municipality operates 5 landfill sites which by law will have to be permitted and closed in accordance with the "Minimum Requirements" and in accordance with the Environment Conservation Act. (Act no.73 of 1989) Closure will involve, inter alia, the application of final cover, topsoiling, vegetating, drainage maintenance and leachate management. This requirement does not extend over transfer stations which have been operated as transfer stations.

Closure of the landfill sites are dependant on a number of external factors, such as amongst others, waste minimisation and population changes. Previously there has been a court order to affect the closure of the Bushmens' landfill site, thereby directly affecting the provision estimation as the closure is now projected within the timeframes set out by the court ruling.

The site assessments and provision calculation was conducted by Zutari (Pty) Ltd.

21. Revenue

Burial services	430 870	407 750
Service charges	166 321 134	154 494 270
Rental of facilities and equipment	796 315	667 429
Interest received - trade and other receivables	5 657 234	4 739 159
Licences and Permits (Exchange transactions)	3 267 204	2 981 737
Housing debtor income	1 444 801	1 845 940
Licences and Permits (Non-exchange)	1 211 988	984 234
Other income	4 473 608	4 780 265
Interest received - investment	4 278 823	2 942 458
Property rates	134 328 925	124 995 920
Environmental levies	5 021 013	5 012 373
Interest, Dividends and Rent on Land	2 976 991	1 726 274
Government grants & subsidies	208 894 930	278 854 003
Public contributions and donations	6 435 634	1 715 421
Fines, Penalties and Forfeits	675 422	371 854
	546 214 892	586 519 087

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

21. Service concession arrangements (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	166 321 134	154 494 270
Burial services	430 870	407 750
Rental of facilities and equipment	796 315	667 429
Interest received - trade and other receivables	5 657 234	4 739 159
Licences and permits	3 267 204	2 981 737
Housing debtor income	1 444 801	1 845 940
Other income	4 473 608	4 780 265
Interest received - investment	4 278 823	2 942 458
	186 669 989	172 859 008

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	134 328 925	124 995 920
Licences or permits	1 211 988	984 234
Environmental levies	5 021 013	5 012 373
Interest, Dividends and Rent on Land	2 976 991	1 726 274

Transfer revenue

Government grants & subsidies	208 894 930	278 854 003
Public contributions and donations	6 435 634	1 715 421
Fines, Penalties and Forfeits	675 422	371 854
	359 544 903	413 660 079

22. Service charges

Sale of electricity	84 727 310	69 913 935
Sale of water	49 073 128	52 115 029
Solid waste	17 770 738	17 719 414
Sewerage and sanitation charges	14 749 958	14 745 892
	166 321 134	154 494 270

23. Other income

Building plan fees	2 679 556	2 391 433
Encroachments	2 407	2 428
Commission on Insurance	214 256	-
Insurance refunds	626 094	-
Refund received - SALA	-	1 319 734
Subdivisions	115 914	69 110
Sundry income	650 623	634 410
Town planning income	72 130	125 188
Camping fees	112 628	156 324
Funds collected - New Republic Bank	-	81 638
	4 473 608	4 780 265

Funds collected - New Republic Bank relates to monies received from the sequestration and liquidation process undertaken by the administrators. The bank accounts were fully impaired previously and these monies represent recoveries from this process.

24. Investment revenue

Interest revenue

Bank	4 278 823	2 942 458

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

25. Property rates

Rates received

Property rates	134 328 925	124 995 920

Valuations

All	14 251 553 212	14 154 174 842

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
26. Government grants & subsidies		
Operating grants		
Unconditional: Equitable share	103 139 000	99 534 000
Unconditional: Equitable share: Cllrs & Ward Contribution	4 443 000	4 267 000
Unconditional: Equitable share: Covid-19	-	16 419 000
Unconditional: LG SETA Grants	316 953	241 094
Unconditional: SBDM Grant Revenue	1 207 838	1 550 000
Finance Management Grant	2 652 013	2 809 038
SBDM: Fire Officers	-	482 104
Municipal Infrastructure Grant	1 433 150	1 345 955
Library Grant (DSRAC)	2 592 578	2 253 561
	115 784 532	128 901 752
Capital grants		
Unconditional: OTP Grant	16 297 914	27 272 691
Conditional: Regional Bulk Infrastructure Grant (RBIG)	8 516 427	52 246 199
Unconditional: Department of Co-operative Governance and Traditional Affairs	-	19 493 000
Unconditional: Department of Water and Sanitation	3 192 688	-
Water Services Infrastructure Grant (Capital)	14 278 197	14 998 280
Department of Co-operative Governance and Traditional Affairs - Disaster Grant	7 380 476	-
Municipal Infrastructure Grant (Capital)	27 229 850	34 741 045
Expanded Public Works Prog Grant (EPWP) (Capital)	1 144 111	1 201 036
Library Grant (DSRAC) (Capital)	70 735	-
INEP (Capital)	15 000 000	-
	93 110 398	149 952 251
	208 894 930	278 854 003
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	106 130 049	119 372 828
Unconditional grants received	128 597 393	168 776 785
	234 727 442	288 149 613
MIG		
Current-year receipts	28 663 000	36 087 000
Conditions met - transferred to revenue	(28 663 000)	(36 087 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
INEP		
Current-year receipts	15 000 000	-
Conditions met - transferred to revenue	(15 000 000)	-
	-	-
Conditions still to be met - remain liabilities (see note 17).		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

26. Remuneration of councillors (continued)

Department of Co-operative Governance and Traditional Affairs - Disaster Grant

Current-year receipts	15 229 000	-
Conditions met - transferred to revenue	(7 380 476)	-
	7 848 524	-

Conditions still to be met - remain liabilities (see note 17).

EC Sports/Arts and Culture

Balance unspent at beginning of year	1 044 562	548 123
Current-year receipts	2 750 000	2 750 000
Conditions met - transferred to revenue	(2 663 313)	(2 253 561)
	1 131 249	1 044 562

Conditions still to be met - remain liabilities (see note 17).

EPWP: Public Works

Balance unspent at beginning of year	145	180
Current-year receipts	1 144 000	1 201 000
Conditions met - transferred to revenue	(1 144 111)	(1 201 035)
	34	145

Conditions still to be met - remain liabilities (see note 17).

FMG

Balance unspent at beginning of year	2 013	11 051
Current-year receipts	2 650 000	2 800 000
Conditions met - transferred to revenue	(2 652 013)	(2 809 038)
	-	2 013

Conditions still to be met - remain liabilities (see note 17).

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	(10 204 249)	(19 492 878)
Current-year receipts	18 720 676	61 534 828
Conditions met - transferred to revenue	(8 516 427)	(52 246 199)
	-	(10 204 249)

Conditions met - amount outstanding - refer to Receivables from non-exchange transactions (see note 4).

Note - the balance in 2020 and 2021 above does not represent unspent conditional grant, but rather amounts receivable due to conditions of the grant which were met prior to funds being received.

Water Services Infrastructure Grant

Balance unspent at beginning of year	1 719	-
Current-year receipts	20 000 000	15 000 000
Conditions met - transferred to revenue	(14 278 197)	(14 998 281)
	5 723 522	1 719

Conditions still to be met - remain liabilities (see note 17).

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

26. Remuneration of councillors (continued)

SBDM: Public Safety

Current-year receipts	1 973 373	-

Conditions still to be met - remain liabilities (see note 17).

27. Public contributions and donations

Sarah Baartman District Municipality - cash	1 026 000	1 200 000
University of Potsdam(Germany)	110 000	-
SALGA	385 697	-
South African Library for the Blind	-	166 921
Sarah Baartman District Municipality - Vehicles	-	348 500
Investment property transfers received	4 913 937	-
	6 435 634	1 715 421

Sarah Baartman District Municipality donated the following funds during the current financial year -

Cash donation towards anniversary celebration at Emzini Bathurst:	R 100 000
Cash donation towards the renovation of Krantz Port Alfred:	R 200 000
Cash donation towards Sarel Hayward Dam Pumpstation Line:	R 726 000

Potsdam University - Germany donated the following funds during the current financial year -

Cash donation towards Multi Purpose Community Centre :	R 110 000

SALGA donated the following funds during the current financial year -

Cash donation towards acquisition of rainwater tanks:	R 325 697
Computer equipment to the value of :	R 60 000

Investment property transfers received-

Investment property in the form of land was transferred to the municipality during the current year, these properties were fair valued R4 913 937

Sarah Baartman District Municipality donated the following funds during the previous financial year -

Cash donation towards the acquisition of a Vacuum tanker:	R 500 000
Cash donation towards the acquisition of a Water tanker:	R 400 000
Cash donation towards SMME support:	R 300 000
Vehicles to the value of:	R 348 500

The South African Library for the Blind donated the following assets during the previous financial year -

IT Equipment to the value of:	R 103 493
Office equipment to the value of:	R 39 132
Specialised computer software - Intangible assets to the value of:	R 24 296

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
28. Employee related costs		
Basic	90 528 810	89 102 888
Bonus	7 452 533	7 510 552
Allowances	3 946 583	4 784 373
Post-employment benefits	24 101 058	25 618 957
Medical aid - company contributions	12 141 982	11 869 118
UIF	989 208	889 709
Leave pay provision charge	783 986	574 125
Overtime payments	10 871 383	9 986 684
Long-service awards	70 057	-
Car allowance	4 108 202	3 687 020
Housing benefits and allowances	597 383	607 078
Group insurance	252 333	249 384
Industrial levy	69 341	77 613
	155 912 859	154 957 501
Remuneration of municipal manager		
Annual Remuneration	1 449 604	1 239 082
Backpay	21 901	61 050
Car Allowance	193 529	180 569
Performance Bonuses	113 075	-
Contributions to UIF, Medical and Pension Funds	135 646	270 864
Telephone allowance	17 084	15 940
13th Cheque	111 931	106 235
Leave Pay	96 576	94 302
	2 139 346	1 968 042
Remuneration of chief finance officer		
Annual Remuneration	989 952	932 950
Backpay	16 867	48 872
Acting Allowance	66 225	-
Car Allowance	197 944	184 688
Contributions to UIF, Medical and Pension Funds	232 426	222 428
Telephone allowance	26 709	24 625
13th Cheque	81 350	78 244
Leave pay	57 803	97 584
	1 669 276	1 589 391
Remuneration of director Infrastructural Development		
Annual Remuneration	806 098	919 309
Backpay	13 663	49 135
Car Allowance	186 947	209 313
Performance Bonuses	90 083	-
Contributions to UIF, Medical and Pension Funds	186 531	207 292
Telephone allowance	32 991	36 938
13th Cheque	72 799	70 720
Leave Pay	45 475	65 101
	1 434 587	1 557 808

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
28. Employee related costs (continued)		
Remuneration of director Corporate Services		
Annual Remuneration	1 060 390	993 859
Backpay	15 433	49 000
Acting Allowance	34 145	69 925
Car Allowance	158 355	147 750
Performance Bonuses	90 112	70 706
Contributions to UIF, Medical and Pension Funds	217 142	207 073
Telephone allowance	13 196	12 313
13th Cheque	86 647	83 626
Leave pay	56 914	76 981
	1 732 334	1 711 233
Remuneration of director Community Protection Services		
Annual Remuneration	822 805	934 128
Backpay	15 641	48 872
Car Allowance	164 953	184 688
Performance Bonus	90 039	-
Contributions to UIF, Medical and Pension Funds	194 031	221 912
Telephone allowance	21 994	24 625
13th Cheque	101 686	78 366
Leave pay	61 862	72 139
	1 473 011	1 564 730
Reconciliation of employee costs		
Employee costs - ex S57 managers	155 912 859	154 957 501
Remuneration of municipal manager	2 139 346	1 968 042
Remuneration of chief financial officer	1 669 276	1 589 391
Remuneration of director Infrastructural Development	1 434 587	1 557 808
Remuneration of director Corporate Services	1 732 334	1 711 233
Remuneration of director Community Protection Services	1 473 011	1 564 730
	164 361 413	163 348 705
29. Remuneration of councillors		
Executive Major	917 563	894 911
Speaker	752 773	723 436
Executive Members	1 251 058	1 192 524
Councillors	4 891 211	4 736 654
	7 812 605	7 547 525
In-kind benefits		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.		
30. Depreciation and amortisation		
Property, plant and equipment	46 215 415	44 215 347
Investment property	1 176 591	1 176 438
Intangible assets	102 767	139 124
	47 494 773	45 530 909

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
31. Finance costs		
Non-current borrowings	551 522	754 398
Trade and other payables	732	-
Landfill Rehabilitaion - Interest Cost	6 144 549	5 599 616
	6 696 803	6 354 014
32. Debt impairment		
Electricity	6 460 716	1 198 617
Water	21 759 422	23 226 348
Refuse	5 040 625	5 495 078
Waste Water	5 251 453	5 928 742
Service charges	526 701	2 111 426
Housing debtors	(108 197)	(61 071)
Rates	5 386 613	2 718 441
Environmental levies	3 005 851	1 802 599
	47 323 184	42 420 180
33. Bulk purchases		
Electricity - Eskom	64 075 241	50 646 614
Water	17 591 222	14 947 402
	81 666 463	65 594 016
34. Contracted services		
Outsourced Services	12 646 831	9 039 172
Consultants and Professional Services	21 892 797	38 994 778
Contractors	42 813 385	26 915 500
	77 353 013	74 949 450

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
35. General expenses		
Advertising	738 844	865 230
Auditors remuneration	4 653 265	4 329 517
Bank charges	906 510	865 843
Commission paid	1 963 380	1 939 596
Delivery expenses	5 518	3 257
Electricity	8 430 179	11 612 514
Entertainment	54 894	-
Fines and penalties	4 800	16 300
Fuel and oil	8 986 192	5 031 521
Hire	6 292 631	7 846 135
IT expenses	5 656 927	4 752 486
Insurance	2 411 219	2 246 212
Levies	1 423 741	1 265 117
Other expenses	2 824 963	2 830 202
Other materials	10 498 340	9 427 031
Postage and courier	772 265	929 531
Printing and stationery	81 859	65 250
Protective clothing	749 955	1 472 303
Subscriptions and membership fees	1 771 865	1 591 160
Telephone and fax	1 841 983	1 402 739
Title deed search fees	36 701	60 464
Transport and Freight	254 427	-
Travel - local	1 521 458	818 441
	61 881 916	59 370 849
36. Fair value adjustments		
Other financial assets		
• Old Mutual shares	(6 284)	-
• FV Adjustment of Landfill rehabilitation provision	(831 361)	(2 180 642)
• Write-down of Water & Game Inventory	-	(117 568)
	(837 645)	(2 298 210)
37. Impairment of assets		
Impairments		
Property, plant and equipment	7 645 161	146 094
38. Auditors' remuneration		
Fees	4 653 265	4 329 517

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
39. Cash generated from operations		
Surplus	25 152 319	111 058 390
Adjustments for:		
Depreciation and amortisation	47 494 773	45 530 909
Gain on sale of assets and liabilities	3 665 364	-
Fair value adjustments	837 645	2 298 210
Impairment deficit	7 645 161	146 094
Debt impairment	47 323 184	42 420 180
Movements in operating lease assets and accruals	109 406	47 425
Movements in retirement benefit assets and liabilities	531 235	3 804 862
Movements in provisions	6 138 266	10 485 960
Other non-cash items - Donated assets	(4 913 937)	(515 421)
Asset movement	-	132 333
Changes in working capital:		
Inventories	(43 083)	194 376
Receivables from exchange transactions	(45 435 810)	(37 788 804)
Receivables from non-exchange transactions	(1 582 298)	4 914 745
Other financial assets	6 284	-
Payables from exchange transactions	2 179 380	2 094 581
VAT	6 771 676	(9 060 743)
Unspent conditional grants and receipts	15 628 263	6 981
Consumer deposits	155 226	190 929
	111 663 054	175 961 007

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	35 627 108	57 952 779

Total capital commitments

Already contracted for but not provided for	35 627 108	57 952 779

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	596 457	648 021
- in second to fifth year inclusive	477 696	313 935
	1 074 153	961 956

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are escalated by a fixed percentage on an annual basis. No contingent rent is payable.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
40. Commitments (continued)		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	22 827	310 231
- in second to fifth year inclusive	26 720	44 120
- later than five years	2 080	7 508
	51 627	361 859

Certain of the municipality's properties are held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 20 years. There are no contingent rents receivable.

41. Contingencies

Campbell and Shelton vs Ndlambe LM- The claimant has instituted proceedings to suspend all approvals for building development on wetland area in Port Alfred. The financial effect of this cannot be determined.

KOSRA, Bushmans Kariega Estuary Care Management Forum & Natures Landing Homeowners Association vs Ndlambe LM - Legal proceedings have been instituted against the municipality regarding the state of the landfill site at Bushmans River Mouth and to put measures in place to rectify the state of the landfill. The financial effect of this cannot be estimated as the financial claim has not been made.

Agri EC vs Ndlambe Municipality & others - Agri EC has taken Ndlambe Municipality to court to force the municipality to apply its by-laws. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

McNamara and others vs Ndlambe municipality - McNamara and others have taken Ndlambe Municipality to court to enforce the municipality to ensure that wetland fencing have been erected, as was removed by another party. The matter is in ongoing, but a financial claim has not been made, the financial effect cannot therefore be estimated.

V. Long vs Ndlambe Municipality & others - Legal proceedings were instituted by V. Long to force Ndlambe Municipality to set aside a decision on a guesthouse approval. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

Agri EC & Others vs Ndlambe Municipality - Agri EC has taken Ndlambe Municipality to court in relation to the legality of abstraction water, which Ndlambe Municipality procures from a company. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

Litigation is in the process against the municipality relating to various matters above. The total estimated potential liability to the municipality at 30 June 2022 & 30 June 2021 cannot be determined reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

42. Related parties

Relationships

Accounting Officer

Close family member of key management

Refer to accounting officers' report note

MG Ncamiso (husband of Mayor Ncamiso)

Sole shareholder of Nakhe Security and Cleaning Solutions

50% Shareholder of Genkorald General Trading

XM Ncamiso (son of Mayor Ncamiso)

50% Shareholder of Genkorald General Trading

X Masiza (husband of Ndlambe Director

Infrastructure)

Director of Lisolomzi Prestige Security

1. Members of Council

Full names and remuneration details provided below

2. Section 57 managers

Remuneration details provided in note 29

Members of key management as defined in GRAP 20

Related party balances

The amounts are unsecured and no security has been given.

Related party transactions

Capital expenditure from related parties - Property, plant and Equipment

Genkorald General Trading (Pty) Ltd - arm's length	250 334	624 515

Purchases from related parties - Security services

Nakhe Security and cleaning (Pty) Ltd - arm's length	210 000	707 500

Lisolomzi Prestige Security (Pty) Ltd	542 960	-

Purchases from related parties - Building maintenance

Genkorald General Trading (Pty) Ltd - arm's length	24 782	-

Nakhe Security and cleaning (Pty) Ltd - arm's length	-	21 674

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

42. Related parties (continued)

Remuneration of management

Management class: Council

2022

Name	Allowance	Backpay	Transport	Telephone	Medical Aid	Pension	Other benefits received	Total
Mayor - KC Ncamiso	404 746	15 205	130 643	28 127	12 960	43 328	5 000	640 009
Ex- Mayor - S Dyakala	195 623	-	58 861	12 673	2 880	7 516	-	277 553
Speaker - L Marasi	327 722	14 491	53 689	26 273	11 520	49 158	-	482 853
Ex-Speaker - NV Maphaphu	194 060	7 352	29 687	14 527	5 760	13 534	5 000	269 920
Executive member - NF Memani	170 571	6 058	50 343	26 273	-	9 787	-	263 032
Executive member - S Venene	170 818	8 966	50 343	26 273	1 440	8 066	-	265 906
Executive member - S Dyakala	81 910	10 787	26 060	13 600	5 760	6 143	-	144 260
Ex-Executive member - A Nyumka	80 612	-	24 283	12 673	2 880	3 041	-	123 489
Ex-Executive member - T Mazana	99 127	3 845	27 837	14 527	-	-	7 000	152 336
Ex- Executive member - N Xhasa	92 772	3 395	27 522	14 527	-	6 483	7 000	151 699
Ex-Executive member - LR Schenk	99 127	3 845	27 837	14 527	-	-	5 000	150 336
Chief Whip - S Kolosa	122 316	4 582	36 612	26 273	8 640	6 876	-	205 299
Ex-Chief Whip - AL Marasi	61 646	-	20 244	14 527	5 760	8 521	7 000	117 698
MPAC Chair - A Nyumka	61 334	5 400	18 952	13 600	5 760	4 600	-	109 646
Ex-MPAC Chair - TM Bunge	89 282	3 732	27 837	14 527	-	6 239	7 000	148 617
Councillor - A Bukani	132 793	4 582	36 612	26 272	5 003	-	-	205 262
Councillor - M Sweli	131 579	4 582	36 612	26 272	-	6 241	-	205 286
Councillor - HK Walker	124 872	4 582	36 612	26 272	7 200	5 738	-	205 276
Councillor - NE Haynes	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - P Khungwayo	131 579	4 582	36 612	26 272	-	6 241	-	205 286
Councillor - SI Melani	128 267	7 490	36 612	26 272	-	9 620	-	208 261
Councillor - S Zweni	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - MW Mgweba	132 793	4 582	36 612	26 272	-	5 003	-	205 262
Councillor - PY Kani	137 696	7 490	36 612	26 273	-	-	-	208 071
Councillor - ZW Myali	122 316	4 582	36 612	26 272	8 640	6 877	-	205 299
Councillor - WG Johannes	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - T Mbekela	120 326	7 490	36 612	26 272	8 525	9 024	-	208 249

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

42. Related parties (continued)

Councillor - X Runeli	137 696	7 490	36 612	26 272	-	-	-	208 070
Councillor - AW Diniso	50 116	1 246	13 396	9 612	-	-	-	74 370
Councillor - KC Ncamiso	14 172	-	3 791	2 720	-	-	-	20 683
Councillor - N Gamlashe	66 667	2 909	20 244	14 527	-	9 274	5 000	118 621
Councillor - CB James	65 542	2 909	20 244	14 527	5 760	4 553	5 000	118 535
Councillor - A Ngosha	75 765	2 909	20 244	14 527	-	-	5 000	118 445
Councillor - M Raco	70 908	2 909	20 244	14 527	-	4 956	5 000	118 544
Councillor - MW Yali	70 908	2 909	20 244	14 527	-	4 956	5 000	118 544
Councillor - M Mateti	66 667	2 909	20 244	14 527	-	9 275	5 000	118 622
Councillor - K Daweti	70 907	2 909	20 244	19 473	-	4 956	5 000	123 489
Councillor - PY Kani	75 765	-	20 244	14 527	-	-	5 000	115 536
Councillor - JP Guest	75 765	2 909	20 244	14 527	-	-	5 000	118 445
Councillor - S Venene	75 765	-	20 244	14 527	-	-	5 000	115 536
Councillor - T Mbekela	70 908	-	20 244	14 527	-	4 956	5 000	115 635
Councillor - X Runeli	70 845	-	20 244	14 527	-	4 952	7 000	117 568
Councillor - SI Melani	70 845	-	20 244	14 527	-	4 952	7 000	117 568
	4 956 219	183 374	1 367 065	820 593	98 488	274 866	112 000	7 812 605

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

42. Related parties (continued)

2021

Name	Allowance	Transport	Telephone	Medical aid	Pension	Total
Mayor - KC Ncamiso	562 893	189 504	40 800	17 280	84 434	894 911
Speaker - NV Maphaphu	541 377	83 376	40 800	17 280	40 603	723 436
Executive member - T Mazana	278 400	78 180	40 800	-	-	397 380
Executive member - N Xhasa	259 335	78 180	40 800	-	19 450	397 765
Executive member - LR Schenk	278 400	78 180	40 800	-	-	397 380
Chief Whip - AL Marasi	170 428	56 856	40 800	17 280	25 564	310 928
MPAC Chair - TM Bunge	249 577	78 180	40 800	-	18 718	387 275
Councillor - N Gamlashe	185 492	56 856	40 800	-	27 823	310 971
Councillor - CB James	182 119	56 856	40 800	17 280	13 659	310 714
Councillor - A Nqosha	212 787	56 856	40 800	-	-	310 443
Councillor - M Raco	198 215	56 856	40 800	-	14 867	310 738
Councillor - MW Yali	198 215	56 856	40 800	-	14 867	310 738
Councillor - M Mateti	185 492	56 856	40 800	-	27 823	310 971
Councillor - K Daweti	198 215	56 856	40 800	-	14 867	310 738
Councillor - PY Kani	212 787	56 856	40 800	-	-	310 443
Councillor - JP Guest	212 787	56 856	40 800	-	-	310 443
Councillor - S Venene	212 787	56 856	40 800	-	-	310 443
Councillor - T Mbekela	198 215	56 856	40 800	-	14 867	310 738
Councillor - X Runeli	198 027	56 856	40 800	-	14 852	310 535
Councillor - SI Melani	198 027	56 856	40 800	-	14 852	310 535
	4 933 575	1 381 584	816 000	69 120	347 246	7 547 525

Also refer to note "Remuneration of councillors" Note 28

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

43. Prior period errors & reclassification

The correction of the errors results in adjustments as follows:

2021 Closing balance / 2022 Opening balances:

Statement of Financial Position	Previously reported	Adjustment	As restated	Reference
Inventories	1 094 900	8 340	1 103 240	1
Receivables from Non-exchange Transactions	17 796 980	10 204 248	28 001 228	2
Receivables from Exchange Transactions	21 860 666	-	21 860 666	3
VAT Receivable	13 895 311	52 431	13 947 742	4
Property, Plant and Equipment	1 040 123 665	456 057	1 040 579 722	5
Payables from exchange transactions	(53 946 886)	(1 917 248)	(55 864 134)	6
Provisions - Current	(13 658 880)	2 566 546	(11 092 334)	7
Provisions - Non-current	(50 133 550)	(4 143 152)	(54 276 702)	8
Accumulated surplus	(1 236 950 596)	(7 227 222)	(1 244 177 818)	9
	(259 918 390)	-	(259 918 390)	-

Note that Renewable Energy Programme per the Statement of Financial Performance has been renamed to Alternative Energy Programme. This is a better representation of the nature of the expenditure.

1 - Inventories - Statement of Financial Position

Previously reported 2021 balance	1 094 900
Stock issued relating to 2021 in 2022	8 340
Restated 2021 Closing balance	1 103 240

2 - Receivables from Non-exchange Transactions - Statement of Financial Position

Previously reported 2021 balance	17 796 980
Schedule 6B - receivable recognised as balance of Grant owing not yet received	10 204 248
Effect of reversal of incorrectly applied indigent subsidy	772 016
Effect of reversal of incorrectly applied indigent subsidy - provision for doubtful debts	(772 016)
Restated 2021 Closing Balance	28 001 228

3 - Receivables from Exchange Transactions - Statement of Financial Position

Previously reported 2021 balance	21 860 666
Effect of reversal of incorrectly applied indigent subsidy	5 188 924
Effect of reversal of incorrectly applied indigent subsidy - provision for doubtful debts	(5 188 924)
Restated 2021 Closing Balance	21 860 666

4 - VAT Receivable - Statement of Financial Position

Previously reported 2021 balance	13 895 311
VAT on additional accruals raised	52 431
Restated 2021 Closing Balance	13 947 742

5 - Property, plant and equipment - Statement of Financial Position

Previously reported 2021 balance	1 040 123 665
Additional Accrual - WIP	101 332
Additional Accrual - IT Equipment	18 900
Recognition of Donation - SBDM - Vehicles	311 926
Depreciation on asset not previously depreciated - 2021	(32 982)
Correction of alignment of Fixed asset register	300 881
Derecognition of borehole drilling	(244 000)
Restated 2021 Closing Balance	1 040 579 722

The prior period split on the allocation of WIP as disclosed in note 10 was also restated in the current year comparative information. The correction was done between Water and Wastewater WIP.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
43. Prior period errors & reclassification (continued)		
6 - Payables from exchange transactions - Statement of Financial Position		
Previously reported 2021 balance	(53 946 886)	
Raise of additional Accruals 2021	(875 792)	
Amounts received in terms of Land sales not yet transferred	(1 041 457)	
Restated 2021 Closing Balance	(55 864 135)	
7 - Provisions - Current - Statement of Financial Position		
Previously reported 2021 balance	(13 658 880)	
Correction of current liability portion of provisions	2 566 546	
Restated 2021 Closing balance	(11 092 334)	
8 - Provisions - Non-Current - Statement of Financial Position		
Previously reported 2021 balance	(50 133 550)	
Correction of current liability portion of provisions	(2 566 546)	
Correction of opening balances - Provision	(5 003 912)	
Correction of Interest charge - finance costs	(1 787 213)	
Correction of Fair value adjustment	5 214 519	
Restated 2021 Closing balance	(54 276 702)	
The provision for landfill site was retrospectively restated due to the following reasons		
1) The values on which the estimate was based indicated an underestimate due to outdated figures from the 2021 calculation which was corrected retrospectively.		
2) The current experts indicated that transfer sites should not have been included historically and was thus removed retrospectively.		
9 - Accumulated Surplus - Statement of Financial Position		
Previously reported 2021 Opening balance	(1 118 573 583)	
Effect of opening balance corrections relating to -	(14 545 846)	
Correction of opening balances - Provisions	5 003 912	
Correction of alignment of Fixed asset register	(300 881)	
Derecognition of borehole drilling previously recognised as WIP	244 000	
Recognition of revenue in terms of GRAP 23 due to RBIG expenditure in Prior period	(19 492 877)	
RESTATED 2020/21 OPENING BALANCE	(1 133 119 429)	
	-	
RESTATED 2020/21 (Surplus)/Deficit	(111 058 380)	
Previously reported Surplus	(118 377 013)	
Net corrections as per 2020/21 Statement of Financial Performance (see below)	7 318 633	
	-	
RESTATED 2020/21 CLOSING BALANCE	(1 244 177 809)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

43. Prior period errors & reclassification (continued)

Statement of Financial Performance	2021 Comparative restatements			Reference
	Previously reported	Adjustment DT/(CT)	As restated	
REVENUE				
Revenue from exchange transactions - Service charges	149 607 704	(4 886 566)	154 494 270	i
Revenue from exchange transactions - Housing Debtor income	1 543 583	(302 357)	1 845 940	ii
Revenue from non-exchange - Rates	124 563 224	(432 696)	124 995 920	iii
Revenue from non-exchange - Environmental levies	4 673 053	(339 320)	5 012 373	iv
Revenue from non-exchange - Government Grants and Subsidies	288 142 632	9 288 629	278 854 003	v
Public contributions and donations	1 366 921	(348 500)	1 715 421	vi
EXPENDITURE				
Depreciation and Amortisation	(45 461 175)	69 734	(45 530 909)	vii
Debt Impairment	(36 459 241)	5 960 939	(42 420 180)	viii
Finance costs	(4 566 801)	1 787 213	(6 354 014)	ix
Bulk purchases	(65 590 380)	3 636	(65 594 016)	x
Contracted services	(74 268 733)	680 717	(74 949 450)	xi
General expenses	(59 360 593)	10 266	(59 370 849)	xii
Gain/(Loss) on Disposal	1 041 457	1 041 457	-	xiii
Fair value adjustments	(7 512 729)	(5 214 519)	(2 298 210)	xiv
	277 718 922	7 318 633	270 400 299	

i) Revenue from exchange transactions - Service Charges - Statement of Financial Performance

As previously reported	149 607 704
Effect of reversal of incorrectly applied indigent subsidy	4 886 566
	154 494 270

ii) Revenue from exchange transactions - Housing debtor income - Statement of Financial Performance

As previously reported	1 543 583
Effect of reversal of incorrectly applied indigent subsidy	302 357
	1 845 940

iii) Revenue from non-exchange transactions - Property Rates - Statement of Financial Performance

As previously reported	124 563 224
Effect of reversal of incorrectly applied indigent subsidy	432 696
	124 995 920

iv) Revenue from non-exchange transactions - Environmental levies - Statement of Financial Performance

As previously reported	4 673 053
Effect of reversal of incorrectly applied indigent subsidy	339 320
	5 012 373

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
43. Prior period errors & reclassification (continued)		
v) Revenue from non-exchange - Government Grants and Subsidies - Statement of Financial Performance		
As previously reported	288 142 632	
Correction of Schedule 6 RBIG amounts received during year relating to prior period	(9 288 629)	
	278 854 003	
vi) Public Contributions and Donations - Statement of Financial Performance		
As previously reported	1 366 921	
Recognition of additional Donations SBDM - Vehicles	348 500	
	1 715 421	
vii) Depreciation - Statement of Financial Performance		
As previously reported	(45 461 175)	
Additional Depreciation - assets recognised	(69 734)	
	(45 530 909)	
viii) Debt impairment - Statement of Financial Performance		
As previously reported	(36 459 241)	
Additional Impairment - Indigent revenue	(5 960 939)	
	(42 420 180)	
ix) Finance costs - Statement of Financial Performance		
As previously reported	(4 566 801)	
Additional finance costs associated with updated provision on landfill site	(1 787 213)	
	(6 354 014)	
x) Bulk purchases - Statement of Financial Performance		
As previously reported	(65 590 380)	
Additional Accruals raised 2021	(3 636)	
	(65 594 016)	
xi) Contracted Services - Statement of Financial Performance		
As previously reported	(74 268 733)	
Additional Accruals raised 2021	(680 717)	
	(74 949 450)	
xii) General Expenses - Statement of Financial Performance		
As previously reported	(59 360 593)	
Additional Accruals raised 2021	(18 595)	
Recognition of inventory consumed 2021	8 339	
	(59 370 849)	
xiii) Gain/(Loss) on disposal of assets and liabilities - Statement of Financial Performance		
As previously reported	1 041 457	
Amounts received in terms of Land sales not yet transferred	(1 041 457)	
	-	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
43. Prior period errors & reclassification (continued)		
xiv) Fair value adjustments - Statement of Financial Performance		
As previously reported		(7 512 729)
Reduced finance costs associated with updated provision on landfill site		5 214 519
		(2 298 210)

Agent and Principal disclosure - Note 54

The prior period agent and principal disclosure omitted the recognition of the agent principal arrangement with the Department of Human Settlements. This has not been disclosed along with the 2021 comparative information.

The following disclosures have been restated in the comparative figure:

Unauthorised expenditure - Note 44

Previous Disclosure

Opening balance - 2020/21	307 759 179
Add: Unauthorised Expenditure	33 203 257
Less: Condoned by council	<u>(237 308 708)</u>
	<u>103 653 728</u>

New disclosure

Opening balance - 2020/21	307 759 179
Add: Unauthorised Expenditure	37 440 406
Less: Condoned by council	<u>(237 308 708)</u>
	<u>107 890 877</u>

Cash flow statement

Cash flow from operating activities

	RESTATED	PREVIOUSLY DISCLOSED
Rates and services	241 675 139	240 041 988
Government Grants and Subsidies	288 149 613	288 142 632
Interest income	8 057 879	9 407 891
Suppliers	(188 359 549)	(186 540 592)
Other receipts	6 998 058	6 695 719
Finance costs	(6 354 014)	(4 566 801)
	350 167 126	353 180 837

Cash flow from investing activities

Purchase of property, plant and equipment	(127 627 085)	(131 682 252)
Proceeds from sale of property, plant and equipment	-	1 041 457
	(127 627 085)	(130 640 795)

44. Unauthorised expenditure

Opening balance as previously reported	107 890 877	307 759 179
Opening balance as restated	107 890 877	307 759 179
Add: Expenditure identified - current	75 498 188	-
Add: Expenditure identified - prior year	-	37 440 406
Less: Amount written off - current	(70 955 368)	(237 308 708)
Closing balance	112 433 697	107 890 877

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

44. Unauthorised expenditure (continued)

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	61 711 523	37 366 507
Cash	13 786 665	73 899
	75 498 188	37 440 406

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Manager	147 359	-
Finance: Budget and Treasury	-	12 962 052
Waste Management	4 339 389	5 111 214
Electricity	38 940 678	4 233 025
Water	23 843 786	3 034 941
Waste Water Management	3 203 640	4 998 265
Technical	246 777	2 067 589
Corporate Services	-	4 959 421
Finance - Supply Chain	-	73 899
Community and Social Services	4 776 559	-
	75 498 188	37 440 406

45. Fruitless and wasteful expenditure

Opening balance as previously reported	79 519	11 055 970
Opening balance as restated	79 519	11 055 970
Add: Expenditure identified - current	4 800	-
Add: Expenditure identified - prior year	-	60 601
Less: Amount written off - current	(11 808)	(11 037 052)
Closing balance	72 511	79 519

Fruitless and wasteful expenditure incurred in the current year was due to traffic fines on municipal vehicles and in the prior year was due to fines on municipal vehicles, late payments and payment to the account of an incorrect casual worker.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
46. Irregular expenditure		
Opening balance as previously reported	633 168 213	445 676 511
Opening balance as restated	633 168 213	445 676 511
Add: Irregular Expenditure - current	78 990 362	-
Add: Irregular Expenditure - prior year	-	187 491 702
Less: Amount written off - current	(410 315 366)	-
Closing balance	301 843 209	633 168 213
Incidents/cases identified in the current year include those listed below:		
	Disciplinary steps taken/criminal proceedings	
- Supply Chain Management Regulation and/or Policy Deviations	Items will be referred to MPAC for Investigation and the need for criminal proceedings to be determined.	78 990 362
-Lack of Supporting documentation	Goods and/or services were received in all instances and none of the payments were made in vain.	
- Deviations not in accordance with S36 of the SCM regulations		
		78 990 362
47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	1 727 228	1 583 112
Current year subscription / fee	1 886 963	1 727 176
Amount paid - current year	(1 756 176)	(1 583 060)
	1 858 015	1 727 228
Audit fees		
Opening balance	8 815	6 888
Current year subscription / fee	5 351 254	4 951 750
Amount paid - current year	(5 360 069)	(4 948 644)
Credit note	-	(1 179)
	-	8 815
PAYE and UIF		
Amount paid - current year	21 429 609	18 366 273
Pension and Medical Aid Deductions		
Amount paid - current year	28 815 561	28 373 462
VAT		
VAT receivable	7 176 066	13 947 742

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor - MW Mgweba	1 194	340	1 534
Councillor -TS Dyakala	2 072	1 763	3 835
Councillor - WG Johannes	4 147	144 869	149 016
Councillor - KC Ncamiso	8 484	2 526	11 010
	15 897	149 498	165 395

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor - JP Guest	3 185	1 029	4 214

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

S36(1)(a)(i) - Emergency	24 473 505	13 864 498
S36(1)(a)(ii) - Sole Supplier	1 058 039	1 541 891
S36(1)(a)(v) - Impractical / Impossible (other)	23 637 626	26 301 854
	49 169 170	41 708 243

48. Water and electricity losses

Material Losses

Water	14 075 376	17 358 336
Electricity	5 144 465	6 532 744
	19 219 841	23 891 080

Water Losses

In 2022 the water reticulation losses were 38.2% (2 650 127 kl supplied and 1 637 510 kl sold) (2021: 40% (2 852 685 kl supplied and 1 707 676 kl sold). In both years these losses are predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore apparent losses are realised due to metering inefficiencies, meter faults, unauthorised and unmetered consumption.

Electricity Losses

In 2022, the electricity losses were 8.8% (2021: 13.3%). Electricity purchased was 43 157 538 kWh and 39 346 823 kWh was sold (2021: 39 047 317 kWh purchased and 33 862 599 kWh sold). These losses are predominantly due to MV and LV losses in switchgear, overheadlines, obsolete aluminium lines, underground cables and transformers. Furthermore losses are attributed to metering and meter reading losses and losses due to tampering.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

49. Risk management

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.

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 assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Receivables from Non-Exchange Transactions	21 191 062	28 001 228
Receivables from Exchange Transactions	28 365 756	21 860 666
Cash and cash equivalents	77 785 500	77 077 363
Other financial assets	42 962	49 246

The municipality holds deposits of R 2 537 867 (2021: R 2 382 641) from consumer deposits. No guarantees of collateral was provided to third parties.

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.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates which means that the municipality is not exposed to interest rate risk, as any change in interest rates will not affect the repayment terms of the long term liabilities. During 2022 and 2021, the municipality has no borrowings at variable rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other payables		56 777 483	-	-	-	-
Financial liabilities - DBSA Loans	8,8% - 17%	2 289 549	1 660 947	1 032 354	-	-

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

49. Risk management (continued)

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

50. Going concern

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.

51. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of the four major trading services: Electricity (Energy Sources), Water (Water management), Waste Water (Waste Water management) and Refuse (Waste Management) services. The segments were organised around the type of service delivered and the consumers. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Geographical information

The municipality operates in the Ndlambe Municipal demarcation, which include the following main towns: Port Alfred, Kenton-on-Sea, Alexandria, Cannon-Rocks, Seafeld and Marselle. The information necessary to be able to report on segments on a geographical basis is not available and the municipality deems the costs necessary to develop that to be excessive and as such has disclosed the financial information on a geographical basis.

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

Electricity
Water
Sewerage and Sanitation
Solid Waste

Goods and/or services

Delivery of electrical services
Delivery of water services
Delivery of waste water services
Rendering of refuse removal

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Electricity	Water	Sewerage and sanitation	Solid Waste	Total
Revenue					
Revenue from non-exchange transactions	-	-	-	5 021 013	5 021 013
Revenue from exchange transactions	84 727 310	49 073 128	14 749 958	17 770 738	166 321 134
Interest received - trade and other receivables	841 037	1 633 212	837 804	1 273 680	4 585 733
Total segment revenue	85 568 347	50 706 340	15 587 762	24 065 431	175 927 880
Revenue from exchange transactions					15 763 117
Revenue from non-exchange transactions					354 523 890
Total revenue reconciling items					370 287 007
Entity's revenue					546 214 887
Expenditure					
Employee related costs	781 333	10 541 943	8 630 622	11 286 169	31 240 067
Depreciation and amortisation	18 316 410	6 496 266	1 950 038	44 165	26 806 879
Finance costs	-	551 522	-	6 144 549	6 696 071
Lease rentals	-	2 723 057	-	-	2 723 057
Debt impairment	6 460 716	21 759 422	8 257 304	5 040 625	41 518 067
Alternative energy programme	5 594 743	-	-	-	5 594 743
Bulk purchases	64 075 241	17 591 222	-	-	81 666 463
Contracted services	12 367 905	18 151 416	2 757 574	5 792 140	39 069 035
General Expenses	1 164 842	5 951 064	7 290 318	4 440 569	18 846 793
Fair value adjustments	-	-	-	831 361	831 361
Loss on disposal of assets	723 143	-	2 391 941	-	3 115 084
Impairment loss	1 825 197	141 034	2 305 247	-	4 271 478
Total segment expenditure	111 309 530	83 906 946	33 583 044	33 579 578	262 379 098
Total segmental surplus/(deficit)					(86 451 218)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	Electricity	Water	Sewerage and sanitation	Solid Waste	Total
51. Segment information (continued)					
Employee related costs					(133 121 349)
Remuneration of councillors					(7 812 606)
Depreciation					(20 687 895)
Lease rentals					(2 657 170)
Debt impairment					(5 805 119)
Contracted services					(38 283 978)
Transfers and Subsidies					(3 349 995)
General expenses					(43 035 110)
Gain on disposal of assets					(550 281)
Fair value adjustments					(6 284)
Impairment loss					(3 373 683)
Total revenue reconciling items					370 287 007
Entity's surplus (deficit) for the period					25 152 319
Assets					
Receivables from exchange transactions	13 019 357	9 038 562	2 299 594	2 586 219	26 943 732
Property, plant and equipment	105 906 017	207 324 088	136 529 871	-	449 759 976
Property, plant and equipment - WIP	-	81 129 061	34 127 298	-	115 256 359
Total segment assets	118 925 374	297 491 711	172 956 763	2 586 219	591 960 067
Property, plant and equipment					528 505 417
Other non-current assets					261 546 805
Current assets					108 728 935
Total assets as per Statement of financial Position					1 490 741 224
Current liabilities					(93 400 666)
Non-current liabilities					(128 010 430)
Total liabilities as per Statement of financial Position					(221 411 096)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

51. Segment information (continued)

2021

	Electricity	Water	Sewerage and sanitation	Solid waste	Total
Revenue					
Revenue from non-exchange transactions	-	-	-	5 012 373	5 012 373
Revenue from exchange transactions	69 913 935	52 115 029	14 745 893	17 719 414	154 494 271
Interest received - trade and other receivables	723 591	1 462 015	637 715	984 906	3 808 227
Total segment revenue	70 637 526	53 577 044	15 383 608	23 716 693	163 314 871
Revenue from exchange transactions					14 556 510
Revenue from Non-exchange transactions					408 647 707
Total revenue reconciling items					423 204 217
Entity's revenue					586 519 088
Expenditure					
Employee related costs	725 657	9 939 634	7 953 362	10 878 672	29 497 325
Depreciation and amortisation	4 425 063	11 090 611	5 130 344	-	20 646 018
Finance costs	-	715 614	36 187	5 599 616	6 351 417
Lease rentals	-	2 438	55 980	-	58 418
Debt impairment	1 198 617	23 226 348	7 731 341	5 495 078	37 651 384
Alternative energy	2 425 709	-	-	-	2 425 709
Bulk purchases	50 646 614	14 947 402	-	-	65 594 016
Contracted services	24 923 863	5 019 972	3 947 223	7 504 063	41 395 121
General expenses	2 616 115	4 880 602	7 748 465	4 504 366	19 749 548
Fair value adjustments	-	-	-	2 180 642	2 180 642
Total segment expenditure	86 961 638	69 822 621	32 602 902	36 162 437	225 549 598
Total segmental surplus/(deficit)					(62 234 727)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	Electricity	Water	Sewerage and sanitation	Solid waste	Total
51. Segment information (continued)					
Total revenue reconciling items					423 204 217
Employee related costs					(133 851 378)
Remuneration of councillors					(7 547 526)
Depreciation					(24 884 893)
Finance costs					(2 597)
Lease rentals					(2 106 728)
Debt impairment					(4 768 797)
Contracted services					(33 554 325)
Transfers and subsidies					(3 309 889)
General expenses					(39 621 305)
Fair value adjustments					(117 568)
Impairment loss					(146 094)
Entity's surplus (deficit) for the period					111 058 390
Assets					
Receivables from exchange transactions	9 680 420	6 871 834	1 893 505	2 151 049	20 596 808
Property, plant and equipment	94 570 022	112 627 717	138 194 310	-	345 392 049
Property, plant and equipment - WIP	-	141 555 953	17 633 029	-	159 188 982
Total segment assets	104 250 442	261 055 504	157 720 844	2 151 049	525 177 839
Property, plant and equipment					535 998 691
Other non-current assets					260 435 615
Current assets					121 521 622
Total assets as per Statement of financial Position					1 443 133 767
Current liabilities					(75 951 002)
Non-current liabilities					(123 004 947)
Total liabilities as per Statement of financial Position					(198 955 949)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

52. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is/are as follows:

The municipality acts as an agent for the Department of Transport whereby it administers the provisioning of motor vehicle licences and registrations as well as drivers' licences. It receives compensation for these services based on a binding arrangement with the department.

The entity is the principal. Refer to note 1.4 for significant judgements applied in making this assessment.

The municipality acts as a principal in binding arrangements with vendors who sell prepaid electricity. The vendors earn commission on the prepaid electricity sales based on agreements.

Furthermore, the municipality acts as an agent for the Department of Human Settlements whereby it oversees the construction of RDP houses on behalf of the department. There is no compensation for this agency service and hence no revenue recognised.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 3 267 204 (2021: R 2 981 737).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

Category 1 - MV Licences and registrations

Opening balance	197 733	200 773
Amount received on behalf of the principal	10 450 909	8 693 788
Amounts transferred to the principal	(7 381 438)	(5 715 091)
Amount recognised as revenue for services rendered	(3 267 204)	(2 981 737)
	-	197 733

Category 2 - Human Settlements

Opening balance	715 338	51 883
Amounts received - Human settlements	9 238 203	8 128 082
Amounts paid on behalf of Dept. Human Settlements on projects	(9 847 370)	(7 464 627)
	106 171	715 338

All categories

Opening balance	913 071	252 656
Amounts received on behalf of the principal	10 450 909	8 693 788
Amount transferred to the principal	(7 381 438)	(5 715 091)
Amount recognised as revenue for the services rendered	(3 267 204)	(2 981 737)
Amounts received - Human settlements	9 238 203	8 128 082
Amounts paid on behalf of Dept. Human Settlements on projects	(9 847 370)	(7 464 627)
	106 171	913 071

Entity as principal

Fee paid

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

52. Accounting by principals and agents (continued)

Fee paid as compensation to the agent	564 850	561 701

The fee paid relates to the commission paid to vendors for selling pre-paid electricity to the consumers on behalf of the municipality. The amount decreased in the current year due to a new contract being entered into with vending system service provider.

53. Budget differences

Material differences between budget and actual amounts

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

53. Budget differences (continued)

The variances are considered to be material for the GRAP 24 variance disclosure where it exceeds 10%. Below are details of the relevant material variances as per the Statement of Comparison of Budget and Actual:

STATEMENT OF FINANCIAL PERFORMANCE

53.1) Service Charges:

Immaterial variance between budget and actual. The budget adjustment relates to the provision made for reduced revenue on water due to the existing drought conditions.

53.2) Rendering of services: Immaterial variance

53.3) .Rental of facilities and equipment:

Variance is due to the straight-lining of the operating lease liability(lessee)

53.4) Interest received: Immaterial variance

53.5) Licences and Permits

The budgeting process relating to the forecast of licences and permits was flawed as there was an overestimate of the agency revenue and the figure budgeted for more closely relates to overall collections from motor vehicle licences and permits, rather than just the portion earned as municipal portion of the agency services. On the basis of overall collections the budget agrees to collections as disclosed in the agent principal note.

53.6) Housing debtor income

Variance is due to an overbudgeting on indigent debtors for housing rental.

53.7) Other income

The nature of other income is such that revenue from auxillary services is classified as Other income, such as building plan fees. The nature of these services, even based on past trends make it difficult to forecast and was even more complicated in the current year as economic activity returns to normal after the effects of the lockdowns.

53.8) Interest received - investment

The budgeting process did not predict the prime interest rate increases as seen through the financial year, which led to greater than expected interest returns on call deposits.

53.9) Property rates: Immaterial variance

53.10) Licences and permits (non-exchange)

The licencing and permits relate to boat and trading licence. The budgeted figure has not been zero-based as is reflected by the current year income being only two thirds of the budgeted figure, in a trend that continues from the prior year..

53.11) Environmental levies:

Variance is due to an underbudegeting on environmental levies

53.12) Interest received - non-exchange receivables: Immaterial variance

53.13) Government Grants and subsidies

The variance is due to unspent grants, therefore not yet transfered to revenue, as well as not all WSIG grant received during the year.

53.14) Public Contributions and donations

The donations amount was not budgeted for. Donations, by its nature, is gratuitous and were transfered as in-kind donations and other donations - there was no expectation to receive donations during the year, other than what was budgeted for.

53.15) Fines, Penalties and Forfeits

The budget for fines, penalties and forfeits was prepared, with the expectation of historical traffic volumes. However with less road traffic due to working from home conditions, the number of fines issued during the year remain subdued versus historical trends..

53.16) Personnel - Immaterial variance

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

53. Budget differences (continued)

53.17) Remuneration of councillors - Immaterial variance

53.18) Depreciation and amortisation

The depreciation is not fully budgeted for due to constraints on the budget revenue (tariffs) to absorb the entire amount for depreciation.

53.19) Impairment loss

The impairment loss amount was not budgeted for as impairments by its nature are unplanned - there was no expectation to have any impairment losses during the year.

53.20) Finance costs

The finance costs budget does not include the material interest component related to the provision on the landfill site rehabilitation. This resulted in the variance as identified.

53.21) Lease rentals on operating lease

New lease contracts are largely fixed term and the actual amounts did not significantly increase from prior periods. The current year lease amounts however include leasing of sanitation and water trucks. The overall costs however remained well within the budget.

53.22) Debt impairment

A budget estimation was based on the actual write-off of doubtful debts during the current year. However due to increase in debtors and slow collections the increase in the provision in for doubtful debts was higher than anticipated, resulting in the expenditure exceeding the budget. The impairment adjustments remain unbudgeted due to budget constraints.

53.23) Alternative Energy Programmes

The budgeting process did include the provision of these programmes, but at a rate lower than actually required based on distribution of gel and gel stoves.

53.24) Bulk purchases

The variance is due to underbudgeting on both water and electricity. Post pandemic consumption has also increased due to more holidaymakers visiting the municipal area during the period.

53.25) Contracted services

Contracted services is dependant largely on the requirement for specialist based on the specific criteria relating to repairs and maintenance requirements of the municipality along with the level of activity during the year. As activities has picked up after the lockdown ending, the figure has exceeded the budgeted figure, however still remains within 10% variance.

53.26) Transfers and subsidies - Immaterial variance

53.27) General expenses - Immaterial variance

53.28) Loss on disposal of assets

The disposals of movable & immovable assets based on the derecognition of obsolete assets resulted in unbudgeted gains which contributed towards the variance between budget actual expenditure.

53.29) Fair value adjustments

At the time of the budget no budget was provided for fair value adjustments. It is also not known at the time of the budget what the effect of external factors would be on the landfill provision estimate. As such budget is not provided to the extent of the actual fair value losses incurred as this would have to be funded with revenue through rate increases.

STATEMENT OF FINANCIAL POSITION

53.30) Inventories

The variance is due to an over-estimate of stock on hand at year end. 2021 figures were not used to normalise stock levels in the budget process.

53.31) Operating lease asset

The budget did not factor in the unwinding of future lease assets as the leases near the end of their term.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

53. Budget differences (continued)

53.32) Receivables from non-exchange transactions & Receivables from exchange transactions

The variance is due to budgeting misalignment between the receivables from exchange transactions and receivables from non-exchange transactions and along with not accounting for the increased provision for doubtful debts, which has been explained in the variance under Debt Impairment.

53.33) VAT receivable

The actual variance is due to the correction of the prior period error related to VAT on the provision for doubtful debts being accounted for against the VAT control account. This was not factored into the budgeted figures and as such the material variance.

53.34) Cash and cash equivalents

The higher than expected actual balance is due to variance on unspent grants along with underbudgeting of opening cash and cash equivalents.

53.35) Investment property

The variance is due to the correction of the prior period error in relation to land parcels added which was not budgeted for on Investment property.

53.36) Property, plant and Equipment: Immaterial variance.

53.37) Intangible assets

The variance is due to removal of annual licence expenditure from budget without removal of depreciation linked to these.

53.38) Heritage assets - Immaterial variance

53.39) Other financial assets

The expected market value of the listed shares are trading well below anticipated levels

53.40) Consumer deposits

The variance is due to larger than anticipated consumer deposits. The budgeting process did not align to the opening actual balances.

53.41) Payables from exchange transactions - Immaterial variance.

53.42) Unspent conditional grants and receipts

Balances of unspent grants per the budget did not factor in multi-year projects on WSIG and COGTA and resulted in unspent amounts at year end.

53.43) & 53.47) Financial liabilities - DBSA

The budgeting process reflected the short term payment portions as debits, which then reflects correctly, but does not incorporate the opening balances and closing balances adjustments in the budget process. This resulted in misallocation between short and long term portions as well as overestimation of the budgeted liability as a whole.

53.44) Operating lease liability

The figures were based previously recognised 2020 figures when the 2022 budget was established. This does not take the 2020 restatement into account.

53.45 & 53.48) Employee Benefit obligation

The actual liability increased in the current year due to increased inflation & medical inflation over future periods. This increase was not included in the budget.

53.46 & 53.49) Provisions

The provisions balances have been restated in the current year which has resulted in a greater than anticipated increase in the provisions balance.

53.50) Accumulated surplus

The variance is a result of the above explanations combined. Due to the nature of the balance it will always represent the balancing figure on the budgeted statement of financial position.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

53. Budget differences (continued)

CASHFLOW STATEMENT VARIANCES

53.51) Rates and services: Immaterial variance

53.52) Government grants and subsidies

The variance is due to not all WSIG grant monies received during the year.

53.53) Other receipts

The budgeted amount was overestimated due to cashflow workings not being matched to actual projected cashflows, which in turn resulted in the variance.

53.54) Supplier and Employee costs - Immaterial variance

53.55) Finance Costs

The finance costs budget does not include the landfill finance costs. This resulted in the variance as identified.

53.56) Grants and subsidies paid - Immaterial variance

53.57) Purchase of Property, plant and equipment

The budget increase relates to acquisition of assts via grant, however not all grants were spent and not all grant monies were received as was budgeted.

53.58) Proceeds on sale of property, plant and equipment

Amounts were not budgeted as disposals are not determined at budget phase.

53.59) Decrease in non-current investments:

No non-current investment movements

53.60) Repayment of financial liabilities - DBSA: Immaterial variances

53.61) Cash and cash equivalents at the beginning of the year

The commencement budget does not relate to the actual cash balances at end of 2020/21 financial year.

54. Change in estimate

Property, plant and equipment

The useful life of certain plant was estimated in re-estimated in the current period. Management have revised their estimated respective useful lives. The effect of this revision has decreased the depreciation charges for the current period and increased it for the future periods by R1 525 055.

55. Events after the reporting date

No material non-adjusting events have been identified after the reporting date:

ANNEXURE D

**MID-YEAR BUDGET AND PERFORMANCE
ASSESSMENT REPORT 2021/2022**

2021/2022 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT



Ndlambe Municipality



**Save water
Every Drop Counts**



The Eastern Cape is in the grip of severe drought conditions.
Dams supplying water to Bathurst and Port Alfred are at critically low levels.
Residents are urged to use water sparingly.

TABLE OF CONTENTS

PART 1: In-Year Report

1.1 Purpose	3
1.2 Legislative Requirement	3
1.3 Executive Summary.....	4
1.4 In-year Budget Tables	7
1.5 IDP and SDBIP Financial Performance as at 31 December 2021	33

PART 2: Governance and Institutional arrangement

2.1 Weaknesses in Internal Controls.....	40
2.2 Irregular, Fruitless and Wasteful Expenditure.....	43
2.3 Implementation of mSCOA Reforms.....	44

PART 3: Quality Certificate

PART 1 – IN-YEAR REPORTING

1.1 PURPOSE

The purpose of this report is to assess the financial performance and position of the municipality, as at 31 December 2021 and the consequential impact on the performance of the approved 2021/2022 IDP/ SDBIP targets within the approved budget. Outline the progress report on Audit Action Plan.

1.2 LEGISLATIVE REQUIREMENT

In terms of Section 72(1)(a), (2), (3) and 52(d) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1) (b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report, he must submit the report to Council by 31 January in terms of Section 54 of the MFMA.

In terms of the Section 54 (1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003 Chapter 7, the following applies: -

“(1) on receipt of a statement or report submitted by the accounting officer of the Municipality

In terms of section 72, the mayor must –

- (a) Consider the statement or report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (d) Issue any appropriate instructions to the accounting officer to ensure –
 - (i) That the budget is implemented in accordance with the service delivery and budget Implementation plan; and
 - (ii) That spending of funds and revenue collection proceed in accordance with the budget.
- (f) Submit the report to the Council by 31 January of each year.”

The mid-year performance reports and supporting tables of the Ndlambe Municipality, prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulation

1.3 EXECUTIVE SUMMARY

Introduction

The Municipal Manager as Accounting Officer of the municipality is required by Section 72 of the Municipal Finance Management Act to submit a report to the Mayor of the Municipality, the National Treasury, and the relevant Provincial Treasury by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the financial year.

The mid-year report is a critical stage in the in-year reporting cycle of a municipality. As part of the review, in terms of Section 72(3) of the Municipal Finance Management Act, the Accounting Officer needs to make recommendations as to whether the Service Delivery Budget Implementation Plans and both capital and operating budgets need to be adjusted.

Section 54 (1) of the Municipal Finance Management Act requires the Mayor to consider and then submit the mid-year report to Council by 31 January of each year.

It must be noted that the Section 52 & 71, Quarterly/Monthly Budget Monitoring Report are incorporated in this report. Therefore, the requirements of Section 52 (d) and Section 71 of the Municipal Finance Management Act have been met in this mid-year Budget and Assessment Report.

The body of this report is detailed to such an extent that the comments in this executive summary will be limited to aspects that I feel need to be highlighted.

NDLAMBE WATER SITUATION DUE TO DROUGHT

The following interventions were implemented to ensure water supply within Ndlambe communities:

- A 5 mega liter RO plant was constructed through grants received from DWS and COGTA.
- 5 mega liters would have been supplied through 2ml sea water reverse osmosis and reclamation.
- The 2 mega liter portion of the plant was completed and in operating at 90-95% of its capacity the reclamation portion is still under construction.
- The 2ml played a significant relief in providing water during the festive period in Ndlambe communities. Other interventions like boreholes were used as other water sources.
- An additional 1 mega liter RO plant was enquired through a service level agreement. The water service was rendered at significantly high cost than budgeted for.

In some cases, the water distribution network had to be redesigned to maximize water collection from the various sources. The drought condition experience led to provision of water services at a high cost to Ndlambe in the form of procurement of water tanks for distribution hiring of water trucks to cut water, non-billing of water due to unavailability of water in the reticulation system. Effectively the municipal cash flows were strained leading to unbudgeted expenditure in some line items.

Despite the financial pressure we went through as a result of the drought the municipality has managed to increase its service delivery capacity in a number of ways in the following areas:

- Completion of Port Alfred Sea water and reclamation RO plant
- Construction of the 2.6 mega liter water reserve for Thornhill due for completion in April to May it is anticipated that Bathurst will also benefit from these reservoirs.
- Marselle sewer and water upgrade through construction of a new sewer pump station and

- construction of a water reservoir respectively.
- Completion of Cannon Rocks 1 mega liter RO plant for augmentation of Alexandria bulk water supply.

INSTITUTIONAL AND COMMUNITY INTERVENTIONS TO COVID-19 PANDEMIC

We are grateful that year-to-date the municipal operations had not been adversely affected by Covid-19 due to doing our best in observing the Covid-19 protocols and minimizing staff interactions through staff rotation, consequently, less has been spent in respect of Covid-19.

Unauthorized, Irregular, Fruitless and Wasteful Expenditure - 30 June 2021

Nature of Expenditure	Opening Balance	Written off 2020/21	Incurred 2020/21	Balance	Progress
Unauthorised Expenditure	307 759 179	-237 308 708	33 203 257	103 653 728	In September 2021, the MPAC investigated and recommended condonation of the 2019/20 amount of R70,283,110. The balance to date is R33,203,257 which is currently being audited. An investigation report is being compiled for MPAC consideration.
Irregular Expenditure	449 471 456	0	55 338 298	389 366 982	Work on the opening balance, relating to the prior years has started, a report. It is envisaged that MPAC will table its recommendations in March Council, 2021 and current amount to be tabled to Council before year end. The status quo has not changed.
Fruitless Expenditure	11 055 970	-11 037 052	0	79 519	In September 2021, the MPAC investigated and recommended recovery of the amount of R11, 808 which has been fully recovered. The balance to date is R60,601 which is currently being audited. An investigation report is being compiled for MPAC consideration.

The following qualifying items were raised by the AG during 2019/20 and were raised by I/A prior to compilation of 30 June 2020:

1. Supply Chain Management regulations

The fact that Supply Chain management is decentralised resulting in noncompliance and material errors in the procurement processes. Goods and services were mostly procured through deviations that were not in line with the SCM requirements.

Progress since the matter was reported - A Contract management officer has been appointed to administer contract register. SCM Manager Position has also been advertised. It is still the intention of management that the SCM Manager appointment will drive the centralization process.

2. Irregular Expenditure

No controls in place to identify and report on irregular expenditure when it is incurred.

Progress since matter was reported - The MPAC has recommended for a write-off of irregular expenditure valued at R220 million, which is half of the total Irregular expenditure of

approximately R500 million dating back from 2012 to 2018 Financial years.

MPAC performed its investigation as required by legislation on the irregular balance and recommended to the Council for a write off. The Council did resolve to condone the R220 million as recommended by MPAC.

An irregular expenditure system has been designed to help identify irregular expenditure. A classification screen has been created to classify each order captured in the system, however the system still requires refinement, currently it does not provide for amounts lower than R2000, to be classified as irregular where such classification is applicable. The service provider is working on it.

3. Service charges

The issue relates to incorrect billing of water services where consumers were not billed on actual meter readings. The other issue was on incorrect indigent register beneficiation where some residents were receiving subsidies, yet they were not qualified.

Progress since matter was reported - According to Finance: Revenue section the water services incorrect billing was caused by faulty meters and that new meters have been procured to replace the faulty meters. This is work in progress as not all faulty meters have been replaced. On indigent beneficiation a new system has been acquired to assist with the clearing of our indigent register. This is again work in progress/.

4. Property Plant and equipment

The auditors raised an issue on misstatement of assets wherein the municipality included assets that were work in progress.

Progress since matter was reported - The municipality reperformed physical asset verification on all its additions in the 20/21 financial year and this has since been addressed.

5. Debt impairment

The auditors raised this as a qualification item because it was overstated by VAT component.

Progress since matter was reported - This was addressed through posting of a correcting journal as it was an error.

ADV R DUMEZWENI
MUNICIPAL MANAGER

MID- YEAR PERFORMANCE 2021/2022

1.4 IN-YEAR BUDGET TABLES- FINANCIAL PERFORMANCE

The seven main budget tables, as required in terms of the municipal budget and reporting regulation, are included in this section of the report. These tables will give more insight in the financial performance of Ndlambe Municipality for the period of July 2021 to December 2021. It must be noted that Auditor General is currently auditing the Annual Financial statement for the period 2020/2021.

1.4.1 TABLE- C4 FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		124,563	138,921	-	10,937	70,753	69,343	1,410	2%	138,921
Service charges - electricity revenue		69,753	79,023	-	6,992	42,246	39,514	2,732	7%	79,023
Service charges - water revenue		50,331	70,169	-	3,803	21,865	35,307	(13,442)	-38%	70,169
Service charges - sanitation revenue		13,112	14,459	-	1,389	7,428	7,149	279	4%	14,459
Service charges - refuse revenue		16,412	17,417	-	1,507	9,065	8,708	357	4%	17,417
Rental of facilities and equipment		666	205	-	429	815	104	711	681%	205
Interest earned - external investments		2,942	3,588	-	288	1,915	1,794	121	7%	3,588
Interest earned - outstanding debtors		6,465	8,960	-	703	4,119	4,846	(727)	-15%	8,960
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties, and forfeits		372	74	-	10	474	58	416	721%	74
Licences and permits		3,966	13,991	-	986	7,065	7,384	(319)	-4%	13,991
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		128,964	115,942	-	39,134	88,610	60,765	27,845	46%	115,942
Other revenue		11,643	6,492	-	1,005	6,096	3,833	2,263	59%	6,492
Gains		1,041	-	-	10	45	-	45	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		430,232	469,239	-	67,193	260,496	238,805	21,691	9%	469,239
Expenditure By Type										
Employee related costs		163,349	169,555	-	21,681	87,456	88,316	(860)	-1%	169,555
Remuneration of councillors		7,548	7,555	-	641	3,798	3,778	21	1%	7,555
Debt impairment		36,459	25,000	-	232	2,782	12,500	(9,718)	-78%	25,000
Depreciation & asset impairment		45,607	38,423	-	3,818	3,818	19,211	(15,394)	-80%	38,423
Finance charges		4,567	600	-	-	320	324	(4)	-1%	600
Bulk purchases - electricity		68,016	56,565	-	4,351	28,437	28,282	155	1%	56,565
Inventory consumed		14,407	29,062	-	2,624	10,332	20,311	(9,980)	-49%	29,062
Contracted services		74,269	73,319	-	7,812	37,247	44,710	(7,463)	-17%	73,319
Transfers and subsidies		3,310	2,935	-	241	1,860	2,065	(205)	-10%	2,935
Other expenditure		54,514	48,198	-	5,248	25,690	32,064	(6,375)	-20%	48,198
Losses		118	-	-	-	-	-	-	-	-
Total Expenditure		472,163	451,212	-	46,647	201,738	251,562	(49,824)	-20%	451,212
Surplus/(Deficit)		(41,931)	18,027	-	20,546	58,758	(12,757)	71,514	(0)	18,027
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		158,940	62,375	-	3,321	45,887	48,018	(2,131)	(0)	62,375
/ Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		1,201	1,144	-	819	1,352	1,144	208	0	1,144
Transfers and subsidies - capital (in-kind - all)		167	-	-	-	110	-	110	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions		118,377	81,546	-	24,687	106,107	36,405			81,546
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		118,377	81,546	-	24,687	106,107	36,405			81,546
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		118,377	81,546	-	24,687	106,107	36,405			81,546
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		118,377	81,546	-	24,687	106,107	36,405			81,546

Revenue Management

The below diagram is mainly outlining own generated revenue.

Revenue Management - Services - 31 December 2021

Description	2021/22 Financial Year				
	Original Budget	Year to Date Revenue	Variance	YTD % to Budget	30 June 2022 Projection
R Thousands					
Property rates	138 921	70 753	68 168	50.9%	
Service charges - electricity revenue	79 023	42 247	36 776	53.5%	
Service charges - water revenue	70 169	21 865	48 304	31.2%	
Service charges - sanitation revenue	14 459	7 428	7 031	51.4%	
Service charges - refuse revenue	17 417	9 065	8 352	52.0%	
Service charges - other	0	0	-	0	
Rental of facilities and equipment	205	816	(611)	398.0%	
	320	152	168	47.5%	–

The overall performance for own generated revenue is at 47.5% of the projected budget which is close to the 50% for the overall. The water revenue is at 31.2% due to the calculation performed to calculate the water budget based on the additional water to be sourced from the RO plant. An adjustment will be made to the water budget figure to reflect the actual performance.

Further water revenue is under performing due to drought constraints.

Rental of facilities and equipment budget is to be adjusted upwards as COVID19 is a direct cause of the variance. Budget for 2021/2022 was reduced due to the 2020/2021 trend which has now improved after the COVID19 levels being lifted.

Growth in Number of Active Consumer Accounts

The number of active accounts as at Dec 2021 is 33 769 compared to Dec 2020 at 32 860. The increase is 3%. The increase in number of accounts indicates an increase in revenue base. The increase in accounts is directly related to the reconciliation between the valuation roll and the billing system to ensure all debtors are being billed for rates and other services.

The number of indigents as at Dec 2021 is 8535 which reflects the decrease of 250 compared to the number of indigents as at Dec 2020 amounting to 8785 this is due to the indigent qualification by the AGSA identifying indigents being government employees etc. Further the municipality has procured an indigent verification system which also assist in indigents not being authorized to be indigent should they not fully qualify in line with the policy criteria and income levels

Expenditure Management

The below diagram is outlining the operating expenditure by item extracted from the statement of financial performance.

Expenditure Management - 31 December 2021

Description		2021/22 Financial Year				
R Thousands	Original Budget	Year-to-date Budget	Year to Date Expenditure	Variance	YTD % to Budget	30 June 2022 Projection
Employee related costs	R 169 555.00	R 88 316.00	R 87 456.00	R 82 099.00	99%	
Remuneration of councillors	R 7 555.00	R 3 778.00	R 3 798.00	R 3 757.00	101%	
Debt impairment	R 25 000.00	R 12 500.00	R 2 782.00	R 22 218.00	22%	
Depreciation & asset impairment	R 38 423.00	R19 211.00	R 3 818.00	R 34 605.00	20%	
Finance charges	R 600.00	R324.00	R 320.00	R 280.00	99%	
Bulk purchases	R 56 565.00	R28 282.00	R 28 437.00	R 28 128.00	101%	
Other materials	R -	R20 311.00	R10 332.00	-R10 332.00	51%	
Contracted services	R 73 319.00	R 44 710.00	R 37 247.00	R 36 072.00	83%	
Transfers and grants	R 2 935.00	R 2 065.00	R 1 860.00	R 1 075.00	90%	
Other expenditure	R 48 198.00	R 32 064.00	R 25 690.00	R 22 508.00	80%	
Loss on disposal of PPE	R -	R -	R -	R -	0%	
	R 422 150.00	R 251 561.00	R201 740.00	R 220 410.00	80.2%	-

The overall performance for expenditure is at 80.2% of the year-to-date budget. The underperformance is related to debt impairment not being utilised at this stage. Debt write-off takes place at year end. It is further due to the figure for depreciation than is not fully run for the current financial year.

Councilors and employee benefits as at 31 Dec 2021

Summary of Employee and Councillor remuneration R thousands	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4,934	4,934	-	444	2,509	2,467	43	2%	4,934
Pension and UIF Contributions		347	370	-	9	131	185	(54)	-29%	370
Medical Aid Contributions		69	54	-	1	22	27	(6)	-21%	54
Motor Vehicle Allowance		1,382	1,382	-	117	687	691	(3)	0%	1,382
Cellphone Allowance		816	816	-	70	413	408	5	1%	816
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	36	-	36	#DIV/0!	-
Sub Total - Councillors		7,548	7,555	-	641	3,798	3,778	21	1%	7,555
% increase	4		0.1%							0.1%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		5,294	5,497	-	541	2,773	2,749	25	1%	5,497
Pension and UIF Contributions		911	1,003	-	60	453	502	(49)	-10%	1,003
Medical Aid Contributions		218	231	-	19	113	115	(3)	-2%	231
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		417	444	-	434	727	222	505	227%	444
Motor Vehicle Allowance		907	939	-	95	486	470	16	3%	939
Cellphone Allowance		114	119	-	12	61	59	2	4%	119
Housing Allowances		123	136	-	13	66	68	(2)	-3%	136
Other benefits and allowances		1	1	-	0	0	0	0	4%	1
Payments in lieu of leave		406	403	-	54	81	202	(120)	-60%	403
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		8,391	8,773	-	1,228	4,761	4,386	375	9%	8,773
% increase	4		4.5%							4.5%
Other Municipal Staff										
Basic Salaries and Wages		90,222	101,971	-	7,758	46,519	50,986	(4,467)	-9%	101,971
Pension and UIF Contributions		15,858	18,778	-	1,379	8,154	9,389	(1,235)	-13%	18,778
Medical Aid Contributions		11,869	14,107	-	996	5,940	7,054	(1,113)	-16%	14,107
Overtime		9,794	6,450	-	564	4,572	6,300	(1,727)	-27%	6,450
Performance Bonus		7,511	8,499	-	7,060	7,327	4,249	3,078	72%	8,499
Motor Vehicle Allowance		3,687	4,326	-	331	1,977	2,163	(186)	-9%	4,326
Cellphone Allowance		222	212	-	19	111	106	5	5%	212
Housing Allowances		607	651	-	51	294	325	(31)	-10%	651
Other benefits and allowances		2,685	3,500	-	1,980	6,069	2,075	3,995	193%	3,500
Payments in lieu of leave		574	84	-	101	305	42	263	629%	84
Long service awards		1,175	304	-	15	161	291	(130)	-45%	304
Post-retirement benefit obligations	2	10,754	-	-	-	-	-	-		-
Sub Total - Other Municipal Staff		154,958	158,883	-	20,254	81,430	82,979	(1,549)	-2%	158,883
% increase	4		2.5%							2.5%
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		170,896	175,211	-	22,123	89,989	91,143	(1,154)	-1%	175,211
% increase	4		2.5%							2.5%
TOTAL MANAGERS AND STAFF		163,349	167,655	-	21,482	86,191	87,366	(1,174)	-1%	167,655

The remuneration ratio measures the extent of remuneration to the operating expenditure. The employee related expenditure costs excluding casuals and councillors remuneration as from July to December reflects the ratio of 43% versus the norm of 40%. The increase of 3% is due to non-pensionable allowance that was paid out as danger allowance and Covid-19. A direct impact is that the municipality has various towns in the municipal jurisdiction which are up to 60km apart and therefor municipal staff is needed in each town to ensure service delivery. Further parts of the municipal jurisdiction consist of rural areas.

Trading Services Operating Surplus / (Deficit)

The below diagram outlines the performance of Trading Services

Financial Performance Trading Services Operating Surplus/(Deficit) 31 December 2021

Description		2021/22 Audited Results		
R Thousands	2020/21 Audited Outcomes	2021/22 Original Budget	31 December 2021 Sect 71(Actuals)	Orig Budg vs Half Year Performance ((Incr/(Decline))
Surplus / (Deficit) on Trading Services				–
Electricity Services	(17 618)	102 378	53 910	(48 468)
Water Services	148 131	99 136	62 558	(36 578)
Wastewater Management	20 567	62 782	31 504	(31 278)
Waste Management	(5 019)	30 519	21 128	(9 391)
Surplus / (Deficit) on Trading Services	146 061	294 815	169 100	(125 715)

All services are reflecting an increase in operating surplus and in relation to the budget.

1.4.2 TABLE- C5 CAPITAL EXPENDITURE

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Total Capital Expenditure		89,739	78,368	-	7,100	53,208	65,276	(12,068)	-18%	78,368
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		(2,924)	1,974	-	128	1,327	1,974	(647)	-33%	1,974
Executive and council		(792)	301	-	31	845	301	545	181%	301
Finance and administration		(2,149)	1,674	-	97	482	1,674	(1,192)	-71%	1,674
Internal audit		18	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5,699	2,836	-	16	1,947	2,506	(559)	-22%	2,836
Community and social services		196	451	-	(11)	77	496	(419)	-85%	451
Sport and recreation		5,083	2,350	-	27	1,855	1,975	(120)	-6%	2,350
Public safety		410	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		10	35	-	-	15	35	(20)	-56%	35
<i>Economic and environmental services</i>		(12,604)	6,616	-	940	3,443	4,904	(1,461)	-30%	6,616
Planning and development		(1,034)	84	-	12	122	84	38	45%	84
Road transport		(11,630)	6,532	-	928	3,314	4,820	(1,505)	-31%	6,532
Environmental protection		60	-	-	-	6	-	6	#DIV/0!	-
<i>Trading services</i>		99,568	66,942	-	6,015	46,491	55,892	(9,401)	-17%	66,942
Energy sources		(4,425)	15,000	-	3,931	8,243	10,000	(1,757)	-18%	15,000
Water management		85,991	13,475	-	979	26,705	13,475	13,230	98%	13,475
Wastewater management		16,055	36,367	-	1,933	11,544	31,367	(19,823)	-63%	36,367
Waste management		1,947	2,100	-	(827)	-	1,050	(1,050)	-100%	2,100
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	89,739	78,368	-	7,100	53,208	65,276	(12,068)	-18%	78,368
Funded by:										
National Government		88,648	62,230	-	6,935	34,120	52,230	(18,110)	-35%	62,230
Provincial Government		36,835	145	-	(10)	10,108	190	9,918	5224%	145
District Municipality		(2)	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		1,159	1,144	-	236	853	572	281	49%	1,144
Transfers recognised - capital		126,639	63,519	-	7,162	45,081	52,992	(7,911)	-15%	63,519
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		3,409	14,849	-	(62)	8,127	12,284	(4,157)	-34%	14,849
Total Capital Funding		130,048	78,368	-	7,100	53,208	65,276	(12,068)	-18%	78,368

Asset Management

The below diagram outlines the capital expenditure by Function and Funding Sources

Capital Budget Performance – as at 31 December 2021

Description R thousand	2021/22 Budget Year				
	Original Budget	Q1 Sept 2021 Actual	Q2 2021 Actual	YTD Actual	% to Original Budget
<u>Capital Expenditure - Functional</u>					
<i>Governance and administration</i>	1 974	296	1 031	1 327	67.2%
Executive and council	301	103	742	845	280.7%
Finance and administration	1 674	193	289	482	28.8%
Internal audit	–	–	–	–	0.0%
<i>Community and public safety</i>	2 836	1 227	705	1 967	69.4%
Community and social services	451	–	77	77	17.1%
Sport and recreation	2 350	1 227	628	1 855	78.9%
Public safety	–	–	–	–	0.0%
Housing	–	–	–	–	0.0%
Health	35	–	–	35	100.0%
<i>Economic and environmental services</i>	6 616	784	2 658	3 442	52.0%
Planning and development	84	110	12	122	145.2%
Road transport	6 532	668	2 646	3 314	50.7%
Environmental protection	–	6	–	6	0.0%
<i>Trading services</i>	66 942	26 748	20 571	47 319	70.7%
Energy sources	15 000	4 312	3 931	8 243	55.0%
Water management	13 475	17 287	9 418	26 705	198.2%
Waste water management	36 367	4 322	7 222	11 544	31.7%
Waste management	2 100	827	–	827	39.4%
<i>Other</i>	–	–	–	–	0.0%
Total Capital Expenditure - Functional	78 368	29 055	24 965	54 055	
<u>Funded by:</u>					
National Government	62 230	17 238	16 882	34 120	54.8%
Provincial Government	145	8 282	1 826	10 108	6971.0%
District Municipality	–	–	–	–	0.0%
Other transfers and grants	1 144	110	743	853	74.6%
Transfers recognised - capital	63 519	25 630	19 451	45 081	71.0%
Public contributions & donations	–	–	–	–	0.0%
Borrowing	–	–	–	–	0.0%
Internally generated funds	14 849	3 426	4 701	8 127	54.7%
Total Capital Funding	78 368	29 056	24 152	53 208	68%

Capital expenditure spending is at 68% of the original budget.

National Government consists of Integrated National Electricity Program (INEP), Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

Provincial Government consists of Library.

Other transfers and grants consist of Extended Public Works Programme (EPWP)

Capital Internal generated funds reflect of spending of 68% of the original budgeted. The municipality does not have capital replacement reserves, assets are acquired by utilising savings that becomes available.

EC105 Ndlambe - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	Year To Date actual	Year To Date budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		9,782	15,811	-	1,852	7,753	10,002	2,249	22.5%	15,811
Roads Infrastructure		151	200	-	0	59	100	41	40.6%	200
Roads		151	200	-	0	59	100	41	40.6%	200
Storm water Infrastructure		582	200	-	-	229	100	(129)	-129.2%	200
Drainage Collection		582	200	-	-	229	100	(129)	-129.2%	200
Water Supply Infrastructure		972	11,461	-	1,299	5,173	7,077	1,904	26.9%	11,461
Dams and Weirs		-	100	-	-	-	100	100	100.0%	100
Boreholes		65	236	-	0	0	298	298	100.0%	236
Reservoirs		234	220	-	18	88	220	132	59.9%	220
Pump Stations		400	1,783	-	95	95	1,783	1,689	94.7%	1,783
Water Treatment Works		273	9,122	-	1,187	4,990	4,676	(314)	-6.7%	9,122
Capital Spares		-	-	-	-	-	-	-		-
Sanitation Infrastructure		3,274	2,700	-	511	1,407	2,100	693	33.0%	2,700
Pump Station		3,274	2,700	-	511	1,407	2,100	693	33.0%	2,700
Solid Waste Infrastructure		4,803	1,250	-	41	884	625	(259)	-41.5%	1,250
Landfill Sites		4,803	1,250	-	41	884	625	(259)	-41.5%	1,250
Investment properties		40	40	-	-	24	40	16	40.0%	40
Revenue Generating		40	40	-	-	24	40	16	40.0%	40
Improved Property		40	40	-	-	24	40	16	40.0%	40
Other assets		3,373	4,280	-	1,308	3,360	2,749	(611)	-22.2%	4,280
Operational Buildings		3,373	4,280	-	1,308	3,360	2,749	(611)	-22.2%	4,280
Municipal Offices		3,373	4,280	-	1,308	3,360	2,749	(611)	-22.2%	4,280
Housing		-	-	-	-	-	-	-		-
Computer Equipment		1	281	-	2	7	273	266	97.4%	281
Computer Equipment		1	281	-	2	7	273	266	97.4%	281
Furniture and Office Equipment		65	441	-	25	26	441	415	94.1%	441
Furniture and Office Equipment		65	441	-	25	26	441	415	94.1%	441
Machinery and Equipment		3,530	2,367	-	602	1,077	1,574	496	31.5%	2,367
Machinery and Equipment		3,530	2,367	-	602	1,077	1,574	496	31.5%	2,367
Transport Assets		3,027	2,990	-	205	2,281	2,270	(12)	-0.5%	2,990
Transport Assets		3,027	2,990	-	205	2,281	2,270	(12)	-0.5%	2,990
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-		-
Total Repairs and Maintenance Expenditure	1	19,818	26,210	-	3,994	14,529	17,349	2,820	16.3%	26,210

The expenditure for repairs and maintenance for the period as at December 2021 is 14 529 000 reflecting at 16.3% of the available budget.

Based on the current data level of spending on repairs and maintenance is at 1% that is below the norm of 8%, the ratio demonstrates that there is insufficient monies that are being spent on repairs and maintenance that could result in an increase in impairment of useful assets and service delivery will be compromised due to redundant plant and machinery and specialised vehicles. The Municipality is looking into making use of a system that can assist with managing the life cycle of assets.

Work-in-Progress Projects**MIG 2021/2022 PWSROJECT**

Project Name	Total project cost	Funder	Exp	Balance	Project Status
Augmentation of the Alexandria Bulk Water Supply	R4 915 111,00	MIG	R1 528 157,50	R 3 386 953,50	The project is expected to be completed in June 2022
Upgrading of Klipfontein Sports Field-Phase 1	R1 000 000,00	MIG	R1 306 615,06	- R 306 615,06	The project is practically completed and currently on liability period
Kenton on Sea & Bushmans river project: Marselle 500 housing project: Bulk sewer infrastructure	R 13 961 321,00	MIG	R7 108 588,79	R6 852 732,21	The project is expected to be completed in June 2022
Kenton on Sea & Bushmans river project: Marselle 500 housing project: Bulk water infrastructure	R 5 895 728,00	MIG	R5 883 685,76	R12 042,24	The project is expected to be completed in June 2022
Upgrading of Runeli Drive in Port Alfred	R 1 457 690,00	MIG	0,00	R1 457 690,00	The project has started in December 2021 and is being implemented internally
PMU 5%	R 1 433 150,00	MIG	R975 612 ,75		
TOTALS	R 28 663 000.00		R16 802 659,86	R11 860 340,14	

WSIG 2021/2022 PROJECTS

Project Name	Total project cost	Funding	Expenditure	Balance	Project Status
Upgrade of Internal Bulk sewer and Reticulation at Station hill – Port Alfred	R5 000 000	WSIG	R3 281 415,56	R1 718 584,44	The contractor is on site. And expected to complete in June
Thornhill Ministerial Housing Project Ph2 Link Sanitation Services (Portion 1):	R15 000 000	WSIG	R1 031 517,42	R13 968 482,58	The project is on procurement stage. Delays were due to EIA and WULA approvals
TOTALS	R20 000 000,00		R4 312 932,98	R15 687 067,02	

RBIG 2021/2022 PROJECT

Project Name	Total project cost	Funder	Expenditure	Balance	Project Status
Ndlambe Drought Emergency Desalination plant (Port Alfred	R 26 130 626,00	RBIG	R 22 946 127,00	R 3 184 499,00	The contractor is on site finalizing optimization of WWTW on upstream and expected to complete in March 2022.
TOTALS	R 26 130 626,00		R 22 946 127,00	R 3 184 499,00	

EPWP 2021/2022 PROJECTS

Project Name	Total project cost	Funder	Expenditure	Balance	Project Status
\\					
Upgrading of Takuta in Alexandria	R 1 144 000,00	EPWP	R 802 319,00	R341 681,00	The contractor is on site finalizing optimization of WWTW on upstream and expected to complete in March 2022.
TOTALS	R 1 144 000,00		R 802 319,00	R341 681,00	

1.4.3 TABLE C6 STATEMENT OF FINANCIAL POSITION

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	Year-To-Date actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		11,440	1,537	-	3,091	1,537
Call investment deposits		65,619	38,465	-	110,550	38,465
Consumer debtors		40,269	80,492	-	69,551	80,492
Other debtors		102,798	764	-	104,714	764
Current portion of long-term receivables		-	-	-	-	-
Inventory		1,095	2,300	-	8,089	2,300
Total current assets		221,221	123,559	-	295,995	123,559
Non-current assets						
Long-term receivables		-	-	-	-	-
Investments		67	67	-	67	67
Investment property		260,120	195,688	-	258,944	195,688
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1,039,448	992,356	-	913,684	992,356
Biological		-	-	-	-	-
Intangible		(560)	(311)	-	(616)	(311)
Other non-current assets		0	0	-	0	0
Total non-current assets		1,299,076	1,187,801	-	1,172,079	1,187,801
TOTAL ASSETS		1,520,297	1,311,360	-	1,468,074	1,311,360
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		1,738	(1,738)	-	912	(1,738)
Consumer deposits		2,383	2,212	-	2,511	2,212
Trade and other payables		144,380	63,802	-	162,049	63,802
Provisions		24,904	18,704	-	24,904	18,704
Total current liabilities		173,405	82,980	-	190,376	82,980
Non-current liabilities						
Borrowing		4,428	6,207	-	4,428	6,207
Provisions		107,015	93,198	-	107,015	93,198
Total non-current liabilities		111,442	99,405	-	111,442	99,405
TOTAL LIABILITIES		284,848	182,385	-	301,818	182,385
NET ASSETS	2	1,235,449	1,128,975	-	1,166,256	1,128,975
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1,070,672	1,128,975	-	1,166,256	1,128,975
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1,070,672	1,128,975	-	1,166,256	1,128,975

The Financial Position for the mid-year has got factors that have not yet taken place such as the impairment on debtors, depreciation that is not calculated on a monthly basis because of the Asset Module that is not yet fully utilised, valuation of Post Retirement Benefit, Long Service Awards and the provision of Landfill Sites are normally done at year end as they are done by consultant who are the experts in the subject matter.

Creditor's payments

De	NT Code	Budget Year								Total
		0 - 30 Days	31 - 60	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	104								104
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	104	-	-	-	-	-	-	-	104

The outstanding creditors as at December 2021 reflects at R104 000 compared to the previous year December 2020 at R548 000. It is evident that the municipality is shown an improvement on managing the cash flow to meet the monthly commitments.

The table below outlines the top 20 highest creditors paid for the month of December 2021.

Creditor Name	Amount
Eskom Holdings Limited	R 5 722 354.04
Cdr Electrical (Monthly Fixed)	R 4 520 811.61
Quality Filtration Systems	R 1 964 781.39
Rudcor Engineering	R 1 728 524.42
Captain Mogul	R 1 452 921.26
Auditor General	R 1 010 315.66
Cdr Electrical (Month Variable)	R 917 939.43
Amatola Water Boar	R 841 327.48
Mphele Engineers and Project Management	R 651 889.00
Umhlaba Consulting Group	R 474 614.69
Nuwater Systems	R 431 413.47
Czar Construction Cc	R 405 743.12
Ndlambe Investments	R 289 980.00
Ndlambe Security	R 284 400.00
The Dept Paymaster	R 254 230.65
Ibhabhathane Trading	R 254 067.20
Lutiwell Pty Ltd	R 250 000.00
Kangobex (Pty) Ltd	R 248 725.73
Boqwana Burns	R 237 636.00
Yoghale Trading Enterprise	R 234 775.00
Total	R 22 176 450.15

LOAN REGISTER AS AT 31 DEC 2021

The municipality is currently in a contractual obligation (Financial Instrument) with Development Bank of Southern Africa (DBSA) for three loans with different inception and redemption dates relating to infrastructure assets. The final payment for loan no 13478/101 was in December 2021. The remaining loan balances as at 31 December 2021 is as follows:

Institution	System #	Bank Name	Account #	Loan Start Date	Loan End Date	Term Value (Y/M/D)	Month	Interest %	BOQ Amount	Loan Repayment	Interest Paid	Accrued Int Reversed	Balance
DBSA	'000050	DBSA 101161	'9005192	01/04/2005	31/03/2025	Y	202109	12.34	- 3 182 839.31	516 177.07	- 196 919.22		- 2 863 581.46
DBSA	'000050	DBSA 101161	'9005192	01/04/2005	31/03/2025	Y	202110	12.34	- 2 863 581.46				- 2 863 581.46
DBSA	'000051	DBSA 102557	'9005192	01/10/2008	30/09/2023	Y	202109	8.807	- 2 766 744.72	628 591.08	- 122 167.39		- 2 260 321.03
DBSA	'000051	DBSA 102557	'9005192	01/10/2008	30/09/2023	Y	202110	8.807	- 2 260 321.03				- 2 260 321.03

Debtor's management**EC105 Ndlambe - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December**

Description	NT Code	Budget Year 2021/22											
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,053	2,802	2,112	35,663					42,630	35,663		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4,880	2,339	1,300	11,632					20,151	11,632		
Receivables from Non-exchange Transactions - Property Rates	1400	10,969	3,844	2,466	36,625					53,904	36,625		
Receivables from Exchange Transactions - Waste Water Management	1500	1,600	881	612	13,437					16,529	13,437		
Receivables from Exchange Transactions - Waste Management	1600	1,655	878	690	16,063					19,286	16,063		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-					-	-		
Interest on Arrear Debtor Accounts	1810	-	-	-	31,269					31,269	31,269		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-					-	-		
Other	1900	(592)	319	404	13,121					13,253	13,121		
Total By Income Source	2000	20,564	11,064	7,584	157,810	-	-	-	-	197,021	157,810	-	-
2021/22 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	235	119	253	6,852					7,459	6,852		
Commercial	2300	1,251	694	267	1,719					3,931	1,719		
Households	2400	19,078	10,250	7,064	149,238					185,631	149,238		
Other	2500	-	-	-	-					-	-		
Total By Customer Group	2600	20,564	11,064	7,584	157,810	-	-	-	-	197,021	157,810	-	-

The outstanding debt of R197 020 918 as at December 2021 reflects an increase of 8% in relation to the outstanding debt as at December 2020 R182 272 679. The increase is due to Eskom electricity areas where collection of debt is very slow. As there is no consequences for the debtors in the Eskom area. Further Farmers are slow in coming forward to apply for the 75% agricultural rebate and not paying their debt. Further as a result of the indigent qualification many debtors has been removed from indigent status as they are government employees or owners of companies but still not making payment towards their debt.

The bad debt provision as at Mid-year equates to R163 356 121 and the billed revenue for the period July to December 2021 amounts to R163 249 454 The net debtors' days as at December 2020 is 75 days

The amount of R163 249 454 relates to all billing related services not only the main services.

The strategy the Municipality implemented to assist with outstanding debtors relating to financial burdens is to inform consumers to produce evidence of the financial status which is then send to the Rates and Valuation Committee for review and recommendation to Council who will then approve a rebate or discount on merit of the application.

Staff and Councillor Accounts

The below table illustrated the breakdown of the total amount owed by Staff and Councillors.

REPORT ON MUNICIPAL STAFF ACCOUNTS		
Quantity of Debtors	Explanation	Balance as at Dec 2021
375	Staff on Age Analysis Coded as staff	R549 515.37
327	Staff with current balance paying through staff deduction	R286 079.13
1	Debtor (4678970) with arrears is paying current and towards arrears in cash accounts will be monitored to ensure reduction in arrears. Should reduction not take place arrangement will be made	R4 264.90
5	Accounts with credit balances	-R8 005.54
27	Staff with arrears with valid arrangements in place (Balance is R133 487.71 of which R16 837.81 relates to current for Dec 2021 which is paid monthly and instalments towards arrears is R10 532.29 (debt will be settled in 1 to 35 months)	R133 487.71
5	Staff with arrears with arrangements towards arrears but repayment periods is from 39 to 119 months therefor arrangements is not valid, but staff member cannot afford more. Balance of these staff debtors' arrears is R113 556.69 of which current is R3496.84 and instalment towards arrears amounts to R1 576.89 (debt will be paid back between 39 to 119 months)	R113 556.69
1	1 x staff paying cash accounts is in current - account 60017227	R1 573.19
9	Thornhill accounts special arrangement due to query on electricity basic charge. Arrears amounting to R12 259.29 current amounting to R9431.78 and paying R6 300 towards current	R18 559.29
375		R549 515.37
REPORT ON COUNCILLORS ACCOUNTS		
Quantity of Debtors	Explanation	Balance as at Dec 2021
No report on Councillors for the month of December 2021 - awaiting all new Councillors to be called by Finance Department and arrangements to be signed with Councillors.		

Electricity and Water Losses

Electricity Losses

The electricity losses as at June 2021 was at 13.3% and the mid-year losses for 2021/2022 is 14%, as the losses percentage varies monthly the current 14% losses is not the final percentage for the year and might still decrease or increase. The reason for the monthly variance is due to adjustments being passed to the billing of debtors for electricity consumption due to faulty meters and incorrect readings.

Water Losses

The Combined YTD Values for the entire Ndlambe region as at December 2021 are reflected below but the absence of monthly readings from several areas (See explanation for this below the table), has compromised the accuracy of the combined values:-

Total Combined Ndlambe		2021						
		<u>YTD Total</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Combined Values for Entire Ndlambe Region	Total Supply Metered	1 175 764	197 940	192 041	221 956	173 836	174 938	215 052
	Total Billed	700 781	122 615	161 334	108 512	86 729	101 635	119 957
	Estimated Potable NRW	40%	38%	16%	51%	50%	42%	44%
	Total Average Daily Demand	6 270 Kl/day	6 314 Kl/day	4 153 Kl/day	7 332 Kl/day	5 491 Kl/day	6 149 Kl/day	8 180 Kl/day
	Average No. of Registered Meters	16 185	16 119	16 184	16 197	16 199	16 208	16 204
	Average Usage per Meter	7 Kl/m	8 Kl/m	10 Kl/m	7 Kl/m	5 Kl/m	6 Kl/m	7 Kl/m
	Average No. of Zero Reading Meters	5 981	4 276	5 860	6 271	6 516	6 869	6 093
	Ave. Daily Usage/Meter excl Zero Meters	355 l/d	311 l/d	402 l/d	301 l/d	317 l/d	347 l/d	451 l/d

It must be noted that although meter readings were received for December 2021 for the Bathurst area 90% of the meters remain faulty, and water balances have been derived using historic trends to generate the required NRW.

Where the previous months reading for an area were not received the months have been combined in order to generate a water balance estimate.

It must also be highlighted that random exceptionally high billing values were detected in the Billing Recon over the past 3 months in various areas within Ndlambe. This has been reported and the Finance Department has implemented the required adjustments/refunds for past 3 months. This will also compromise reported NRW values for the implicated months.

It must be further noted that the tankers to supply water to water scarce areas finalized information for December 2021 has not been received yet. The Auditors have also been approached to get clarity of how to include the volumes in the NRW calculations, but to date we have not received a response.

The Bulk Water Supply and Non-Revenue Water (NRV) estimates for the various towns within the Ndlambe Municipal Region are reported monthly in separate reports which cover the detailed aspects of the Bulk Supply, Potable Supply and Billing for each town. The losses relates to Alexandria, Cannon Rocks, Boknes, Boesmansriviermond, Kenton on Sea, Port Alfred, Bathurst and Seafield. This is a summary of the monthly losses for July to December 2021, reflecting the Bulk Supply and NRW for the entire Ndlambe Supply.

The detailed water losses report includes the individual summaries, the number of billing meters read, the number of billing meters which registered zero usage and the respective monthly and daily usage. These values yield a reflection of the daily domestic usage and can assist with the identification of highwater loss areas. It must however be noted that the NRW values for July were distorted due to billing reading taken in at the end of June, being the end of the financial year, resulting in a very short billing period for July. As the bulk water supply reading were taken as normal for the full month, this has resulted in distorted NRW levels. It is therefore advisable to view subsequent monthly estimates together with the YTD values. A further aspect which has influenced the NRW estimates is the water restrictions which are applied in several areas while water shortages exist. **It must also be noted that several meter reading errors or omissions are evident and estimates have been made in order to generate the water balances.**

1.4.4 TABLE C7 MONTHLY BUDGET STATEMENT - CASH FLOW

That it be noted the above cash is manually generated. The municipality is confronted with challenges of the system set-up to meet National Treasury's cash flow requirements, changes in mScoa charts and transacting rules. These changes are misinterpreted by the staff as a result incorrect segments are being used.

The municipality is prudently managing its cash flows closely. The savings from operations and the interest earned from the investments are re-invested to build up reserves.

CFA: CASH FLOW STATEMENT ACTUALS 2020/2021: NDLAMBE MUNICIPALITY	
DETAILS	Total Actual
Cash Receipts by Source	
Property Rates	63 160 298
Property rates - penalties & collection charges	0
Service charges - electricity revenue	39 126 053
Service charges - water revenue	13 019 633
Service charges - sanitation revenue	4 754 258
Service charges - refuse revenue	6 562 137
Service charges - other NO LONGER DELETE	71 406
Rental of facilities and equipment	871 740
Interest earned - external investments	0
Interest earned - outstanding debtors	1 334 259
Dividends received	0
Fines	422 454
Licences and permits	1 711 230
Agency services	5 122 054
Transfer receipts - operational	89 352 208
Other revenue	57 737 279
Cash Receipts by Source	283 245 008.10
Other Cash Flows/Receipts by Source	
Transfer receipts - Capital	60 015 639
Contributions recognised - capital&contributed assets	
Proceeds on disposal of PPE	
Short term loans	
Borrowing long term /refinancing	
Increase(decrease) in consumer deposits	
Decrease (increase) in non-current debtors	
Decrease (increase) other non-current receivables	
Decrease (increase) other non-current investments	
Total Cash Receipts by Source	343 260 647
Cash Payments by Type	
Employee related costs	91 754 112
Remuneration of councillors	3 801 746
Collection costs	0
Interest paid	320 000
Bulk purchases - electricity	39 626 503
Bulk purchases - water & sewer	5 726 344
Other materials	5 226 227

Contracted services	37 247 092
Grants and subsidies paid - other	4 759 518
General expenses	67 851 055
Cash Payments by Type	256 312 596
Other Cash Flows/Payments by Type	
Capital assets	49 553 622
Repayment of borrowing	825 682
Total Cash Payments by Type	306 691 899
Net Increase/ (Decrease) in Cash Held	36 568 748
Cash/Cash Equivalents at the month/year begin:	77 072 253
Cash/Cash Equivalents at the month/year end:	113 641 001

YEAR	Collection Rate Q1	Collection Rate Q2	YEAR TO DATE
2020/2021	79.5%	88.0%	83.7%
2021/2022	75.9%	87.6%	81.8%

The projected collection rate is 87% for the 2021/2022 financial year. In the first quarter of 2021/2022 the performance on collection rate was at 75.9% and improved to reflect 87.6% in the second quarter. The overall collection rate for the year to date is 81.8%. This reflects that an adjustment to the projected collection rate is necessary.

The collection rate for the first quarter of 2021/2022 is less than the collection rate for the first quarter of 2020/2021 this is due to the annual billing of Government account not paid in the first Quarter but payments being made in the second quarter of 2021/2022.

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
FNB		Call Deposit	Call Deposit	Yes						41,893	74	(15,000)	7,665	34,633
STANDARD BANK		Call Deposit	Call Deposit	No						31,425	22	(4,980)	8,079	34,544
INVESTEC		Call Deposit	Call Deposit	No						2,699	4	-	1,415	4,114
OLD MUTUAL SHARES		Call Deposit	Call Deposit	No						46	3	-	-	49
ABSA BANK		Call Deposit	Call Deposit	No						17,493	-	(554)	21,375	38,319
Municipality sub-total										93,555	103	(20,534)	38,535	111,666
TOTAL INVESTMENTS AND INTEREST	2									93,555	103	(20,534)	38,535	111,666

The municipality secured the following investments:

1. Surety of the DBSA loans to the value of R3 124 000
2. Eskom bank guarantee in lieu of the deposit for Thornhill connection, to the value of R3 140 000

1.1.1 CONDITIONAL GRANTS**Summary Conditional/Unconditional Grant Spending - 2021**

Description	No. of Projects	No H/H Benefiting	2021/22 Budget Year				
			DoRA Allocation	Transferred to Municipality	Year to Date Exp	% Spent to DoRA	% Spent to Transferred
R Thousand							
<u>Operating Grants:</u>							
Financial Management Grant			2 650	2 650	522	19.7%	19.7%
Municipal Infrastructure Grant (PMU)			1 433	1 433	974	68.0%	68.0%
Equitable share			107 582	80 687	11 000	10.2%	13.6%
Libraries and Archives (DSRAC)			2 750	2 750	2 640	96.0%	96.0%
Environmental Health Subsidy			1 550	1 636	936	60.4%	57.2%
Fire and Public Safety			–	497	–	0	0.0%
<u>Infrastructure/Capital Grants:</u>							
Municipal Infrastructure Grant			34 730	27 230	16 217	46.7%	59.6%
Regional Bulk Infrastructure Grant			10 805	10 805	7 851	72.7%	72.7%
Water Service Infrastructure Grant			20 000	10 007	5 162	25.8%	51.6%
Extended Public Works Programme			1 144	800	743	64.9%	92.9%
Integrated National Electrification Programme Grant			15 000	10 000	4 959	33.1%	49.6%
Total			197 644	148 495	51 005	25.8%	34.3%

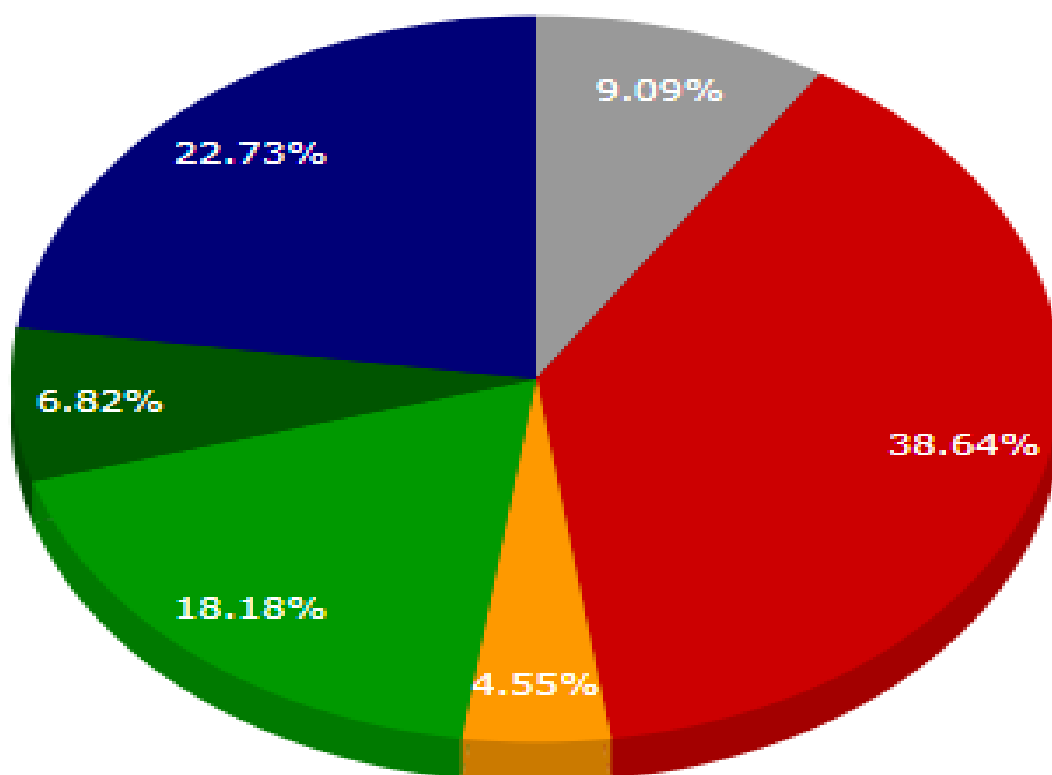
1.1.2 FINANCIAL RATIOS

Ndlambe Municipality Financial Ratios as at 31 December 2021				
Description	Formula	Ratio	Norm	Reason for performance
Cost Coverage ratio	Cash and cash equivalents + Short term investments/Total operating expenditure	4.229725384	1-3 months	The municipality is able to cover its day-to-day expenses using available cash flow. The ratio reflects that Ndlambe Municipality can potentially cover its monthly expenditure for more than 4 months using only its cash and cash equivalents and short-term investments. This is more than the norm of 1-3 months meaning that the municipality has become efficient in managing its cash or lowering its operating expenditure.
Over/under spending on capital budget	Over/under spending on Capital Budget	82%	95%-100%	The result of this ratio is 82% which is below the norm meaning that the spending of the municipality is not in accordance with the budget. The reason for this under-spending is due to the compliance issues faced during the procurement processes compliance assessments such as EIA which delays projects.
Debtors as % of own revenue	Debtors/Own revenue * 100	44.73%	N/A	This means that 44.73% of own revenue from property rates, water, electricity, sanitation, and refuse is still owed to the municipality. This ratio does not reflect how old the debt is but it gives enough platform to conclude that the municipality needs more effective measures to collect from its debtors as having this percentage of debt still not collected could lead to cashflow problems.
Creditors as % of cash and investments	Creditors/Cash and Investments * 1	0%	N/A	This means that the cash and investments of the municipality is more than enough to cover the outstanding creditors.
Reliance on national and provincial transfers	Grants/Total Revenue * 100	50%	N/A	This ratio is done to assess the level of reliance on revenue received in the form of grants. The ratio reflects that the municipality relies equally on both the grants and internal funds.
Debt to revenue ratio	Debt/Revenue * 100	2%	45%	The municipality ratio is far below the norm. Therefore, the ratio indicates that the municipality has a potential to service its debts.

1.2 IDP AND SDBIP FINANCIAL AND NON-FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2021

Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	4
R	KPI Not Met	0% <= Actual/Target <= 74.999%	17
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	2
G	KPI Met	Actual meets Target (Actual/Target = 100%)	8
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	3
B	KPI Extremely Well Met	133.000% <= Actual/Target	10
Total KPIs:			44



Responsible Directorate	KPI Name	Strategic Objective	Municipal KPA	Baseline	Overall Performance for Quarter ending September 2021 to Quarter ending December 2021		
					Target	Actual	R
Infrastructural Development	1. Turnaround time for processing of land use applications	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Spatial Planning	4.64	4.64	2.91	B
Corporate Services	18. Response time to customer complaints	Improve the efficient running of and the governance of the Municipality	Unspecified	3	3	3	G
Corporate Services	19. Staff Vacancy Rate	Improve the efficient running of and the governance of the Municipality	Unspecified	11.98%	0.00%	0.00%	N/A
Corporate Services	20. The number of people from employment equity target groups employed in the entire organisation in compliance with a municipality's approved employment equity plan (Indians and Disabled) (Proxy Indicator)	Improve the efficient running of and the governance of the Municipality	Unspecified	1	0	0	N/A
Corporate Services	21. The percentage of a municipality's budget (OPEX) actually spent on implementing its workplace skills plan	Improve the efficient running of and the governance of the Municipality	Unspecified	0.60%	0.40%	7.37%	B
Community and Protection Services	2. Number of formal households with access to refuse removal as per schedule	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	0	15 961	21 546.83	B
Community and Protection Services	3. Number of informal areas provided with access to refuse removal as per schedule (skip bins collection)	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	7	7	7	G
Community and Protection	4. Number of beaches with full	Develop a vibrant, rapidly	Basic Service Delivery	2	2	2	G

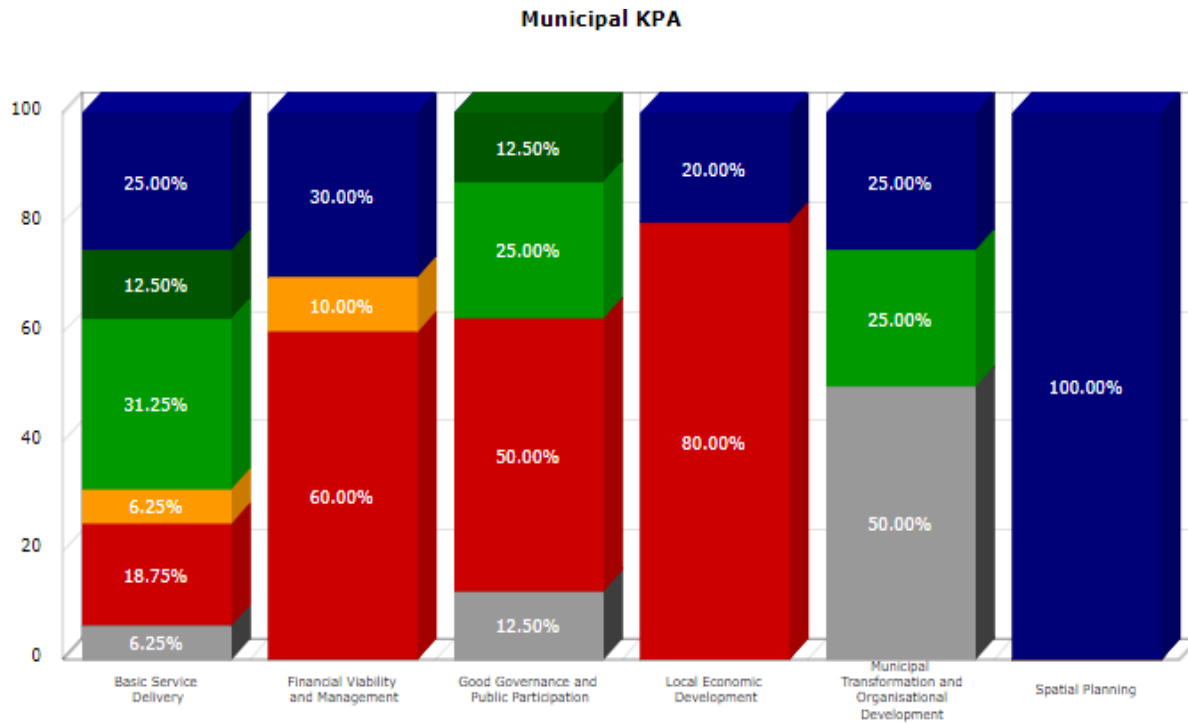
Services	blue flag status	growing, employment generating oceans economy					
Community and Protection Services	5. Number of patrols conducted within the estuaries (Kowie, Bushmans, Kariega)	Preserve the natural beautiful environment	Basic Service Delivery	234	128	213	B
Community and Protection Services	6. Number of biodiversity priority areas patrolled (nature reserves) - Kap and Fish River-, RoundHill-, Joan Muirhead Local Authority Nature Reserves	Preserve the natural beautiful environment	Basic Service Delivery	4	4	4	G
Community and Protection Services	7. Percentage compliance with the required attendance time for firefighting incidents (in accordance with SANS 10090)	Create a safe and secure living environment	Basic Service Delivery	100.00%	100.00%	66.67%	R
Community and Protection Services	8. Number of stop and checks carried out to enhance vehicle safety	Create a safe and secure living environment	Basic Service Delivery	100	90	90	G
Infrastructural Development	9. Number of water and sanitation infrastructure projects completed	Develop state-of-the-art physical infrastructure	Basic Service Delivery	1	1	0	R
Infrastructural Development	10. Percentage of households with access to basic sanitation	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	79.00%	80.00%	40.46%	R
Infrastructural Development	11. Percentage of households with access to water supply	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	94.88%	96.00%	108.32%	G2
Infrastructural Development	12. Percentage of non-revenue water	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	41.17%	38.00%	17.17%	B
Infrastructural Development	13. Percentage of households	Provide sustainable,	Basic Service Delivery	100.00%	100.00%	100.35%	G2

	with access to electricity	efficient, cost effective, adequate and affordable services to all our citizens					
Financial Services	14. % registered Indigent households having access to free basic services	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	100.00%	100.00%	100.00%	G
Infrastructural Development	15. Compliance to SANS241	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Basic Service Delivery	100.00%	100.00%	76.67%	O
Infrastructural Development	16. Metres of road improved (paving)	Develop state-of-the-art physical infrastructure	Basic Service Delivery	1 500	0	0	N/A
Infrastructural Development	17. Metres of road improved (grading)	Develop state-of-the-art physical infrastructure	Basic Service Delivery	3 800	2 000	28 492	B
Office of the Municipal Manager	22. Number of jobs created	Develop a vibrant, rapidly growing, employment generating oceans economy	Local Economic Development	784	664	2 358	B
Office of the Municipal Manager	23. Number of tourism initiatives supported	Develop and support adventure and extreme water sports	Local Economic Development	0	1	0	R
Office of the Municipal Manager	24. Number of heritage and cultural events/initiatives supported	Develop cultural heritage economy	Local Economic Development	0	3	0	R
Office of the Municipal Manager	25. Number of farmers supported (subsistence and emerging)	Develop a vibrant, rapidly growing, agri-based employment generating economy	Local Economic Development	0	2	0	R
Office of the Municipal Manager	26. Number of SMME's and Cooperatives supported	Develop a vibrant, rapidly growing, agri-based employment generating economy	Local Economic Development	9	2	0	R
Financial Services	27. Collection Rate	Improve financial viability of the municipality	Financial Viability and Management	84.00%	85.50%	81.65%	O
Financial Services	28. Cash/ Cost Coverage Ratio (Excluding Unspent Conditional	Improve financial viability of the municipality	Financial Viability and Management	1	1.2	0	R

	Grants)						
Financial Services	29. Percentage reduction of Irregular Expenditure	Improve financial viability of the municipality	Financial Viability and Management	0.00%	40.00%	0.00%	R
Financial Services	30. Percentage reduction of Fruitless and Wasteful Expenditure	Improve financial viability of the municipality	Financial Viability and Management	0.00%	100.00%	0.00%	R
Financial Services	31. Percentage reduction of Unauthorised Expenditure	Improve financial viability of the municipality	Financial Viability and Management	0.00%	100.00%	0.00%	R
Financial Services	32. Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)	Improve financial viability of the municipality	Financial Viability and Management	1	0.01	0.03	B
Financial Services	33. Debt coverage	Improve financial viability of the municipality	Financial Viability and Management	2.9	2.5	0	R
Financial Services	34. Outstanding service debtors to revenue	Improve financial viability of the municipality	Financial Viability and Management	28.00%	34.00%	30.00%	B
Financial Services	35. Current Ratio	Improve financial viability of the municipality	Financial Viability and Management	0.84	1.05	0.55	R
Office of the Municipal Manager	36. Percentage capital budget spent	Improve financial viability of the municipality	Financial Viability and Management	37.00%	60.00%	83.00%	B
Office of the Municipal Manager	37. Audit Opinion	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	0	1	0	R
Corporate Services	38. Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	90.00%	0.00%	0.00%	N/A
Office of the Municipal Manager	39. Number of alleged fraud and corruption cases reported	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	2	0	0	G
Office of the Municipal Manager	40. Number of active suspensions longer than three months	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	5	0	1	R
Office of the Municipal Manager	41. Number of Public Participation meetings and formal engagements held with the Local Communities	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	4	4	5	G2

Office of the Municipal Manager	42. Number of special programmes held/supported	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Good Governance and Public Participation	7	11	0	R
Corporate Services	43. Number of Council meetings held	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	4	2	1	R
Corporate Services	44. Number of council members who have declared their financial interests when elected	Improve the efficient running of and the governance of the Municipality	Good Governance and Public Participation	0	20	20	G

PERFORMANCE PER MUNICIPAL KPA – 31 DECEMBER 2021



Part 2 GOVERNANCE AND INSTITUTIONAL ARRANGEMENT

Ndlambe Municipality's Internal Audit Unit is an in-house function

2.1 WEAKNESSES IN INTERNAL CONTROLS-

There are 4 key areas of weakness in internal controls which are;

Supply Chain Management – The municipality has a decentralised Supply Chain Management making it prone to non-compliance on many levels (i.e from unwarranted deviations to poor records management. Irregular expenditure is not timeously detected neither reported to Council as required by legislation

Performance Management system – There has been a good progress made on the PMS thus far. The municipality is gradually improving on the matter. It is now moved from manual to electronically driven process. Assessments are conducted, however are not always on time as the composition of the review panel becomes a challenge wherein external parties such as Mayors/Municipal Managers of other institutions are not always available. Target smartness has been improved immensely in comparison from prior year.

Asset Management – it has been highlighted as area of concern by AGSA in the recent Audit. This has been addressed as it related to inability to physically verify other assets and the misstatement of the Asset register.

Revenue – Completeness and validity of indigent beneficiaries. There is has been progress made to address the matter however the municipality lacks capacity to verify and validate beneficiaries as this needs IT expertise to verify over and above the applicant's declarations.

Audit Action plan was drawn and followed up throughout the year. The 4 qualifying items have been reasonably addressed being Property Plant and equipment, Revenue from non-exchange transactions, payables. There is a very little progress made on issue of Supply Chain management.

Functionality of MPAC and sufficient resourcing in terms of personnel

MPAC functionality has not been sitting as required especially on the second quarter of 2021/2022 owing to Local government Elections. The Committee is not resourced as it relies on IA Unit for its functioning. Ideally the Committee should have its own Co Coordinator to drive the committee's programs.

Status on Audit Committee sittings & oversight, at least 4 times a year and the implementation of resolutions.

The Audit Committee has convened 3 meetings in the first 6 months of the 2021/22 financial year.

The Audit Committee resolutions are crafted in the resolution matrix that is a standing item in the Audit Committee meetings agenda. As per the current matrix, majority of the resolutions have not been implemented.

Internal Audit Functionality

No	Top 10 audit findings from IA reports	2020/2021 IA finding impact on:				Endorsed Audit Action plan by AC& Management to address root cause	Status on the implementation of the Action plan	Action taken by the CAE and AO on the non-implementation of the Action plan
		Audit Outcomes	Service delivery	Cash flow	Compliance			
1.	Procurement through deviation has been made a norm	✓		✓	✓	Management in agreement with the finding however the finding is not yet addressed.	Not addressed	IA finding reported to the AC.
2.	No controls to identify Unauthorised Irregular and Fruitless expenditure.	✓		✓	✓	Management in agreement with the finding however the finding is not yet addressed.	Not addressed	IA finding reported to the AC.
3.	Business Continuity Plan (BCP) has not been developed and Disaster Recovery plan still in draft and not approved	✓			✓	Management in agreement with the finding however the finding is not yet addressed.	Not yet addressed	IA finding reported to the AC.
4.	Poor record keeping and Lack of review of tender files.	✓			✓	Management in agreement with the finding. A Contracts officer to administer tender register appointed.	Partially addressed	IA finding reported to the AC.
5.	Escalating medical aid contribution for ex-employees	✓	✓	✓		Management in agreement with the finding and they are in a process of addressing it	Not yet addressed	IA finding reported to the AC.
6.	Inconsistent overlapping procurement roles	✓		✓	✓	Management in agreement with the finding however the finding is not yet addressed.	Not yet addressed	IA finding reported to the AC.
7.	Overtime payments not pre-authorised.	✓		✓	✓	Management in agreement with the finding however the finding is not yet addressed.	Not addressed	IA finding reported to the AC.
8.	Incorrect vat entries in the Grant Register and in the financial system	✓		✓	✓	Management in agreement with the finding. The vat segment has been marked on	Partially addressed	IA finding reported to the AC.

						Munsoft but there is one that was noted to be incorrect		
9.	Lack of contract performance monitoring mechanism	✓	✓		✓	Management in agreement with the finding however the finding is not yet addressed.	Not yet addressed	IA finding reported to the AC.
10.	No monitoring and review of activities performed by the system Super Users	✓	✓		✓	Management in agreement with the finding however the finding is not yet addressed.	Not yet addressed	IA finding reported to the AC.

2.2 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

An effort has been made to develop a system that will enable us to identify irregular expenditure other deviations irregular expenditure. The plan is to develop a “departmental based” irregular expenditure identification system whereby each transaction or requisition will be accompanied by an assessment form. The assessment form will be used to determine compliance of the requisition or documents to the four procurement categories as follows;

1. R 1 to R2000 (One quote)
2. R 2001 to R 30,000 (3Quotations)
3. R 30,001 to R 200,000 (7-day notice)
4. > R 200,000 (14 days and more depending on the value, public participation process etc.)

For instance, where category 3, procurement is processed, the department should mark all applicable documents and indicate whether the transaction is irregular or not. The requisition book “authoriser” will check the document to ascertain compliance to the applicable category and verify the declaration made at the department level. Supply chain, during order capturing will capture the order “Indicator” in the system whether the order is classified as irregular or not.

Supply Chain will run a creditors payment report with a status “indicator” for each order. All irregular orders will be summarised and presented to MPAC for investigation. Our financial system is not yet set up to provide this report, we will be making a request to MunSoft to allow us to make use of an existing field in the order capturing screen.

For wasteful and fruitless expenditure, we have a running system to report this expenditure monthly but we have not presented anything to Council for current financial year for a write-off, the practice has been to quantify Unauthorised, Irregular and Fruitless and wasteful expenditure at year-end.

Unauthorised expenditure can only be quantified at year-end for the following reasons;

- a) It is determined by vote; therefor it is not possible to quantify it when you still have some funds in some line items within the vote.
- b) The adjustment budget affords an opportunity to shift funds around to cover for excess expenditure with available savings in other line items within the vote. Given this unauthorised expenditure is an exercise performed best at year-end.
- c) The MPAC investigations outcome of irregular, Fruitless and wasteful and unauthorised expenditure are determinants of whether a need arises for financial misconduct charges or not, such a need will be reflected in the MPAC recommendations and the Council resolution after consideration of the MPAC recommendations by Council.

2.3 IMPLEMENTATION OF MSCOA REFORMS

The table below outlines the Financial System's modules that are in use and live:

mScoa Compliance Implementation at at 31 December 2021		
Modules	Y/N	Action plan
FAR Module Live and Used	Y	
Budget Module Live and Used	Y	
IDP Module Live and Used	Y	
SCM Module Live and Used	Y	
Payment Module Live and Used	Y	
Billing Module Live and Used	Y	
Revenue Module Live and Used	Y	
Payroll Module Live and Used	Y	
Bank Reconciliation Live and Used	N	The vendor Munsoft is currently analysing the data and importing the data into the module. Will be live by 30 June 2021

The financial information for A Schedule (Budget), Schedule B (adjusted Budget) and Schedule C (Section 71) is generated by the municipal financial system (Munsoft).

Progress Report on 2022/2023 Budget Process

Community meetings by the Mayor and Councillors were done differently, the interactions were done virtually by through debate sessions in community radio platforms to gather inputs for the budget and reporting back on previous year's budget.

The municipality has managed to have one budget steering committee meeting which sat in December 2021 to discuss the budget preparation approach.

The strategic planning is planned to take place in February 2022 where the new projects will be identified.

Budget inputs for the current existing projects were submitted to Budget and Treasury office in December 2021.

The Budget and Treasury Office has done assessment and consolidation of the submitted budget inputs. The next budget steering committee meeting will sit in February.

Part 3 QUALITY CERTIFICATE

I, **ROLLY DUMEZWENI** the Municipal Manager of Ndlambe Municipality hereby certify that:

- The monthly budget statements
- Mid – year budget and performance assessment

For the month of December of 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

ROLLY DUMEZWENI

Municipal Manager of Ndlambe Municipality

Signature:

Date:

ANNEXURE E

SCHEDULE OF MEETINGS 2021/2022

NDLAMBE MUNICIPALITY



DRAFT SCHEDULE OF MEETINGS – 2021/2022 FINANCIAL YEAR

DATE	COMMITTEE	VENUE	TIME	SUBMISSION DATE	DELIVERY DATE
AUGUST 2021					
17 August 2021 Tuesday	Audit and Performance Committee	Council Chambers	10H00	03/08/2021	10/08/2021
18 August 2021 Wednesday	Management	Municipal Manager's Boardroom	08H00	To discuss Council agenda	
18 August 2021 Wednesday	Full Ndlambe Council	Council Chambers	10H00	04/08/2021	11/08/2021
24 August 2021 Tuesday	Management	Municipal Manager's Boardroom	8H00	To discuss EXCO Agenda	
24 August 2021 Tuesday	Executive Committee	Council Chambers	10H00	10/08/2021	17/08/2021
25 August 2021 Wednesday	Municipal Planning Tribunal	Council Chambers	10H00	11/08/2021	18/08/2021
25 August 2021 Wednesday	SBDM Council Meeting	SBDM	11H00		
26 August 2021 Thursday	SBDM Mayors Forum	SBDM	10H00		
27 August 2021 Friday	Audit and Performance Committee	Council Chambers	10H00	13/08/2021	20/08/2021
30 August 2021 Monday	Local Labour Forum	Council Chambers	10H00	16/08/2021	23/08/2021
31 August 2021 Tuesday	I.T. Steering Committee	Council Chambers	10H00	17/08/2021	24/08/2021

SEPTEMBER 2021					
07 September 2021 Tuesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00		
14 September 2021 Tuesday	Ward 1	Council Chambers, Alex	10H00	31/08/2021	07/09/2021
14 September 2021 Tuesday	Ward 2	Council Chambers, Alex	12H00	31/08/2021	07/09/2021
15 September 2021 Wednesday	Ward 3	Marselle Community Hall	14H00	31/08/2021	07/09/2021
15 September 2021 Wednesday	Ward 4	Council Chambers KOS	10H00	31/08/2021	07/09/2021
14 September 2021 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	31/08/2021	07/09/2021
15 September 2021 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	31/08/2021	07/09/2021
16 September 2021 Thursday	Ward 7	Kuyasa Combined School	17H00	02/09/2021	09/09/2021
21 September 2021 Tuesday	Ward 8	Jauka Hall	17H00	07/09/2021	14/09/2021
22 September 2021 Wednesday	Ward 9	Jauka Hall	17H00	08/09/2021	15/09/2021
21 September 2021 Tuesday	Ward 10	Council Chambers	10H00	07/09/2021	14/09/2021
21 September 2021 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
28 September 2021 Tuesday	Audit and Performance Committee	Council Chambers	10H00	14/09/2021	21/09/2021
29 September 2021 Wednesday	Local Labour Forum	Council Chambers	10H00	15/09/2021	22/09/2021
30 September 2021 Thursday	Municipal Public Accounts Committee	Council Chambers	10H00	16/09/2021	23/09/2021

OCTOBER 2021					
13 October 2021 Wednesday	SBDM Municipal Managers' Forum	SBDM	10H00		
20 October 2021 Wednesday	SBDM Council Meeting	SBDM	11H00		
26 October 2021 Tuesday	Local Labour Forum	Council Chambers	10H00	12/10/2021	19/10/2021
27 October 2021 Wednesday	Municipal Planning Tribunal	Council Chambers	11h00	13/10/2021	20/10/2021
NOVEMBER 2021					
02 November 2021 Tuesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00		
10 November 2021 Wednesday	SBDM Mayors Forum	SBDM	10H00		
11 November 2021 Thursday	Municipal Public Accounts Committee	Council Chambers	10H00	28/10/2021	04/11/2021
16 November 2021 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
18 November 2021 Thursday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	
18 November 2021 Thursday	EXCO	Council Chambers	10H00	04/11/2021	11/11/2021
24 November 2021 Wednesday	SBDM Council Meeting	SBDM	11H00		
24 November 2021 Wednesday	Audit and Performance Committee	Council Chambers	10H00	10/11/2021	17/11/2021
DECEMBER 2021					
01 December 2021 Wednesday	Municipal Planning Tribunal	Council Chambers	11H00	17/11/2021	24/11/2021
10 December 2021 Friday	Management	Municipal Manager's Boardroom	08H00	To discuss Council Agenda	
10 December 2021 Friday	Full Ndlambe Council	TO BE CONFIRMED	10H00	26/11/2021	03/12/2021

FURTHER DRAFT SCHEDULE TO BE COMPLETED

JANUARY 2022					
18 January 2022 Tuesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00		
19 January 2022 Wednesday	SBDM Municipal Managers’ Forum	SBDM	10H00		
26 January 2022 Wednesday	SBDM Council Meeting	SBDM	11H00		
FEBRUARY 2022					
10 February 2022 Thursday	SBDM Mayors Forum	SBDM	10H00		
23 February 2022 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
23 February 2022 Wednesday	Municipal Planning Tribunal	Council Chambers	11h00	09/02/2022	16/02/2022
24 February 2022 Thurday	Audit and Performance Committee	Council Chambers	10H00	08/02/2022	17/02/2022
MARCH 2022					
01 March 2022 Tuesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00		
04 March 2022 Thursday	Audit and Performance Committee	Council Chambers	10H00	23/02/2022	25/02/2022
08 March 2022 Tuesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00		
09 March 2022 Wednesday	Audit and Performance Committee	Council Chambers	10H00	23/02/2022	02/03/2022
23 March 2022 Wednesday	Full Ndlambe Council	Council Chmbers	10H00	09/03/22	16/03/22
24 March 2022 Thursday	Municipal Public Accounts Committee	Council Chambers	10H00	10/03/2022	17/03/2022
30 March 2022 Wednesday	SBDM Council Meeting	SBDM	11H00		
APRIL 2022					
20 April 2022 Wednesday	SBDM Municipal Managers’ Forum	SBDM	10H00		
20 April 2022 Wednesday	Municipal Planning Tribunal	Council Chambers	11h00	06/04/2022	13/04/2022

26 April 2022 Tuesday	District Wide Infrastructure Forum	SBDM	10H00
MAY 2022			
11 May 2022 Wednesday	SBDM (MPAC) Municipal Public Accounts Committee	SBDM	11H00
18 May 2022 Wednesday	SBDM Mayors Forum	SBDM	10H00
24 May 2022 Tuesday	Municipal Public Accounts Committee	Council Chambers	10H00
25 May 2022 Wednesday	SBDM Council Meeting	SBDM	11H00
JUNE 2022			
14 June 2022 Tuesday	District Wide Infrastructure Forum	SBDM	10H00
15 June 2022 Wednesday	Audit and Performance Committee	Council Chambers	10H00
22 June 2022 Wednesday	Municipal Planning Tribunal	Council Chambers	11H00

ANNEXURE F

APC ANNUAL REPORT 2021/2022

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE

The Audit and Performance Committee of the municipality has the pleasure of submitting its annual report.

1. Committee members and attendance

In terms of the Municipal Finance Management Act, 56 of 2003 (MFMA) and the Ndlambe Local Municipality's Audit and Performance Committee Charter, the Committee must consist of at least three members, all of whom must be external independent members. None of the members may be councillors.

The Audit and Performance Committee consisted of 4 members, however, 1 member resigned, listed hereunder:

Member	Date of Appointment	Comment
Adv. S Gugwini Peter (Chairperson)	1 July 2020	Appointed as Chairperson on 2 nd February 2022
Ms R. Shaw	1 July 2020	
Prof W Plaatjes	2 November 2020	
Mr S Tandani	1 July 2020	Resigned as Chairperson and committee member on 28 th December 2021

The committee convened 5 meetings during the year on the following dates:

No	Date of the meeting	Comment
1.	27 August 2021	All members were present except Mr S Tandani (Resigned)
2.	30 August 2021	All members were present except Mr S Tandani (Resigned)
3.	15 November 2021	All members were present except Mr S Tandani (Resigned)
4.	30 March 2022	All members were present except Mr S Tandani (Resigned)
5.	21 June 2022	All members were present except Mr S Tandani (Resigned)

The Audit and Performance Committee Chairperson also availed herself for Council meetings to present an Annual report of the Audit and Performance Committee for the 2021/2022 financial year.

2. Audit Committee's Responsibilities

The audit committee's responsibilities are outlined in Section 166(2) of the Municipal Finance Management Act. The audit committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The audit committee's responsibilities in terms of the foregoing Act and its Charter is that it is responsible for the following:

- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to:
 - Internal financial controls and internal audits
 - Risk management
 - Accounting policies
 - Adequacy, reliability and accuracy of financial reporting and information
 - Performance management
 - Effective governance
 - Compliance with MFMA, the Annual Division of Revenue Act and other applicable legislation
 - Performance evaluation
 - any other issues referred to it by the municipality
- (b) review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- (c) respond to the council on any issues raised by the Auditor-General in the audit report
- (d) carry out such investigations into the financial affairs of the municipality as the council of the municipality may request.
- (e) perform such other functions as may be prescribed

The Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management and has discharged them properly and efficiently.

3. The Effectiveness of Internal Controls

The system of controls is designed to provide cost-effective assurance and that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Audit Unit, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa the system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and/or deviations were reported by the internal audit unit and the Auditor-General South Africa. In many instances, the matters reported previously have not been fully and satisfactorily addressed.

Vacancies undermine the effective functioning of the systems of internal control and it is imperative that management reviews its recruitment procedures and processes to ensure that vacancies are filled expeditiously with properly qualified, skilled and experienced personnel.

Furthermore, the issue of decentralised Supply Chain management also undermines the strides made by management. The high levels of irregular expenditure and deviations continued to occur despite the write-offs done. The Committee had consistently raised the decentralised SCM with Senior management and political leadership as Committee is of the view that it is the root cause for irregular expenditure.

The Risk management processes are not desirable, as the risk management framework is not visibly supported by management. The risk management deficiencies have also been raised with senior management.

4. The quality of the in-year management and monthly/quarterly Reports submitted in terms of the MFMA

The audit committee has received and reviewed quarterly reports, in the form of MFMA, section 52(d) reports and assurance performance information reports from the Internal Audit Unit.

The Audit and Performance Committee was not always satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer and management during the year under review. The reports were submitted late and had gaps in many instances. This compromised the Committee's work as we had to work with the limited information provided. The Audit and Performance Committee also raised concerns with timing in the tabling of these quarterly reports to the Audit Committee, which was not always aligned with the timetabling of Council.

5. Internal Audit Function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the Audit and Performance Committee. The municipality's Internal Audit services are in-house with a staff complement of 3 officials.

During the year under review, an audit plan was prepared, based on the annual risk assessment, and approved by the Audit and Performance Committee. The internal audit was able to complete 9 out of 10 planned projects in the year under review.

No	Project name	Status	Control effectiveness
1.	Annual Financial Statement Reviews	Completed	Partially effective
2.	AOPI 1		Not Effective
3.	Payroll and Human Resources	Completed	Partially effective
4.	AOPI 2	Completed	Ineffective
5.	Revenue	Completed	Partially effective
6.	Risk management	Completed	Ineffective

7.	Supply Chain management	Completed	Ineffective
8.	AOPI 3	Completed	Ineffective
9.	Asset Management	Completed	Effective
10.	Loss Control	Not Completed	Not applicable

6. Evaluation of Financial Statements

The Audit and Performance Committee has:

- reviewed and discussed with the Auditor-General and the Accounting Officer the unaudited annual financial statements to be included in the Annual Report;
- reviewed the Auditor-General's management letter and management responses;
- reviewed the accounting policies and practices;
- reviewed significant adjustments resulting from the audit;
- evaluated the audited annual financial statements to be included in the Annual Report and, based on the information provided to the Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and Treasury Regulations as well as South African Statements of Generally Accepted Accounting Practice (GAAP) and certain statements of Generally Recognised Accounting Practice (GRAP).

7. External audit

The external audit function, performed by the Auditor General South Africa is independent of the entity. The audit and Performance Committee has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team. There were numerous unresolved issues such as the accounting treatment of the Reverse Osmosis plant. This was subsequently resolved prior to the completion of the audit process.

The audit committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.

The Audit Committee accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

The audit committee concurs with the material findings on the reported performance information and compliance with legislation.

Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the Audit and Performance Committee will monitor these going forward. An audit improvement plan has been developed to this effect.

8. Performance Management

The Committee has reviewed and considered the quarterly reports by management. In addition, the Audit and Performance Committee considered the annual performance report for the financial year 2021/2022. However, the Committee believes that municipal performance management is not effective and more effort is required to ensure that it is effectively institutionalised.

9. Risk Management

Risk Management has not improved in the financial year under review due to capacity at this unit. The recommendation by the Committee is to keep risk management as an agenda item in senior management meetings to ensure the strategic risk register is updated and also ensure that risk management becomes part of performance management items to penalise non-performance and reward effective implementation. These were some of the challenges noted;

- Progress reported that is not in line with the formulated risk action plans;
- Non-adherence to timelines (set on risk action plans).
- Some directorates do not take the reporting time seriously as they do not report progress on the action plans that they have developed in the stipulated time.
- Lack of Portfolio of Evidence from some of the Risk Owners to support the risk action plans implemented.
- Departmental meetings are not held on a monthly basis as stipulated in the implementation plans and this makes it difficult to identify new risks facing these departments in time. Failure to identify new risks will make things worse as we cannot be able to devise strategies to deal with these risks. This will lead to the Municipality managing risk crisis, instead of managing the risks proactively.

These challenges need to be addressed urgently as they impact negatively municipal performance.

9. Appreciation

I would like to thank my colleagues for making availing themselves to serve on this Committee and for the significant contributions that they have made.

As an Audit and Performance Committee, we rely to a great extent on the Ndlambe municipality management, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at the municipality. We are indebted to them for their cooperation and assistance.

We are also grateful to the Chief Finance Officer, the Auditor-General, and all other invitees to our meetings, including the external service providers, all of whom provided invaluable information to the Committee.

Adv Simthandile Gugwini-Peter
Chairperson: Audit Committee Ndlambe Local Municipality
Date: 27/01/2023