



PORT ST JOHNS
• MUNICIPALITY •
OUR HERITAGE, OUR PEOPLE

DRAFT ANNUAL REPORT

2023/2024

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CHAPTER 1: MAYORS' FOREWORD AND EXECUTIVE SUMMARY



1.1. Mayor's Foreword

In accordance with section 127(2) of the Local Government Municipal Finance Management Act (56 of 2003 as amended), I submit this annual report on behalf of the council for the financial year ended June 2024. According to this clause, the mayor of a municipality must within seven months after the end of the financial year, table the Annual Report of the municipality and of a municipal entity under the sole or shared control to the municipal council within seven months of the financial year. This report describes how well the council performed in meeting the goals it established for the financial year under review. The five-year Integrated Development Plan which is our service delivery bible has served as the foundation for the goals.

I have a privilege to present to the Port St Johns stakeholders the annual report with the detail of activities performed during the reporting period. Indeed, Port St. Johns Municipality has come a long way to reach its current state, and we continue to make decisions and take meaningful actions by working together. Our strategic vision is still to provide our people with services in an efficient, consultative, and well-coordinated manner and therefore the alignment of the municipal strategic direction to those of the National and Province is crucial.

The goals pertaining to the five key performance areas that are relevant to local government have been considerably met. Even though the municipality has dropped the performance, we want to recognize all the strides made in enhancing our road system and all the complete infrastructure improvements. We want to highlight that a number of 64,2 km of new roads have been constructed with 1.8km of surfaced roads at Agate Terrace however the works were incomplete and there are plans to complete in the next financial year. We are proud to mention that 649.9 km across all wards through clustering was done. Three bridges were rehabilitated and completed at Butho, Magumbini and Sinangwana. Only one community hall was constructed at ward 07 as

opposed to 4 that were planned. Other community halls are still under construction and are expected to be completed in the next financial year.

On electricity, the designs for 1778 households for electricity have been completed, these designs are for wards 7,19,4,24,6,26,08,20,1 and 5. The connection of 794 households to electricity has been completed at wards 1,2,17,20,12 and 13. The challenge is with Eskom in terms of finalizing the commissioning of the completed projects under electrification. 5 high mast lights were installed at wards 01,09,07,11 and 14 with 48.6km of a linkline that will connect the households being completed.

The grant expenditure was sitting at 84% by the end of the financial year with Municipal Infrastructure Grant (MIG) at 100%, the unspent funds were related to Municipal Disaster Recovery Grant (MDRG) funds that were received in February and should be fully spent by January 2025, DSRAC funds the rollover was only approved in May 2024.

The municipality will continue its visibility to our communities to ensure accountability as it is mandated by the Constitution. The continued support of other spheres of government and private institutions has meaningfully changed the lives of our people. The Municipality is in the center of providing services to the communities it is intended to serve because of its proximity to the populace. We shall continue to strive to provide services for a better life for all. Maintaining our distinctive natural resources could boost tourism and make our destination choice a Jewel of the Wild Coast.

The presented performance in this report has not come without challenges but to reach a well-thought-out direction, we should continue to provide guidance on how to address our issues in collaboration with the people of Port St. Johns Local Municipality. The effort put by our administration in collaboration with stakeholders to better the lives of our communities has not come unnoticed.

Yours in developmental local government

Cllr. C.S. Mazuza

The Mayor



1.2. EXECUTIVE SUMMARY

Port St Johns local Municipality is a small entity that relies on grants as provided by the national and provincial government institutions. The municipality's powers and functions are aligned to Section 152 d of the Constitution of the Republic which emphasizes the provision of basic services to the communities. The municipality is therefore responsible for the provision of access roads, waste management, the building and maintenance of public amenities, provision of electricity through INEP grant, public safety, spatial planning and local economic development. The financial management according to the Municipal Finance Management Act and applicable circulars of the Act.

The municipality adopted the IDP which is set as a guide and approach to ensure that services provided to the communities are in line with the needs on the ground. The process of IDP adoption is a participatory process aligned with the District Development Model which includes the participation of departments that operate in municipal jurisdiction to ensure the alignment of planning and reporting thereof.

During the year 2023/24 the municipality achieved 51% of the total annual performance. This reflects poor performance for PSJ municipality. Some of the challenges were related to the vacancies in the engineering services where the department operated without a Senior Manager, Manager PMU as well as the Project Management Officers. The District Municipality seconded an expert in the engineering field to assist the municipality to perform its functions.

The performance per Key Performance Area: Basic Service delivery accounts for 11 indicators and a number of 7 indicators were achieved, which is a total of 64%. Local Economic Development and Spatial Planning achieved 33% of all indicators, the total number of indicators were 12 and the total achieved was 4. Municipal Transformation and organizational development achieved 9% of its total indicators. Financial viability and management achieved 67% of its indicators, out of 15 indicators, 10 indicators were

achieved. Good governance and public participation achieved 83% of all its planned indicators with community services section achieving 38% of its indicators.

Our primary goal in the coming integrated development plan review is to improve each of the key performance areas. We have received positive results for the MTREF Budget assessment for the reporting financial year. This is due to the strategies put in place and the continuous skills development provided to the key personnel.

The municipality has a low revenue base and low collection due to its rural nature however there are plans in place including expanding the revenue base and implementation of strategies to improve collection.

The bulk infrastructure remains the challenge for the facelift of Port St Johns and requires collaborative efforts from other stakeholders in government and private sector. Two of the fundamental tasks that define Port St. Johns Municipality is to ensure that new businesses are also benefiting from our processes. This will assist in job creation and empowering the people of the area. Partnerships with both government and private institutions is key to find amicable solutions for service delivery and fight triple challenges

In order to guarantee that the people receive the services they need, the Port St Johns administration continues to support the political arm of the municipality in the implementation of the Integrated development Plan (IDP). We do this guided by the IDP priorities as contained in the document which was adopted at the start of the term and reviewed annually including the reporting period. The results of our IDP assessment have seen some regression due to capacity issues that require financial and other resources.

We are consistent in the implementation of the policies as approved by the Council while also acknowledging gaps for the next review. The municipality has retained the qualified audit opinion in the audit conducted by Auditor General of South Africa. Management has put stringent measures including the development of the audit action plan to respond to the qualifying matters. We are confident that these matters will be dealt with before the next audit period. We are committed to the improvement of our performance in the coming audit.

The implementation of individual performance management is at the center of our performance management system implementation as a measure to improve organizational performance. Training and development, including the upskilling and reskilling of personnel, has been put at the core of our personnel development on an incremental basis.

We recommend to the stakeholders to read and critic this report and provide constructive feedback through provided platforms. Our hope is that the year ahead will provide an opportunity to turn around the situation.

E.Mzayiya
Acting Municipal Manager

ANNUAL REPORT PURPOSE, BACKGROUND & APPLICABLE REQUIRMENTS AND MANDATE

PURPOSE

The Purpose of the annual report is to provide record of the activities of the Municipality during the year 2023-2024 financial year. It also provides the report of the performance of the Municipality against the budget or to promote accountability to the local community for the decisions made throughout the year.

BACKGROUND

Port St Johns Local Municipality adopted a policy for Performance Management System in 2014 as a guiding tool for monitoring and evaluation of its performance. The Municipality recognizes the significance of having a Performance Management System not only as a legal requirement in terms of the applicable laws, but as an important instrument of corporate governance which aims at ensuring that a process of goal setting in the workplace is followed by a systematic success measuring process. In the previous financial years, the municipality slowly started the cascading of performance management system by introducing this aspect to the staff below senior management but experienced some challenges which have not yet been resolved.

APPLICABLE LEGISLATIVE REQUIREMENT/S AND MANDATE

Section 121(1) of the Municipal Finance Management Act (32 of 2003) requires that every municipality and every municipal entity must for each financial year prepare an annual report in accordance with Chapter 12 of the same act.

(3) The annual report of a municipality must include- the annual financial statements of the municipality, and in addition, if section 122(2) applies, the consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1); the Auditor-General's audit report in terms of section 126(3) on those financial statements; the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act: the Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act; an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges: an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in 10 section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year: particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) of the same act: any explanations that may be necessary to clarify issues in connection with the financial statements: any information as determined by the municipality; any recommendations of the municipality's audit committee: and any other information as may be prescribed.

Section 46 of the Municipal Systems Act (32 of 2000) states that.

(1) A municipality must prepare for each financial year an annual performance report reflecting: -

(a) The performance of the municipality and of each external service provider during the financial year.

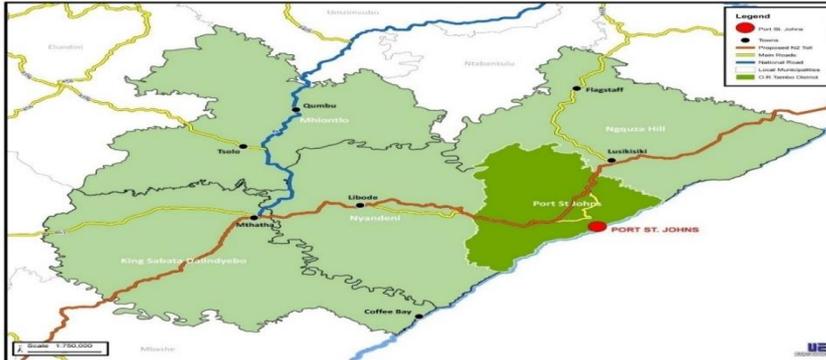
(b) A comparison of the performances referred to in paragraph (a) with targets and performances in the previous financial year, and

(c) Measures taken to improve performance

(2) An Annual Performance report must form part of the municipality's Annual report in terms of Chapter 12 of the Municipal Finance Management Act (56 of 2003).

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Port St Johns Municipality is a category B Municipality, situated on the coast of the Indian Ocean in the largely rural Province of the Eastern Cape. It is bounded by Lusikisiki in the north, Libode in the west and Mthatha in the south. This municipality is one of the coastal municipalities within the O.R. Tambo District Municipality.



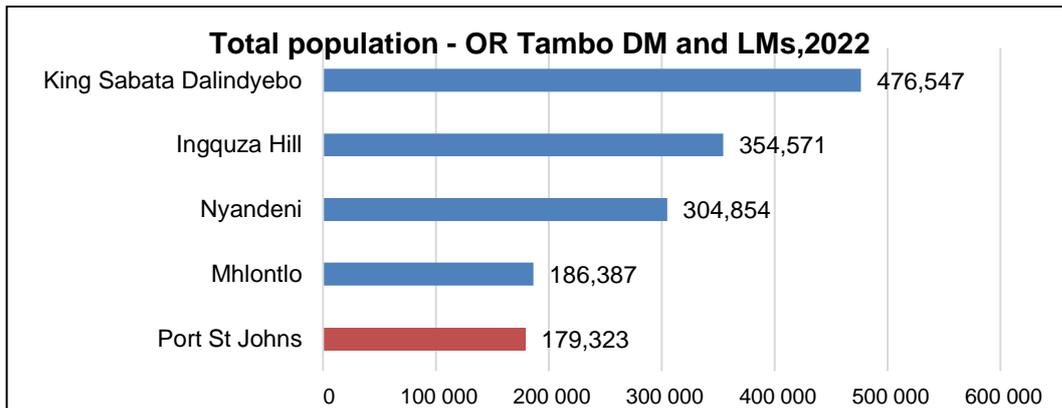
The municipality spans a total area of 1,291km² (8800 hectares) and comprises of 20 wards. It has a total population of 179 325 consisting mainly of Blacks (99%). The remaining 1% is composed of Whites, Coloureds, and Indian/Asian ethnic groups. Port St John's is known for its beautiful beaches, mountainous terrain with Hills, Cliffs, and sandy Dunes. The municipality's beautiful scenery, its natural vegetation and pristine beaches referred to above are main attractions for tourism.

It has land for commercial use and environmentally friendly residential areas. There are 1053 types of plants, and 164 plant families found around Port St John's. Five of these plant families and 196 plant types are only found in the Pondoland area, of which Port St John's is the heart. This unique vegetation harbours rare bird species, providing evidence of the rich biodiversity in Port St John's. The municipality has two key economic sectors: tourism and agriculture. In terms of commercial and economic activity, the municipality is growing at a steady pace.

Population Trends

There is a significantly smaller share of the child population - aged 5 to 14, down by 4.0% between 2011 and 2022. Youth increased by 20.1% between 2011 and 2022. The adult and elderly population increased largely by over 39.8%. The area seems to be a migrant sending area, with many people leaving the area to find work in the bigger cities. As a result, PSJ has a higher aging population. The Municipality is situated along the Indian ocean and is well resourced with natural assets such as forests, rivers, sea, beautiful Cliffs and Mountains. We have roughly 30 7643 households of which 91% earn less than

R19 200 per annum and only 1.7% has an income of more than R76 800 per annum. According to the census conducted in 2022, we have roughly 179 342 people. The overwhelming majority of these people i.e. 97.4% live in the rural areas of the municipality, while only 2.6% are classed as urban. There is one urban centre and 134 villages. We also have a young population with almost 45% between the ages 5-19 years i.e. school going age.



Summary of Census findings for PSJ	2011	2022
Households	31 713	30 643
Average household size	4,9	5,9
Formal main household dwelling	7 817	20 225
Traditional main household dwelling	23 475	9 876
Informal main household dwelling	319	422
Regional/local water scheme household water	6 232	7 641
Flush household toilet	967	5 947
Electricity for household cooking	9 885	13 502

Socio Economic Trends

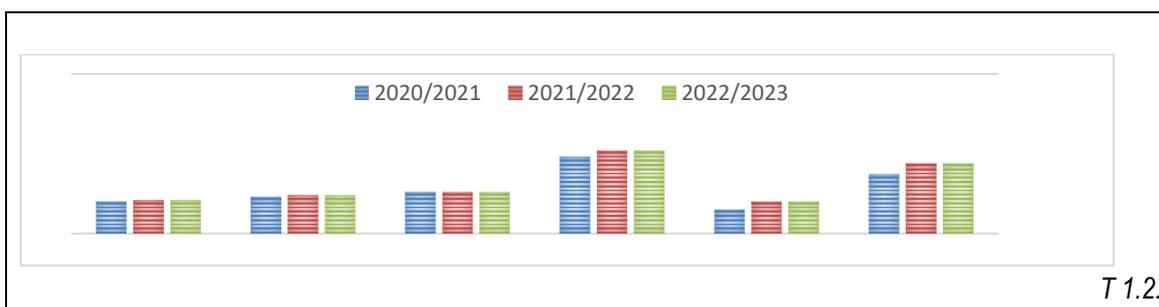
The Port St Johns Local Municipality had a total GDP of R 3.44 billion. In terms of total contribution towards O.R. Tambo District Municipality the Port St Johns Local Municipality ranked lowest relative to all the regional economies to total O.R. Tambo District Municipality GDP.

	2012	2017	2022	Average Annual growth
Agriculture	39.3	42.0	46.2	1.63%
Mining	31.0	27.2	20.5	-4.06%

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Manufacturing	163.7	160.8	162.4	-0.08%
Electricity	44.3	37.0	33.8	-2.66%
Construction	55.9	53.7	39.5	-3.41%
Trade	360.6	361.1	343.6	-0.48%
Transport	75.3	78.9	78.7	0.45%
Finance	242.9	291.2	304.9	2.30%
Community services	1,204.7	1,198.9	1,239.2	0.28%
Total Industries	2,217.6	2,250.9	2,268.8	0.23%

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2021/2022	20%	23%	26%	48%	15%	43%
2022/2023	21%	24%	26%	52%	20%	44%
2023/2024	22%	24.	26%	53%	20%	44%
<i>T 1.2.4</i>						



Overview of Neighbourhoods within Port St Johns Local Municipality		
Settlement Type	Households	Population
Towns		
Port St Johns		
Sub-Total		491
Townships		
Mthumbane		
Sub-Total	0	9760

Rural settlements		
Sub-Total	0	22 500
Informal settlements		
Zwelitsha		
Mpantu		
Nonyevu		
Sub-Total	311	311
Total	0	32751
		<i>T 1.2.6</i>

Natural Resources	
Major Natural Resource	Relevance to Community
Forest	Firewood & other
Rivers	Used as source for water (drinking etc.)
Oceans	Fishing activities, swimming etc.
<i>T 1.2.7</i>	

COMMENT ON BACKGROUND DATA:

The Municipality is situated along the Indian ocean and is well resourced with natural assets such as forests, rivers, sea, beautiful Cliffs and Mountains. We have roughly 37 200 households of which 91% earn less than R19 200 per annum and only 1.7% has an income of more than R76 800 per annum. According to the census conducted in 2022, we have roughly 179 342 people. The overwhelming majority of these people i.e. 97.4% live in the rural areas of the municipality, while only 2.6% are classed as urban. There is one urban centre and 134 villages. We also have a young population with almost 45% between the ages 5-19 years i.e. school going age.

T 1.2.8

1.1.1. Service Delivery

The O.R Tambo District Municipality is the Water services authority and Water services provider responsible for planning, implementation, and operation and maintenance of water and sanitation services within the 5 Local Municipalities in its jurisdiction. The District Municipality has not delegated any of its functions to the local municipality. Port St John’s municipality is characterized by huge service delivery backlogs. These backlogs are also substantial increased by unplanned settlement growths. The state and capacity of existing infrastructure has become a constraint to growth and development.

Water provision

The O.R. Tambo District Municipality is both the Water and sanitation Services Authority and Water and sanitation Services Provider responsible for planning, implementation,

operation and maintenance of water and sanitation services within the five Local Municipalities. In terms of the law the District Municipality is therefore responsible for the development and the implementation of its water services by-laws, District Wide Water and sanitation Master plans, Water Conservation & Water Demand Management. O.R. Tambo District Municipality is a grant dependent municipality and most of its water capital projects are funded through the Municipal Infrastructural Grant (MIG) which the Department of Cooperative Government and Traditional Affairs (COGTA), National Treasury and Provincial Treasury has micro control. The District Municipality is unable to meet its backlog and properly maintain of existing infrastructure.

1.1.2. Financial Health

The Port St Johns municipality is financially sound and successfully manages its daily operations without encountering financial difficulties, despite still relying on grants. The cash-to-cost coverage ratio, excluding conditional grants, is seven months, significantly higher than the 3-month norm, indicating a strong positive cash flow.

This financial stability ensures that the municipality can meet its liabilities on time, with creditors paid within 30 days. Grant funds are used appropriately for their intended purposes, and all statutory payments are made promptly. Both the annual and adjustment budgets are fully funded and backed by cash. All budget-related policies were reviewed and approved by the Council during the budget and Integrated Development Plan approval in May 2024 To address the low revenue base, the municipality has identified new revenue streams to enhance its financial position.

The municipality continues to enforce its Supply Chain Management (SCM) Policy, with no successful challenges to any bid adjudication decisions, reflecting the fairness and accuracy of its SCM processes. The SCM policy has been updated to address gaps and incorporate recent legal and regulatory developments. However, there is a need for improvement in contract management to enhance effectiveness in this area.

Challenges.

- Debt collection remains a challenge due to the prolonged payment periods of ratepayers for rates and services. Additionally, the municipality continues to face issues with extended turnaround times for procuring goods and services.

Action to address challenges: -

- The municipality has formulated a revenue enhancement strategy designed to boost revenue generation, improve data accuracy, and strengthen the implementation of its credit control policy. Also, the development and implementation of procurement plans are aimed at enhancing the Supply Chain Management (SCM) office's capacity by providing it with necessary human resources

Overview: 2023/24			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	200917	200753	281937
Taxes, Levies and tariffs	11965	14965	15559
Other	58139	78723	50435
Sub Total	271021	294441	347931
Less: Expenditure	300345	323217	380105
Net Total*	-29324	-28776	-32174
Note: surplus/(deficit)			T 1.4.2

The indicated grants allocations were inclusive of capital and operational budget. The municipality had a budgeted amount of R271,021,500 for grants and the actual amount realised for the year was R347,933,081. An amount R9,168,292.78 was transferred to Port St John's Development Agency for operations. On taxes, levies, and tariffs the municipality over performed as it had a budget of R14 965,000 and the actual billing amounted to R15 559,721 .The expenditure is less than what was budgeted for due to the cost containment measures in place and the financial year closed with a net deficit of R32,174

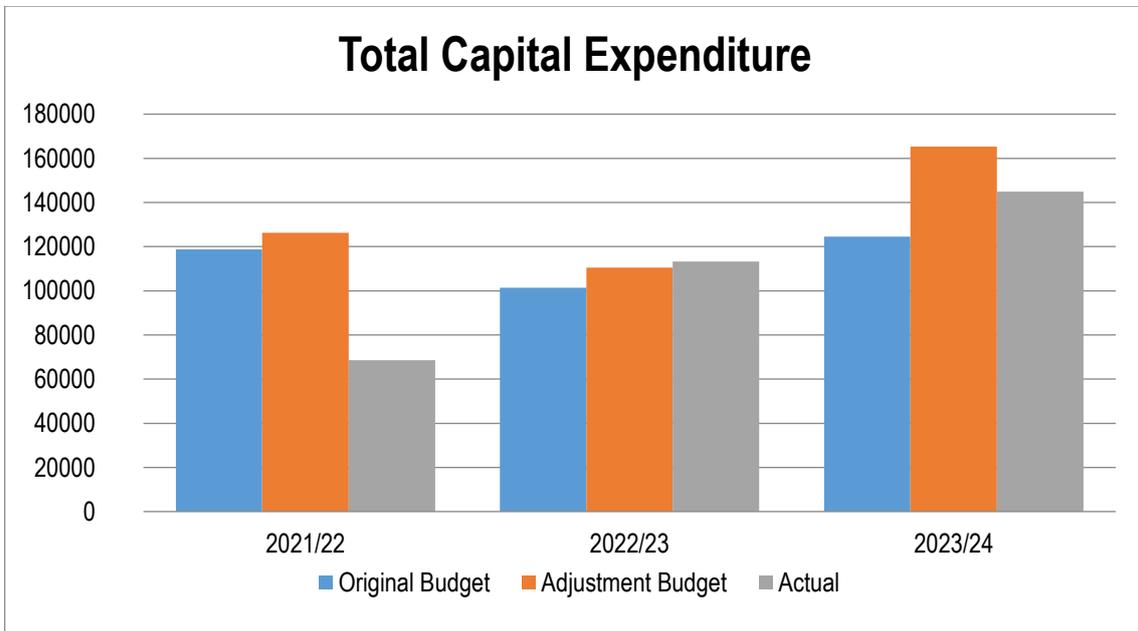
Operating Ratios	
Detail	%
Employee Cost	33%
Repairs & Maintenance	7,98%
Finance Charges & Impairment	1%

Employee Costs are expected to be approximately 40% at maximum of the total operating cost in terms of the National Treasury norms. During the reporting period, the municipality was sitting at 32%, which is below the norm. Repair and maintenance costs

were below the norm of 8% as required by the treasury. The ratio has improved as the municipality is now prioritizing repairs and maintenance of infrastructure assets. Finance charges are sitting at 1%.

Total Capital Expenditure: 2021 to 2023/24			
	R'000		
Detail	2021/22	2022/23	20223/24
Original Budget	118779	101386	124551
Adjustment Budget	126329	110543	165278
Actual	68548	113240	144871

Capital expenditure is mostly funded by grants such as Municipal Infrastructure Grant (MIG) at 26,27%, Municipal Disaster Response Grant (MDRG) at 33,09%, Integrated National Electrification Programme (INEP) and small-town revitalization (STR) making up the remaining 23,82%. Capital expenditure for the current financial year increased compared to the previous financial year due to an additional allocation received by the municipality for disaster relief and funds from own revenue. At year end the capital expenditure against the allocation for Municipal Infrastructure Grant is sitting at 100%, INEP 100%, Small-town revitalization 115% and MDRG 44%.



1.6. Organizational Development Overview

The organisational structure was approved by the Council together with Integrated Development Plan & MTREF Budget on the 31 May 2022. The review for 2024/2025 is underway. The position of a senior manager Engineering was vacant until the end of the financial year of 2023/2024. The recruitment process resumed and is almost in its final stages. The positions of the CFO and Senior

Manager Planning and LED are permanent, and the Senior Manager Corporate Services and Community Services are on a five-year contract.

Table 1: Top management

POST	STATUS
Municipal Manager	Filled
Senior Manager: Corporate Services	Filled
Senior Manager: Community Services	Filled
Senior Manager: Engineering services	Vacant
Senior Manager: LED & Planning	Filled
Chief Financial Officer	Filled

The Municipality has made strides to ensure that the budgeted critical positions are identified but temporally suspended recruitment to look at the issue of threshold which seemed to be moving up. This suspension of recruitment was unlocked in 2023/2024 financial year. The organisational structure review process was initiated but not finalised hoping for the final product in the next financial year 2024/25.

In year 2014 the performance management system was established in Port St Johns Local Municipality, however more efforts are needed to ensure full implementation of the Performance management framework. The following financial years concentrated in improving the system in the institution focusing mainly on compliance matters. Implementation of the performance management remained a challenge but there are strides to address challenges which includes policy review and an attempt to cascade the performance management system to the level below senior management

1.8 Annual Report Process

Annual report is the key reporting instrument for departments to give report against the performance targets and budgets outlined in their strategic plans and Municipal Budget allocations. Annual report is therefore required to contain information on service delivery as contained in the Service Delivery & Budget Implementation Plan (SDBIP) of the financial year under review. In addition to financial statements and the audit report. It is meant to be a backward-looking document, focusing on performance in the financial year that has just ended.

It also reports on how the budget for that financial year was implemented as well as the challenges encountered throughout. In terms of section 121(1) of the Local Government Municipal Finance Management Act (No. 56 of 2003), every municipality and municipal entity must prepare an Annual Report for each financial year. The purpose of the Annual

Report is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.

The mayor must submit the Annual Report within seven months after the end of the financial year. Following that, the Council is required to consider the Annual Report and the oversight report on the Annual Report within nine months after the end of the financial year, i.e. before the end of March.

The Annual Report for 2023/2024 was compiled in terms of the Local government Municipal Finance Management Act 56 of 2003 (MFMA) and the Municipal Systems Act, 32 of 2000 (MSA), MFMA National Treasury Circular 63 read in conjunction with MFMA National Treasury Circular 11, and National Treasury Annual Reporting template requirements. It reflects the financial and non-financial performance of the Municipality and its entity for the period 1 July 2022 to 30 June 2023 against the approved revised Budget and Service Delivery & Budget Implementation Plan (SDBIP) for the reporting period.

CHAPTER 2: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. Political Governance and Administrative Governance

2.1.1. Political governance

Council is the highest decision-making body in a municipality and sits on quarterly basis unless a special Council meeting is arranged by the Speaker to consider urgent matters. For purposes of administering political oversight, the Council is supported by the Executive Committee which is chaired by the mayor and was composed among the members the six Standing Committee chairpersons (Section 80 Committees). In addition to the Standing Committees (section 80), there were also Section 79 Committees with specific tasks delegated to them by Council as contained in the delegation of responsibilities policy. Municipal Public Accounts Committee (MPAC) was also in place and there was an on-going programme to capacitate its members. MPAC performed its responsibilities that were assigned to it by the Council, but the resources remain a challenge.

2.1.2. Administrative Governance

The Municipal Manager is the principal accounting officer employed in terms of section 54A of the Municipal Systems Act 32 of 2000. The Municipal Manager reports direct to the mayor and is supported by five senior managers appointed in terms of section 57. The senior managers and the Accounting Officer are contracted for a four-year term. The

Municipality has six departments, five of each are headed by section 57 managers (Senior Managers) with the office of the Municipal manager as the sixth department headed by the municipal manager. The municipality is organizationally arranged into the following line functions: -

- Municipal Manager's office
- Engineering Services department
- Community Services department
- Budget and Treasury Office (Financial Services)
- Corporate Services department
- Local Economic Development & Planning department

In addition to the municipal departments, there is development agency which acts as a wheel to realize Local Economic development through the mandate delegated by Council. The Port St Johns Development Agency is headed by the Chief Executive Officer (CEO).

POLITICAL LEADERSHIP



Cllr N. Mlombile-Cingo
Mayor



Cllr C.S. Mazuza
Council Speaker



Cllr. X. Moni
Council Whip

EXECUTIVE COMMITTEE



Cllr N. Mlombile- Cingo
Mayor



Cllr. S.E Sichofo
Ward 14
& P/head- Corporate Services



Cllr N. Tani
Budget & Treasury Office



Cllr F. Mafaka
P/ Head: Community services



Cllr A. Gantsho
P/Head LED & Planning



Cllr S. Madolo
P/head -Engineering services



Cllr O. Ndumela
EXCO Member

COUNCILLORS



Cllr B. Mjakuja
Ward 08 & Chair
Women's caucus



Cllr B. Ncomfu
Ward 11



Cllr P. Ngozi
Ward 12



Cllr K. Bikiza
Chairperson-
Petitions & PP



Cllr S. Mvimbela
Ward 16 &MPAC



Cllr P. Nomarhobho
Chair Ward 2



Cllr. N. Vava
Ward 01



Cllr M. Madotyeni
Ward 03



Cllr K. Kawu
Ward 04



Cllr M. Maninjwa
Ward 05



Cllr Z. Mhlabeni
Ward 06



Cllr P.B. Ndudu
Ward 07



Cllr S. Ndabeni
Ward 09



Cllr N. Javu
Ward 10



Cllr N. Puzi
Ward 13



Cllr N Dobe
Ward 13



Cllr S. I Ncolosi
Ward 18



Cllr T. Tshikitshwa
PR Cllr.



Cllr Zozi
PR Cllr



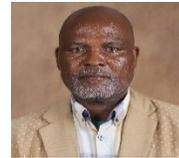
Cllr N.F. Dobe
Ward 19



Cllr M. Makaula
Ward 20



Cllr Mzalen
PR Cllr.



CllrZ. Mtiki
PR. Cllr.



Cllr M.A. Jam-Jam
PR Cllr



Cllr M. Ntiyantiya
PR Cllr.



Cllr Z. Pato
PR Cllr.



Cllr T.C. Xhangayi
PR Cllr.



Cllr S.L. Ntlatywa
PR Cllr.



Cllr C. Hashibe
PR Cllr.

TRADITIONAL LEADERS IN COUNCIL

There were two traditional leaders sitting in council from the local traditional councils at year end. The traditional leadership that is part of the council was as follows:



Chief V. Ndabeni



Chief Sigcau

2.1.3. Political Decision-Taking

Political decisions are taken in a form of Council resolutions through voting system as documented in the Rules & Order of Council. Council successfully implemented the Rules and Order of Council document adopted by Council to ensure a smooth running of its meetings and compliance to relevant legislations. Council also implemented the delegation of responsibilities policy and monitored all delegations by ensuring that they are reported to Council for final decision making. The reporting lines were observed to ensure proper processing of reports and other related information submitted to Council for decision making. Almost 90% of decisions taken by Council were implemented with the remaining still to be processed

2.2. Administrative Governance structure

TOP ADMINISTRATIVE STRUCTURE		FUNCTION
Accounting officer	Mr M. Fihlani	Municipal Manager
Section Managers 56	Ms T. Sikolo Mr C.C.A. Obose Mr S. Wana Mr S. Matubatuba Ms S. Batyi Mr E. Mzayiya	CFO (from August 2023) Engineering services (till August 2023) Engineering services (from September 2023- May 2024) Corporate Services LED & Planning (from August 2024) Community Services
Middle Managers	Ms T.P. Godlwana Ms F.A. Mshiywa Ms F. Lusiti Mr M. Mbangi Mr X. Nobuya Adv. T. Liwani Mr S. A. Bunge Mr T. Kwape Ms N. Dwakaza- Makhunga Ms L. Majozini Mr A. Mpukuzela Mr T. Mzondi Mr L. Mangxa Ms Z. Jim Ms N. Baleni Mr B. Nkwahla Mr M. Gcaleka	Manager Strategic Services Acting strategic Manager (till January 2024) Office Manager-Mayor’s office Manager- Internal Audit services Enterprise development Manager Legal Advisor Construction & Mechanical Manager (February 2024) PMU Manager Acting Human Resource Manager (till March 2024) Human Resources Manager (from April 2024) Public Participation & Council Support Manager (till November 2023) Public Participation & Council support Manager (from March 2024) Rural Development Manager Supply chain Manager (from February 2024) Supply Chain Manager (till October 2023)

	Mr A. Notobela Mr T. Mzondi	Public Safety Manager (till March 2024) Acting Manager-Public Amenities, Cemetery & Pound (till September 2023) Manager –Public Amenities, Cemetery & Pound (from January 2024) Acting Manager- Council Whip’s office
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Accounting Officer : Mr. M. Fihlani

Head of Administration and as Accounting Officer in terms of section 55 of Local Government Municipal Systems Act No. 32 of 2000 and section 60 of Local Government Municipal Finance Management Act No. 56 of 2003 respectively, takes responsibility of the overall performance of the organization, including: -

- Transformation of the organization to one that is developmentally focused.
- The development of an economical, effective, efficient, and accountable administration equipped to carry out the task of implementing the municipality’s Integrated Development Plan, operating in accordance with the Municipality’s Performance Management System, that is responsive to the needs of the local community and to participate in the affairs of the municipality.
- Implementation of the Municipality’s Integrated Development Plan and monitoring the progress with regard to implementing the plan; administering and implementing the Municipality’s by-laws and other legislations.
- Advising the political structures and political office bearers of the Municipality.
- Rendering support to the office of the Mayor, Speaker, and the Office of the Council Whip.

Ms T. Sikolo: Chief Financial Officer

Performs duties of the CFO in terms of section 81 of Municipal Finance Management act 56 of 2003 as amended. Implements integrated development plan and strategic goals of the budget and treasury office; Provides support and advice to the Council and municipal manager; Implements service delivery budget implementation plan; Prepares and implement municipal budget; Prepares annual financial statements and other legislative financial management reports; Performs duties and functions delegated to CFO by the Municipal Finance Management Act; Manage efficient provision of municipal service; Establish, operate and maintain the support structures, processes and systems; Leads and directs staff in the department to ensure that they meet the objectives in line with the municipality’s requirements and resources.

Mr.E. Mzayiya: Senior Manager Community Services

Ensures the development of appropriate Strategies, Policies and plans for all relevant areas; Directs the implementation of specific procedures, systems and controls associated with key functional areas embodied in the Community Services departmental Structure; Provides Strategic leadership and planning for the department, Community development Management; Responsible for public safety, which amongst other things includes traffic management, security management and Law Enforcement; Responsible Management of Community Facilities e.g. Community Halls, Cemeteries, Sports Fields, Libraries, Beaches, Pounds, and other facilities; Responsible for environmental management in general and the coordination of disaster management; Coordinates and monitors development of Sports, Arts and Cultural programs and development of social programs. Alignment, creating awareness, capacity, and relationship management in all stakeholder forums.

Mr. S. Matubatuba- Senior Manager: Corporate Services

Leading and directing the Corporate Services Directorate; Ensures the Municipality is provided with an effective support services regarding corporate administration, human resources, information technology and legal services; Manages corporate administration functions which relate to the provision of record managements Managing the directorates budget planning, implementation and budget review to support priorities and deliveries in the context of IDP; Advising the Municipal Manager timeously and effectively on matters pertaining the Directorate; Provides visionary and innovative leadership to diverse workforce, to ensure optimal utilization of the Council's resources in terms of implementing its strategic objectives articulated in the IDP and in the fulfilment of its legislative mandate • Manages Human Resource portfolio in accordance with labour legislation and collective agreement.

Mr. S. Wana -Senior Manager: Acting Engineering services

Contract management, quality assurance and compliance, and ensure their proper integration to the local municipality's overall plan (IDP); Performs financial monitoring through commissioning, operations and maintenance to ensure effective and efficient functioning of the department within the budgetary constraints of the municipality; Provides professional advisory services to the municipality in respect of engineering services; Manages all the department's contracts and tenders according to the signed Service Level Agreements (SLAs), Council requirements, ensuring adherence to the Service Level Agreements (SLAs), terms of reference, letter of appointment and contracted project time lines as per specification; Develops methodologies and

approaches to guide specific urban design investigations and research processes; Ensures that projects reflecting to IDP are registered in accordance with CIDB requirements; Manages the IDP implementation and review process, advises the Municipal Manager on planning and development matters.

Ms S. Batyi -Senior Manager: Local Economic Development & Planning

Develops, co-ordinate and manage the operations of the Local Economic Development and Tourism sub-sections; Manages developmental project management processes associated with scoping, resourcing, implementation, monitoring, and communication; Prepares reports on the activities of the component, as and when required to do so.

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1. Intergovernmental Relations

Platforms were created to ensure that there is budget alignment, coordinated planning and approach to service delivery. Port St John's Mayor chairs the local Intergovernmental relations forum which meets quarterly to discuss and evaluate progress on the implementation of plans that are committed in the Integrated Development Plan and departmental annual plans (SDBIPs). In the local Inter-governmental relations forum, the municipality is represented by the Executive Committee (EXCO) with the mayor as the chairperson of the forum, Management led by the Municipal Manager. During the reporting period, the Inter-Governmental Relations forum was separated as political and technical.

Technical IGR forum is composed of the administrative arm chaired by the Accounting Officer of the Municipality. Port St Johns municipality has several platforms to ensure the implementation of intergovernmental relations act. The IDP technical committee is one of the platforms and is formed by Heads of Sector departments and the municipal officials led by the accounting officer. The technical committee encourages the planning and coordinating the review of the IDP and sits to ensure the planning and reporting by all sector departments operating in the space of the municipality.

The committee is functional and has sat in accordance with the IDP process plan. The technical committee prepares the reports for the IDP representative forum which is politically led by the Mayor. The IGR meetings in a form of Technical IGR and IDP meetings sat in all quarters to review the IDP and to present the progress reports on the implementation of approved plans. The municipality continuously attends the meetings that are coordinated by the district. The Mayors reports directly to the District Mayors representative forum. All the structures have been coordinated successfully.

2.3.2. District & Local Intergovernmental Structure

Port St Johns Municipality as the local sphere in local government coordinated the sitting of the Intergovernmental Relations forum at local level. At a local level the Intergovernmental Relations Forum is chaired by the mayor of Port St Johns Local Municipality or delegated member. The forum was functional, but some deviations were noted in terms of meeting all the obligations this financial year.

Four IGR forums were conducted to ensure the acceleration of service delivery. The participation of stakeholders in the processes of the Integrated Development Plan review has improved but there is still a need for improvement. The Intergovernmental relations policy has not been adopted by Port St Johns Council. The review of the policy will commence in 2024/2025 financial to ensure that the terms of reference for foruming clusters are clearly reflected in the policy. The war room are still a major challenge however, the policy will also assist in ensuring that the war rooms are revived and are coordinated for presentation to the cluster meetings. As part of the measures to improve on IGR co-ordination, the Municipality has put plans to ensure that all IGR structures are in place and functional.

2.3.3. Provincial Intergovernmental Structure

At Provincial level there is Premier's Intergovernmental Forum (PIF) which is the provincial structure that coordinate the relationship between all spheres. The Port St Johns Municipality has actively participated in Inter-Governmental Relations platforms at the Provincial level through Premier's Intergovernmental Forum and through MuniMecs which are categorised as Technical and Political. At Technical MuniMec the Municipality was represented by the Municipal Manager, and at Political MuniMec by both the Mayor & Municipal Manager. The municipality also participated in convened SALGA working groups for different sectors. The Municipal Manager is also a member and an active participant of the Municipal Manager's forums at provincial level

2.4. PUBLIC PARTICIPATION

2.4.1. Overview of Public Participation

Council promotes local democracy and community involvement in its affairs by facilitating capacity building and establishing operational mechanisms for ensuring public participation in planning, project implementation and general Council affairs. The Municipality has a communication strategy that was adopted in 2017, this is a comprehensive communication and public participation strategy that among other things

has informed the participation of traditional leaders that are not part of Council on governance matters and the public. During the financial year under review, public participation strategy was a draft hoping to finalise in the financial year together with other municipal policies. Port St Johns Municipality has not reached the required level of performance in public participation due to challenges of capacity as the unit is not well resourced. This resulted to the participation of stakeholders not properly coordinated.

2.4.2. Public Meetings

2.4.2.1. Communications, Public Participation and Forums

The Council took a resolution in 2014/15 financial year that the Mayor must hold at least one outreach per quarter alternated throughout the wards with reports submitted to Council for consideration. The resolution taken was meant to enhance public participation in addition to the Integrated Development Plan and Budget Road shows, Integrated Development Plan representative forums and Inter-governmental relations forums platforms. This resolution is still standing and has been complied with since the previous and during the current term of Council. Ever since the Municipality started the outreach programs, public participation has improved from the state it was. All planned (four) mayoral outreach programs were convened during the financial year under review.

2.4.2.2. Ward Committees

Port St John's Municipality is composed of twenty wards, each established a ten-member ward committee structure in terms of section 73 of the Local Government Municipal structures act No.117 of 1998. The main purpose of the ward committees is to link communities with Council and champion all development work in their respective areas. The municipality sets aside from its operational budget resources to constantly capacitate ward committees and payment of stipend. The Council had ward committees selected in all twenty wards as part of public participation and for service delivery coordination. Ward committees are the core invitees of the Integrated Development Plan representative forum. Consultation is specifically done with each of the twenty ward committees when updates are done to the ward plans and project priorities for their respective wards.

Most wards are allocated Community Development Workers (CDWs) who assist the ward committees with compilation and submission of reports on community development needs and progress. CDWs also assist with conducting basic research aimed at supporting the work of ward committees. It is common for each CDW to attend to a minimum of ten to fifteen cases per month in each ward. CDWs always part of the municipal gatherings especially those that involve IDP, and they make a valuable contribution. The office of the Speaker and ward councillors monitored and elevated issues emanated from the monthly ward committee meetings with constant feedback being provided to the ward committees of which CDWs participated. Ward Committees held their

monthly ward committee meetings and quarterly public meetings in maximising public participation. The outcomes of these meetings were then processed to form reports and submitted to the office of the Speaker for review and decision making and or interventions where necessary. Ward profiling has not been done to package the ward information for planning purposes but are part of the programs planned for the next financial year.

Public meetings

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP Rep Forum held at Port St Johns Town Hall	13-Sep-23	14	48	19	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Technical IGR Meeting	01-Nov-23	00	16	00	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Traditional leadership consultation on nodal development at Mvumelwano traditional council in ward 09.	02 November 2023,	04	08	68	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year
Technical IGR Meeting	07-Nov-23	15	36	28	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document

Traditional leadership consultation on Nodal development at Zwaligugi traditional Council ward 04.	08 November 2023,	02	06	32	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year
Nodal development consultative session at Ndluzula traditional Council ward 02.	09 November 2023,	02	06	88	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year
IDP Rep Forum held at Port St Johns Town Hall	14-Nov-23	18	40	16	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Traditional leadership consultation on Nodal development at Bomvini traditional Council ward 19.	22 November 2023	2	04	130	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year

IDP Rep Forum held at Port St Johns Town Hall	19-Mar-24	06	27	25	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Traditional leadership consultation on Nodal development at Mhlanganisweni traditional Council ward 14.	22 March 2024	01	4	118	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year
Traditional leadership consultation on Nodal development consultative session at Manzamhlophe traditional Council ward.	26 March 2024	01	04	93	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year
IDP & Budget Roadshow Held at Qandu Hall	8-April-24	03	05	50	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document

IDP & Budget Roadshow Held at Nkqantosini Sports Ground	8-April-24	05	04	102	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Mqhakama Sports Ground	8-April-24	06	03	140	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Mthalala Sports Ground	8-April-24	04	03	150	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Buthulo Sports Ground	8-April-24	03	06	115	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at KwaNyathi Village	12-Apr-24	03	02	50	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at	12-Apr-24	03	03	105	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document

Lutshaya Community Hall						
IDP & Budget Roadshow Held at KwaNgcoya Komkhulu	12-Apr-24	01	03	100	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Ntlenga Sports Ground	12-Apr-24	02	06	150	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Dumezweni (Assembles of God Church)	12-Apr-24	02	02	120	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Caguba Sports Ground	15-Apr-24	03	04	100	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at	15-Apr-24	03	13	200	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document

Municipal Town Hall						
IDP & Budget Roadshow Held at Rhawutini Sports Ground	15-Apr-24	03	03	102	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Zintonga Sports Ground	15-Apr-24	04	05	200	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Lingatshoni J.S. S	15-Apr-24	03	03	100	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Dedeni Sports Ground	16-Apr-24	02	06	150	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Matane Community Hall	16-Apr-24	01	05	50	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document

IDP & Budget Roadshow Held at Ntafufu Sports Ground	16-Apr-24	02	03	100	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at KwaTom Sports Ground	16-Apr-24	02	02	200	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP & Budget Roadshow Held at Goqwana Sports Ground	16-Apr-24	02	05	200	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Technical IGR Meeting	09-May-24	00	30	00	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
IDP Rep Forum held at Port St Johns Town Hall	17-May-24	14	25	10	Yes	Their inputs were incorporated for the 2024/2025 Final IDP Document
Nodal development consultative session at Gunyeni traditional Council ward 14.	27 June 2024	02	2	61	Yes	Some of the issues were dealt with in the same meeting and others were considered during planning for 2024/2025 financial year

2.4.2.3 COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The meetings that are continuously convened by the municipality have proved to be one of the best ways to improve communication and the relations between the municipality and the community. The number of protests has noticeably been increased, however the public participation meetings led by the mayor had positively responded. The Municipality has taken a decision to have a dedicated public participation unit to effectively respond to the public participation challenges. This would be implemented in the beginning of the next financial year.

2.5. IDP Participation and Alignment

During the Integrated Development Plan (IDP) compilation process, Integrated Development Plan structures were convened to consider Municipality's Integrated Development Plan priorities. Subsequent to the tabling of draft Integrated Development Plan and draft Budget in Council in March, the Integrated Development Plan and Budget Roadshows/Imbizo's were convened where all wards were visited by the delegation led by the Executive Committee for community participation. From the previous financial year 2022/2023, the clustered approach was changed, and IDP/Budget and PMS Roadshows were conducted on ward to ward as part of improving in community participation.

In these roadshows the draft documents of the IDP and Budget were presented, community comments were sought, and where applicable, necessary changes were made prior to the final adoption by council. There were also constant engagements with the key stakeholders (Ratepayers Association; Chaguba Community Property Association; Traditional Leaders, etc.) whenever there are matters. During the reporting period the central Imbizo's were conducted in a form of IDP and Budget reviews for all our wards.

The Council had successfully convened its strategic planning session and subsequently a management planning session to develop SDBIP was convened. This was preceded by the successful convening of four Integrated Development Plan representative forums. The tabling of the Integrated Development Plan & Medium-Term Revenue & Expenditure Framework (MTREF) Budget to Council was done and Council approved both documents within the prescribed timeframe.

The review of the IDP was done and is aligned with the national and Provincial plans and linked to the District Development Model. MTREF Budget was prepared in alignment with the IDP priorities. Service delivery and budget implementation plan and performance agreements were aligned to the approved Integrated Development Plan.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T 2.5.1

2.6. CORPORATE GOVERNANCE

The municipality had a functional Audit, Risk & Performance Committee of four members which was appointed in terms of section 166 of the Local Government Municipal Finance Management Act (No.56 of 2003) to oversee the effective management of Risks of all municipal operations. This includes compliance with all applicable legislations and regulations and supervision of operational internal controls; financial management; and human resources. The Audit, Risk & Performance Committee had an approved charter and adhered to it. There were at least four ordinary sittings planned and successfully held on quarterly basis. In addition, special meetings were held to discuss special matters of governance.

Audit, Risk & Performance Committee members.

1. Advocate Simthandile Gugwini-Peter - Chairperson (till April 2024)
2. Ms T. Mnqeta - Chairperson (from May 2024)
3. Mr V. Magan - Member
4. Mr M, Mdani - Member

All the appointed members have requisite skills and relevant qualifications to serve in the structure.

The Municipality has a Disciplinary board for financial misconduct that was appointed in line with National Treasury regulations on Financial Misconduct. The board convened one ordinary sitting, but no matters of alleged financial misconduct were brought to its attention. The following members served in the DC board: -

1. Ms T. Mnqeta - chairperson (Audit committee member)
2. Mrs. T. Mbombo - Assistant Director (Provincial treasury)
3. Advocate T. Liwani - Legal Advisor (Port St Johns Local Municipality)
4. Mr. M. Mbangi - Internal Audit Manager (Port St Johns Local Municipality).

The appointed members have the required qualifications and skills necessary to serve in the Disciplinary board on financial misconduct. Furthermore, we are audited by the Auditor General of South Africa in terms of Public Audit Act (No 25 of 2004) and provides opinion on financial statements.

2.6.1. RISK MANAGEMENT

Risk management is about identifying, avoiding, or mitigating threats that may lead to losses. It is a systematic process of identifying, analyzing, evaluating, treating, monitoring, and communicating the risks associated with the organization. Risk management is important for the achievement of the municipality's objectives as outlined in the Integrated Development Plan. Risk management is a managerial function, individual sections and departments differ in their exposure and reaction to risks, therefore sections, departments and individuals form a vital part of the overall risk management process within the municipality.

The municipality established a Risk Management Committee (RMC) that sits on a quarterly basis, but the committee was not fully functional, and this led to the risk management function not performed to the expected level. The risk management strategy and a risks management plan were reviewed. Risk management policy review process was initiated and awaiting council decision. Both the strategy and the policy were implemented during the reporting financial year. This function does not have dedicated personnel within the Municipality but relies on the support from the Provincial treasury and COGTA.

The reviewed operating staff establishment has accommodated the position of the Chief Risk Officer to ensure smooth coordination of the risk management work within the Municipality. Risk assessment was conducted and subsequently the strategic risk register was developed. Amongst the risks that were identified the municipality identified; non-compliance with legislative requirements; Inadequate monitoring of projects; supervision or monitoring of municipal expenditure; non-adherence to Integrated Development Plan Process; We did not successfully implement our Risk Management policy, but efforts were made to ensure that the risks identified are mitigated on a quarterly basis.

2.6.2. Anti-Corruption And Fraud

Port St Johns Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently, Port St John's is committed to fighting fraudulent behavior at all levels within the organization. The municipality has an approved fraud prevention plan that is intended to assist in preventing, detecting, investigating, and sanctioning fraud and corruption. The main principles upon which this plan is based on are; Creating a culture which is ethical and intolerant to fraud and corruption; Deterrence of fraud and corruption; Preventing fraud and corruption which cannot be deterred; Detection of fraud and corruption; Investigating detected fraud and corruption; Taking appropriate action in the event of such irregularities e.g.: disciplinary actions, recovery of losses, prosecution, etcetera: and applying sanctions that include blacklisting and prohibition from further employment.

2.7. Overview of Supply Chain Management

Supply chain management in the municipality encompasses a broad range of activities and processes, all aimed at maximizing efficiency, reducing costs, and ensuring the smooth flow of goods and services. Here are the key components of supply chain management:

2.7.1. Demand Management

Includes timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and delivered timely. The municipality has developed a procurement plan that is aligned with the SDBIP

2.7.2. Acquisition management

All goods and services procured by the municipality are according to the SCM policy and processes. The municipality has implemented its Supply Chain Management (SCM) policy, and all the bid committees were functional however there were challenges of sitting caused by other municipal competing activities. The SCM is a small and functional unit but is understaffed. There were no successful challenged cases of bid adjudication decisions. The Municipality experienced challenges of receiving poor responses to adverts posted on the website, local newspaper and notice boards which caused delays on procurement process. Sometimes the bids received were found non-responsive leading to the bid being re-advertised. The implementation of procurement plans was also not properly monitored.

2.7.3. Logistics Management

Includes applying appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased; regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes. The Municipality does not have a secure warehouse for inventories and thus we do not do bulk purchases we buy as and when goods are required.

2.7.4. Disposal Management-

The disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the MFMA, are by public tender in all cases.

Performance Management Officials and project managers monitor and evaluate the contractor’s performance, this is essentially in determining whether the requirements are being met and to avoid any future conflict over unsatisfactory performance by using the developed. Reports are submitted to the Supply Chain office of the Contract Performance.

2.8. By-Laws

By-laws Introduced during Year 2023-2024					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
	Building by-laws	Yes		Yes	
	SPLUMA by-law	Yes		Yes	
	Outdoor advertising by-law	Yes		In progress	
	Prevention of land invasion by-law	Yes		In progress	
	Filming by-law	Yes		In progress	
Business trading by-law		Yes			
Stret trading by-law		Yes			
					T 2.8.1

2.9.1 COMMENT ON BY-LAWS:

The Municipality has several by-laws that needs to be reviewed and implemented in various areas of function. The by-laws that were prioritised are related to LED and town Panning. Some of the by-laws were reviewed and others developed to assist the municipality in controlling the areas. Two bylaws were approved and gazetted, three developed and approved but still in the process of gazetting. The rest were in the draft stage.

2.9. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (Year -1)	Yes	
The annual report (Year 0) published/to be published	n/a	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	n/a	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	n/a
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	n/a	n/a
Public-private partnership agreements referred to in section 120 made in Year 0	n/a	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		T 2.10.1

2.10. COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The website was functional during the reporting period and necessary documents were loaded, however continuous improvement is required to make sure it serves the entire population of Port t Johns stakeholders efficiently. There is timeous upload of statutory documentation in compliance with MFMA section 75 and MSA section 21A

2.10. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

2.11.1 Public Satisfaction Levels

The municipality did not conduct any surveys during the reporting period and has been getting comments from the public through Mayoral outreach programs and ward committee meetings. The Municipality had limited resources to address all the service delivery challenges and backlogs that were raised by the public.

Satisfaction Surveys Undertaken during: Year -2022/2023 and Year 2023/2024				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	n/a	n/a	n/a	n/a
(b) Municipal Service Delivery	n/a	n/a	n/a	n/a
(c) Mayor	n/a	n/a	n/a	n/a
Satisfaction with:	n/a	n/a	n/a	n/a
(a) Refuse Collection	n/a	n/a	n/a	n/a
(b) Road Maintenance	n/a	n/a	n/a	n/a
(c) Electricity Supply	n/a	n/a	n/a	n/a
(d) Water Supply	n/a	n/a	n/a	n/a
(e) Information supplied by municipality to the public	n/a	n/a	n/a	n/a
(f) Opportunities for consultation on municipal affairs	n/a	n/a	n/a	n/a

<p><i>* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory</i></p>	<p>T 2.11.2</p>
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The Municipality did not conduct any new satisfaction survey during the reporting period but is considering it to ensure that service delivery touches on real issues on the ground. This may also help to improve community participation on issues of service delivery that affect them

The Communities raised their issues through various public participation platforms that are created by the municipality as part of improving public participation. During the Integrated Development Plan Roadshows and Mayoral outreach programs, people from all wards registered their concerns in all service delivery areas. The Municipality took a record of all the issues and responded through Integrated Development Plan priorities or interventions depending on the nature of the matter reported. The Municipality acknowledged the fact that the services provided did not meet all the expectations of the community but tried to ensure the provision of quality services to the people.

3. INTRODUCTION

Basic services include Water, Wastewater, Electricity, Waste management, Housing services and Free basic services. Port St John's Municipality provides basic services such as Waste management, Free Basic Services. Water and wastewater services are provided by O.R. Tambo District Municipality in terms of power and functions. Housing is the responsibility of the department of Human settlement, but the Municipality plays a facilitation role to ensure that communities are provided with decent shelters. The Municipality is dependent on Eskom program for provision of electricity in Port St John's town and surroundings. The maintenance of streetlights in town is done by our planning & engineering services department.

3.1.1. Waste Management

The waste management section is responsible for ensuring that efficient removal of waste in town and surroundings happens and that our towns, streets, and verges are maintained at a desirable level for our communities. This section is also responsible for the management of the land fill site. In the past there were challenges with ensuring that the service is rendered efficiently due to ageing fleet but the resolved the matter. The removal of refuse from the urban area has been adhered to with minimum standards of once per week collection for residential households and commercial properties. The Municipality engaged into a strategy of conducting an annual clean-up campaign where stakeholders and community join hands to clean and educate each other about cleanliness.

3.1.2. Free Basic Services (FBS)

Port St John's Municipality provides free basic electricity service through Eskom by giving tokens of 50 KWt per month. Alternative energy is provided annually in a form of paraffin or gas. We also provided free basic services for waste collection to the deserving households. The distribution of free basic services is done guided by the indigent policy that is approved by council and reviewed annually. The register is compiled for indigent beneficiaries and updated on an annual basis. We also provided free basic services for waste collection to the deserving households.

3.1.3. Electricity:

Port St Johns Municipality has done regular maintenance of streetlight in ward 04 and ward 06. Eskom provides electricity in the rural areas of Port St John's. Further to that the Municipality received an INEP grant allocation of 17,680,000.00 for electricity distribution in

the rural areas. 794 households were connected at the following villages and was completed waiting for the commissioning by Eskom for the project to be fully complete and effective.

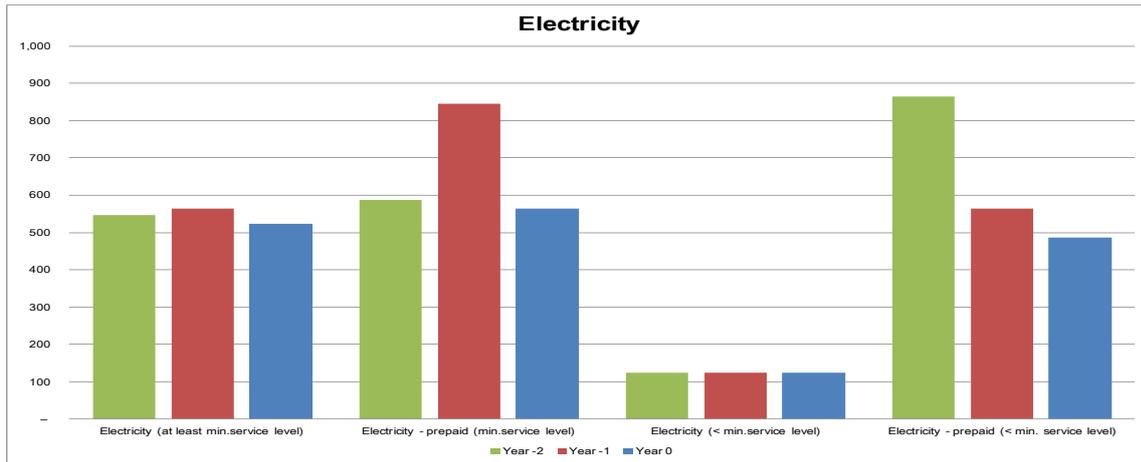
Port St John's Local Municipality together with Eskom are responsible for provision of households' electrification in rural areas. Port St John's Municipality was allocated an amount of R11 666 000.00, for provision of electrification of 794 households and were all completed, the connection was done at wards 1, 2, 17-20,12, 13. The following villages were connected:

-

1. Qandu village – 150h/h
2. Gomolo village – 110h/h
3. Lutshaya Village 90h/h
4. Ndayini Mkhumbini 40h/h
5. .- Zinyosini 106h/h
6. lukwazweni-emasimini 80h/h
7. Mnqezu 98 h/h

The designs for the following projects were also completed this financial year:-

1. Ngqwaleni village – 140 h/h
2. Ntlanjeni village – 106 h/h
3. Jambeni Village - 106 h/h
4. Tombo village – 180 h/h
5. Sobaba village – 140 H/H
6. Nkampini village – 120H/H
7. Ngxongweni village – 140H/H
8. Emadwaleni-Qhoboshendlini village – 180h/h
9. Lwandlana village – 120 h/h
10. Mswakazi Village – 106 h/h
11. Mpantu Village – 110h/h



Financial Performance Year 2023/2024: Electricity Services					
R'000					
Details	Year -2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	14622	12682	19747	18810	-48%
Repairs and Maintenance	5217	7800	10400	6852	12%
Other	4549	37697	40824	32141	15%
Total Operational Expenditure	24388	58179	70478	57803	1%
Net Operational Expenditure	24388	58179	70478	57803	1%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					
T 3.3.7					

Electricity Service Delivery Levels				
Households				
Description	Year -2019/2020	Year -2020/2022	Year -2021/2022	Year 2022/2023
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min.-service level)	–	488	785	1,001
Electricity - prepaid (min.-service level)	–	587	846	565
<i>Minimum Service Level and Above sub-total</i>	–	1,075	1,631	1,566
<i>Minimum Service Level and Above Percentage</i>	0.0%	68.8%	67.5%	61.0%

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Energy: (below minimum level)				
Electricity (< min-. service level)	112	488	785	1,001
Electricity - prepaid (< min. service level)	955	488	785	1,001
Other energy sources	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	33	488	785	1,001
<i>Below Minimum Service Level Percentage</i>	100.0%	31.2%	32.5%	39.0%
Total number of households	33	1,563	2,416	2,567
T 3.3.3				

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -2019/2020	Year -2020/21	Year - 2021/22	Year 2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	-	180	3600	3600	3600	3600
Households below minimum service level	-	180	3600	3600	3600	3600
Proportion of households below minimum service level	0	1	1	1	1	1
Informal Settlements						
Total households	746	1299	25940	25940	25940	21000
Households ts below minimum service level	746	19955	25940	25940	25940	21000
Proportion of households ts below minimum service level	100%	1536%	100%	100%	100%	100%
						T 3.3.4

Employees: Electricity Services					
Task grade	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	3	1	2	67%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	3	1	2	67%

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*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.3.6

Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26 768 000.00	24 368 000.00	24 368 000.00	9%	/
Lutshaya 90	R2 668 793,00	R2 020 465.00	R 2 020 465.00	24%	R 2 020 465.00
Mthimde- Luzupho 120	R2 400 000,00	R2 693 954,66	R 2 693 954.65	12%	R 2 693 954.65
Ndayini-Mkhumbini 40	R800 000,00	R897 984.89	R 897 984.89	12%	R 897 984.89
Zinyosini 106	R2 120 000,00	R2 379 659.95	R 2 379 659.95	12 %	R 2 379 659.95
Qandu 150	R3 000 000,00	R3 367 443.32	R 3 367 443.32	12 %	R 3 367 443.32
Gomolo 110	R2 200 000,00	R 2 469 458.44	R 2 469 458.44	12%	R 2 469 458.44
Lukhwazweni -Emasimini 80	R1 600 000,00	R 1 795 969.77	R 1 795 969.77	12%	R 1 795 969.77
Mnqezu 98	R1 960 000,00	R2 200 062.97	R2 200 062.97	12%	R2 200 062 .97
Bulk Infrastructure Project	12 000 000.00	11 863 221.77	R11 863 221.77	1%	11 863 221.77
Pre-engineering projects: - Ngqwaleni- Ntsimbini Dumasi Ntlanjeni Jambeni Tombo Sobaba Nakmpini Ngxongweni Amdwaleni-Qhobishendlini Mswakazi Mpantu Phahlakazi	2 556 507.50	2 068 114.06	2 068 114.06	19%	2 556 507 .50
Municipal Total	26 768 000.00	24 368 000.00	24 368 000.00	9%	29 688 226.77
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.3.8</i>

3.1.4. Comment on overall Electricity Services

Port St John's Municipality has implemented the electrification projects in the rural villages of Port St John's through INEP grant funding. Eskom was also part of the electrification work done during the reporting period. The connection of 794 households was completed awaiting commissioning by Eskom. The installation of 5 high mast lights was completed in 5 wards of Port St Johns. The municipality also constructed 48.8 km of bulk infrastructure to connect the

households to electricity. The total budget for electricity projects was R 17 824 996,89. The INEP expenditure was fully completed at 100% by the of June 2024.

3.2. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.2.1. Introduction to Waste Management

Port St John's town is the only urban area in the Port St John's Municipality area (PSJ LM) and constitutes only 2.6% of its total population; hence economic activities associated with urban areas (e.g. industry) do not exist in the municipality. It is only in town and in some tourism nodes where waste management actively takes place. This function of waste management is not extended to rural areas. Most of the Port St John's Local Municipality area is rural in nature, as are their economic activities.

The active economic sectors of the Port St John's Local Municipality can be divided into community services, trade, agriculture, transport, construction, electricity, energy, & mining and they are mainly clustered around the main urban node. The municipality has very limited resources to adequately provide the service to all its areas. The reviewed Integrated Waste Management Plan (IWMP) was adopted by the Council in the previous financial year, MEC endorsed it during the reporting period. Port St John's Municipality conducted an annual cleaning campaign in May 2024 as one of the means of educating people about waste management and its impact on the environment. The municipality has a community recycling project (Vukayibambe recyclers) taking place at land fill site.

3.2.2. Waste Management achievements

Port St Johns Municipality won a competition for the Greenest Award at District Level and became number 1 with an award of R200 000 which bought the working material such as the grass cutters and canvas covers to mention the few. The material was bought by the district. In the provincial award an amount of R300 000 was won as the municipality won second prize and the Bakkie was purchased through the provincial award. The municipality has been receiving the award for the past 3 years and received a national acknowledgement award as well where the municipality was awarded a tipper truck.

The following areas are workstations where waste was collected:

Mpantu (Business and Residential Area), Agate Terrace (Residential Area, B&B Establishments), Greens Farm (Informal Settlement), Naval Base, Second Beach (Business and Residential), Military Camp, CBD, Second Beach residential area, Tombo Business Area and Isinuka Area. The removal of illegal dumps has been done around the municipality CBD.

On cleaning and greening, the municipality has identified three (3) schools to plant vegetables which will also assist in school nutrition. These schools are Roma SPS in ward 06, Caguba High School in ward 05 and Jabavu Senior secondary school. The revenue made at Jabavu was R7 100,00 for harvesting and selling of vegetables at Tombo Supermarket.

3.2.3. Landfill site management

The municipality has licensed landfill sites, and the monitoring of landfill sites has been done, and medical waste is monitored by the Landfill site attendant during disposal of waste at the Landfill site. We would also like to reflect that there are two recyclers that are stationed at the landfill sites which are Ekuphileni and PSJ recyclers. The development of Parks has also assisted in the management of illegal dumping, we have Mpantu Park, the second beach park where the municipality installed the tabled and at Isinuka Park.

Solid Waste Service Delivery Levels			
Description	Households		
	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual
	No.	No.	No.
Solid Waste Removal: (Minimum level)			
Removed at least once a week	2846	2235	2235
<i>Minimum Service Level and Above sub-total</i>	2846	2235	2235
<i>Minimum Service Level and Above percentage</i>	100%	0%	0%
Solid Waste Removal: (Below minimum level)			
Removed less frequently than once a week	565	523	523
Using communal refuse dump	487	865	865
Using own refuse dump	565	523	523
Other rubbish disposal	938	720	720
No rubbish disposal	124	124	124
<i>Below Minimum Service Level sub-total</i>	2678	2755	2755
<i>Below Minimum Service Level percentage</i>	0	1	1
Total number of households	5524	5524	5524
			<i>T 3.4.2</i>

Employees: Solid Waste Management Services					
Job Level	2022/2023		2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	49	74	45	29	39%
4 - 6	6	15	5	10	66%
7 - 9	0	2	1	1	50%
10 - 12	2	2	2	0	0%
13 - 15	0	1	0	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	57	92	53	41	45%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.4.5

Financial Performance Year 2023/2024: Solid Waste Management Services					
R'000					
Details	Year -2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1173	2170	3394	1966	91
Expenditure:					
Employees	32088	27352	38683	36727	134
Repairs and Maintenance	35	1750	1507	369	21
Other	5665	14299	16916	11185	78
Total Operational Expenditure	37788	43401	57106	48281	111
Net Operational Expenditure	-36615	-41231	-53712	-46315	112
<i>b</i>					T 3.4.7

Financial Performance Year 2023/2024 Waste Disposal and Other Services					
R'000					
Details	Year -2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.8

2.3.4. COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL: -

Port St John’s Municipality is responsible for providing refuse removal service for its communities in town and surroundings. Due to limited resources, the services are limited to the urban node. In the areas where the service is currently rendered, the Municipality collected waste on a weekly basis. According to Statics South Africa 2022 the Municipality services 18.7% of its population. The major challenge in providing the service for the entire Municipality is the limited resources.

The sub-function of waste management includes refuse removal, land-fill site management, and street cleaning. Out of the functions stated, the municipality generates the following estimated quantities: -

FREQUENCY QUANTITY (TONS)

Per month 1989

Per year 23 656

The capital projects prioritise for the financial year were not completed as such moved to the next financial. The municipality has conducted its annual cleaning campaign with support from stakeholders like DEFF, DEDEAT, O.R. Tambo District Municipality Municipal health, and other stakeholders. The aim of the campaign was to educate communities about the risks of an unhealthy environment, their impacts and promote sustainable living spaces. This campaign also raised awareness to keep the environment clean. The recycling project that was established continued to receive support and mentoring from the Municipality, O. R. Tambo District Municipality and the Department of Economic Development, Environmental Affairs and Tourism.

Rehabilitation of the land fill site was done on a quarterly basis using internal and hired plant. The availability of machinery remained a challenge for sustainable management of the land-fill site according to the license conditions and best practices. The initiative to improve security of the landfill site through fencing and electrification was not finalised.

3.5 HOUSING

3.5.1 Introduction to Housing

The Municipality through the assistance of the Department of Human Settlements (DoHS) developed a housing sector plan that has been aligned to the Integrated Development Plan. It is used to guide housing development within the municipality. Department of Human Settlements is the primary funding agent for housing development in Port St John’s. It is also the developer for the projects identified and budgeted for. The role of the municipality is limited to human settlement development facilitation and beneficiary administration. The progress of the housing projects implemented within the municipality has been very slow due to low subsidy quantum on the human settlement policy and limited budget for Human Settlements projects. Out of the hundred houses planed, seventy-four were provided.

Capital Expenditure Year 2023/2024: Housing Services	
R' 000	
Capital Projects	2023/2024

	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Ntafufu 350	R 22 520 595.20	0	R 5 397 700	0%	R 5 397 700
Port St Johns 259	R 47 250 730	0	R 36 367 095	0%	R 36 367 095
Caguba 300	R 274 654 05	0	R 236 800 00	0%	R 236 800 00
Port St Johns 256 & Port St John's	R 41 321 134.00	0	R 14 435 801	0%	R 14 435 801
Bolani 97 Destitute	0	0	0	0%	0
Mthumbane 321	R 60 900 000.00	0	R11 597 308.94	0%	R11 597 308.94
Port St Johns 50	R 6 100 000.00	0	R 5 208 000.00	0%	R 5 208 000.00
	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.5.6</i>

3.5.2 COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Department of Human Settlements appointed the Service Provider to conduct feasibility studies for seven projects that were prioritized by the Municipality other than the projects that are in the implementation stage. The additional priorities include the following projects. The projects that were running in this financial year are –

Ntafufu, Port St Johns 259, Caguba 300, Port St Johns 256, Bolani 97, Mthumbane 321 and Port St Johns 50 and projects have incurred expenditure. Municipality is in the process of formalizing informal settlements around port St John's town namely Mpantu, Nonyevu, Zwelitsha and greens Farms. The final report on the study has been completed and therefore recommended that these future projects' numbers be reduced from at least between 200 to 300 units per project to be much more implementable. Through the intervention of the MEC for Human Settlements to address the Human Settlements backlog in Port St John's Municipality, 200 units have been approved and 10 beneficiaries were allocated per ward, and that process has been completed.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

3.6.1 Introduction to Free Basic Services and Indigent Support

The Constitution of the Republic of South Africa Act, 1996, in the Bill of Rights protects social and economic rights, which include Free Basic Services (FBS). The role of developmental local government in partnership with the other spheres of government, that is, provincial and national, is to ensure the improvement of access of free basic services by the vulnerable

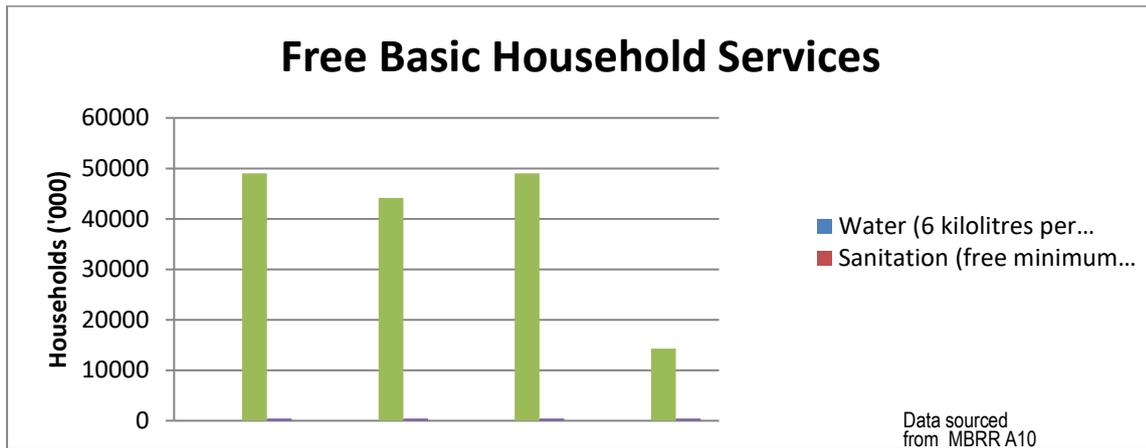
groups. FBS are, therefore, a poverty alleviation measure that exists to cushion poor households against vulnerability.

Port St John's Local Municipality adopted an indigent support policy which embodies an indigent support programme, not only providing procedures and guidelines for the subsidization of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

The indigent support offered by Port St John's Local municipality is free basic electricity, and alternative energy in a form of nine kg gas cylinder and two burner gas stoves. Indigent register for 2023/24 was approved by Council. Port St John's is largely rural with a huge need for indigent support, the municipality continues to update its indigent register on an annual basis.

The number of households benefitted from free basic services in 2023/2024 was 6727, which includes free basic electricity and alternative energy. The target for 2023/2024 was 5900 as per the IDP and SDBIP, the municipality realized an over achievement in FBS. Below are the pictures where the municipality was handing over alternative energy this financial year.





Free Basic Services to Low Income Households												
	Number of households											
	Total	Households earning less than R1,980 per month										
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Alternative Energy		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%	Access	%
2020/2021	0	0	0	0%	0	0%	14293	100%	1835	100%	444	100%
2021/2022	0	0	0	0%	0	0%	13000	100%	2000	100%	444	100%
2022/2023	0	0	0	0%	0	0%	4800	100%	1000	100%	444	100%
												T 3.6.3

Financial Performance Year (0) 2023/2024: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 1(2022/23)	Year 0 (2023/24)			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	0	0	0	0	0%
Wastewater (Sanitation)	0	0	0	0	0%

3.6.2 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality offers Free Basic Services in a form of electricity, alternative energy and refuse removal to the needy. Water and sanitation services are offered by O.R. Tambo district municipality. The indigent policy is implemented with indigent register updated annually to ensure it is inline with the policy and other related legislations. The Municipality has put efforts to ensure that indigent services are provided but due to resource limitations it finds it difficult to provide to the satisfaction of the needy.

3.7 ROADS

3.7.1 INTRODUCTION TO ROAD TRANSPORT

Integrated Transport plan was done with the assistance of O.R. Tambo District Municipality and is still valid. The Municipality conducts need assessment from communities on an annual basis as required by chapter 4, & 5 of the constitution of the Republic of South Africa (Act 108 of 1996). After assessment of service needs from communities to be included in the IDP of the municipality in each financial year, priorities are done as per needs assessment and implementation is monitored through SDBIP, Operation and Maintenance and monthly MIG reports.

For the current year, the municipality planned to construct 68.8 km of the new gravel roads. A total number of 64.2km was achieved. Agate Terrace was prioritised for 2023/24 for the surfaced roads with 3,500km however the roads was incomplete and 1,8km was achieved. Some of the challenges in the department were related to the shortage of staff. The department operated without the Senior Manager Engineering for the whole financial year and the Manager PMU was on suspension during the financial which put a strain in the department.

For the provision of access, the municipality has a responsibility to ensure that the construction of bridges and three bridges were completed.

Gravel Road Infrastructure				
				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2021/22	13.00	13.00	2.00	149.30
2022/23	15.00	7.00	1.00	259.20
2023/2024	09	64.8km	1.8km	649.9km
<i>T 3.7.2</i>				

Tarred Road Infrastructure					
					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2020/21	0	0	0	0	0
2021/22	2	2	0	0	1
2022/23	01	01	0	0	1.8km
<i>T 3.7.3</i>					

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2020/2021	33345	0	4900	0	0	0
2021/2022	34000	34000	6100	33000	0	0
2022/2023	55723	55723	6100	33000	0	0

T 3.7.4

Employees: Road Services					
Task grade	Year -2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	14	14	0	0%
4 - 6	1	1	1	0	100%
7 - 9	0	0	0	0	0%
10 - 12	3	6	3	3	50%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	8	5	3	38%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.7.7

Financial Performance Year 2023/2024: Road Services						R'000
Details	Year - 2022/2023	Year 2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	65536	65785	65907	0	
Expenditure:						
Employees	14622	11081	18104	19747	0	
Repairs and Maintenance	5217	8400	11100	7266	0	
Other	4549	10328	14313	7999		
Total Operational Expenditure	24388	29809	43517	35012	0	
Net Operational Expenditure	-24388	35727	22268	30895	0	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.7.8

R' 000					
Capital Projects	Year 2023-2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	64 208 800	64 208 800	64 208 800	0	
Cwebeni access road	R6,252,255.83	R6,252,255.83	R3,870,662.37	0	R6,252,255.83

Codesa to Madakeni Access Road	R6,048,556.68	R6,048,556.68	R6,035,777.88	0	R6,048,556.68
Ngcoya Access Road	R5,761,947.35	R5,761,947.35	R5,737,221.94	0	R5,761,947.35
Babeke Access Road	R4,095,908.31	R4,095,098.31	R3,686,260.56	0	R4,095,098.31
Bizana Access Road	R 6,441,883.85	R6,441,883.85	R6,441,783.85	0	R6,441,883.85
Rhawutini Access Road	R6,354,687.25	R6 354 687.25	R6,328,616.73	0	R6 354 687.25
Luzuphu Access road	R6,663,512.85	R6 663 512.85	R6,657,513.31	0	R6 663 512.85
Gogogo access road	R5,908,225.05	R5,908,225.05	R5,858,897.34	0	R5,908,225.05
Lityeni to Tyiweni Access road	R5,258,289.90	R5,258,289.90	R5,258,288.90	0	R5,258,289.90
Ward 7 community Hall	R5,306,555.01	R5,306,555.01	R5,306,455.01		R5,306,555.01
Military Base Sport Filed Facilities	R4,011,580.62	R4,011,580.62	R3,250,102.87	0	R4,011,580.62
Aggate phase 3	R17,274,995.52	R17,274,995.52	R17,274,995.52	0	R17,274,995.52
Butho Bridge	R10,054,332.29	R10,054,332.29	R10,054332.29	0	R10,054,332.29
Snangwana bridge	R5,409,698.31	R5,409,698.31	R5,409,698.31	0	R5,409,698.31
Magumbini bridge	R5,997,108.14	R5,997,108.14	R5,997,108.14	0	R5,997,108.14
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

3.7.2 COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

There were five gravel access roads planned to be completed in 2023/24 financial year, and one 3km paved road, 1 community hall and Sports Field as well as four access roads that were rolled over for practical completion from 2022/23 FY which was included in 2023/24 SDBIP during mid-year adjustment period. At the financial year end of 2023/24, the municipality had successfully constructed 64.2 km of access roads from nine access roads projects that were completed and the remainder of 3km for Cwebeni project which will be closed off where it is. The projects were funded from MIG, DMRG and OTP. The allocations were fully spent at financial year end. There were in-house implemented projects. In-house Plant Maintained the roads in all 20 wards to a total of kilometres.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

3.8.1. INTRODUCTION TO TRANSPORT

The Municipality has a driving license testing centre that is operational but is only limited to leaners license testing with the view to extend the scope in future to include the vehicle registration and testing

of driving licenses. Construction of the testing ground is underway planned for completion in the next financial year.

Financial Performance Year 0: Transport Services					
R'000					
Details	Year - 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.8.5

3.8.2. Comment on the performance of transport overall:

The Municipality has managed to make the driving License centre operational during but only limited to issuing of learner's license

3.9. WASTE WATER (STORMWATER DRAINAGE)

3.9.1 Introduction to stormwater drainage

The storm water management is addressed during implementation of access roads, and it is catered for in all road's projects. Storm water drainage is maintained continuously to ensure that no blockages that can cause flooding due to overflow. Construction and mechanical unit is responsible for maintenance of drains in all existing roads using internal resources (Machinery & human resources).

Stormwater Infrastructure				
Kilometers				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/22	39		0	8
2022/23	38		0	0
2023/24	43		0	1900
				T 3.9.2

Capital Expenditure Year 2023/2024: Storm-water Services					R' 000
Capital Projects	Year-2023/2024				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0%	/
Project A	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.9.8

3.10. PLANNING AND DEVELOPMENT

3.10.1. Introduction Planning

The Development Planning unit develops and implements policies for regulating the use and development of land in support of the Municipal IDP plans and vision. The Unit works towards guiding new development that allows for growth while advertising impacts, protecting sensitive natural areas, promoting good urban design, ensuring adequate infrastructure to accommodate growth, and lessening the impact of new development on existing settlements.

The Development Planning Unit is involved in various projects which assist other service delivery units to focus on problem solving to uplift and sustain development within the Municipality as a whole. The unit also supports a wide range of economic development programmes that are aimed towards enabling Municipal-wide growth and sustainable development.

The Municipality has adopted key spatial development strategies (Port St John’s Master Plan, Nodal Development Strategy and Spatial Development Framework). These strategies have been linked to the Integrated Development Plan and are geared towards addressing spatial disparities in both rural and urban areas. The above-mentioned strategies are also used as guidelines for development coordination and investment promotion. Funding for implementing projects identified in the strategies remains a challenge.

The Municipality does not receive substantial number of land use applications, as a result, there are no backlogs. It is also worth noting that the decision-making body for land use and land development applications for the Municipality being the joint planning tribunal established with Ingquza Hill Local Municipality for a period of 5 years from 2018 in terms of SPLUMA lapsed in 2022 and since then the Municipality could not make any decision on such applications. The Unit is also responsible for the following functions related to building inspectorate; Building Plan approval services and consultation; The inspection of various stages of building work; Attending to complaints regarding building work, dangerous buildings, storm water problems advice on demolitions. The municipality was able to achieve the target

it set to approve plans without concerns within three weeks of submission. However, a building control office has not been employed which has resulted in limited building construction monitoring as stipulated in the National Building Regulations and Building Standards Act.

Applications for Land Use Development 2023-2024						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year - 2022/2023	Year 2023/2024	Year - 2022/2023	Year 2023/2024	Year 2022/2023	Year 2023/2024
Planning application received	0	0	2	1	0	0
Determination made in year of receipt	0	0	0	0	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	1	0	0	0
Applications outstanding at year end	0	0	0	1	0	0
						T 3.10.2

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -2022/2023		Year 2022/2023		Year 2023/2024	Year 3 2024-2025		
		Target	Actual	Target	Actual	Target	*Current Year	*Current Year	*Following Year
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Determine planning application within a reasonable timescale	Approval or rejection of all build environment applications within a x week	Determination within x weeks	Determination within x weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within x weeks	Determination within 11 weeks	Determination within 8 weeks	Determination within 8 weeks
	Reduction in planning decisions	0 planning decisions overturned	0 planning decisions overturned	0% planning decisions overturned	0% planning decisions overturned	0 planning decisions overturned	0% planning decisions overturned	No planning decisions overturned	No planning decisions overturned

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	overturned								
		0	0	0	0	0	0	0	0
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.10.3

Employees: Planning Services					
Task grade	2022/2023		2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	2	0	2	100%
7 - 9	0	0	0	0	0%
10 - 12	0	4	1	1	25%
13 - 15	1	2	2	2	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	100%
Total	1	8	3	5	63%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T 3.10.4

Financial Performance Year 0: Planning Services					
					R'000
Details	Year - 2022/23	Year 2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1219	0			0%
Expenditure:					
Employees	4772	7394	7635	3798	49%
Repairs and Maintenance	0	0	0	0	0%
Other	2889	16470	16802	12412	25%
Total Operational Expenditure	7661	23864	24437	16210	32%
Net Operational Expenditure	-6442	-23864	-24437	-16210	32%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					

T 3.10.5

Capital Expenditure Year 2023/2024: Planning Services					
					R' 000
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	750	750	0	100.00%	/
Spatial Development Framework	0	0	0	100.00%	0
Land Use Scheme	0	0	0	100.00%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.10.6

3.10.2. COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The Spatial Planning plays a crucial role in shaping physical environment and guiding development. Key roles that the Unit is discharging include. Land use management where there is regulation of land use, zoning and subdivision to ensure compatible uses, housing development which include facilitation of housing development. GIS by maintaining spatial data, maps and analysis to inform planning decisions. This financial year the municipality has developed comprehensive Spatial development Framework, Land Use Scheme and Mater Plan taking into cognisance of new development. Land Audit is one the projects that the municipality has engaged on, but the projects will be finalised in 2024/2025 financial year. Bylaws on prevention of illegal eviction and outdoor advertising have been adopted by the Council There is still a prevalent challenge of land claim.

3.11. LOCAL ECONOMIC DEVELOPMENT

While the community is at the centre of all efforts, local economic development is underpinned by private sector initiative and government support. Local SMMEs are included in the private sector, in addition to big businesses. The local municipality in Port St. Johns is referred to as the government in this context, with supporting functions also played by the district, province, and other branches of the public sector. There are several issues that need to be resolved to ensure that future developments do take place as well as to attract investments. Infrastructure needs urgent planning, as well as upgrading to be able to deal with future growth and development. The focus therefore needs to be on these critical aspects in terms of planning, fund raising and implementation. Improvement of civil services, especially sewage and storm water; improvements to road infrastructure; finalisation of land transfers to complete the land restitution project and the compilation of an Environmental Management Plan to clarify environmental issues are all identified as critical actions with regards to the town’s development.

The approved LED strategy has goals, key pillars and projects as follows:

Goals:

- Economic Diversification
- Business Retention and Expansion

- Economic Infrastructure
- Technology and digital Infrastructure
- Tourism Development, marketing, and Promotion
- Arts, Crafts, and cultural promotion
- SMME development and poverty alleviation including support to informal Traders.
- Investment Promotion, Business development and support
- Innovation and Entrepreneurship
- Foster Partnerships and collaboration
- Exports and trade

Targeted Sector Support

Agriculture.

It is identified as the fruit hub of the Eastern Cape due to various fruits that are grown in the area. The municipality is in the processing of having banana hub, fruit packaging centre and fresh produce market. Other commodities include maize production, livestock, macadamia nuts and honey. Port St Johns is as known for cannabis production due to indigenous farmers growing cannabis. One of the great challenges facing the agricultural sector is to increase the number and variety of viable and sustainable economic agricultural enterprises. The global downturn in the past few years has further amplified this challenge. Government is of the view that strengthening competitiveness and promotion of small and medium-sized enterprises and cooperatives remain cornerstones for the growth of the economy and the creation of decent work opportunities. In the agricultural sector, it is found that entrepreneurial and management skills/abilities are lacking in many individuals who are trying to access enterprising opportunities. The climatic conditions render Port St John's viable for several agricultural products. Although agriculture is prevalent throughout the area, it is not a significant contributor to the economy of the area because of its subsistence nature. Agriculture appeals to the rural nature of settlement throughout the municipality, whilst accounting for the biophysical endowments that support the up scaling of this form of activity. The main objective for agricultural development is to recognise the fact that most agricultural activity in the locality is currently undertaken by small holders, and that commercial enterprise is currently bounded in its possibilities by the land tenure system.

Tourism

Port St Johns is a popular holiday destination due to the excellent fishing sports at the river and seas. Other activities on offer include golf, hiking boat-based dolphin viewing, quad biking, fly fishing and Silaka Nature Reserve. Because of its setting, natural beauty, and man-made attractions, Port St. John's enjoys an advantage over its competitors. To maximise the number of tourists and their spending in the area, this goal will solve the difficulties associated with product creation and marketing. According to Port St. John's local economic development strategy, the tourism industry is expected to grow. It could boost economic activity and serve as a job generator.

Enhancement of Rural Livelihoods

This goal recognises the fact that over 90% of our community resides in non-urban settings as such it is important that one of the strategic goals directly seek to uplift the quality of services and programmes implemented. Infrastructure has been identified as deemed to be predetermining for any forms of investment and thus development of the area. In effort to enhance rural live hoods, the department continues to support small scale farmers with agricultural inputs as means to ensure food security to our communities. Informal trading represents some of the initiatives taken by the rural unemployed as means of addressing the challenges of unemployment and poverty. Informal trading involves unorganized small-scale, self-employment creating activities which might involve individuals or unremunerated relatives of the business owner. The municipality therefore recognises the role played by informal trader in improving rural livelihoods. Through a developmental approach, the Municipality seeks to facilitate the access to job and entrepreneurial opportunities within the informal trading sector. Furthermore, and the nurturing of a positive relationship with the formal business sector and consumers by providing a stable regulatory and flexible management environment that is predictable, empowering, and sustainable.

Enterprise Capacitation

The development of small businesses is recognized as a common strategy for Local Economic Development in South Africa. The municipality is playing a facilitator role between government departments and agencies to support SMME's and further play a pivotal role in creating a conducive environment for entrepreneurial development.

Through this sector support, the municipality aims at creating opportunities and tools to develop small business through procurement, a partnership with relevant partners and the development of a small business programme for the area. This approach ensures that the Municipality addresses in a more effective way interrelated objectives of poverty eradication, employment creation and economic growth. It also includes the development and use of labour intensive and community-based construction measures and affirmative procurement to direct infrastructure to SMMEs. Promotion of Entrepreneurship spirit, development of Small Enterprise and the Cooperatives has been identified as crucial area of consideration. This goal addresses issues on the creation, attraction, and retention of enterprises either small or large business.

Key Pillars:

- Tourism Development and Promotion
- Entrepreneurial Development and Support
- Agricultural Development
- Infrastructure Development
- Skills Development
- Enabling Municipal Environment
- Projects implemented in the financial year are as follows:

- Construction of Mpantu Hawkers' Stalls
- Construction of Staircases at Isinuka
- Development of an Agricultural Support Plan
- Support to Small Scale Farmers with Agricultural Inputs
- Facilitation of Isingqisethu Cultural Festival
- Hosting of Cultural Heritage Celebrations
- Training of SMME's on manufacturing of cleaning products
- SMME Development and Support
- Implementation of the Community Works Programme
- Marketing and promotion of Port St Johns and craft products in Tourism events
- Training of SMME's in Construction
- Awareness workshops on Informal Trader By-laws
- Building Inclusive Green Municipalities

Targeted Sector Support

Agriculture.

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- Entrepreneurial Development and Support
- Agricultural Development

- Infrastructure Development
- Skills Development
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 - Implementation of the Community Works Programme
 - Marketing and promotion of Port St Johns and craft products in Tourism events
 - Training of SMME's in Construction
 - Awareness workshops on Informal Trader By-laws
 - Building Inclusive Green Municipalities

Economic Activity by Sector			
			R '000
Sector	Year -2021/2022	Year 2022/2023	Year 2023/2024
Agriculture forestry and fishing	2	4	9
Mining and quarrying	2	4	8
Manufacturing	63	65	65
Wholesale and retail trade	52	55	58
Finance, property, etc.	52	54	56
Government, community, and social services	25	27	30
Infrastructure services	41	60	67
Total	236.5	269	293
			<i>T 3.11.2</i>

Economic Employment by Sector			
			Jobs
Sector	Year -2021/2022	Year -202/22023	Year 2023/2024
Agriculture, forestry, and fishing	No.	No.	39 000
Mining and quarrying	30,000	36 000	36 000
Manufacturing	372,000	385 000	390 000
Wholesale and retail trade	270,000	270 000	285 000
Finance, property, etc.	210,000	230 000	240 000
Government, community, and social services	235,000	235 000	250 000

Infrastructure services	320,000	325 000	350 000
Total	450,000	490 000	1 590 000
			<i>T 3.11.3</i>

3.11.1 COMMENT ON LOCAL JOB OPPORTUNITIES:

Job opportunities were created mostly on the EPWP Projects that are under the Engineering services department as reported in the table below on EPWP. 400 employment opportunities have been created in the year under review through various EPWP projects and the projects implemented under the Small-Town Revitalisation funded by the Office of the Premier.

Government, community, and social services remain the major employer to the community of Port St Johns. This is attributed to the inability of the town to attract private investment because of dilapidated infrastructure. With the Eastern Seaboard Development/ Coastal Smart City to start from Port St Johns, it is envisaged that major infrastructure investment will be directed to the area which will attract more businesses thus creating more employment opportunities. Agriculture Forestry and Fisheries is one primary sector that if fully supported would contribute towards reducing unemployment in Port St Johns and a lot is still required to boost the potential of Majola and the fishing coastal communities. Mantusini dairy has remained the beacon of hope to the rural communities surrounding Mantusini and an integrated effort must ensue between government and private sectors, led by the local municipality to look at possible models of running the dairy farm.

Temporary employment opportunities created through implementation of SANRAL projects have benefited the local communities and with the projects planned under the N2 Wild Coast Highway, there are possibilities of employment for our local people. The municipality has implemented most planned projects in various wards thus creating temporary job opportunities. The Small-Town Revitalisation funded by the Office of the Premier continues to support our SMME's and local employment.

Jobs Created during Year 2023/2024 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (01)				
2021/2022	1078.00	5.00	1073.00	MIS
2022/2023	1084.00	12.00	1072.00	MIS

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Community Works Programs (2018/19)	3242.00	25.00	3262.00	
				T 3.11.5
Initiative C (Year 0)	0	0	0	

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2021/2022	14	453
2022/2023	15	261
2023/2024	9	490
* - Extended Public Works Program		T 3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -2021/2022		Year 2022/2023			Year 2023/2024	Year -2023-2024	
		Target	Actual	Target	Actual	Target	Target	*Current Year	*Current Year
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Tendering and construction management skills	35.00	33.00	33.00	34.00	33.00	33.00	x people trained	x people trained	x people trained
SMME Training in Construction	20	15.00	34.00	25.00	20.00	20.00			
Business Skills Training	25.00	0.00	20.00	0.00	20.00	20.00			
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.11.7

Employees: Local Economic Development Services					
Task grade	Year - 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%

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7 - 9	1	2	1	1	50%
10 - 12	3	9	2	7	78%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	1	1	1	0	0%
Total	7	14	6	8	57%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.11.8

R'000					
Details	Year -2022/2023		Year 2023/2024		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	310	74	80	677	-815%
Expenditure:					
Employees	3052	5958	5958	4235	29%
Repairs and Maintenance	22	33	50	30	9%
Other	11480	11772	13802	11396	3%
Total Operational Expenditure	14597	15317	17364	14718	4%
Net Operational Expenditure	-14287	-15243	-17284	-14041	8%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the original budget.</i>					T 3.11.9

Capital Expenditure Year 2023/24: Economic Development Services					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0			
Refurbishment of adventure centre	478600	0	0	0	100%
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.11.10

3.11.2. COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The municipality's economy is based mostly on LED, which prioritizes the development of the economic sectors that propel the economy. The municipality's primary sources of income are agriculture, tourism, and the maritime economy, all of which have significant economic growth potential. Sustainable partnerships with the commercial sector, the community, and sector departments enable the realization of LED. One of the initiatives to improve LED will be the implementation of mentoring programs to guarantee the supply of high-quality produce. Ocean-related economic activity encompasses both directly and indirectly ocean-based economic activity. The municipality has authorized fishermen who receive equipment assistance.

Travel to the municipality is a popular activity, drawing both domestic and foreign visitors. Due to its many attractions, tourism to the municipality is expanding rapidly. To guarantee that local businesses are promoted, there are marketing venues like the quarterly flea markets and tourism event, as well as the yearly Isingqisethu Provincial Event, which benefits local artisans, visitors, and the lodging industry.

3.12. COMMUNITY SERVICES

3.12.1. introduction to Community and Social Services

The Community Services Department has the following key functions; establish, conduct and control facilities for the purpose of disposing human remains; Co-ordinate community needs for health services; Provide, manage and maintain libraries for public use in partnership with the Department of Sport; Arts and Culture and O.R. Tambo District Municipality.; Provide, manage and maintain community facilities for public use; Respond and provide support to affected communities; Provide recreational services to all communities; Improve social welfare of the community; Provide, manage, preserve and maintain any municipal place, land, and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest;

- Ensure public safety,
- Waste management services

The department strives to provide and coordinate all the services listed above with the limited resources. There are funding constrains that impact on the provision of some of the services. The department consistently reports to Council on the externally managed services like health care service, disaster management and libraries.

3.12.2. LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC.)

Libraries: The purpose of providing library services is to provide communities at each stage of their development with access to educational material, information, programmes, and services that instil and nurture a culture of reading and lifelong learning.

Objectives.

Closing the gap between resourced and under-resourced communities

- Support the cultural, educational, and recreational needs of communities.
- Promote internet as a valuable research tool for information.
- Promote freedom of Information

Key programmes.

1. Library Week
2. Literacy day

Objectives of the Library week.

Highlighting how libraries promote access to information, as enshrined in the Bill of Rights

Enhancing nation building and community development by opening the doors of learning to all.

Showcasing libraries as desired spaces for connecting people to each other, learning resources, communities, government , the world and the environment; advancing literacy through the intellectual and aesthetic development of all ages; providing access to global knowledge and information in different formats to advance research and create new knowledge; fostering a spirit of enquiry and desire for lifelong learning; challenging one's own beliefs and inculcating a respect for diverse beliefs, opinions and views; contributing towards the development of an informed nation, and South Africa becoming an information society.

Literacy day,

International literacy day is an annual United Nations sanctioned event that falls on September 8 aimed at raising people's awareness of and concern for literacy issue.

The Municipality also host this event annually and rotated amongst the schools within the Municipality. Inter-schools' competitions are also held on the day for drama, poetry, reading, storytelling, and other cultural activities. Awards are then handed to the top achiever for each of the sub-events.

Archives: The Municipality is still experiencing some challenges regarding archiving of documents due to insufficient resources; assistance was received from the Archives office in Umtata for development of necessary guiding documents (File Plan and Records Management policy) but have not yet approved by the Municipal Council.

Community facilities.

Community halls

The municipality did not construct a new community hall during the year under review. Due to limited resources, it has also struggled to maintain the existing halls to a reasonable use standard. There are challenges that still need to be addressed to ensure that all community halls are kept at a state that they can be used and managed effectively by the municipality and the communities. There is a shortage of staff for managing the community halls and security personnel to guard against vandalism.

3.12.3. SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

The Municipality has a provision for the community services listed below which are maintained as required but due to limited resources, we might not provide services to the level expected by our communities.

Facility	Number
Community Halls	13
Sports facilities	5
Cemeteries	2
Beach facilities	9
Library	3
Heritage Sites	2
Parks	6

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Task grade	2022/2023		2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	2	1	1	50%
7 - 9	0	0	0	0	0%
10 - 12	1	2	2	0	0%
13 - 15	0	1	1	1	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	5	4	2	40%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior*

management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.
T 3.12.4

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year - 2022/23	Year 2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	550	550	840	556	-1%
Expenditure:					
Employees	436	801	801	464	42%
Repairs and Maintenance		60	60	40	0%
Other		417	712	334	20%
Total Operational Expenditure	436	1278	1573	838	34%
Net Operational Expenditure	114	-728	-733	-282	61%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the original budget.</i>					
<i>T 3.12.5</i>					

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	96	0	101	5%	/
Library Programs	100 000.00	100 000.00			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
<i>T 3.12.6</i>					

3.12.4. COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERAL:

There were no capital projects for Libraries, Archives, Museums, Galleries, Community Facilities; and other in implemented in 2023/2024 financial year. We have participated to the literacy day event that was convened by the Department of Sports, Arts, & Recreational and the Library week.

3.13. CEMETORIES AND CREMATORIUMS

3.13.1 Introduction to cemeteries & crematoriums

The Municipality has two official cemeteries, one of the cemeteries has reached its maximum capacity and the second cemetery is 99% full. The Municipality provides space for communities to bury their loved ones at the cemetery in town at a fee. There are no crematorium services provided by the Municipality.

3.13.2 SERVICE STATISTICS FOR CEMETORIES & CREMATORIIUMS

The Municipality experienced a challenge regarding cemetery services due to non -availability of space. The Municipality provided the grave digging services which is done and completed within 3 days of payment. We have since approached the Caguba Traditional authority and Caguba CPA to acquire a space for Cemetery development, but this did not bear any good results.

Employees: Cemeteries and Crematoriums					
Task grade	Year -2022/2023		Year 2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	3	6	3	3	50%
7 - 9	0	0	0	0	0%
10 - 12	0	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	4	3	1	25%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.13.4

Financial Performance Year 2022/2023: Cemeteries and Crematoriums					
R'000					
Details	Year - 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	152	55	53	25	55%
Expenditure:					
Employees	1411	424	424	429	%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	9282	5743	5743	9873	-72%
Net Operational Expenditure	-9130	-5688	-5690	-9848	-73%

T 3.13.5

Capital Expenditure Year 2023/24: Cemeteries and Crematoriums					R' 000
Capital Projects	Year 2023/2024				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	750	0	133	0%	/
None	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.13.6

3.13.3 COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

In our plan for 2023/2024 we planned to acquire a land parcel for Cemetery development project but due to delays to finalise agreement with Caguba traditional authority and CPA the project could not be implemented and as such it was moved to 2024/2025 due to challenges around the land issues.

3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

3.14.1. INTRODUCTION TO CHILDCARE; AGED CARE; SOCIAL PROGRAMME

Social programmes.

The municipality hosts an annual mayoral cup, an event that is aimed at promoting sports development within the Municipality. In this financial year winners at ward level were given sports equipment and sports clothing

Childcare

- The Municipality provides the following as part of childcare and support: -
- Child protection week program,

Youth

- Memorial lecture
- Back to school campaign

Aged care.

- Local Golden Games
- District Golden Games
- Alzheimer dementia awareness

Women

- Women’s month celebration in partnership with Women solidarity movement
- Debriefing dialogue on Gender Based Violence (16 Days of activism)

HIV/Aids Programmes.

- World Aids Day build-up program -Candlelight
- Draft HIV/AIDS Strategy

Disabled

- Disability Rights awareness program

3.14.2. SERVICE STATISTICS FOR CHILDCARE

Childcare, aged care and social programs are provided by the municipality under a Special Programs unit within the office of the mayor. Port St John’s Municipality needs to ensure that the communities are cared for, and that support is given to those who are vulnerable in our communities. This unit within the municipality seeks to ensure that senior citizens, people living with disabilities, vulnerable children, Women, Youth and people living with HIV/Aids receive the needed support.

The unit programs also focus on women empowerment which assists in providing life skills training that ensure men and women can sustain themselves through life on their own. There are also programs targeting awareness around women and child abuse which ensures that communities are well informed and empowered regarding their rights and how to act in such instances of abuse. During the financial, the Special Programs forum was established which is the umbrella of all SPU programs. The Municipality hosted a. Mayoral cup program on the 11-12 May 2024 which was aimed at enhancing sport development. The program started from the ward level and finalized at local level winners given monetary prizes and roving Cups.

Employees: Childcare; Aged Care; Social Programmes					
Task grade	Year -2022/2023		Year 2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	2	1	1	50%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	2	1	1	50%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.14.4

Financial Performance Year 2023/2024: Childcare; Aged Care; Social Programmes					
R'000					
Details	Year -2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	359	381	381	381	0%
Repairs and Maintenance	88	125	105	49	61%
Other	1682	2733	3324	2640	3%
Total Operational Expenditure	2107	3179	3750	3048	4%
Net Operational Expenditure	-2107	-3179	-3750	-3048	4%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.14.5</i>

Capital Expenditure Year 2023/2024: Childcare; Aged Care; Social Programmes					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	/
None	0	0	0	0	0%
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.14.6</i>

3.14.3. COMMENT ON THE PERFORMANCE OF CHILDCARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

The municipality coordinated the childhood development programs, women development forum, HIV/AIDS, TB & candlelight, plan, hosted disability sector summit, hosted disability rights months. These were aimed at promoting social cohesion and promote sports development. The programmes were very successful, and all wards participated in some of them.

3.15. ENVIRONMENT PROTECTION

3.15.1. Introduction To Environmental Protection

Port St John’s is an environmental sensitive area with various environmental management issues, and has an environmental management office that is responsible for environmental related issues including EIA, Alien Plant vegetation, illegal sand mining, deforestation, illegal dumping etc.

3.15.2. Pollution Control

Port St John’s has no measures to control pollution nor a budget thereof. Fire awareness campaigns are conducted quarterly by O.R. Tambo District Municipality to ensure that the community is aware of the dangers.

Employees: Pollution Control					
Task grade	Year - 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.15.4

Financial Performance Year 2020/21: Pollution Control					
					R'000
Details	Year -2022/2023	Year 2023/2024			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0

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Net Operational Expenditure	0	0	0	0	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.15.5

Capital Expenditure Year 2023/2024: Pollution Control						R' 000
Capital Projects	Year 2023/2024					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
None	0	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.15.6	

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL: -
 . The Municipality has maintained regular cleaning and waste collection in town and surroundings.

T 3.15.7

3.16. BIO DIVERSITY, LANSCAPE AND OTHER

3.16.1. Introduction Bio-Diversity And Landscape

No biodiversity and landscape related incident ever experienced and as such no measures of improvement was undertaken. The issues of biodiversity and landscaping are handled through DFFE.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE
 There are no capital projects or a budget for this function.

T 3.16.2

Financial Performance Year 0: Biodiversity; Landscape and Other						R'000
Details	Year -2022/2023	Year 2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.16.5	

Capital Expenditure Year 2023/2024: Biodiversity; Landscape and Other		R' 000
Capital Projects	Year2023/2024	

	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	/
None	0	0	0	0	0%
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.16.6</i>

Capital Expenditure Year 2023/2024: Biodiversity; Landscape and Other					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	/
None	0	0	0	0	0%

3.16.2. COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

There are no capital projects or a budget for this function

3.17. SAFETY AND SECURITY

3.17.1. Introduction To Security & Safety

The Municipality provided public safety services in the form of Traffic Control Services, and security services. The Safety and Security Unit helps to ensure a safe environment and improves quality of life through effective traffic policing combined with efficient use of security officers. Traffic services include control and regulation of all forms of traffic; Promote education and training in road and traffic safety; Attend to scenes of motor vehicle collisions and assist with traffic control, removal of injured persons, and removal of vehicles so that traffic may flow freely. Eliminate points of congestion, obstruction, hindrance, interference, or danger to vehicles and pedestrians. Other areas of service provision that require the attention include by-law enforcement and crime prevention.

The internal Security Services section responsibilities include protection of municipal assets, and access control to municipal buildings. Security personnel provided services for protection of Municipal assets (movable and immovable). There were challenges regarding working tools, and human resource capacity (limited skills), due to limited financial resources. The Municipality is embarking on safety and lawful initiative. Key objective of this initiative is to provide camera surveillance of certain areas within the Municipality, so as to encourage a crime-free environment for the benefit of Port St. Johns communities, and to attract investors and promote development, tourism and job creation.

The Municipality in its commitment to fight against crime, closely works with partners such as South African Police Services, Department of Justice and other safety and security agencies in a bid to prevent and reduce the negative effect of crime to our communities. Port St John’s municipality’s structure on public safety unit has a limited staff compliment whose service is to fight crime or law enforcement. Only few traffic officers and security personnel who currently work with external stakeholders to combat crime.

The municipality is in a process for reviving its forums including safety forum. With the structures having been established and endorsed, the Municipality would developing a community safety plan that will coordinate and integrate the duties of the structure with the assistance of Department Safety and Liaison.

3.17.2. POLICE

3.17.2.1. Introduction To Police

Port St John’s area has one police station situated in town. Port St John’s police station assist in visible policing and crime fighting within the jurisdiction of Port St John’s. An area of approximately 1 300 square kilometres in Port St Johns is currently policed. The ratio of functional police officials per community is reported to be 1:2377 whereas the recommended ratio is 1:500. That implies that there is still a shortage of workforce in the field of SAPS. The most common incidents are the following: - Attacks on tourists; Faction fights; Theft; Robbery; Domestic related crimes; incidents (road accidents and drowning) etc. The station, among its priority, is focussed on addressing rape, murders, armed robbery, house breaking and assault with grievous bodily harm. Their main objective, however, is to make the community safe and secure for all its members. These crimes are commonly believed to be because of lack of or limited streetlights in certain areas, liquor abuse, deserted informal houses, shebeens as well as incautious movements of tourists.

Community awareness programmes are constantly held by the police and the relevant stakeholders such as municipal law enforcement officers. This is most likely to reduce the crime rate in Port St John’s Local Municipality.

Employees': Police officers					
Task grade	2022/2023	2023/2024			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	31	65	27	38	58%
7 - 9	5	15	11	4	27%
10 - 12	3	5	3	2	40%
13 - 15	1	2	0	2	100%

16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	40	87	41	46	53%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.20.4

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

3.18.1. introduction to disaster management, animal licencing and control, control of public nuisances, etc.

Disaster Management is the District Municipal function, and Port St Johns Municipality plays a facilitation role. Animal control will soon be addressed through animal pound that is underway. Control of public nuisances is addressed using the by-laws enforcement.

3.18.2. SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The Municipality was hit by floods in the previous financial year which had an effect to the plans of the current year. Some people were displaced due to the fact their houses were severely damaged. We received some assistance from all corners of the country to rescue the situation. Port St Johns was declared as a disaster zone. Some of our infrastructure assets and project such as roads, bridges and buildings were badly affected, and assistance had to be requested from various institutions to repair the damaged areas.

3.18.3. COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Disaster Management is managed at a district level. We acquired a land parcel for the development of the animal pound for control of animals otherwise we do not provide licensing services for animals.

3.19. SPORTS AND RECREATION

3.19.1. Introduction to Sport and Recreation

The main priority regarding sports development was the hosting of the mayoral cup and assisting the Department of Sports, Arts and Culture to successfully host the annual festival

(Isingqisethu) in Port St John’s. Mayoral cup is meant to enhance sport development in Port St Johns in different areas of sport.

3.19.2. SPORT AND RECREATION

3.19.2.1. SERVICE STATISTICS FOR SPORT AND RECREATION

The municipality planned to maintain two sports fields of which were not done due to challenges related to supply chain processes.

Employees: Sport and Recreation					
Task grade	2022/2024		2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	0	1	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	1	50%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.23.3

3.22.2 COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Port St Johns hosts mayoral cup annually and it has a budget for that with all the twenty wards participating. The Mayoral cup was hosted in May 2024 with tournaments started at ward level. The winners were ward 11 men’s soccer team, ward 02 ladies’ soccer and ward netball team

3.23. CORPORATE POLICY OFFICES

3.23.1. INTRODUCTION TO CORPORATE POLICY OFFICES, Etc.

Policies are developed to establish expectations and to provide guidance on how to consistently handle workplace situations. Although most company policies are not all-encompassing, they provide direction regarding what is appropriate as well as inappropriate or unacceptable behaviour. Corporate services department is the driver of the policy development in the municipality. These policies are then taken to council for approval following internal processes.

3.23.2. EXECUTIVE AND COUNCIL

3.23.2.1. Introduction to executive and council

Council is the highest decision-making body in a municipality and seats every quarter unless a special council meeting is arranged by the Speaker for urgent matters. Port St John’s Municipal Council has executive and legislative powers. The office of the Mayor and Speaker are full-time with the rest of the Council members’ part -time. Council has five section 80 committees reporting to Executive, and six section 79 committees including Executive committee. Section 79 committees are performing functions delegated to them by council as documented in the delegation of responsibilities policy and directly reporting to Council Committees.

For purposes of administering political oversight the Council is supported by the following standing committees which are each chaired by a nominated Councillor. The following table reflects the committees of Council and their respective purposes, as well as the frequency of meetings during a financial year.

COMMITTEE NAME	COMMITTEE TYPE	FUNCTIONS	NO. OF MEETINGS
COUNCIL	Council	Political oversight	4 Ordinary Council meetings, Special Councils depend on the Municipal business
Executive Committee	EXCO	Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 ordinary EXCO, Special EXCO depend on the Municipal business
Budget Treasury Office Standing Committee	Section 80	Financial Management Oversight	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises
Local Economic Development & Planning Standing Committee	Section 80	All matters requiring attention arising from the provisions of the relevant legislation inline the departmental mandate and the Municipal Delegation Framework	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises.
Corporate Services & Planning, Research & IGR	Section 80	All matters requiring attention arising from the provisions of the relevant legislation inline the departmental mandate and the Municipal Delegation Framework	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises
Community Services Standing & SPU	Section 80	All matters requiring attention arising from the provisions of the relevant legislation inline the departmental	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises

		mandate and the Municipal Delegation Framework	
Engineering Standing Committee	Section 80	All matters requiring attention arising from the provisions of the relevant legislation inline the departmental mandate and the Municipal Delegation Framework	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises
MPAC	Section 79	Deals with matters delegated to it by Council	4 Ordinary standing Committee Meetings. Special Standing Committee are convened as per need arises.
Rules Committee	Section 79	Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 Ordinary standing Committee Meetings. Special Standing Committees are convened as per need arises
Ethics & Members Interests	Section 79	Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 Ordinary standing Committee Meetings. Special Standing Committees are convened as per need arises
Public Participation	Section 79	Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 Ordinary standing Committee Meetings. Special Standing Committees are convened as per need arises
Women's Caucus	Section 79	Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 Ordinary standing Committee Meetings. Special Standing Committees are convened as per need arises.
Audit Committee		Deals with matters delegated to it by Council and legislation as indicated in the delegation of responsibilities policy	4 Ordinary Committee Meetings. Special Committee meetings are convened as per need arises

3.23.2. SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Each standing committee is operationally linked to one or more-line functional departments. In addition to the standing committees, Council has also established a Municipal Public Accounts Committee (MPAC) that is chaired by a nominated Councillor. The Municipality established a panel for performance management that is responsible for evaluating the Municipal Manager and other section 57 manager's performance. The Municipal Manager is the principal accounting officer employed in terms of section 54(a) of the Municipal Systems Act 32 of 2000. The Municipal Manager reports to council through the

mayor and is supported by section 57 managers who are contracted for a five-year term. These section 57 managers directly report to the Municipal manager. With this complementary structure, the Municipality in the financial year under review took a resolution to focus on improving road networks in its rural municipal area. The Municipality also committed to focus and explore ways to improve local economic development in the municipal area. Much focus has also been projected towards improving social services more especially public amenities.

Employees: The Executive and Council					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	6	7	7	2	29%
7 - 9	4	12	9	3	25%
10 - 12	3	4	4	0	0%
13 - 15	2	3	2	1	33%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	15	26	22	6	23%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
T 3.24.4

3.23.4 COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

The council and its committees adhered to the scheduled meetings that was approved at the beginning of the financial year. The Council successfully convened a strategic planning session to review the integrated development plan and later approved Integrated Development Plan and budget for financial year 2023-2024.

3.24.FINANCIAL SERVICES

3.24.1 Introduction to financial services

The municipality’s financial services office is made up of the following units: Budget & Reporting: Responsible for preparation of the budget and related policies. This section has also ensured that the Municipality’s Annual Financial Statements are prepared, and this is evident by qualified audit opinion (with matters of emphasis) expressed by the Auditor General’s office during the past financial year audits and the current year’s audit.

Expenditure Management: Responsible for monitoring payments made to service providers, ensuring that controls exist regarding the municipality’s contract management and that all payments made by the municipality have followed the proper control process.

Supply Chain Management (SCM): Responsible for monitoring controls over the procurement process and ensuring that controls exist to mitigate against any risks that might affect the supply chain processes. The unit oversees procurement process from minor purchase order, mini tenders to open bid tenders and reports on the system in place to Provincial and National Treasury as stipulated in the Local Government Municipal Finance Management Act No.56 of 2003.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -2020/2021		Year 2021/2022			Year 2022/202023	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	11270	74.40%	10916	10916	66%	8754	94%
Electricity - B	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electricity - C	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water - B	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water - C	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sanitation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refuse	1187	46%	804	804	42%	861	88%

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

Financial Performance Year 2023/2024: Financial Services					
R'000					
Details	Year -2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	69268	37856	37856	40838	-8%
Expenditure:					
Employees	9089	9572	9321	9089	-195%
Repairs and Maintenance	3387	1460	1955	1468	-1%
Other	12351	16379	17889	10384	37%
Total Operational Expenditure	24827	27411	29165	20941	24%
Net Operational Expenditure	44441	10445	8691	19897	48%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

Capital Expenditure Year 2023/2024: Financial Services					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	457	491	450	8.35%	

Computers & accessories	75	75	61	18.66 %	50
Furniture & Fittings	82	82	55	32.9%	50
Motor vehicle Purchase	300	334	334	0%	323
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.25.6</i>

3.24.2 COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

There were no major challenges in the financial performance of the municipality, however most of the targets set according to the IDP were achieved.

3.25. HUMAN RESOURCE SERVICES

3.25.1 Introduction to human resource services

Improvement on quality of administration through the introduction and review of policies. Increase of the capacity through recruitment or filling of vacant positions. Improvement on relations between the labour and the employer. Empowerment of employees or staff through skills development and training. Improvement on management of overtime and leaves through periodical reconciliations.

Improvement of wellness through provision of employee assistance programs and sporting activities. Salary and employee benefit administration.

3.25.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The Municipality has necessary skills to deliver services to the communities, though in some cases support is required from the District Municipality, SALGA, COGTA and Treasury. This is because of the areas where we identify some gaps that can hinder us from fulfilling the mandate of the Municipality.

3.25.3 COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Capacity building programs were rolled out for both councilors and officials namely, project. The municipality continued with its partnership with Sector Education Training Authorities for provision of internships.

3.26. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.26.1 Introduction to information and communication technology (ICT) services

The municipality has a standalone ICT unit, but it is not fully-fledged. The ICT infrastructure is currently not functioning to its maximum performance due to budget constraints and limited capacity of the institution, however some, improvement initiatives have been undertaken.

3.26.2 SERVICE STATISTICS FOR ICT SERVICES

Port St Johns municipality had ICT steering committee but was not functioning to the expected level due to the limited capacity within the unit. The reviewed structure has made provision for the fully

pledged ICT unit to keep up with new development in the Country. The Unit relied on service providers for financial systems (Promun and Payday), and our personnel can handle other ICT matters. The ICT infrastructure is currently not functioning to its maximum performance due to budget constraints however, improvement has been done. We initiated the project for the installation of fibre which could not be completed and moved to the financial year 2023/2024 financial year.

Employees: ICT Services					
Task grade	Year - 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	3	3	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.27.4

Capital Expenditure Year 2023/2024: ICT Services					
					R' 000
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	305 000				
Installation of Fiber	305 000				

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

T 3.27.6

3.26.3 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Municipality has an ICT unit which has not fully populated but has improved a lot using the limited resources. The municipality managed to revamp its ICT infrastructure on the following areas:

- (a) Network
- (b) Telephone system
- © Initiated upgrade on infrastructure

3.27.PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

3.27.1 Introduction to property; legal; risk management and procurement services

Port St John's Municipality has a panel of attorneys and in addition the litigation register is updated timeously. The legal department achieved significant milestones in supporting the municipality's governance and compliance objectives. It had successfully provided legal advice, guidance, and presentation across various domains.

Key Achievements:

1. Legal Advisory Services
2. Litigation Management
3. Regulatory Compliance
4. Contract Management

Challenges:

Legal services unit was also faced with certain challenges during the reporting period that need to be addressed in the future.

1. Workload and Resource Constraints
2. Capacity building

Risk Management

Risk Management is still a challenge however, the internal audit unit has been a support for the risk management. The meetings were conducted, and the implementation of the risk management plan has been executed even though it was not fully implemented. The risk assessment was done successfully, and the review of the risk management framework was done successfully and is awaiting the adoption by the Council. The challenge is that the unit is not yet established as the vacancy of the risk management officer is still not filled. The Manager Strategic Services is performing the duties of the risk management officer and cannot fully execute all the duties due to limitations.

Procurement

Procurement plans were compiled by departments and consolidated into one institutional procurement plan. Bid Committees were appointed; procurement plans were not successfully implemented because of the unforeseen challenges which include non-response by service providers to the advertised.

3.27.2 SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Port St John’s Municipality has a panel of attorneys and in addition the litigation register is updated timeously. The legal department achieved significant milestones in supporting the municipality’s governance and compliance objectives. It had successfully provided legal advice, guidance, and presentation across various domains

Employees: Property; Legal; Risk Management					
Task grades	Year -2022/2023		Year 2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	1	0	1	100%
10 - 12	0	2	0	2	50%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	4	1	3	75%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. ‘senior management’) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.28.4

Financial Performance Year 2023/2024: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	Year -2021/2022	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.28.5

COMPONENT J: MISCELLANEOUS

INTRODUCTION TO MISCELLANEOUS

The Municipality has been longing to have the airstrip for landing of small Aircrafts. The project was supported by the Department of Transport but stalled. Attempts are in place to reactivate the project. There are no Abattoirs in and around Port St John's, the area is only dependent to Umtata and Kokstad. So far there has not been any identified area where abattoir can be done.

Port St John's Municipality is surrounded by forests controlled by the Department of Forestry. Illegal cutting of protected trees was a challenge of which the stakeholders condemned

3.28. SERVICE DELIVERY PERFORMANCE

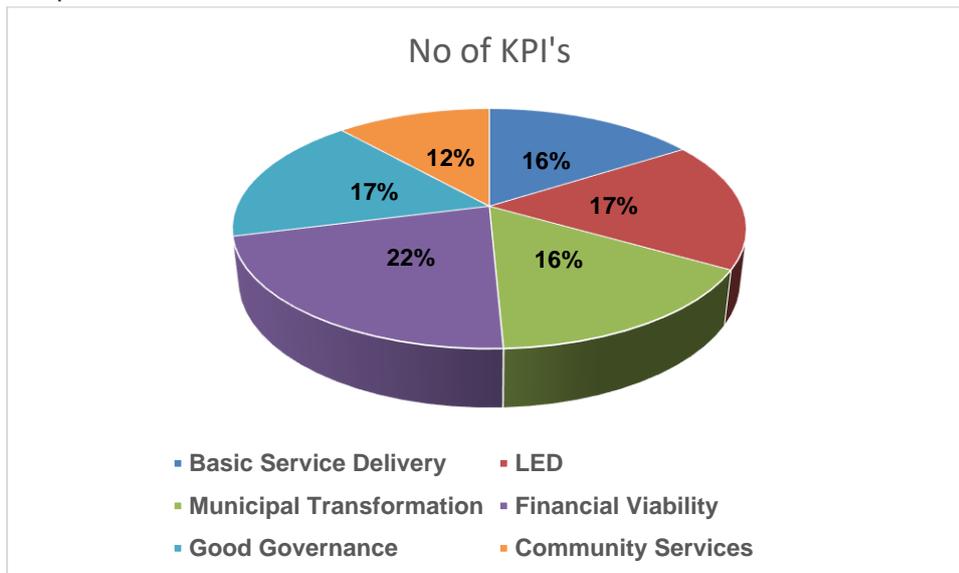
The municipality had a total of SDBIP 69 indicators for 2023/2024 financial year and achieved 34 indicators which accounts for 51% of the total annual performance. This reflects poor performance for PSJ municipality. Basic Service delivery accounts for 11 indicators and a number of 7 indicators were achieved which is a total of 64%. Local Economic Development and Spatial Planning achieved 33% of all indicators, the total number of indicators were 12 and the total achieved was 4.

Municipal Transformation and organisational development achieved 9% of its total indicators. Financial viability and management achieved 67% of its indicators, out of 15 indicators, 10 indicators were achieved. Good governance and public participation achieved 83% of all its planned indicators with community services section achieving 38% of its indicators. Below is the table reflecting the summary of performance per indicator and the achieved percentages.

3.28.1. Performance per Key Performance Area

KPA	No of KPI's	Achieved	Not Achieved	%
Basic Service delivery	11	7	4	64%
Local Economic Development and Spatial Planning	12	4	8	33%
Municipal Transformation & Organizational Development	11	1	9	9%
Financial Viability & Management	15	10	5	67%
Good Governance & Public Participation	12	10	2	83%
Community Services	8	3	5	38%
Total	69	35	33	51%

Graph illustration of KPA Performance



Challenges

- Vacancy of the Senior Manager Engineering

- Vacancy of the Risk Management Officer
- Delays in finalisation of disciplinary processes for Manager PMU and delays in filling the vacancy of the Project Management Officer
- Delays in the appointment of the service providers for some of the projects under Local Economic Development and Community Services
- Delays in preparation for the policy review which led to policies being at draft phase
- Delays in finalising the approval of the organisational structure
- Delays by the appointed service providers in completing the projects
- Demands by the communities for extensions of roads which were not part of the scope of works

Recommendations

- The appointment of the senior manager engineering is underway
- Close monitoring of projects should be improved
- Recruitment processes for critical positions should be speed up
- The policy review has been scheduled for the first quarter of the next financial year and finalization of the organizational structure will also be done in the first quarter of 2024/2025.
- Improvement in planning processes to ensure timely appointments of the service providers

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3.28.2. ANNUAL PERFORMANCE REPORT 2023/2024

3.28.2.1. Basic Service Delivery

KPI NO	Project	Key performance indicator	Annual target	Means of verification	Annual Report 2022/23		Annual Report 2023/2024		Reasons for variance	Remedial Action	General Comment
					Annual Target	Actual	Annual Target	Actual			
GOAL: Equitable And Sustainable Provision Of Municipal Infrastructure											
Strategic Objective: Adequate provision and maintenance of basic infrastructure services by end June 2024											
8.1.1.	1. Bizana AR-7km 2. Lityeni-Tyiweni AR – 6km 3. Rhawutini AR-6km 4. Luzuphu AR – 7km 5. Gogogo AR – 6km 6.Cwebeni AR-7.8 km 7. Ngcoya AR-9km 8. Babheke AR-7km 9. Codesa to Madakeni AR- 11km	Number of kms of gravel access roads constructed	68.8kms by 30 June 2024	1. Quarterly Progress Reports 2.APR Listing 3.Practical completion certificate	100% of 75km	30%	68.8kms by 30 June 2024	64.2km	Community requested an additional 400m and bridge to link the villages at Bizana which led to 7.4 km. The remaining 3km at Cwebeni AR the Contractor could not complete project due to Bolani villagers demanding Contractor to construct 400m of road before they can commence with work at Cwebeni only 4.8km could be completed at Cwebeni.	Cwebeni A/R will be closed off where it is and be re-advertised for completion as the project currently requires standing time and re-establishment costs that the municipality has no budget for. The project to be closed off in July 2024	The total number of kilometers planned were 68,8km, however the total number of projects amounted to 66.8km, there is a difference of 2km between the projects and target on IDP &SDBIP.
8.1.2.	1. Construction of paved internal streets -450m 2. Construction of Agate Terrace paved	Number of kms of surfaced access road constructed	3.450km by 30 June 2024	1. Quarterly Progress Reports 2. APR Listing 3. Practical Completion certificate	100% of 3 km	100%	3.450km by 30 June 2024	1.8km	Change of Scope for the surfaced access road due to floods occurred and damaged all the construction of paved works to concrete slab.	The contractor to be engaged to put more team on site to fast track the progress, and to submit revised schedule of works, the target will	Target not achieved

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	Access Road Phase 3 – 3km								And also Heavy rains delayed the contractor's progress on site.	be achieved in the 1st quarter of 2024/25 financial year.	
8.1.3	Maintenance of gravel access roads in wards (blading Tipping and Processing) –	Number of kms of gravel access roads maintained.	300km by 30 June 2024	1. Quarterly progress Report co-signed by Ward Councilor	92 km	260%	300km by 30 June 2024	649.9km	The appointment of plant hire contractors contributed in over achievement.	None	Target overachieved
8.1.4	Ablution facilities supplied for construction of Welisizwe Bridges	Number of ablution facilities supplied for construction of each of 9 Welisizwe Bridges	45 by 30 June 2024	1. Progress reports 2. Distribution register/delivery note	N/A	N/A	45 by 30 June 2024	45	None	None	Target achieved
8.1.5.	Rehabilitation of Bridges : Butho, Sinangwana, Magumbini , Buthulo causeway, Nyakeni , Ezintakumbeni to Dubulweni, Dedeni to Ekhumeni, Gabelana to Diphini, Ntlantsana Farm	Number of bridges rehabilitated	9 by 30 June 2024	1. Quarterly Progress Reports 2. APR Listing 3. Practical Completion certificate	N/A	N/A	9 by 30 June 2024	3	Consulting Engineers delayed the process of finalizing designs for the bridges, which contributed in the construction to commence.	The contractors were appointed on the 28 June 2024, The construction now will commence in July after 14 days of the appointment, The bridges are set to be completed in the 3rd quarter of 2024/25 FY and are included in the SDBIP for 2024-25FY.	Target not achieved

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8.1.6	Community Hall ward 07,15, 16 and Upgrade Military sports field facilities	Number of public amenities constructed	4 by 30 June 2024	1. Quarterly Progress Reports 2.APR Listing 3.Practical completion certificate	100% of 2	0	4 by 30 June 2024	1	Delays in the appointment of service providers, lack of monitoring due to limited capacity within the department	The department is in the process of appointing the Senior Manager and two project managers which will contribute in monitoring of the projects. The target will be achieved in the 1st quarter of 2024/25 financial year.	Target not achieved
8.1.7	1. Ngqwaleni village – 140 H/H 2. Ntlanjeni village – 106 H/H 3. Jambeni Village - 106 H/H 4. Tombo village – 180 H/H 5. Sobaba village – 140 H/H 6. Nkampini village – 120H/H 7. Ngxongweni village – 140H/H 8. Emadwaleni-Qhoboshendlini village – 180H/H 9.. Lwandlana village – 120 H/H 10. Mswakazi Village	Number of full design packages of households completed & submitted to Eskom	1778 by 30 June 2024	1. Quarterly Progress Reports 2. APR Listing 4. Full Design package (Pre-Engineering)	N/A	N/A	1778 by 30 June 2024	1778	None	None	Target achieved

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	– 106 11. Mpantu Village – 110H/H										
8.1.8	1. Qandu village – 150H/H 2. Gomolo village – 110h/h 3. Lutshaya Village 90h/h 4. Ndayini Mkhumbini 40h/h 5. Zinyosini 106h/h 6. lukwazweni-emasimini 80h/h 7. Mnqezu 98h/h	Number of households connected with electricity	794 by 30 June 2024	1. Quarterly Progress Reports 2. APR Listing 3. Practical Completion certificate	100% of 794	0	794 by 30 June 2024	794	None	None	Target achieved
8.1.9	Construction of 48.6 km Bulk infrastructure (Dumasi/kohlo and 2 feeder bays) and (Tombo/Majola and 1 feeder bay)	Km of link line constructed	48.6 km by 30 June 2024	1. Quarterly Progress Reports	N/A	N/A	48.6 km by 30 June 2024	48.6 km	None	None	Target achieved
8.1.10	Installation of High-mast lights – Qandu, Mampube Dangwana, Gemvale, Sobaba High school,	Number of High-Mast lights installed	5 by 30 June 2024	1. Quarterly Progress Reports 2. Practical Completion certificate	5 high mast lights	3	5 by 30 June 2024	5	None	None	Target achieved

8.1.11.	Maintenance of streetlights in ward 4 & 6	Number of streetlights maintained	280 by 30 June 2024	1. Quarterly Progress Reports 2. APR Listing	70 streetlights	303	280 by 30 June 2024	280	None	None	Target achieved
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3.28.2. Community Services

KPI No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Measurement source	Annual Report 2022/2023		Annual Report 2023/2024		Reason for variance	Remedial Action	General Comment
					Annual target	Actual	Annual Target	Actual			
Goal : Rapid provision of social and community services											
Strategic Objective: Rapid provision of social and community services by end June 2024											
8.2.1.	1. Landfill site Management 2.Environmental Education & Awareness Campaigns. 3. Creek Maintenance	Number of environmental management projects implemented.	3 by 30 June 2024	Environmental Management Report with proof of implementation per project.	3 Alien Plant removal clean-up campaign Landfill site rehabilitation Landfill site assessment	3 -Alien Plant removal -clean-up campaign Landfill site rehabilitation	3 by 30 June 2024	3	None	None	Target achieved
8.2.2.	1. Development of the new Park 2.Construction of Ablution facilities at Mpantu Park 3. Procurement of Park home of at animal Pound 4. Construction of Animal Gates/ Grid at R61	Number of public amenities constructed	5 public amenities by 30 June 2024	Public Amenities Construction report with completion and delivery confirmations	6	0	5 public amenities by 30 June 2024	0	1. The park is 95% complete due to delays on delivery of material by service provider. 2. Construction of Ablution facilities of Mpantu park is 90% due to delays at SCM 3. Delayed by SCM processes, requisition for installation of 2 containers for Animal Pound was done on the	1. As per the email sent by the service provider, the park will be complete by end of July 2024. 2. July month end. 3. End of August 4. End of August 5. Construction is on progress, the owner removed fence.	Target not achieved

	5. Construction of K53 Testing Centre								10 April 2024 and approved on 11 April 2024. 4. Delays by SCM Processes, requisition for the Animal grid was done on the 07 March 2024. 5. It was difficult to get the owner of erf 5 for removing the fence that has encroached into the K53 ground. The problem was resolved on the 27th of June 2024.		
8.2.3.	1. Ward 06 Sports Grounds Maintenance 2. Ward 08 Sports Grounds Maintenance 3. Ward 06 Community Halls maintenance 4. Ward 08 Community Halls maintenance	Number of public amenities maintained	4 Public Amenities by the end of June 2024	Public Amenities Maintenance Report with proof of maintenance	1	0	4 Public Amenities by the end of June 2024	0	SCM delays, requisition for maintenance of halls and grounds was done on the 5 March 2024 and authorized on the 12 March 2024. (February 2024)	All projects will be roll over to 2024/2025 and will be completed in the first quarter	Target not achieved

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8.2.4.	1. Installation of warning signs – 2 beaches	Number of beach management projects implemented	1 by 30 June 2024	Beach Management Report with proof of warning signs installation	1	1	1 by 30 June 2024	6	6 Signs have been installed at Mngazi, Manteku, Agate terrace, Mpande, First beach and Second beach. The department utilized vote of beach equipment to buy signs.	None	Target over achieved
8.2.5	1. Weigh bridge construction, 2. Landfill site management 3. Installation of bailing machine	Number of waste management projects implemented	3 by 30 June 2024	1. Delivery note, and report weigh bridge	3 Landfill site quarterly rehabilitation, Environmental awareness campaigns	3 (Landfill site quarterly rehabilitation, environmental awareness campaigns	3 by 30 June 2024	1	1. The appointment of the service was only done in June. 2. The bailing machine should have been removed from the SDBIP since it was donated by ORTDM.	1. Expected completion date is end of July 2024 2. The bailing machine awaits delivery from ORTDM.	Target not achieved
8.2.6.	1. DLTC 2. Traffic law enforcement 3. Awareness campaigns	Number of traffic services projects implemented	3 by 30 June 2024	2. Installation report and delivery note	3	3	3 by 30 June 2024	3	None	None	Target achieved
8.2.9.	1. By-laws & policies reviewed 2. Policies & By-laws Developed	Number of policies and by-laws reviewed and developed.	10 by 30 June 2024	4. landfill site management report	N/A	N/A	10 by 30 June 2024	8	By-laws not reviewed, all policies are on draft stage and are waiting the policy review	Adoption of policies by council is scheduled for July 2024	Target not achieved

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8.2.10.	Ward Assistance Grant	Number of beneficiaries receiving support from ward assistance fund	120 by 30 June 2024	Ward Assistance Fund Report with proof of support & beneficiary listing.	N/A	N/A	120 by 30 June 2024	620	More requests on ward assistance from the councilors were attended	None Substantiate	Target overachieved
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3.28.3. Local Economic Development

IDP No.	Project	Key performance indicator	Annual target	Measurement source	Annual Report 2022/2023		Annual Report 2023/2024		Reasons for variance	Remedial Action	General Comment
					Annual Target	Actual	Annual Target	Actual			
KPA : Basic Service Delivery											
GOAL: Equitable And Sustainable Provision Of Municipal Infrastructure											
Strategic Objective: Adequate provision and maintenance of basic infrastructure services by end June 2024											
8.3.1.	Construction of Jam mini-Factory	Number of economic structures constructed	1 by 30 June 2024	1. Advert 2.Appointment 3.Progress report 4.Close-out report 5. Completion Certificate	N/A	N/A	1 by 30 June 2024	0	The project currently is 30 % this is due to late appointment of service provider contributed to delays in achieving the actual target. The contactor has started with the work however completion will be in 2024/2025 financial year	Since it is a capital project funds will be rolled over to this financial year.	Target not achieved

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8.3.2.	Refurbishment of Adventure tourism Centre	Number of economic structures refurbished	1 by 30 June 2024	1. Advert 2. Appointment 3. Progress report 4. Close-out report 5. Completion Certificate	N/A	N/A	1 by 30 June 2024	0	Late appointment of service provider contributed to delays in achieving the actual target. However, the service provider is busy with designs for the projects.	Since it is a capital project funds will be rolled over to this financial year	Target not achieved
KPA: Local Economic Development											
Goal 2: To promote viable, liveable and sustainable developmental municipality that promotes transformative economic livelihoods											
Strategic Objectives: Promote Local Economic development through agriculture, tourism and oceans economy by end June 2024											
8.3.3.	1. Macadamia nuts Farmers x 5 2. Tourism Businesses x 4 3. Small scale Farmers x 05 4. Fisheries Cooperatives x5	Number of SMEs and cooperatives in farming, tourism & fisheries supported	4 by 30 June 2024	Progress report and closeout report with Beneficiary & APR Listing; Distribution register	3	3	4 by 30 June 2024	3	Fisheries could not be achieved this quarter, the specification was revised but the support could not be advertised.	The support will be implemented in the 2024/25	Target not achieved
8.3.4.	Informal Trading	Number of informal traders supported	10 Informal traders by 30 June 2024	Close-out report with beneficiary listing & distribution register	N/A	N/A	10 Informal traders by 30 June 2024	0	Delays in advertisement of the support needed the requisition was submitted in the first quarter of 2023/24	The support will be implemented in the 2024/25 through entrepreneur support program	Target not achieved

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8.3.5.	Provision of support to SMMEs co-operatives	Number of SMMEs co-operatives supported with equipment	9 SMMEs by 30 June 2024	SMME Support Report with delivery notes & distribution register.	N/A	N/A	9 SMMEs by 30 June 2024	0	Delays in advertisement of the support needed the requisition was submitted in the first quarter of 2023/24	The support will be implemented in the 2024/25 through entrepreneur support program	Target not achieved
8.3.6.	1. Cultural heritage celebrations 2. Cultural Intsizwa event 3. Isingqisethu cultural festival 4. Mountain run	Number of tourism projects implemented	4 Cultural Heritage, Isingqisethu, Ntsizwa Event, Mountain run marathon by 30 June 2024	Events Closeout Report	3	2	4 Cultural Heritage, Isingqisethu, Ntsizwa Event, Mountain run marathon by 30 June 2024	3	Late appointment of service provider	The project will be implemented in July 2024	Target not achieved
8.3.7.	Marketing and networking of local products to external marketing platforms	Number of exhibitors exposed to trade shows	5 by 30 June 2024	Report and list of exhibitors	N/A	N/A	5 by 30 June 2024	15	Target over achieved due more exhibitions hosted by Ingquza Hill 1 exhibit for tourism indaba, 4 exhibitors attended Umzimvubu trade show and 4 attended Royal show	None	Target overachieved

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8.3.8.	Trade Shows and Flea market	Number of local trade shows hosted (Flea market)	2 by 30 June 2024	Report on exhibition. Attendance register	2	2	2 by 30 June 2024	2	None	None	Target achieved
8.2.12.	EPWP	Number of work opportunities created through EPWP	60 by 30 June 2024	EPWP Report with copy of contracts	N/A	N/A	60 by 30 June 2024	43	There were 43 people that were placed under EPWP on Community Services. The contract of appointment is 11 months and was done in July 2023. The full report on EPWP employment resides with Engineering services.	The appointment of EPWP is done in the first quarter of each financial year	Target not achieved
8.3.9..	1. Review of Spatial Development Framework (SDF) 2. Review of Wall to Wall	Number of SDF projects implemented	3 SDF; Wall to Wall; Masterplan by 30 June 2024	Approved wall to wall land use scheme with extract of Council Resolution Approved SDF with Extract of Council resolution Approved Masterplan with Council	3	0	3 SDF; Wall to Wall; Masterplan by 30 June 2024	3	None	None	Target achieved

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				Resolution Extract							
8.3.10.	Land Audit	Number of Land audits conducted & submitted to Council for approval	1 by 30 June 2024	Land audit report with Council Resolution Extract	N/A	N/A	1 by 30 June 2024	0	Request for quotation was issued and was non-responsive	The project has been planned for 2024/2025	Target not achieved
8.3.11.	Rezoning of Erf 1640	Number of land parcels to be rezoned	1 land parcel rezoned by 30 June 2024	Advert	N/A	N/A	1 land parcel rezoned by 30 June 2024	1	None	None	Target achieved

3.28.4. Municipal Transformation and Organisational Development

KPI No.	Project	Key performance indicator	Annual target	Measurement source	Annual Report 2022/23		Annual Report 2023/24		Reasons for variance	Remedial Action	General Comment
					Annual Target	Actual	Annual Target	Actual			

Goal: An enabling environment to enhance institutional capacity to promote governance and integrated support services

Strategic Objectives: Create a conducive administrative environment and organizational development by end June 2024

8.1.1.	Functioning of LLF	Percentage functionality of Local Labour forum and its committees	100% by the end of 30 June 2024	1.Notice 2. Attendance Register 3.Minutes	12 LLF Meetings convened	2 LLF Meetings convened	100% by the end of 30 June 2024	0	LLF Meeting could not sit due to other commitments from the members, sub-committees reminded to sit but that did not materialize	The Draft Schedule for the LLF and its committees has been developed for the 2024/25 financial year to ensure that members of the committee are fully aware of the dates of meetings in advance. The commencement date is August 2025	Target not achieved
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8.4.2.	Workplace skills Plan	Number of Workplace skills plan compiled and submitted to LGSETA	1 by 30 June 2024	1. Proof of submission to LGSETA (Acknowledgement letter) 2.Final WSP	1 Workplace skills plan compiled and submitted to LGSETA	1 Workplace skills plan compiled and submitted to LGSETA	1 by 30 June 2024	1	None	None	Target achieved
8.4.3.	Submission of compliance reports	Number of legislative compliance reports submitted to relevant public bodies (WSP & EE)	2 by 30 June 2024	Proof of submission of reports	0	0	2 by 30 June 2024	1	Lack of Capacity to drive the function, as responsible sectoral manager position has been vacant since 2018.	Employment Equity Report will be submitted in the 2nd quarter of the 2024/2025 financial year.	Target not achieved
8.4.4.	1. Employee Training 2. Councilor Training 3. Ward Committee Training	Number of people trained as per municipal workplace skills plan	269 30 Staff 39 Clrs 200 WC by 30 June 2024	Training report with Attendance register & copies of accredited certificates	235 20 employees trained 15 Cllrs 200 WC	210 20 employees trained 190 WC	269 30 Staff 39 Clrs 200 WC by 30 June 2024	139	Lack of capacity and poor planning, the department will align training with bursary and capacity building to ensure that training is achieved	Training will be structured accordingly and implemented in the 2024/25 FY.	Target not achieved
8.4.5.	Filling of critical posts	Number of Critical posts filled	22 by 30 June 2024	1. Recruitment report	N/A	N/A	22 by 30 June 2024	13	Recruitment could not be completed due to other municipal commitments that resulted with the panels unable to sit	Recruitment will be finalized by 30 September 2024	Target not achieved
8.4.6.	Review of HR Policies	Number of Policies reviewed	28 by 30 June 2024	1.Approved policies with Council Resolution Extract	N/A	N/A	28 by 30 June 2024	0	34 policies are at a draft stage, but have been presented to management but has	Facilitate processes for HR policies to be taken to Council for approval and adoption in the first quarter of 2024/2025	Target not achieved

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									not been submitted to Council		
8.4.7.	Review of Organizational structure	Number of organizational structures reviewed & submitted for approval by Council	1 by 30 Juen 2024	Approved Organizational structure by Council , Council resolution	1Organizational structure reviewed & submitted for approval by Council by 30 June 2023	0	1 by 30 Juen 2024	0	Draft Organizational Structure has been presented to Management, to be submitted to Council for approvalDraft Organizational Structure has been presented to Management, to be submitted to Council for approval.	Draft organizational structure has been submitted to the Management committee. The structure is to be submitted to Exco retreat and the office of the municipal manager has undertaken to call for the retreat by not later than 30th July 2024 and they will be approved by the 2nd quarter of the 2024/2025 FY.	Target not achieved
8.4.8..	1. EAP Strategy 2. HR Strategy & Plan 3. OHS Strategy	Number of Human Resources and related strategies developed.	3 by 30 June 2024	Approved Strategies with Council Resolution Extract	N/A	N/A	3 by 30 June 2024	0	The HR strategy and OHS Strategy are on draft phase and have been presented to management and the EAP strategy has not been developed due to capacity	The strategies will be finalised with the policies in the first quarter of 2024/2025. The EAP strategy will be developed in 2024/25 financial year	Target not achieved
8.4.9.	Records Management	Number of File Plans developed	1 File Plans developed by 30 June 2024	1.Approved File Plan by Council, Council Resolution	N/A	N/A	1 File Plans developed by 30 June 2024	0	The file plan is in draft phase	The file plan will be finalized with policies in the first quarter of 2024/2025	Target not achieved

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8.4.10.	Career Exhibition	Number of Career exhibitions facilitated	1 by 30 June 2024	1. Invitation letters 2. Program 3. Consultation registers 4. Event report	N/A	N/A	1 by 30 June 2024	0	Project was initially intended to be implemented in Q3 as per the recommendations of DOE, through KSD FET College, but could not materialize due to other commitments	Project to be implemented during Q3 (advised by DoE) of 2024-25 financial year	Target not achieved
8.4.11.	Placement of Unemployed graduates	Number of unemployed graduates placed	12 by 30 June 2024	1. Placement contracts	0	0	12 by 30 June 2024	0	An advertisement for 12 was issued on 25 January 2024, closing on 31 January. Awaiting Shortlisting	The interns will be appointed in 2024/2025	Target not achieved

3.28.5. Financial Viability and Management

KPI No.	Project	Key performance indicator	Annual target	Annual Target 2022/2023		Annual Target 2023/2024		Reasons for variance	Remedial action	General Comment
				Target	Actual	Target	Actual			
KPA: Basic Services Delivery										
Goal : Equitable and sustainable provision of municipal infrastructure										
Strategic Objective: Rapid provision of social and community services by end June 2024										
8.5.1.	1. Free basic services – electricity 2. Free Basic Services – Alternative Energy	Number of indigent households benefited from the electricity Free Basic services	5900 4800-FBEE 1100-FBEAE by 30 June 2024	1.approved Indigent register 2. Confirmed list of beneficiaries and report.	4000	5900	5900 4800-FBEE 1100-FBEAE by 30 June 2024	6727	The target overachieved due to the community outreach were conducted to increase the number of beneficiaries and make them aware of the FBE token.	None
KPA: Municipal Transformation and Organizational Development										

Goal: To create a financially viable environment in accordance with relevant Acts towards clean administration										
Strategic Objective: Create sound financial management, Supply Chain and Asset Management environment by end June 2024										
8.5.2.	1. Maintenance of GRAP compliant fixed asset register 2. Asset verification	Number of asset management projects implemented.	2	1 GRAP asset management register updated	1 GRAP asset management register updated	2	2	None	None	Target achieved
8.5.3.	1. Implementation of unauthorized, irregular fruitless and wasteful expenditure (UIFW) reduction strategy	% implementation of UIFWE the strategy.	100% by 30 June 2024	N/A	N/A	100% by 30 June 2024	100%	None	None	Target achieved
8.5.4.	Improve on Revenue generation	Number of revenue enhancement strategies reviewed	1 by 30 June 2024	N/A	N/A	1 by 30 June 2024	1	None	None	Target achieved
8.5.5.	1. Implementation of budget process plan	% implementation of budget process plan	100% by 30 June 2024	N/A	N/A	100% by 30 June 2024	100%	None	None	Target achieved
8.5.6.	Review of Budget related policies and by -laws	Number of budget related policies reviewed & submitted to council for approval	16 by 30 June 2024	16 Budget related policies reviewed and submitted to Council	16 Budget related policies reviewed and submitted to Council	16 by 30 June 2024	16	None	None	Target achieved
8.5.7.	Management of grants	% expenditure on grant	100% by 30 June 2024	100% funds spent on grant allocation for each grant	100% EPWP 100% MIG 100% FMG 100% INEP 46.74% DSRAC 100.% STR 43% MDRG	100% by 30 June 2024	84%	Unspent funds relate MDRG funds that were received in February and should be fully spent by January 2025	contractors have been appointed to complete work by January	Not achieved

								DSRAC funds the rollover was only approved in May 2024.		
8.5.8.	1 Procurement plan development. 2. Procurement implementation. 3. Contract Management 4. Regulation 36 reporting.	Number of Supply Chain Management projects implemented.	4 by 30 June 2024	N/A	N/A	4 by 30 June 2024	4	None	None	Target Achieved
8.5.9.	1.Budgeted Capital vs Total Expenditure ratio	Budgeted Capital vs Total Expenditure ratio	20% by 30 June 2024	N/A	N/A	20% by 30 June 2024	29%	the municipality received additional grant fund for capital projects which then increase the capital expenditure	None	Target Achieved
8.5.10.	Current Ratio calculation	Current Ratio	3:1 by 30 June 2024	N/A	N/A	3:1 by 30 June 2024	2:1%	The Municipality accelerated expenditure on capital projects which results in a decrease in bank balances through payments	None	Target Achieved

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8.5.11	Cost /cash Coverage Ratio calculation	/cash Coverage Ratio	3:1 Coverage Ratio	by 30 June 2024	N/A	N/A	7months by 30 June 2024	9 months	activities such as discount scheme, interest on investments and debt collection resulted in an increase on the bank balance improving the cashflow	None	Target Achieved
8.5.13.	1 Increase Debt collection 2.Review Revenue enhancement plan	Average number of days for collection of debtors (net debtors' days	30 days Increase debt collection by 30 June 2024	N/A	N/A	30 days Increase debt collection by 30 June 2024	246 days	General culture of non payment for services in PSJ	More stakeholder engagements needs to be done to deal with culture of non payment	Target not achieved	
8.5.14.	1.AFS Plan 2. Interim AFS 3. AFS	Number of credible interim and annual GRAP compliant AFS	1 Interim AFS 1 AFS 1AFS plan by 30 June 2024	Consolidated Annual Financial statement produced & submitted to AG & Treasury	Consolidated Annual Financial statement produced & submitted to AG & Treasury	1 Interim AFS 1 AFS 1AFS plan by 30 June 2024	2	None	None	Target achieved	
8.2.11.	Rapid provision of social and community services by DLTC	Revenue generated from Traffic Services	R330 000 by 30 June 2024	N/A	N/A	R330 000 by 30 June 2024	R293,436.96	Nonpayment of traffic fines by offender's	Improve intergovernmental relations with magistrate office	Target not achieved	

8.3.12.	Business Licenses and permits	Revenue generated from business licensing	R 75 000 by 30 June 2024	N/A	N/A	R 75 000 by 30 June 2024	R2,267.00	There is no dedicated official responsible for collecting licenses however post will be filled in the next financial year	The target set will be achieved this financial year. Benchmarking has been done, which will assist to achieve the desired target	Target achieved	not
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3.28.6. Good Governance and Public Participation

KPI No.	Project	Key performance indicator	Annual target	Measurement source	Annual Report 2022/2023		Annual report 2023/2024		Reasons for variance	Remedial Action	General Comment
					Annual Target	Actual	Annual report	Actual			
Goal To improve public trust and credibility in local governance through public participation											
Strategic Objective : To promote sound leadership, good governance, public participation and enabling environment by end June 2024											
8.6.1.	1.Implementation of the IDP Process Plan	Percentage implementation of IDP Process Plan	100% by 30 June 2024	IDP Process Plan Report with proof of implemented activities	N/A	N/A	100% by 30 June 2024	100%	None	None	Target achieved
8.6.2.	1.Council Strategic Planning 2.Council Strategic Planning	Number of Strategic Planning Sessions convened	2 by 30 June 2024	Strategic planning reports with Attendance registers	1 Strategic Planning Sessions convened	1 Strategic Planning Sessions convened	2 by 30 June 2024	2	None	None	Target achieved
8.6.3.	Implementation of Institutional Performance Management System	Percentage implementation of PMS Process Plan	100% by 30 June 2024	PMS Report and POE's of implemented activities	N/A	N/A	100% by 30 June 2024	100%	None	None	Target achieved

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8.6.4.	Functionality of IGR	Number of IGR clusters established	3 by 30 June 2024	Terms of reference Attendance registers and minutes	N/A	N/A	3 by 30 June 2024	0	No activities were held in the IGR due to limited capacity, the indicator was supposed to be adjusted during the adjustment period	The project will be implemented in 2024/2025 financial year	Target not achieved
8.6.5.	1. Risk assessment. 2. Risk management policy review 3. Risk management implementation	Number of risk management projects implemented	3 by 30 June 2024	1.Risk Management Implementation Report , attendance register 2.Draft Risk management policy 3. Risk Assessment Report	N/A	N/A	3 by 30 June 2024	3	2 risk meetings were held in April 2024 in line with the implementation of the risk management and the Risk assessment workshop was held in June 2024	None	Target achieved
8.6.6.	Implementation of Risk Based Internal Audit Plan and Audit Committee Workplan	Percentage of audits conducted as per approved risk-based audit plan	100% by 30 June 2024	1. Notice 2. Attendance registers 3. Minutes 4. Quarterly report to Council	N/A	N/A	100% by 30 June 2024	100%	None	None	Target achieved

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8.6.7.	<p>1. Ward committee co-ordination.</p> <p>2. Community based meetings.</p> <p>3. Public participation event.</p> <p>4. Ward based plans</p> <p>5. War rooms</p>	Number of public participation and oversight projects implemented	5 by 30 June 2024	<p>1.Attendance registers and reports</p> <p>2. Ward Profiles</p>	4 public participation engagements	4 public participation engagements	5 by 30 June 2024	4	Out of five projects planned only war rooms that were not achieved as they are not functional	The municipality has since appointed public participation officer and war rooms will be implemented in second quarter of 2024/25 after completion of Ward Profiles in first quarter	Target not achieved
8.6.8.	<p>Functionality of Council and its committees</p> <p>1.Council meetings</p> <p>2.S 79 committee meetings</p> <p>3. Section 80 committee</p> <p>4. Exco meetings</p>	Percentage functionality of council and its committees	100% by 30 June 2024	<p>1. Agenda</p> <p>2. Attendance registers</p> <p>3. Minutes</p>	1 Council	4 Council meetings	100% by 30 June 2024	100%	None	None	Target achieved
8.6.9.	<p>1. HIV/AIDS coordination.</p> <p>2. People With Disabilities</p>	Number of focus groups social projects implemented	4 by 30 June 2024	<p>SPU report, attendance register,</p> <p>Draft HIV/Aids</p>	9	9	4 by 30 June 2024	4	None	None	Target achieved

	program			Strategy							
	3. Youth Programs 4. Women and Children			proof of support given to designated group							
8.6.10.	1. Revival of website and digital platforms	Number of communications projects implemented	1 by 30 June 2024	Report and Updated web pages	12 Website updates	12 Website updates	1 by 30 June 2024	1	None	None	Target achieved
8.6.11	1.Litigation management 2. SLA Vetting	Number of legal services projects implemented	2 by 30 June 2024	1.Litigation report 2.Contract Management report	N/A	N/A	2 by 30 June 2024	2	None	None	Target achieved
8.3.13.	1. Prevention of land invasion policy 2. Outdoor Advertising policy 3. Film Production By-Law	Number of policies and bylaws reviewed	3 by 30 June 2024	1.Attendance registers 2. Presentations 3. Film Production, Prevention of land invasion and outdoor advertising	N/A	N/A	3 by 30 June 2024	3	None	None	Target achieved

3.29. Performance of the Service Providers

ANNEXURE B- PERFORMANCE OF SERVICE PROVIDER 2023/2024

1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)								
Name of service provider	Service rendered	Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations
Department: Engineering Services								
Unit: Project Management Unit (PMU)								
Dolly & Sons Construction and Trading	1. Bizana AR-7km	n/a	n/a	7KM	7.4 KM		3	Completed the project
Breaking Force	2. Lityeni-Tyiweni AR – 6km	n/a	n/a	6KM	6KM	There were meetings to push the contractor to complete the project	2	Struggled to Complete the project on time but the project is on completion
Tswella Trading	3. Rhawutini AR-6km	n/a	n/a	6KM	6KM		3	Completed the project
Dolly & Sons Construction and Trading775555	4. Luzuphu AR – 7km			7KM	7KM		3	Completed the project
Kula Africa Agriculture and Construction Projects	7. Ngcoya AR-9km			9KM	9KM	There were meetings to push the contractor to complete the project	2	Struggled to Complete the project on time. Completed the project at the end of 2023-24FY

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1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)								
Name of service provider	Service rendered	Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations
Q&A Contractors	5. Gogogo AR – 6km			6KM	6KM	There were meetings to push the contractor to complete the project	2	Struggled to Complete the project on time
Matthew & Son Group	6.Cwebeni AR-7.8 km		7.8KM		4.8km	Remaining scope of work to be carried out by the municipality	2	The project was closed off
Ndikho Trading	9. Codesa to Madakeni AR-11km		11km		11km	There were meetings to push the contractor to complete the project	2	Struggled to Complete the project on time. Completed the project at the end of 2023-24FY
LM Development	Snangwana - Bridge			Bridge	Bridge		4	Completed the project before time
Rhweba Trading	Butho Bridge - MDRG			Bridge	Bridge		3	Completed the project before time
Rhweba Trading	Magumbini - MDRG			Bridge	Bridge		3	Completed the project before time
Tabono	Household Electrification - INEP			794	794		3	The projects have been completed

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1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)																						
Name of service provider	Service rendered	Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations														
	<table border="1"> <tr><td>DangwanaAR</td><td>0.8</td></tr> <tr><td>Noduva AR</td><td>1.25</td></tr> <tr><td>Dangwana AR</td><td>1.4</td></tr> <tr><td>Nomandi AR</td><td>8.9</td></tr> <tr><td>Ngqwaleni AR</td><td>3.3</td></tr> <tr><td>Mantusini AR</td><td>0.7</td></tr> <tr><td>Bokweni AR</td><td>0.7</td></tr> </table>	DangwanaAR	0.8	Noduva AR	1.25	Dangwana AR	1.4	Nomandi AR	8.9	Ngqwaleni AR	3.3	Mantusini AR	0.7	Bokweni AR	0.7							
DangwanaAR	0.8																					
Noduva AR	1.25																					
Dangwana AR	1.4																					
Nomandi AR	8.9																					
Ngqwaleni AR	3.3																					
Mantusini AR	0.7																					
Bokweni AR	0.7																					
	105.36km																					
Manyobo Group	<table border="1"> <tr><td>Cluster 2</td><td></td></tr> <tr><td>Swazini AR</td><td>40.8</td></tr> <tr><td>Caguba AR</td><td>39.6</td></tr> <tr><td>Sicambeni AR</td><td>5.2</td></tr> <tr><td>Mpantu AR</td><td>12.8</td></tr> <tr><td>Sinuka AR</td><td>4.9</td></tr> <tr><td>PSJ CBD AR</td><td>4.1</td></tr> </table>	Cluster 2		Swazini AR	40.8	Caguba AR	39.6	Sicambeni AR	5.2	Mpantu AR	12.8	Sinuka AR	4.9	PSJ CBD AR	4.1			600km	198km		3	Wards were maintained and completed.
Cluster 2																						
Swazini AR	40.8																					
Caguba AR	39.6																					
Sicambeni AR	5.2																					
Mpantu AR	12.8																					
Sinuka AR	4.9																					
PSJ CBD AR	4.1																					

DRAFT ANNUAL REPORT 2023-2024- PORT ST JOHNS MUNICIPALITY

1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)										
Name of service provider	Service rendered		Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations	
	Ndwalane AR	5.9								
	Mvume AR	25.9								
	Nocuze AR	10.7								
	Tshakude AR	12								
	Majola AR	4.4								
	Bakery AR	8.4								
	Langalitshoni AR	4.3								
	Nomabungeni AR	6.2								
	Sitini AR	12.8								
	198km									
Tswella Trading	Cluster 3				600km	151.96km		3	Wards were maintained and completed.	
	Nomvalo AR									1.80
	Xovula AR									1.00
	Noqhekwana AR									1.80
	Gemvale AR									22.90
	Skhululweni AR									0.80

DRAFT ANNUAL REPORT 2023-2024- PORT ST JOHNS MUNICIPALITY

1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)								
Name of service provider	Service rendered	Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations
	Enkwalini AR	0.60						
	Mthalala AR	1.00						
	Mthonjeni AR	0.50						
	Mjilo AR	1.00						
	Luqhoqweni AR	3.30						
	Sobaba AR	11.70						
	Gemvile AR	17.50						
	Luphoko AR	28.70						
	Gabelana	14.80						
	Sandlulube	4.40						
	Luqhoqhweni	0.80						
	Tshiyibo	10.80						
	Mgugwana	4.20						
	Sandlulube AR	10.00						
	Goqwana AR	1.00						
	Mpophomeni AR	3.00						

DRAFT ANNUAL REPORT 2023-2024- PORT ST JOHNS MUNICIPALITY

1 – Not meeting the standards (0-30%); 2 – Meet some of the standards (30-50%); 3 – Meet most of the standards (50-70%); 4 – Meet all the standards (70-100%)								
Name of service provider	Service rendered	Set target of performance	Status of performance (2022/2023)	Set target of performance (2023/2024)	Status of performance (2023/2024)	Measure taken to improve performance	Rating for current financial year	Comments /recommendations
	Mantusini AR	1.60						
	Mfifelo AR	1.08						
	Mjobo Street AR	2.38						
	Buchele AR	5.30						
	151.96							
Milibo Trading	Cluster 4			600km	194.53km		3	Wards were maintained and completed.
	Gangatha AR	76.90						
	Luzuphu AR	68.33						
	Mthimde AR	17.50						
	KwaNyathi AR	6.30						
	Sihlitho AR	3.90						
	Mnqezu AR	0.50						
	Jambeni AR	6.30						
	KwaNgcoya AR	14.80						
	Total km's	194.53						

**CHAPTER 4 – CHAPTER 4. ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)**

4.1. INTRODUCTION

The approved staff establishment has 454 approved positions during the reporting year.

- There are 257 positions filled.
- The total number of vacant positions is 197
- The total turnover in the financial year under review is 14

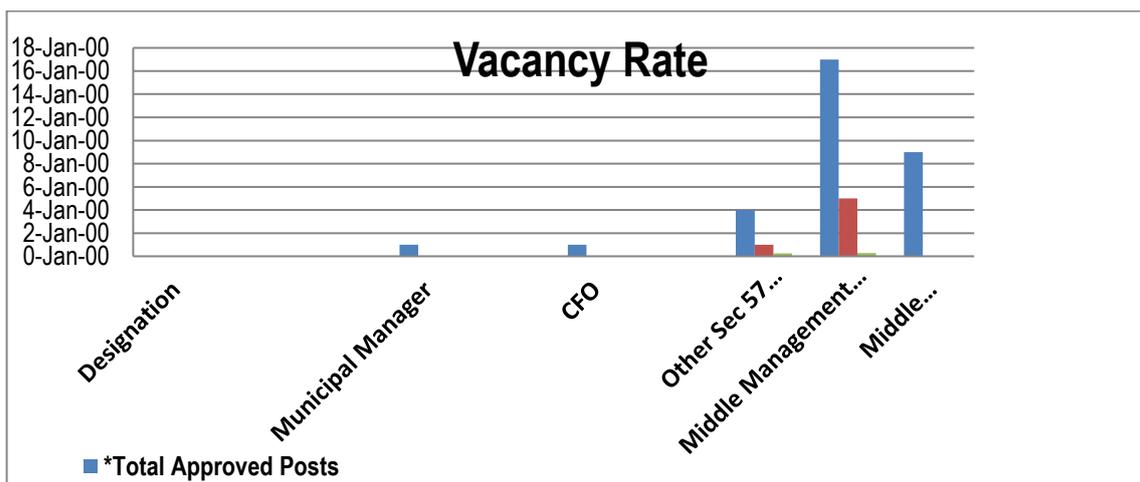
EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year - 2022/2023	Year 2023/2024			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Manager	1	1	1	0	0%
Corporate Services Manager	1	1	1	0	0%
Finance Manager (CFO)	0	1	1	0	0%
Community Services Manager	1	1	1	0	0%
Engineering Manager	1	1	0	1	100%
LED Manager	1	1	1	0	0%
Office Manager Mayor's Office	1	1	1	0	0%
Office Manager Speaker's Office	1	1	1	0	0%
Strategic Manager IDP, Performance Management, M&E	0	1	1	1	0%
Waste Management Officer	1	1	1	0	0%
Housing Officer	1	1	1	0	0%
Roads Technical	0	0	0	0	0%
LED Officer	3	9	2	7	78%
Town Planning & Land use Manager	0	1	1	1	0%
Community – General workers	44	74	40	34	45%
Security & Safety	35	95	37	58	61%
Sport & Recreation Officer	1	1	1	1	100%
Electrician (street lighting)	1	1	1	0	0%
PMU Manager	1	1	1	0	0%
Chief Technician	0	0	0	0	0%
Handyman	0	2	0	2	100%
Project Management Officer	1	2	0	1	100%
Data Capturer	1	3	1	2	67%
Superintendent (Construction & maintenance)	0	1	0	1	100%
Construction and Mechanic Manager	0	1	1	0	0%
Building Control Officer	0	1	0	0	100%
Environmental Management Officer	0	1	1	0	0%

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Team Leader (Roads Construction & Maintenance)	0	4	0	4	100%
Team Leader (Storm water & Drainage)	0	2	0	2	100%
Team Leader (Cemeteries)	0	1	0	1	100%
Team Leader (Parks & Gardens)	0	1	0	1	100%
Plant operators	21	21	21	0	0%
General Workers- Engineering	5	14	5	9	64%
General Assistants (Parks)	0	4	0	4	0%
Assistant Mechanic	0	1	1	1	0%
Clerk Administration	0	1	0	1	100%
Workshop Attendant	0	6	0	6	100%
Store man Workshop	0	1	0	1	100%
T 4.1.1					

Vacancy Rate: Year 2023/2024			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Designation	Total Approved posts No.	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category)
		No.	
Municipal Manager	1	0	0%
CFO	1	0	0%
Other Sec 57 (Excluding Finance posts)	4	1	25%
Middle Management Levels 13-15 (excluding Finance Posts)	17	2	12%
Middle Management Levels 13-15 (Finance posts)	4	2	50%



4.2. COMMENT ON VACANCIES AND TURNOVER:

The recruitment process for the senior managers, which are Chief Financial Officer and Senior Manager Local Economic Development & Planning, and twelve middle managers was finalized.

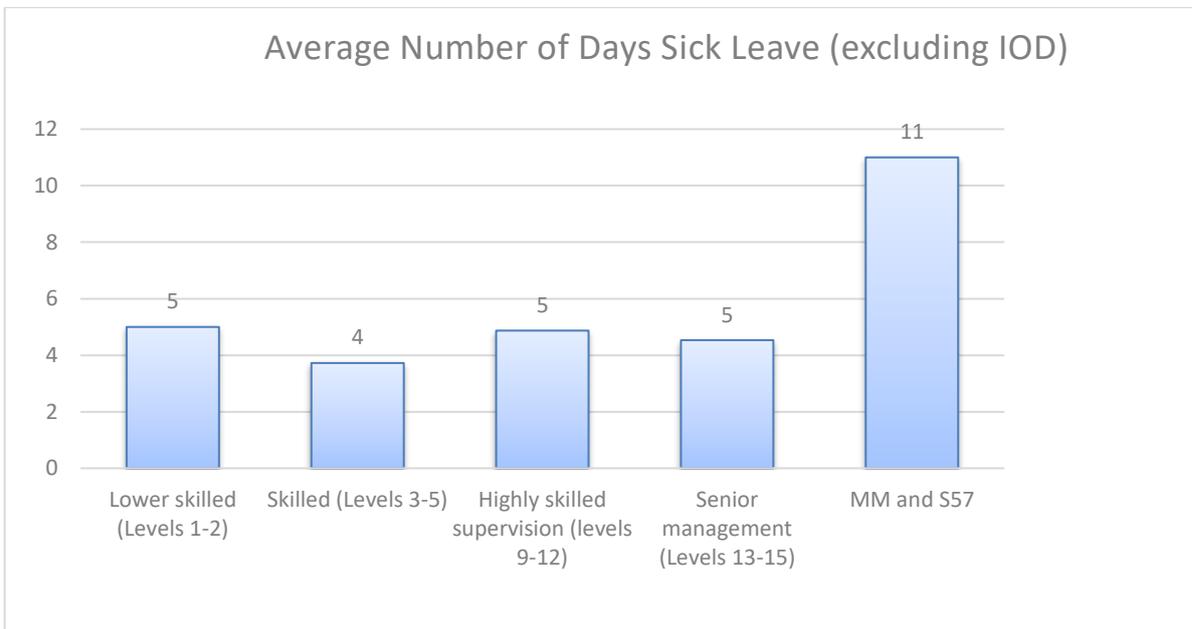
4.2.1. INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Workforce management is effective and this is informed by the fact that systems and policies are in place. Human resource policies were reviewed and adopted by the Council on the 31 May 2022. No reviews were done during the reporting period, the review was initiated but could not be finalised.

4.3. POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed/ New Developed	Date adopted by council or comment on failure to adopt
		%	%	
1.	Special bereavement arrangement for members & ex-members of Council	100%	Reviewed	31 May 2022
2.	Human Capital and Retention	100%	Reviewed	31 May 2022
3.	Capacity building of members of Council	100%	Reviewed	31 May 2022
4.	Bursary	100%	Reviewed	31 May 2022
5.	Termination of Services	100%	Reviewed	31 May 2022
6.	Leave Management	100%	Reviewed	31 May 2022
7.	Sexual Harassment	100%	Reviewed	31 May 2022
8.	Acting appointment	100%	Reviewed	31 May 2022
9.	Municipal HIV and AIDS	100%	Reviewed	31 May 2022
10.	Overtime, Under time and Flextime	100%	Reviewed	31 May 2022
11.	Management of Customer Service	100%	Reviewed	31 May 2022
12.	Employee Assistance and Wellness	100%	Reviewed	31 May 2022
13.	Employment Equity	100%	Reviewed	31 May 2022
14.	Employment	100%	Reviewed	31 May 2022
15.	Occupational Health and Safety	100%	Reviewed	31 May 2022
16.	Substance and travelling	100%	Reviewed	31 May 2022
17.	Training and Development	100%	Reviewed	31 May 2022
18.	Bereavement	100%	Reviewed	31 May 2022
19.	Job Evaluation	100%	New	31 May 2022
20.	Induction Manual	100%	New	31 May 2022
21.	Individual performance Management	100%	New	31 May 2022

	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	522	0%	69	116	5	312,678
Skilled (Levels 3-5)	257	5%	63	69	4	216908
Highly skilled supervision (levels 9-12)	151	7%	49	31	5	262,438
Senior management (Levels 13-15)	68	1%	7	15	5	174,896.00
MM and S57	55	0%	4	5	11	232,705.00
Total	1053		192	236	29.13	1199625
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						



COMMENT ON INJURY AND SICK LEAVE:

There were no injuries reported generally during the period under review, sick leaves taken were more in the following departments generally, Community Services and Engineering, especially among lower-level occupations and during December time. Steps were taken to prevent and reduce injuries, which included provision of protective clothing to workers. Reports on injuries are normally forwarded to Department of Labour as required by Occupational Health & Safety (OHS) Act.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised

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PMU Manager	<ul style="list-style-type: none"> • Gross dishonesty • Fraud • Financial Misconduct • Gross Negligence • Municipal Sabotage /Mutilating Public Records 	28 July 2023	Employee representative held up on other commitments	Awaiting suction
Project Management Officer	<ul style="list-style-type: none"> • Gross dishonesty • Fraud • Financial Misconduct • Gross Negligence • Municipal Sabotage /Mutilating Public Records 	28 July 2023	Affected employee was hospitalized & subsequently passed away.	Closed

T.4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
PMU Manager & Project Management Officer	<ul style="list-style-type: none"> • Gross dishonesty • Fraud • Financial Misconduct • Gross Negligence • Municipal Sabotage /Mutilating Public Records 	Awaiting findings	<i>In progress</i>
PMU Manager & Project Management Officer	<ul style="list-style-type: none"> • Gross dishonesty • Fraud • Financial Misconduct • Gross Negligence • Municipal Sabotage /Mutilating Public Records 	The incumbent was deceased in February 2024	<i>closed</i>

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There were two suspension/ cases or allegation of various kinds of misconduct which relate to project management the PMU staff. The disciplinary hearing was conducted, however there were some delays because of several reasons including the availability of employee representative. One of the affected employees was reported sick and later died before the case was finalised.

4.5. PERFORMANCE REWARDS

PERFORMANCE REWARDS Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total		0			0%
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<p><i>Note: MSA 2000 S51 (d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).</i></p>					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

Although there is a performance management system policy in place, the performance management system has not yet been cascaded to the lower level of staff. The policy gaps were attended through policy review to enable the smooth running of the performance management. The reviewed policy has been adopted by the Council and will cascade from higher level (TG 16 to TG 11) for the purpose of understanding before cascading to lower levels.

4.6. CAPACITATING THE MUNICIPAL WORKFORCE

Port St John’s Local Municipality has a high illiteracy rate at 57% amongst low level employees, there is a skills gap identified in ABET/ Basic Literacy, followed by technical skills, Administrative Skills, and Computer Literacy. These have been identified through submission of skills gaps from departments and processed by training Committee.

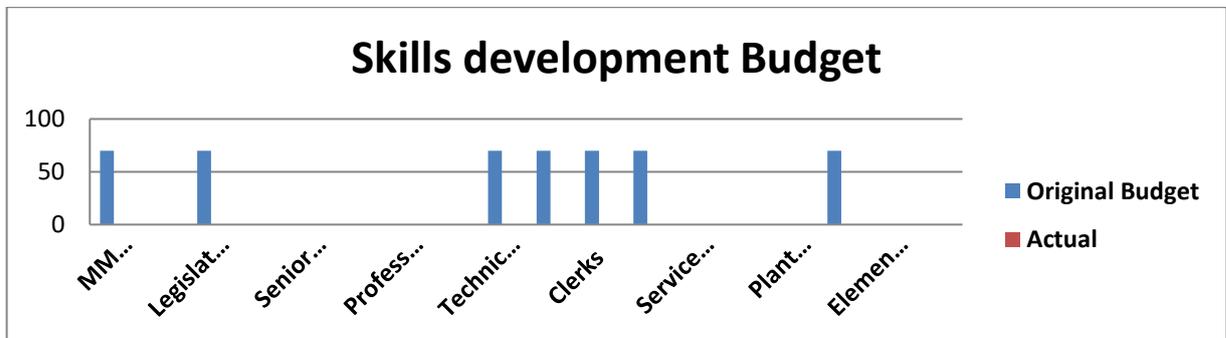
Improvement made included regular compliance for annual submission of the Workplace Skills Plan and annual training report by Corporate Services department. Municipality has managed to capacitate 64 employees in different fields. Challenges faced include limited budget and financial allocation for workforce capacity building and development.

4.7. SKILLS DEVELOPMENT AND TRAINING

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	4	4	4
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
TOTAL	6	1	7	7	7	7
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	1	0	0	70	3	0	0	70	
	Male	0	0	0	0	0	0	0		
Legislators	Female	19	0	0	70	2	0	0	70	
	Male	20	0	0						
Senior Officials & Manager	Female	1	0	0	70	3	0	0		
	Male	3	0		70	2	0	0		
Professionals	Female	0	0	0	0	0	0	0		
	Male	0	0	0	0	0	0	0		
	Female	1	0	0	70	2	0	0	70	

Technicians and associate professionals	Male	2	0	0	70	4	0	0	70	
Clerks	Female	3	0	0	70	6	0	0	70	
	Male	1	0	0	70	2	0	0	70	
Service and sales workers	Female	0			0	0	0	0		
	Male	0			0	0	0	0		
Plant and machine operators and assemblers	Female	0	0		0	0	0	0		
	Male	1			70	3	0	0	70	
Elementary occupations	Female	0	0	0	0	0	0	0	0	
	Male	0	0	0	0	0	0	0	0	
Sub total	Female	24			280	13			280	
	Male	23			140	6			140	
Total		47	0	0	420	19	0	0	420	19
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R



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

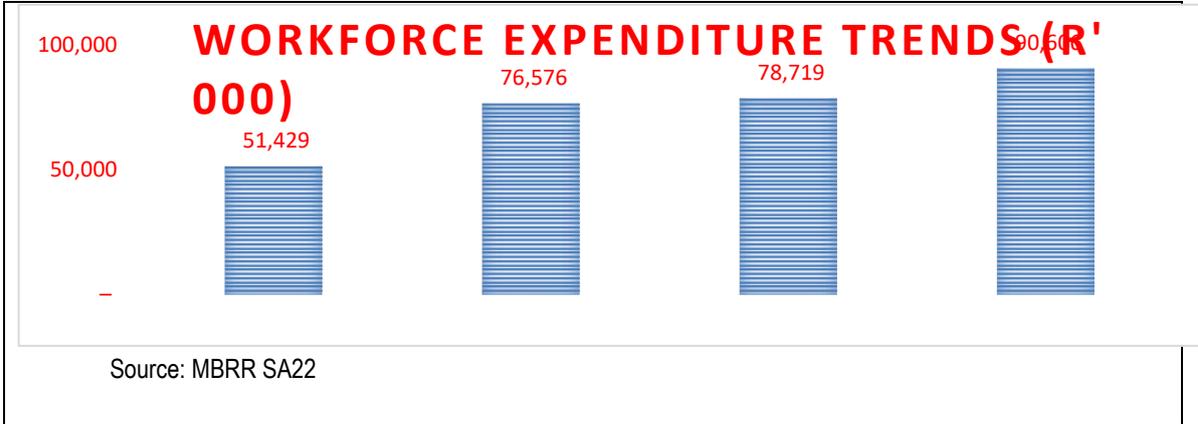
Skills audit was conducted, and training implementation plan developed to accommodate training priorities. In addition, the departments continue to identify training needs over the year where skills gaps are encountered. The available funds do not effectively cover all the training interventions/ bursaries identified. Currently most finance officials and interns have been subjected to the competency related training as referred in the MFMA Competency Regulations

4.8. WORKFORCE EXPENDITURE

The Employee Related Costs continue to rise with the expenditure sitting above 40% budget threshold as stipulated by the National Treasury. Controls on the expenditure include controls on overtime usage, limiting acting allowances, and freezing filling of other considered non- critical positions. The Council took a resolution to prioritise only critical post as a measure to curb this increasing employee related costs. The move is informed by the fact that expenditure should be contained to allow monies to be released and utilised for service delivery issues. There are pressures to overspend wherein

departments continue to recommend post for filling and requesting approval for filling, recommending working of overtime, and Travelling allowance claims.

4.5. EMPLOYEE EXPENDITURE



The Employee Related Costs continues to rise with the expenditure sitting 45% budget threshold as stipulated by the National Treasury. Controls on the expenditure include controls on overtime usage, limiting acting allowances, and freezing filling of other considered non- critical positions.

The Council took a resolution in 2022 to prioritise only critical post as a measure to curb this increasing employee related costs. The move is informed by the fact that expenditure should be contained to allow monies to be released and utilised for service delivery issues. There are pressures to overspend wherein departments continue to recommend post for filling and requesting approval for filling, recommending working of overtime, and travelling allowance claims.

Number of employees whose salaries were Increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).

T 4.6.2

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Middle Managers	10	No Job evaluated	Benchmarked	Variety of reasons including negotiated salary offers at appointment, counteroffer, attraction of scarce skills
Chief Registry Clerk	1	11	Above TG	
Sports Development Officer	1	11	Above TG	
Forman- Roads & Maintenance	1	9	Above TG	
Traffic Officer	1	8	Personal to incumbent	
Town Planner	1	13	Personal to incumbent	
Admin Clerk	1	5	Personal to incumbent	
				<i>T 4.6.3</i>

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
n/a	n/a	n/a	n/a	n/a
				<i>T 4.6.4</i>

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were no upgraded posts in the municipality during the year under review. The Municipality’s positions on the current structure are still on job evaluation exercise to determine whether there are any to be upgraded. Currently, the Municipality is using the job evaluation results of 2006. There are few positions evaluated by District Job Evaluation Committee and confirmed by Provincial Audit Committee as per operating structure.

DISCLOSURES OF FINANCIAL INTERESTS

All councillors and officials disclosed their financial interest through signing of forms that were issued by SCM. The disclosure of interests forms are safely filed in the Accounting Officer’s office and a file copy at SCM for reference

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1. INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components: -

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.2. STATEMENT OF FINANCIAL PERFORMANCE

5.2.1. Introduction To Financial Statements

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.2.2.1. Comments On Financial Statements

The financial statements were prepared according to the GRAP standards. The municipality's financial position is healthy. The municipality is reliant on government grant however this does not affect its going concern. Port St. Johns municipality was using Khwalo Business Accountant & Auditors for the preparation of financial statements on a contract amount of R6 068 562.50 on a 3-year contract which will expire in July 2025.

STATEMENTS OF FINANCIAL PERFORMANCE

R' 000						
Description	Year2022/23	Current: Year 2023/24			Year 2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustm ents Budget
Financial Performance						
Property rates	11118,00	11 965	14 965	15680	131	105
Service charges	1085,00	1500	2435	1141	76	47
Investment revenue	7099,00	0	0	0	0	0
Transfers recognised - operational	259920,00	49201	68301	17005	35	25
Other own revenue	3404,00	210325	211250	206396	98	98
Total Revenue	302944,00	272991	296950	240222	88	81
Employee costs	93763,00	95990	112915	110279	115	98

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Remuneration of councillors	13223,00	14101	16791	15219	108	91
Depreciation & asset impairment	49793,00	57414	57414		0	0,
Finance charges	1665,00	274	274	165	60	60
Materials and bulk purchases	494,00	2946	3305	2091	71	63
Transfers and grants	265692,00	15130	16595	14208	94	86
Other expenditure	70824,00	114551	121866	87639	76	72
Total Expenditure	279074,00	300406	328861	229700	76	70
Surplus/(Deficit)	23088,00	-27415	-31910	10522	-38	-33
Contributions recognised - capital & contributed assets	-		-	-		
Surplus/(Deficit)	23088,00	-27415	-31910	10522	-38	-33
	-	-	-	-		
Share of surplus/ (deficit) of associate	-	-	-	-	-	-
Capital expenditure & funds sources	63581	88298	137477	92525	105	67
Capital expenditure	66275,00	124551	168405	98096	79	58
Transfers recognised - capital	60108,00	88804	137477	86791	98	63
Internal generated funds	18807,00	35748	27801	8279	23	30
Public contributions & donations						
Borrowing						
Total sources of capital funds	78915,00	124551	165278	95070	76	58
Financial position						
Current assets	225337,00	190952	191482	259044	136	135
Non -current assets	554825,00	559045	603198	637806	114	106
Current liabilities	85028,00	65367	65367	105895	162	162
Non- current liability	16495,00	13725	13725	15254	111	111
Community wealth/Equity ACC SUR	610022,00	670905	823345	672599	100	82
Cash flows						
Net cash from (used) operating	105555,00	84342	116980	169668	201	145
Net cash from (used) investing	-74286,00	-124250	-163476	-51205	41	31
Net cash from (used) financing	-283,00	-	-	-		-
cash and cash equivalent at the beginning of the year	121988,00	82 079	75 492	271778		

5.2.2.2. Comments On Financial Performance:

The municipality operates within the approved budget. The revenue collection performed well because of the discount scheme. Debtors' payments for rates and services within 30 days (about 4 and a half weeks) remains a challenge. The implementation of the cost containment policy adopted by the council assisted in reducing non-essential expenditure. The cashflow status improved the municipality as well can carry its day-to-day operations and meet its immediate obligations.

5.2.3. GRANTS

Grant Performance						
R' 000						
Description	Year – 2022/23	Year 2023/24			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	7 636	–	–			
Equitable share	182	193515	193515	190710		
Municipal Systems Improvement	2 182					
Department of Water Affairs	4 283					
Levy replacement	988					
Other transfers/grants [insert description]						
Provincial Government:	6 056	–	–			
Health subsidy	3 786					
Housing	1 502					
Ambulance subsidy	219					
Sports and Recreation	550	550	840	840		
Other transfers/grants [insert description]						
District Municipality:	–	–	–	–		
[insert description]						
Other grant providers:	–	–	–	–		
[insert description]						
Total Operating Transfers and Grants	27 486	–	–			
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality received all its gazetted grants. No variances were experienced except for grants received by the municipality which were not gazetted. These grants include grant from local government support and Local Government seta grant. All grants received by the municipality were spent within their conditions for the current year.

T 5.2.2

Grants Received from Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year - 2021/2022	Actual Grant Year 2022/2023	Year 2022/2023 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"	0	0	0	0	0	0
Foreign Governments/Development Aid Agencies						
A - "Project 1"	0	0	0	0	0	0
Private Sector / Organisations						
A - "Project 1"	0	0	0	0	0	0
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

5.2.3.1. Comments On Conditional Grants And Grant Received From Other Sources

The municipality received Small-Town Revitalization (STR) and operational Grant such as DSRAC other than those on DORA.

5.3. ASSET MANAGEMENT

5.3.1 Introduction to Asset Management

The municipality adopts an integrated approach to asset management, taking the municipal strategy, converting that into an asset management strategy and producing plans based upon an analysis of service delivery options; formulating an asset management strategy consisting of detailed plans for acquisitions and replacements, operation and maintenance as well as disposals in terms of the municipality's policies; informing the Integrated

Development Program (and revised Integrated Development Program) and then the annual budget, using the detailed plans; funding approved asset management plan appropriately through the budget; including in the Service Delivery and Budget Implementation Plan (SDBIP) the measurable objectives and targets of asset management plan and reporting on the performance of assets as measured in terms of service delivery based upon an approved Service Delivery & Budget Implementation

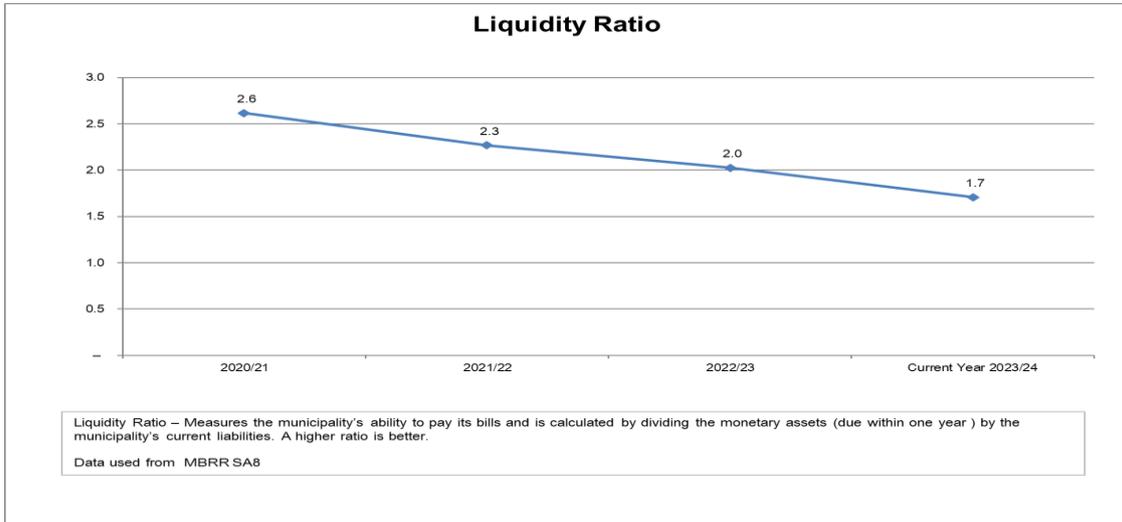
Plan, budget and Integrated Development Plan. The Municipality has an asset register that is compliant with GRAP standards.

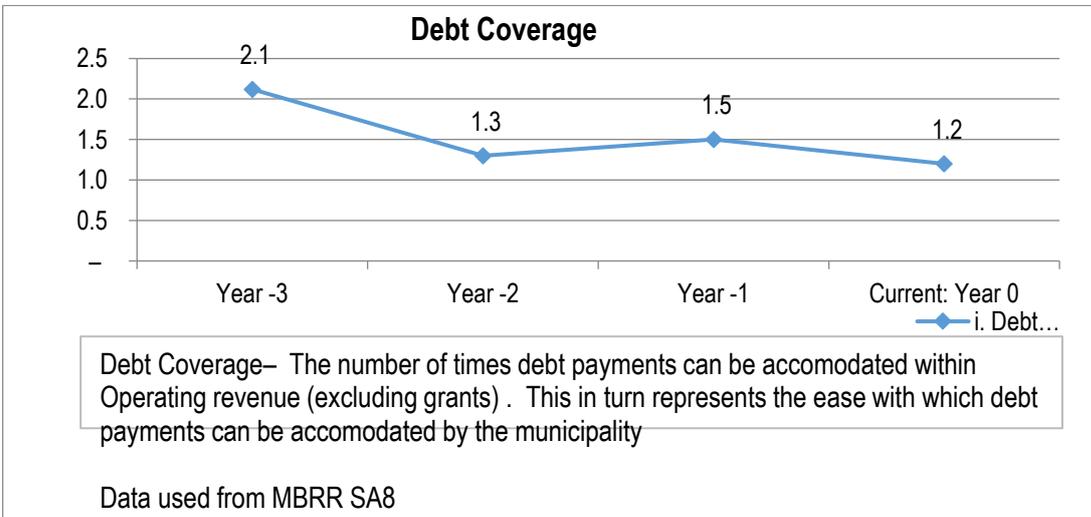
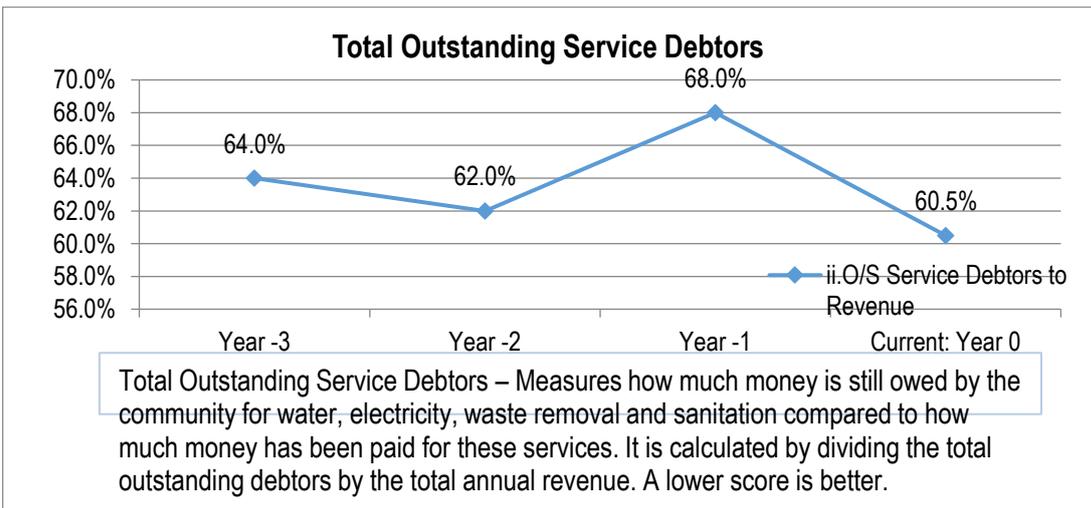
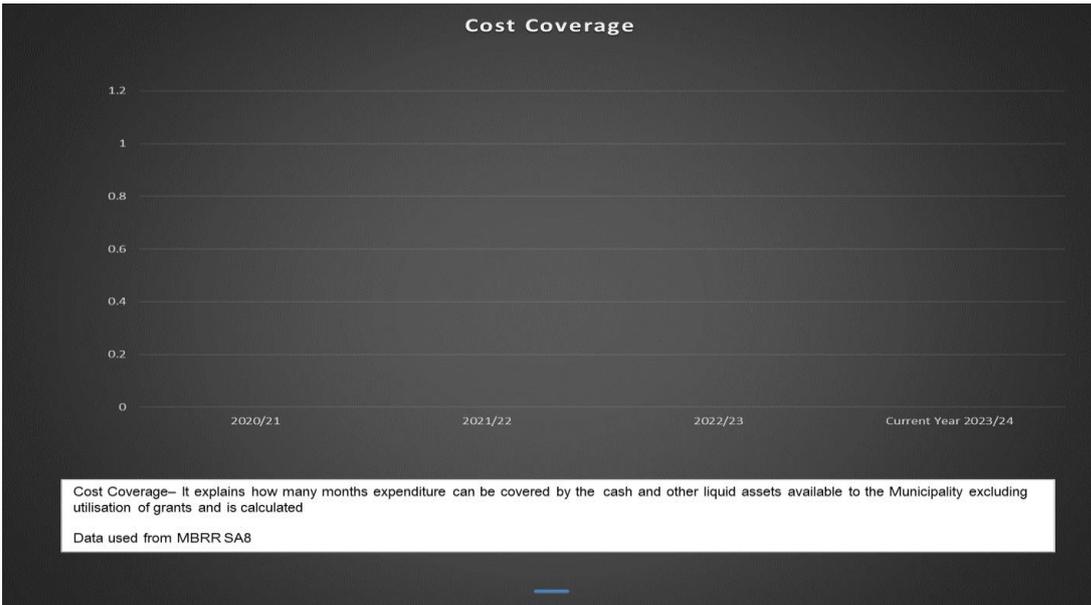
Repair and Maintenance Expenditure: Year 2023/24				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	R12070	R12514	R9504	R3010
				T 5.3.4

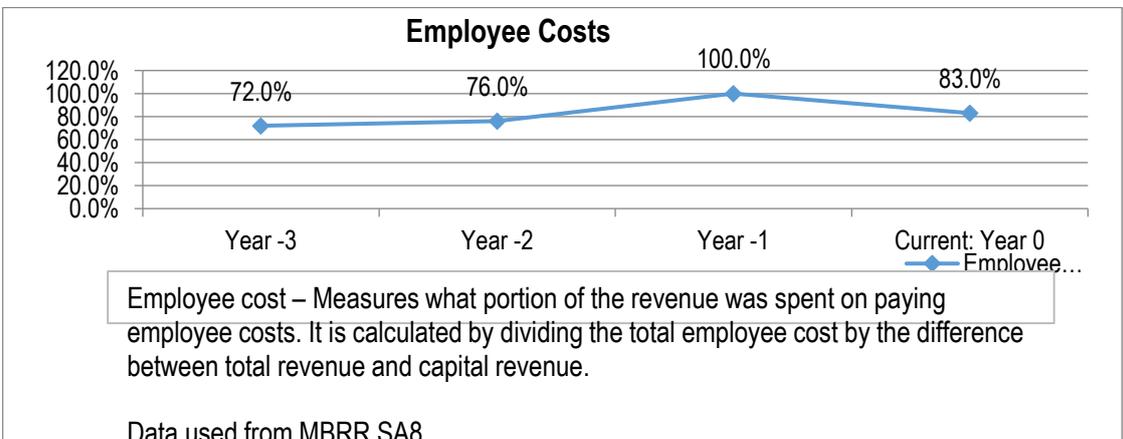
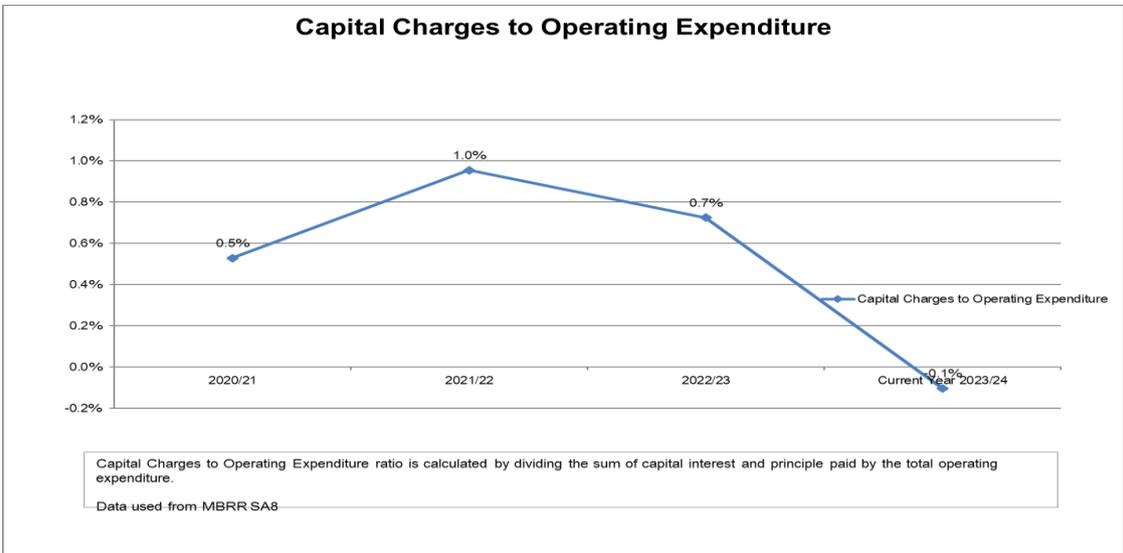
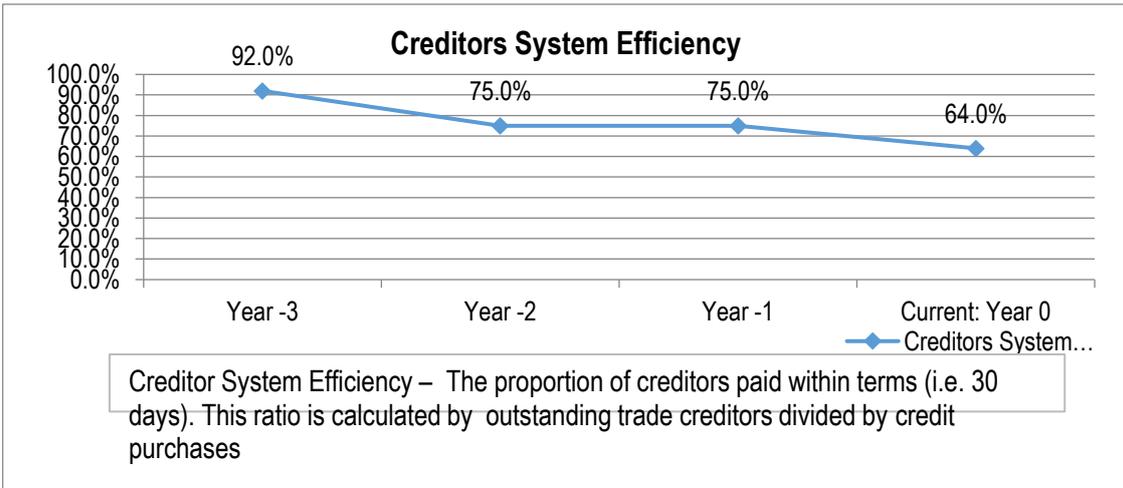
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

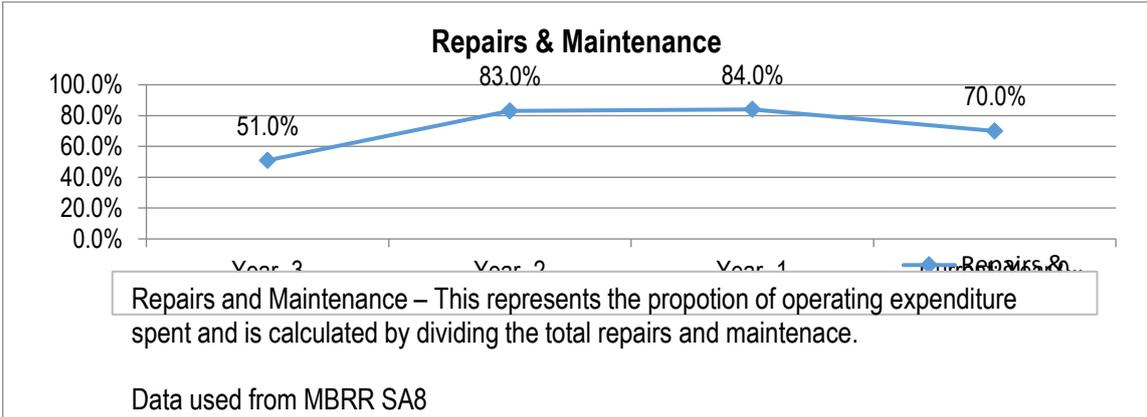
The Municipality has increased its budget in order to meet the demands for road maintenance and upkeep of plant and machinery. The plant and machinery of the municipality is ageing thus requiring regular repairs.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS









COMMENT ON FINANCIAL RATIOS:

The liquidity ratios have decreased from 2: 0 in the previous year to 1:7 in the current year. This is caused by the change in how we account for the electrification project. The change resulted in a reduction of the balance for inventory by 62Million. The total outstanding debtor's ratio improved from 68 to 60%. This can be attributed to the 50 % discount scheme that was offered to the ratepayers.

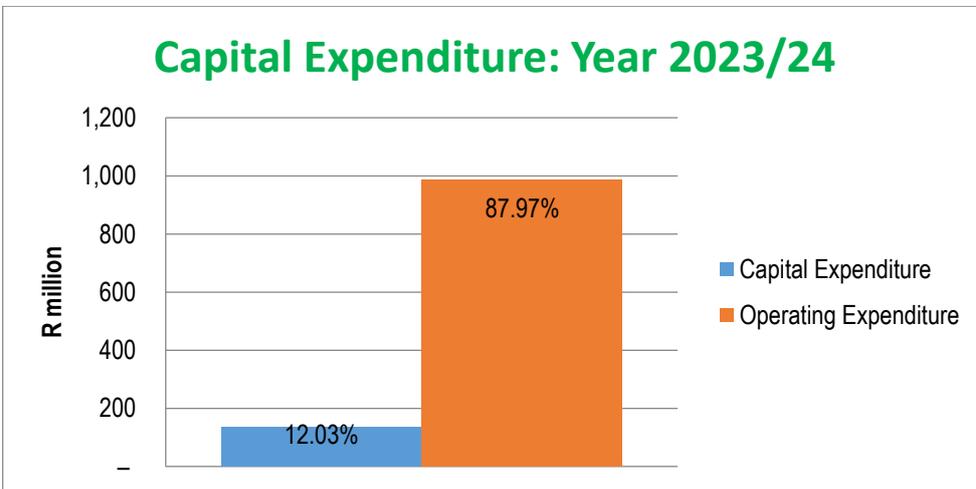
Debt coverage has decreased to 1.2 due to the decrease in the current assets. have increased in liabilities and assets and the increase in investments has increased the municipalities current assets compared to the previous year.

5.4. SPENDING AGAINST CAPITAL BUDGET

5.4.1. Introduction To Spending Against Capital Budget

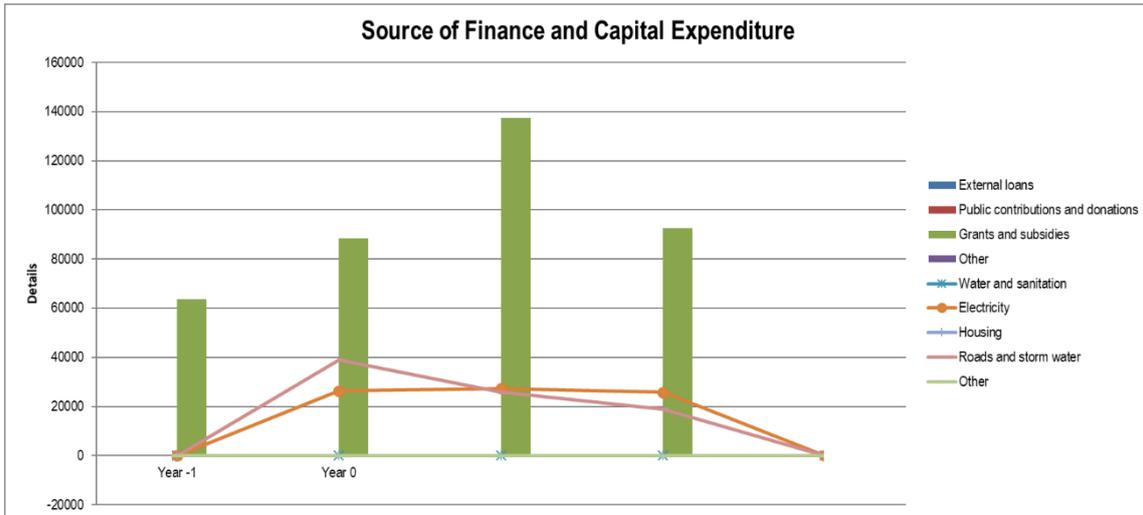
Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. The municipality's capital expenditure is funded by grants and operation surpluses. The municipality spent all its allocated funds from municipal infrastructure grant.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FUNDING

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	#DIV/0!	#DIV/0!
	Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
	Grants and subsidies	63581	88298	137477	92525	55.70%	4.79%
	Other	0	0	0	0	#DIV/0!	#DIV/0!
Total		63581	88298	137477	92525	#DIV/0!	#DIV/0!
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Grants and subsidies	100.0%	100.0%	100.0%	100.0%	#DIV/0!	#DIV/0!
	Other	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation	0	0	0	0	#DIV/0!	#DIV/0!
	Electricity	0	26410	27316	25830	3.43%	-2.20%
	Housing	0	0	0	0	#DIV/0!	#DIV/0!
	Roads and storm water	0	39020	25812	18898	-33.85%	-51.57%
	Other	0	0	0	0	#DIV/0!	#DIV/0!
Total		0	65430	53128	44728	#DIV/0!	#DIV/0!
<i>Percentage of expenditure</i>							
	Water and sanitation	#DIV/0!	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Electricity	#DIV/0!	40.4%	51.4%	57.7%	#DIV/0!	#DIV/0!
	Housing	#DIV/0!	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Roads and storm water	#DIV/0!	59.6%	48.6%	42.3%	#DIV/0!	#DIV/0!
	Other	#DIV/0!	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
<i>T 5.6.1</i>							



COMMENT ON SOURCES OF FUNDING:

The municipality relies mostly on grant funding for capital projects. There are no other sources except for own revenue which also not enough to fund even our operations.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 2023.24			Variance: Current Year 2023/24	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Rhawutini Access Road	6058	6354	6657	110%	105%
Luzuphu Access Road	5908	6663	6657	113%	100%
Gogogo Access Road	6391	6095	5858	92%	96%
Bizana Access Road	5895	5895	6441	109%	109%
Lityeni to Tiyweni Access Road	5560	5560	5258	95%	95%
Agate Terrace Phase 2	15000	17274	17277	115%	100%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Aggate Terrace Phase 2& 3				
Objective of Project	Pavement Road				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	25				
Name of Project - B	Luzuphu Access Road				
Objective of Project	Access Road				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	25				
Name of Project - C	Rhawutini Access Road				
Objective of Project	Access Road				

Delays	None
Future Challenges	None
Anticipated citizen benefits	25
Name of Project - D	Gogo Access Road
Objective of Project	Access Road
Delays	None
Future Challenges	None
Anticipated citizen benefits	25
Name of Project - E	Bizana Access Road
Objective of Project	Access Road
Delays	None
Future Challenges	None
Anticipated citizen benefits	25

COMMENT ON CAPITAL PROJECTS:

The municipality relies mostly on grant funding for capital projects. There are no other sources except for own revenue which also not enough to fund even our operations. There is a need for additional funds to finance infrastructure backlogs within the municipality. The current infrastructure is unable to meet the needs of the communities.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

5.8.1 INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Port St John’s Local Municipality has a lot of backlogs because the area is rural and dependent on grants. The revenue is minimal which makes it difficult to sustain itself. In terms of housing needs, we have 22 000 backlogs, 12 000 backlog on electrification, and 790.5km of roads backlog. The budget allocation for infrastructure does not meet expectations of the communities.

Service Backlogs as at 30 June Year 2022/2023				
Households (HHs)				
	*Service level above minimum standard		*Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	2500	95%	15000	51.00%
Sanitation	2500	95%	12000	15.00%
Electricity	2500	85%	12000	15.00%
Waste management	2500	95%	30000	95%
Housing	0	0	22000	60.00%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				T 5.8.2

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
<i>Roads, Pavements & Bridges</i>	33	33	33	0%	0%	
<i>Storm water</i>				%	%	
Infrastructure - Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>	25	25	21	82%	0%	
<i>Street Lighting</i>				%	%	
Other Specify:				%	%	
Total				%	%	
<i>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						T 5.8.3

COMMENT ON BACKLOGS:

A three- year capital plan was developed to ensure proper implementation of projects. The applications of MIG funds for projects implementation are done in time to avoid any delays of approval process. We have since improved in our project spending and reporting without compromising quality of services provided.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

This section deals with cash flow management and investment activities undertaken by the municipality during the reporting year.

5.9 CASH FLOW

5.9.1 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

This section deals with cash flow management and investment activities undertaken by the municipality during the reporting year.

Cash Flow Outcomes				
				R'000
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				

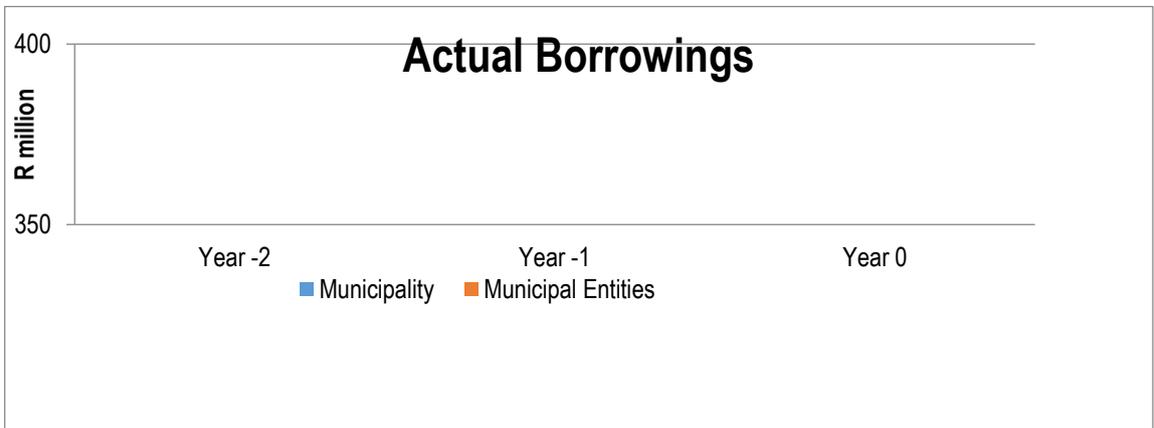
Ratepayers and other	17,274	8,154	14,757	55,266
Government - operating	203,082	200,917	201,293	292,300
Government - capital	67,725	88,298	137,477	–
Interest	–	–	–	–
Dividends	–	–	–	–
Payments				
Suppliers and employees	194,941	221,265	246,995	258,751
Finance charges	1,665	274	274	2,033
Transfers and Grants	8,204	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	492,890	518,908	600,796	608,350
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	302	302	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES	–	302	302	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	492,890	519,210	601,098	608,350
Cash/cash equivalents at the year begin:	146,974	121,987	121,987	154,517
Cash/cash equivalents at the year-end:	176,045	82,079	75,492	173,085
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

5.10 BORROWING AND INVESTMENTS

5.10.1 INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality does not have any borrowings for the reporting period .

Actual Borrowings: Year 2022/23 to Year 2023/2024			
R' 000			
Instrument	2021/2022	Year 2022/2023	Year 2023/2024
Municipality			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Installments Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Municipality Total	0	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
installments Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Entities Total	0	0	0
			T 5.10.2



Municipal and Entity Investments			
			R' 000
Investment* type	Year -2021/2022	Year -2022/2023	Year 2023/2024
	Actual	Actual	Actual
Municipality			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	0	0	0
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers' Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Municipal Bonds	0	0	0
Other	0	0	0
Municipality sub-total	0	0	0
Municipal Entities			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	0	0	0
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers' Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Other	0	0	0
Entities sub-total	0	0	0
Consolidated total:	0	0	0
			T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

There were no borrowings and investments in the 2023/2024 financial year.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS (PPP):

There are no PPPs entered into by the municipality for the reporting year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

5.12.1 SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) unit has been established in terms of the MFMA and SCM regulations. Committees are in place and are functioning in terms of their functions. Procurement plans will be introduced and implemented during the next financial year. This is for purposes of ensuring constant procurement of municipal services 2.8.1.

5.13 GRAP COMPLIANCE

5.13.1 GRAP COMPLIANCE

The municipality has compiled its annual financial statements in terms of GRAP.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -2023/24 IS QULIFIED OPINION.

6.1 AUDITOR GENERAL REPORTS YEAR (2023/2024)

6.1 INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General. Accordingly, Port St Johns Local Municipality submitted the financial statements in terms of section 126 of the Municipal Finance Management Act 56 of 2003.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -2023/24

6.1 AUDITOR GENERAL REPORTS YEAR -0 (2023/2024)

Auditor-General Report on Financial Performance: Year 0 (2023/2024)	
Audit Report Status*:	qualified
Emphasis of matter	Remedial Action Taken
Unauthorized expenditure Fruitless & wasteful expenditure	The municipality to fast track the investigations of prior years' UIFWE and new instances To update and implement the UIFWE reduction strategy and report to council quarterly.
Receivables from non-exchange transactions- due to certain accounts not billing and not appearing on the Age analysis	To perform verification of all debtor accounts 2. Investigate accounts closed with balances 3. System vendor to align the debtors subledger accounts to the age analysis 4. perform reconciliation of all individual debtors' account
Debt impairment policy not in line with Grap standards	To update the debt impairment policy to be in line with GRAP 104 2. Recalculate and adjust debt impairment for prior year

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Irregular expenditure – SCM policy not aligned to the updated preferential procurement regulations of November 2022 resulting in all procurements under 30 000 being deemed as irregular expenditure	<ul style="list-style-type: none"> . To update the SCM policy 2.To identify all procurements below 30 000 in the financial year 2022/23 and 2023/24 and disclose them under irregular expenditure
Restatement of corresponding figures	Review all restatement journal with its supporting documents All journals to be supported with source documents going back to prior years
<p><i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i></p> <p align="right">T 6.1.1</p>	

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: YEAR 1 (2022/2023)

Auditor-General Report on Financial Performance: Year 1 (2022/2023)	
Audit Report Status*:	qualified
Emphasis of matter	Remedial Action Taken
Irregular expenditure	Unauthorized, irregular, fruitless and wasteful expenditure for prior year must be reported to council for proper action in line with section 32 of the MFMA
Material Impairment of Receivables	<p>Contrary to what AG stated in their report, the Municipality is not writing-off debtors but we are providing for an amount that we deem irrecoverable as per our policy. Write off requires a council resolution which we do not have now.</p> <ul style="list-style-type: none"> 2.We will engage our service provider (Credit Intel) on ways we can implement to recover debts from our customers 3. We might offer discounts to encourage payments of rates and refuse billed to our customers
<p><i>Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i></p> <p align="right">T 6.1.2</p>	

Report of the auditor-general to the Eastern Cape Provincial Legislature and Council on Port St Johns Local Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Port St Johns Local Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2024, consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement and Statement of Comparison of Budget and Actual Amounts for the year ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of the auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Port St Johns Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act no.5 of 2023 (Dora).

Basis for opinion

Receivable from non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for the receivables from non-exchange transactions. This is due to certain debtors that appear in the age analysis which were not billed in the billing report. I was unable to confirm accuracy of the property rates by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from non-exchange transactions stated at R4 million in note 5 and 7 to the consolidated and separate financial statements.

Debt impairment

4. Debt impairments were not calculated in accordance with the Standard of GRAP 104, *financial instruments*, which resulted in debt impairments disclosed in note 37 to the financial statements being overstated by R2.9 million. In addition, I was unable to obtain sufficient appropriate audit evidence to determine the full extent of the debt impairments understatement as adequate systems were not in place to maintain records valid applications for debt relief and approvals. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to debt impairments stated at R13.4 million in note 38 to the consolidated and separate financial statements.

Irregular expenditure

5. The irregular expenditure incurred during the current financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

Restatement in corresponding amounts

6. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts disclosed in the prior period error note to the financial statements. As described in note 57 to the separate financial statements, the restatements were made to rectify a previous year's misstatements, but these could not be substantiated by supporting audit evidence. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the prior period error note 57 to the consolidated and separate financial statements.

Context for opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
8. 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.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Unauthorized expenditure

11. As disclosed in note 52 to the consolidated and separate financial statements, the municipality incurred unauthorised expenditure of R43 million (2023: R20.2 million), as it did not adequately monitor budget to spending and by vote.

Fruitless and wasteful expenditure

12. As disclosed in note 53 to the consolidated and separate financial statements, the municipality incurred fruitless and wasteful expenditure of R2.1 million (2023: R2.2 million) and R2.3 million (2023: R0.78 million), respectively, as it did not adequately ensure that there is commensurate value for all expenditure incurred.

Other matters

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

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the consolidated and separate financial statements. This disclosure requirement 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 consolidated and separate financial statements

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

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

17. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
18. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located in the annexure to the auditor's report, forms part of our auditor's report.

Report on the audit of the annual performance report

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

20. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected development priorities that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority]	Page numbers	Objective
Basic service delivery	[XX]	Adequate provision and maintenance of basic infrastructure services by end June 2024
Community services	[XX]	Rapid provision of social and community services by end June 2024

21. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.

- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

23. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

24. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements / measures taken to improve performance.

27. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages ... to

Basic service delivery

<i>Targets achieved: 64%</i>		
<i>Budget spent: 43%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of kms of gravel roads constructed	68.8km	64.3km
Number of kms of surfaced access road constructed	3.45km	1.8km
Number of bridges rehabilitated	9	3
Number of public amenities constructed	4	1

Community services

<i>Targets achieved: 38%</i>		
<i>Budget spent: 6%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of public amenities constructed	5	0
Number of public amenities maintained	4	0

Number of waste management projects implemented	3	1
Number of policies and by-laws reviewed and developed	10	8

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, annual performance report, and annual report

32. 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 relating to consumer debtors, receivables from non-exchange transactions, debt impairment, revenue from exchange and revenue from non-exchange transactions, and restatement in correspondence amounts for Restatement in corresponding amounts were identified.

Expenditure management

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R43.7 million (2023: R20.2 million), as disclosed in note 52 to the separate financial statements, in contravention of section 62(1)(d) of the MFMA.
34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 million (2023: R0.78 million), as disclosed in note 53 to the separate financial statements, in contravention of section 62(1)(d) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure amounting to R1.5 million (2023: R7.6 million) as disclosed in note 54 to the separate financial statements, as required by section 62(1)(d) of the MFMA.

Other information in the annual report

45. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
46. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

48. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
49. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on compliance with legislation included in this report.
50. Management did not implement an effective review process before finalization of the annual financial statements.
51. Management did not implement adequate control over reviews and monitoring over compliance with applicable laws and regulations.
52. Management did not ensure implementation of consequence management as no investigations were conducted against allegations of irregular, fruitless and wasteful, and unauthorised expenditure.
53. Management did not ensure that controls around the oversight exercised by management in record keeping and the performance of reconciliations as support for the financial and performance information presented and disclosed. Journal entries were approved with no dates of approval indicated.
54. Management did not ensure that oversight responsibilities exercised by management around the internal controls of the Municipality and compliance with the relevant laws and regulations.
55. Management did not ensure that implementation of the prior year recommendations and action plan items highlighted in the prior year audit outcomes to address significant control deficiency issues.

56. Management did not put processes in place to ensure that the municipality follows normal procurement processes to avoid the incurrence of irregular expenditure.
57. Management did not put measures in place to ensure that all debtors are billed and that the impairment determination process has valid applications from debtors and approvals are processed correctly before debtors are impaired.

AUDITOR GENERAL

East London

12 December 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr N. Mlombile - Cingo	Full Time	EXCO Member & Chairperson	PR -ANC	70.6	29.4
Cllr C. Mazuza	Full Time	Council Chairperson (November 2021 to November 2024)	PR- ANC	94	6
Cllr X. Moni	Part Time	Council Whip (November 2021 to date)	PR-ANC	76.5	23.5
Cllr F. Mafaka	Part Time	Portfolio Head Community Services and S P U Standing Committee	Ward 17 Cllr-ANC	88	12
Cllr A. Gantsho	Part Time	Council chairperson (01 July November 2021 to date) Portfolio Head LED (November 2021 to date)	PR-ANC	82	18
Cllr N. Tani	Part Time	BTO Standing Committee	PR-ANC	88	12
Cllr. E.S. Sicoto	Part Time	Portfolio Head Corporate Services and Planning Research and IGR Standing Committee	Ward 14 Cllr-ANC	94	6
Cllr. S. Madolo	Part Time	Portfolio Head Engineering & Planning Standing Committee	PR- ANC	70	30
Cllr. N. Vava	Part Time	Petitions and Public Participation Committee	Ward 01 Cllr-	65	35
Cllr. P. Nomarhobo	Part Time	BTO Standing Committee Member	Ward 02 Cllr	82	18
Cllr. M. B. Madotyeni	Part Time	Ethics & Members Interest Member	Ward 03 Cllr- ANC	88	12
Cllr. N. Kawu	Part Time	LED Member	Ward 04 Cllr-ANC	76	24
Cllr. M. Maninjwa	Part Time	LED Member	Ward 05 Cllr-ANC	65	35
Cllr. Z. Mhlabeni	Part Time	MPAC	Ward 06 Cllr-ANC	70	30
Cllr. B. I. Ndudu	Part Time	Community Services	Ward 07 Cllr-ANC	65	35
Cllr. B. Mjakuja	Part Time	Women's Caucus	Ward 08 Cllr-ANC	70	30
Cllr. S. Ndabeni	Part Time	Corporate Services	Ward 09 Cllr-ANC	65	35
Cllr. T. Javu	Part Time	Ethics & Members Interest	Ward 10 Cllr- ANC	94	6
Cllr. B. Ncomfu	Part Time	Ethics & Members Interest	Ward 11 Cllr-ANC	47	53
Cllr. P. Ngozi	Part Time	LED	Ward 12 Cllr-ANC	88	12

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Cllr. N. Puzi	Part Time	Women's Caucus	Ward 13 Cllr-ANC	70	30
Cllr. N. Dobe	Part Time	Petitions & Public Participation	Ward 15 Cllr-ANC	88	12
Cllr. S.V. Mavimbela	Part Time	Municipal Public Accounts Committee	Ward 16 Cllr-ANC	84	16
Cllr. S. Ncolosi	Part Time	LED	Ward 18 Cllr-ANC	76	24
Cllr. N. F. Dobe	Part Time	Community Services	Ward 19 Cllr-ANC	88	12
Cllr. M. Makaula	Part Time	Community Services	Ward 20 Cllr-ANC	88	12
Cllr. Z. Mtiki	Part Time	Ethics and Members Interest Committee	PR-ANC	59	41
Cllr. K. Bikiza	Part Time	Ethics and Members Interest Committee	PR- ANC	82	18
Cllr. T. Tshikitshwa	Part Time	Engineering Committee	PR- ANC	71	29
Cllr. N. Mazaleni	Part Time	Community Services	PR- ANC	82	18
Cllr. S.L. Ntlatywa	Part Time	Municipal Public Accounts Committee	PR-UDM	59	41
Cllr. A.M. Jam-jam	Part Time	Corporate Services	PR-ATM	82	18
Cllr. M. Ntiyantiya	Part Time	Petition and Public Participation	PR-ATM	65	35
Cllr. C. Hashibi	Part Time	Ethics & Members Interest	PR- EFF	59	41
Cllr. D. L. Mafaka	Part Time		PR- EFF	29	71
Cllr. O. Ndumela	Part Time	EXCO Member	PR- EFF	53	47
Cllr. Z. Zozi	Part Time	ENG	PR- ANC	76	24
Cllr. T. Xangayi	Part Time	ENG	PR- DA	59	41
Cllr. Z.T. Pato	Part Time	BTO	PR- CI	76	24
<i>Note: * Councilors appointed on a proportional basis do not have wards allocated to them</i>					T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees	Purpose of Committee	
Council	Council	Political oversight
EXCO	EXCO	All matters requiring attention arising from the provisions of the relevant legislation inline the departmental mandate and the Municipal Delegation Framework
BTO Standing Committee	Section 80	Financial Management Oversight
LED Standing Committee	Section 80	All matters requiring attention arising from the provisions of the relevant legislation in line with the departmental mandate and the Municipal Delegation Framework
Corporate Services and Research Planning and IGR	Section 80	All matters requiring attention arising from the provisions of the relevant legislation in line with the departmental mandate and the Municipal Delegation Framework
Community Services Standing & SPU	Section 80	All matters requiring attention arising from the provisions of the relevant legislation in line with the departmental mandate and the Municipal Delegation Framework
Engineering Services Standing Committee	Section 80	All matters requiring attention arising from the provisions of the relevant legislation in line with the departmental mandate and the Municipal Delegation Framework
Municipal Public Accounts Committee (MPAC)	Section 79	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework
Rules committee	Section 79	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework
Ethics & members interest	Section 79	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework
Petitions & Public Participation	Section 79	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework
Women’s Caucus	Section 79	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework

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Audit Committee	Section 166	All matters requiring attention arising from the provisions of the relevant legislation in line with the Municipal Delegation Framework
Disciplinary board	MFMA Regulations	Investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr M. Fihlani
Corporate Services	Mr. S.R..Matubatuba
Budget & Treasury Office	Ms. T. Sikolo (August 2023)
Community Services	Mr. E. Mzayiya
Engineering Services	Mr. C. Obose (Till August 2024)
Engineering Services	Mr S. Wana (from September 2023- May 2024)
Local Economic Development and Planning	Ms S. Batyi
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
<i>T C</i>	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

1Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	Yes	No
Childcare facilities	No	No
Electricity and gas reticulation	Yes	No
Firefighting services	No	No
Local tourism	Yes	Yes
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	Yes	No

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Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers, and Harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	Yes
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	No	No
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, Funeral Parlours and Crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	Yes
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* If municipality: indicate (yes or no); * If entity: Provide name of entity		<i>TD</i>

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councilor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Nomsa Vava	Yes	12	12	4
Ward Committee	1. Duba Tembile 2. Maphetshana Mfundo 3. Ntsunguzi Nomfanelo 4. Magqagqa Vuyani 5. Gantsho Nobuhle 6. Hlawula Khanyiswa 7. Maselanga Nolubode 8. Zabonke Mkhusele 9. Ndabambi Zuzekile 10. Nquzu Nomathemba				
Ward 2	Cllr Patric Nomarhobo	Yes	09	09	3
Ward Committee	Peyise Nomonde Bambaliphi Zanele B Xamba Nobonke Tholeka Xhongo Nobesuthu Malekenya Luyanda Nomgwantu Vuyolwethu Nondoda Nosipho Xinwa Pumezo Sithelo Sanga				
Ward 3	Cllr Makhosandile Madotyeni	Yes	12	12	4
Ward Committee	1. Noqhakuva Zingisa 2. Mthobela Nophumzile 3. Mafuna Sindiswa 4. Matsilela Bonke 5. Makhosi Lungiswa 6. Mthakathi Ntombosindiso 7. Ntlalombi Nontsebenzo 8. Mcelwa Nkathalo 9. Baliso Ntuthuzelo 10. Mzinzelwa Nontsabelo				
Ward 4	Cllr Ndimiso Kawu	Yes	12	12	4
Ward Committee	1. Magungxu Zukiswa 2. Mnyamana Mvuyisi 3. Rolo Xoliswa 4. Mbulawa Phindile				

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	5. Diphu Ivy 6. Nompaka Siphosoxolo 7. Gqibela Sindiso 8. Mtyana Thabisa 9. Mdibaniso Nombeko 10. Makati Fikile				
Ward 5	Cllr Mziwabantu Maninjwa	Yes	12	12	4
Ward Committee	1. Bongiwe Maninjwa 2. Pumza Bara 3. Lindelwa Bashe 4. Daliwonga Mkhungwana 5. Sifiso Ntsunguzi 6. Mbeko Makubalo 7. Khanyisa Sigidi 8. Mziwethemba Mdokwe 9. Noxolisa Mgxekwa 10. Nomsa Majija				
Ward 6	Cllr Zwelivumile Mhlabeni	Yes	12	12	4
Ward Committee	1. Stephrina Mbuthuma 2. Boniswa Magabela 3. Mbulelo Qhekeza 4. Mkhusele Mfuywa 5. Khayiza Noxungwana 6. Bonginkosi Ntinini 7. Nokuzola Ngxola 8. Mbongeni Kotana 9. Nohombile Sago 10. Ayanda Liwani				
Ward 7	Cllr Bongile Ndudu	Yes	12	12	4
Ward Committee	1. Mthuthuzeli Rutsha 2. Jongikhaya Mbulungwana 3. Vuyokazi Mahlalani 4. Cebisa Gxotyana 5. Xolile Msolwa 6. Veliswa Mabhombo 7. Ongezwa Nyingwa 8. Boniswa Cele 9. Nokuzola Mantaka 10. Mkhusele Ndamase				
Ward 8	Cllr Mjakuja Bulelwa	Yes	12	12	4
Ward Committee	1. Nomzamo Mdeni 2. Ntombizandile Bhotyani 3. Nwabisa Nontsabongo 4. Xoliswa Majali 5. Mfundiso Nqongophele 6. Zithembele Zikhali 7. Thembisile Hundlela 8. Nokuthula Majali 9. Boniwe Mlityalwa 10. Mkhwenkwe Mdunyelwa				
Ward 9	Cllr Sipiwo Ndabeni	Yes	12	12	4
Ward Committee	1. Yalokile Nkqwili 2. Momelezi Mgevu 3. Noneka Taliwe 4. Nomawonga Ndabeni 5. Nolvuyiso Mqingo				

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	6. Welani Ngobo 7. Nkululeko Qekeka 8. Lungiswa Gwiji 9. Thobeka Mpokompoko 10. Nokulunga Xego				
Ward 10	Cllr Nomthndazo Javu	Yes	12	12	4
Ward Committee	1. Bonginkosi Hanxa 2. Fikile Bengu 3. Zikhona Mdlazi 4. Zwelehlile Tshonono 5. Luthando Tshabiso 6. Nomnikelo Mahlamvu 7. Nompumelelo Ziqetu 8. Zanele Mfethi 9. Fundiswa Manyingana 10. Aphelele Senza				
Ward 11	Cllr Boniswa Ncomfu	Yes	12	12	4
Ward Committee	1. Nomalungisa Mjikwa 2. Xolile Ntsholweni 3. Sipehelele Tshwaphile 4. Thandi Ngcofa 5. Nonzwakazi Sele 6. Jerry Dorkin 7. Veliswa Qhoboshiyane 8. Nokubonga Sothiya 9. Nomvano Magemntu 10. Noluthando Bukuza				
Ward 12	Cllr Phiwaba Ngozi	Yes	12	12	4
Ward Committee	1. Xolisa Dyasi 2. Mmeli Innocent Nzama 3. Phumza Catala 4. Nowethu Mabhayiza 5. Nofundile Nombuyekezo Mlamla 6. Zameka Nkalweni 7. Nosandile Sitshisa 8. Mzukisi Mhlunguthi 9. Nophelo Fikiswa Ntloa 10. Nokwaxhiwa Ncomfu				
Ward 13	Cllr Nokwanda Puzi	Yes	12	12	4
Ward Committee	1. Mbongeni Eric Gamndana 2. Nofezile Ndoko 3. Silindile Dambeni 4. Nontuthuzelo Mgayo 5. Mveliso Puzi 6. Bonelwa Mahlangalala 7. Yanga Manxele 8. Nontsikelelo Dobe 9. Zakhele Siwinile 10. Ntombentle Njenene				
Ward 14	Cllr Simthembil Sicotho	Yes	12	12	4
Ward Committee	1. Nompumelelo Njongo 2. Ntombikanina Vazidlula 3. Thenjiswa Dosini 4. Nontlahla Guqa 5. Sibulele Tuse 6. Ncebakazi Mabhide				

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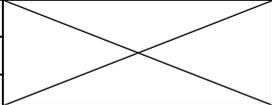
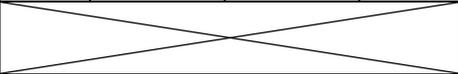
	7. Nomfuneko Asanda Voco 8. Vuyani Hlalyzedwa 9. Vuyokazi Mtshoko 10. Ayanda Nonkenge				
Ward 15	Cllr Nomakhosi Dobe	Yes	12	12	4
Ward Committee	1. Simthembile Gqibani 2. Nandipha Sobayeni 3. Nolungile Tembisa Civita 4. Mlungiseleli Mmeli 5. Anathi Twayi 6. Ntombovuyo Nikelwa Sitwa 7. LindaniSotshongaye 8. Thandiswa Mahlasela 9. Bongani Mbali 10. Nomvelo Matshingane				
Ward 16	Cllr Sivuyile Mavimbela	Yes	12	12	4
Ward Committee	1. Mfuneko Dike 2. Noma-Efese Ndabeni 3. Nomfundo Ndlezi 4. Nontembeko Nobununu 5. Nontobeko Noxwembe 6. Khuselwa Matshikwe 7. Kholiswa Mthunzini 8. Nondumiso Manxiweni 9. Sinikelo Nopiyo 10. Xolelwa Mapepe				
Ward 17	Cllr Fezeka Mafaka	Yes	12	12	4
Ward Committee	1. Thozama Silwanyana 2. Vusumzi Jabulile Jojo 3. Okuhle Gqala 4. Nolubabalo Mkhohlwa 5. Ngenisile Sisweli 6. Nolungisa Mbangi 7. Phumza Ntshangase 8. Nomandla Mthiywa 9. Lumka Mvunywa 10. GwegweThembeka				
Ward 18	Cllr Simnikiwe Ncolosi	Yes	12	12	4
Ward Committee	1. Silindile shobongo 2. Phumla Jojo 3. Faniswa Jackson 4. Nosindiso Mzenge 5. Morris Siwexu 6. Nelisiwe Xinixini 7. Mncedisi Mampokoza 8. Yonela Giyama 9. Nosandi Macoto 10. Sebenzile Mathobisa				
Ward 19	Cllr Nomakhosi Dobe	Yes	12	12	4
Ward Committee	1. Noluzuko Magobongo 2. Msawenkosi Mfundisi 3. Bomela Tuleleni 4. Mzuvukile Mzaza 5. Nomfundo Mayekiso 6. Bongani Mnyameni				

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	7. Nomzamo Mgoduka 8. Thembalipheli Madiloyi 9. Lamleka Sikhundlwana 10. Wandisile Mancipha				
Ward 20	Cllr Mongezi Makaula	Yes	12	12	4
	1. Vuyisa Notha 2. Mluleki Mjucwa 3. Nomfuneko Soga 4. Nokhanyo Mahlikihla 5. Mkhululi Shingana 6. Nompumezo Zakomba 7. Nokubonga Mafletshana 8. Fikiswa Mngangwa 9. Ntombifikile Marwarwa 10. Nokonwaba Nduku				
					<i>TE</i>

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 2023/2024(Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	R' 000 Total Value
1				
2				
3				
4				
5				
6				
8				
				<i>TF.1</i>

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	1950	1950	24500	3500	
Households without minimum service delivery	9465	7100	11042.5	31550	
Total Households*					
Houses completed in year					
Shortfall in Housing units					
<i>*Including informal settlements</i>					<i>TF.2</i>

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 2023/2024
1	Babheke Access Road 7km	Completed
2	Rhawutitni Access road 6km	Completed
3	Codes-Madakeni access road 9km	Completed
4	Ngcoya access roads 9km	Completed

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/2024

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
24-Aug-23	That no conflict of interest exists from the members in relation to the business of the municipality	Yes
	That the Auditor General circulates for ARPC members a breakdown of fees for the audit fee of the municipality	Yes
	That the Audit strategy of the municipal entity be forwarded to the committee upon presentation to management of the municipal entity	Yes
	The review of the Annual Performance Report be deferred to the ARPC follow up meeting of the 29th August 2023. That the Annual Performance Report, be updated and be resent prior to 28 August 2023	Yes
29-Aug-23	That the Draft Annual Financial Statements for 2022/23 updated with all corrections identified in the Audit Committee meeting	Yes
	That Annual Financial Statement be submitted to the Auditor General for review on/before the legislated date of 31 August 2023	Yes
	That amendments be effected to the Annual Performance Report for 2022/23 as per the findings of Internal Audit and issues raised in the Audit Committee meeting	Yes
	That the Annual Performance Report be submitted for auditing to the Auditor General on/before 31 August 2023	Yes
26-Jan-24	That the Auditor General be invited in all Audit Committee meetings	Yes
	The committee recommended that an in-committee meeting with the Municipal Manager and CAE be organized on how to resolve the organizational challenges identified	Yes
	That the Accounting Officer's quarterly update report be submitted in writing in all future Audit Committee meetings	Yes
	That the Audit Committee Charter be submitted at the next Audit Committee meeting	Yes
	That a follow up be done with Khwalo Consultants regarding the bank reconciliations	Yes
	That the irregular expenditure on the Ward Assistance fund procurement be declared and reported to Council	
	The committee noted the findings of Internal Audit on quarter two and mid-year reports, with concern on the noncooperation of management in the auditing process	Yes

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

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Long Term Contracts (20 Largest Contracts Entered into during Year 2023/2024)					
R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Q and A	Construction of gogogo access road ward 01	04/08/2023	04/03/2024	Mr N Bunge	R5,908,225.05
Breaking force trading	Construction of Lityeni to tyiweni access road in ward 14	04/08/2023	04/03/2024	Mr N Bunge	R5,258,289.90
Dolly and Sons construction and trading	Construction of Bizana Access Road in ward 09	04/08/2023	04/03/2024	Mr N Bunge	R5,424,997.35
tswella Trading 88	Construction of Rhawutini access road in ward 08	04/08/2023	04/03/2024	Mr N Bunge	R6,354,687.25
Dolly and Sons construction and trading	Construction of Luzuphu Access Road in ward 19	04/08/2023	04/03/2024	Mr N Bunge	R5,415,715.70
Lithubalam projects/imvelo consulting	Service provider for professional services for PSJ local municipality (Turkey project) of community hall 2023/24	08/08/2023	08/04/2023	Mr N Bunge	R5,306,555.01
Tabono engineering	INEP electrification programme bulk infrastructure	01/08/2023	01/08/2024	Mr N Bunge	R11,863,221.76
Tabono engineering	INEP electrification pre-engineering project for 2023/24	01/08/2023	01/08/2024	Mr N Bunge	R2,556,507.50
Rhweba Trading 1136	Panel of constructors for disaster projects as and when required for period of two years	25/08/2023	01/08/2025	Mr N Bunge	RATE BASED
Ekene Investments	Panel of constructors for disaster projects as and when required for period of two years	01/08/2023	01/08/2025	Mr N Bunge	RATE BASED
LM Development	Panel of constructors for disaster projects as and when required for period of two years	01/08/2023	01/08/2025	Mr N Bunge	RATE BASED
Xariba Enterprises CC T/A Nankho	Upgrading for of magumbini bridge 2023/24	18/09/2023		Mr N Bunge	R645,150.00
Isidingo Development and Manager	Consultant for Upgrading of Butho Bridge 2023/24	18/09/2023		Mr N Bunge	R877,403.33
Mnoza Investment	Maintainance of Community Hall in ward 11	03/10/2023	03/12/2023	Mr A. Notobela	R279,850.00
Isidingo Development and Manager	Consultant for Upgrade of snangwana bridge 2023/24	19/10/2023		Mr N.Bunge	R620,091.17
Xhasanan trading and projects	Supply and delivery of stationery for period of one year when the need arises	03/10/2023	03/10/2024	Various departments	Rate based
MTN	Supply & delivery of cellular phones & mobile data for a	02/10/2023	01/12/2025	Mr S.Fono	Rate Based

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	period of two years as when need arise				
Olon Consulting	Project Monitoring of gogogo, Rhawutini, and Luzuphu access road	01/11/2023	01/04/2024	Mr Kwape	R526,191.91
Xariba Enterprises CC T/A Nankho	Project Monitoring of bizana and lityeni to tyiwani access roads	01/11/2023	01/04/2024	Mr Kwape	R156,227.50
Rhweba trading 1136	Construction of Butho Bridge	13/11/2023	15/05/2024	Mr Kwape	R9,620,066.11

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Entity report is attached as annexure

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures		
Period 1 July to 30 June of Year 2023/24 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	Cllr Cingo	Nil
EXCO Member	Cllr Gantsho	Nil
EXCO Member	Cllr Mafaka	Nil
EXCO Member	Cllr Tani	Nil
EXCO Member	Cllr Madolo	Nil
EXCO Member	Cllr Ndumela	Nil
EXCO Member	Cllr Sicoto	Nil
EXCO Member		
EXCO Member		
Council Speaker	Cllr Mazuza	Nil
Council Whip	Cllr Moni	Nil
Councillor	Cllr Ncomfu	Nil
Councillor	Cllr Mjakuja	Nil
Councillor	Cllr Hashibi	Nil
Councillor	Cllr Xangayi	Nil
Councillor	Cllr Fono	Nil
Councillor	Cllr Ndudu	Nil
Councillor	Cllr Bikiza	Nil
Councillor	Cllr Madotyeni	Nil
Councillor	Cllr Ntiyantiya	Nil
Councillor	Cllr Makaula	Nil
Councillor	Cllr Maninjwa	Nil
Councillor	Cllr Jam-jam	Nil

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Councillor	Clr Kawu	Nil
Councillor	Clr Puzi	Nil
Councillor	Clr Mazaleni	Nil
Councillor	Clr Dobe	Nil
Councillor	Clr Vava	Nil
Councillor	Clr Ndabeni	Nil
Councillor	Clr Ngozi	Nil
Councillor	Clr Ndabeni	Nil
Councillor	Clr Nomarhobo	Nil
Councillor	Clr Ndumela	Nil
Councillor	Clr Mavimbela	Nil
Councillor	Clr Ntlatywa	Nil
Councillor	Clr Pato	Nil
Councillor	Clr Tshikitshwa	Nil
Councillor	Clr Mtiki	Nil
Councillor	Clr Zozi	Nil
Councillor	Clr Mhlabeni	Nil
Municipal Manager	Mr M. Fihlani	Nil
Chief Financial Officer	Ms T. Sikolo	
Senior Manager	Mr S. Matubatuba	Nil
Senior Manager	Mr. E. Mzayiya	Nil
Senior Manager	Ms S. Batyi	Nil
Senior Manager	Mr S. Wana	Nil

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

A PPENDIX K(I) REVENUE COLLECTION BY SOURCE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council	72,484.00	25,703	25,703	64,503.00	251%	251%
LED	18,607	18,978	18,978	21,502	113%	113%
Municipal Manager	17,388	16,133	16,133	21,502	133%	133%
Corporate Services	18,194.00	18,689	18,702	21,617.00	116%	116%
Community Services	21,214	32,921	34,145	23,106	70%	68%

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Financial Services	59,194	92,581	115,217	65,074	70%	56%
Infrastructural Engineering	78,489	156,283	205,548	115,442	74%	56%
Example 8 - Vote 8						
Example 9 - Vote 9						
Total Revenue by Vote	286	361	434	333	0	0.23
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
						T K.1

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Source						
R '000						
Description	Year - 2022/2023	Year 2023-2024			Year 2023/24 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	11,346	11,965	14,965	15,560	23%	4%
Property rates - penalties & collection charges		-	-	-		
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue	1,085	1,500	2,435	1,141	-31%	-113%
Service Charges - other						
Rentals of facilities and equipment	162	200	200	148	-35%	-35%
Interest earned - external investments	10,586	49,201	68,301	17,508	-181%	-290%
Interest earned - outstanding debtors	7,099	5,030	5,565	7,546	33%	26%
Dividends received					61%	61%
Fines	225	100	100	255	80%	80%
Licenses and permits	528	120	120	601		
Agency services						
Transfers recognised - operational	270,806	200,917	200,753	281,938	29%	29%
Other revenue	5,927	1,557	1,570	879	-77%	-79%
Gains on disposal of PPE	-	302	302	1,177	74%	74%
Environmental Protection						

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Total Revenue (excluding capital transfers and contributions)	307,764	270,892	294,311	326,754	17.10%	9.93%
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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Office of the Premier Grant	15000000	16 516 557	17 227 349	115%	104%	Construction of Road and Side streets
Integrated National Electrification programme	26 768	24 368	24 357	90%	100%	Electrification of Port St Johns Communities
<i>Extended public works programme</i>	1555	1805	1805	116%	010%	Payment of wages for casuals
Financial Management Grant	2650000	2650000	2650000	100%	100%	Payment of stipend for Finance interns and Capacity building of BTO Staff
<i>LG SETA</i>						Payment of stipend for LGSETA interns
<i>DSRAC Provincial</i>	550 000	839 578	556 000	100%	66%	Provide assistance in Libraries
Total	46 523	46 179	46 595			

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Port St Johns municipality received other conditional capital grant/s other than the Municipal Infrastructure grant (MIG), which is Integrated National Electrification program and small-town revitalization; however, we can appreciate if more can be availed to unlock service delivery backlog.

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year - 2022/2023	Year 2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles	2609042	280000	2903202	2194037			
Specialised vehicles							
Plant & equipment	3683686	500000	500000	347000			
Computers - hardware/equipment	1315099	167000	1363000	990811			
Furniture and other office equipment	69998	1578046	1311434	378295			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings	334 000	600 000	466 000	195 669			
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							

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Intangibles	-	-			-	-	-	-
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	-	-		86294488	-	-	-	-
Specialised vehicles	-	-			-	-	-	-
Refuse								
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)								T M.1

APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year - 2021/2022	Year 2023/2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges	26206035	45703000	45703000	3080620			
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							

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Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-		-	-	-	-
Parks & gardens							
Sports fields & stadia							
Swimming pools							
Community halls	0	4570300 0	4570300 0	11521826			
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2023/2024

Capital Programme by Project: Year 2023/2024					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
PSJ Off channel Dam		0	0	0	0
Sanitation/Sewerage					
PSJ Sewer		0	0	0	0
Electricity					
PSJ Electrification 2023/204	17680000	17680000	8878424		
Electrification Programme- Lutshaya 180	3600000	2668793	1459955	55	41

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Electrification Programme- Mthimde-Luzupho 120	2400000	2400000	888140	37	37
Electrification Programme-Ndayini- Mkhumbini 40	800000	800000	308804	39	39
Electrification Programme- Zinyosini 106	2120000	2120000	784523	37	37
Electrification Programme- Qandu 150	3000000	3000000	1328108	44	44
Electrification Programme-Gomolo 110	2200000	2200000	1335240	61	61
Electrification Programme-Lukhwazweni Emasimini 80	1600000	1600000	971084	61	61
Electrification Programme-Mnqezu 98	1960000	1960000	1189577	61	61
Roads					
Lityeni to Tyweni Access Road	5,560,000	5,560,000	5,258,291	95	95
Construction Of Community Hall Ward 7	450,000	5,306,555	5,306,445	100	35
Bizana Access Road	5,898,447	5,898,447	6,441,784	69	1179
Rhawutini Access Road	6,058,687	6,254,687	6,310,617	101	104
Luzuphu Access Road	5,908,224	6,663,513	6,657,513	100	113
Construction Of Cummunity Hall Ward 15	-	5,500,000	4,203,930	76	0
Gogogo Access Road	6,391,780	6,095,780	5,858,897	96	92
Sports, Arts & Culture					
Upgrading of Military Sportsfield & Facility	8,500,000	2,340,578	3,250,103	138	38
"Project B"	0	0	0		
Environment					
Beautification of PSJ Parks Phase 2	1462	1462	1462	100	0
"Project B"	0	0	0	0	0
Health					
"Project A"	0	0	0	0	0
"Project B"	0	0	0	0	0
Safety and Security					
"Project A"	0	0	0	0	0
"Project B"	0	0	0	0	0
ICT and Other					
"Project A"	0	0	0	0	0
"Project B"	0	0	0	0	0
<i>T N</i>					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2023/2024

Capital Programme by Project by Ward: Year 2023/2024		
R' 000		
Capital Project	Ward(s) affected	Works completed

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		(Yes/No)
Sanitation/Sewerage		
Electricity		
Electrification Programme- Lutshaya 90	17	Yes
Electrification Programme-Ndayini- Mkhumbini 40	17	Yes
Electrification Programme- Zinyosini 106	01	Yes
Electrification Programme- Qandu 150	01	Yes
Electrification Programme-Gomolo 110	02	Yes
Electrification Programme-Lukhwazweni Emasimini 80	13	Yes
Electrification Programme-Mnqezu 98	13	Yes
High-Mast lights	01, 09, 07, 11 & 14	Yes
Maintenance of streetlights	06 & 10	Yes
Roads & Storm water		
Codesa to Madakeni Access Road	02	Yes
Chwebeni Access Road	05	No
Ngcoya Access Road	18	Yes
Bizana Access Road	09	Yes
Babheke Access Road	19	Yes
Lityeni-Tyiweni AR	14	Yes
Rhawutini AR-	08	Yes
Gogogo Access Road	01	Yes
Mdlankala Bridge	15	Yes
Agate Terrace Paved roads	10	No
Butho Bridge	03	Yes
Sinangwana Bridge	02	Yes
Magumbini Bridge	09	Yes
Nyakeni Bridge	01	No
Ezintakumbeni – Dubulweni Bridge	07	No
Dedeni- Mkhumeni Bridge	10	No
Gabelana -Diphini Bridge	10	No
Ntlantsana Farm	10	No
Sports, Arts & Culture		
PSJ Beautification		Yes
Environment		
Clean-up campaign		Yes
Health		
Safety and Security		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics

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Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Khwezi JSS, Ward 1	X	X		X
Mvelelo JSS, Ward 2	X	X		X
Lugasweni SPS, Ward 2	X	X		X
Zanemvula SPS, Ward 4	X	X		X
Caguba JSS, Ward 5	X	X		X
Sicambeni JSS, Ward 5	X	X		X
Xhaka JSS, Ward 11	X	X		X
Nonjonjo SPS, Ward 11	X	X		X
Clinics (NAMES, LOCATIONS)				
Ludalasi Clinic, Ward 3	X			X
Caaguba Clinic, Ward 5	X	X		X
Mantusini Clinic, Ward 7	X			X
Mtambalala Clinic, Ward 7	X		X	X
Ntafufu Clinic, Ward 12	X			X
Gqubeni Clinic, Ward 12	X			X
<i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i>				
				T P

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	18	8
Housing:	22000	100
Licensing and Testing Centre:	1	1
Reservoirs	4	0
Schools (Primary and High):	12	2
Sports Fields:	20	1
		T Q

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 2023/24				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
PSJ Development agency	operational	none	R 9 339.00	R -
none	n/a	n/a	R -	R -
none	n/a	n/a	R -	R -
<i>* Loans/Grants - whether in cash or in kind</i>				<i>TR</i>

VOLUME III FINANCIAL STATEMENTS



PORT ST JOHNS
• MUNICIPALITY •
OUR HERITAGE, OUR PEOPLE

**Port St Johns Local Municipality
consolidated financial statements
for the year ended 30 June, 2024**

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

General Information

Legal form of entity	Municipality Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	To provide services to communities in a sustainable manner, promote social and economic development; promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matters of local government.
Mayoral committee	
Honourable Mayor	Cllr. N. Mlombile-Cingo
Community Service Portfolio Head	Cllr. F. Mfaka
Engineering Service Portfolio Head	Cllr. S. Madolo
Corporate Services Portfolio Head	Cllr. S. Sicotho
BTO Portfolio Head	Cllr. N. Tani
Planning and LED Portfolio Head	Cllr. A. Gantsho
No Portfolio	Cllr. O. Ndumela
Audit Committee Members	
Chairperson of the Audit Committee	Ms. Mnqeta
Member	Mr. V. Magan
Member	Mr. M. Mndani
Section 79 chairpersons:	
MPAC Chairperson	Cllr. S. Mavimbela
Women's Caucus	Cllr. B. Mjakuja
Ethics and Members Interest	Cllr. B. Ncomfu
Petitions and Public Participation	Cllr. K. Bikiza
Rules Committee	Cllr. C. S. Mazuza
Accounting Officer	Mr M. Fihlani
Chief Finance Officer (CFO)	Ms. T. Sikolo
LED Senior Manager	Ms. S. Batyi
Community Services Senior Manager	Mr. S. Matubatuba
Corporate Services Senior Manager	Mr. E. Mzayiya

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

General Information

Registered office	257 Main Street Port St Johns 5120
Business address	257 Main Street Port St Johns 5120
Postal address	P O Box 2 Port St Johns 5120
District Municipality	OR Tambo District Municipality Incorporated in South Africa
Bankers	First National Bank
Auditors	Auditor General of South Africa
Municipal demarcation code	EC154
Grading of Local Authority	Grade 3
Capacity of Local Authority	Low
Email address	mfihlani@psjmunicipality.gov.za
Telephone	047 564 1207
Internal Auditors	Internal Audit Unit

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

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

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
EPWP	Expanded Public Works Programme
MIG	Municipal Infrastructure Grant (Previously CMIP)
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
BTO	Budget and Treasury Office
LED	Local Economic Development

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

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 consolidated financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated 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 consolidated financial statements and was given unrestricted access to all financial records and related data.

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

The consolidated 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 economic entity 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity 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 consolidated 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 economic entity's cash flow forecast for the year to 30 June, 2025 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the funds raised nationally among the three spheres of government in terms of section 214 (1) of the constitution for continued funding of operations. The consolidated financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The consolidated financial statements set out on page 7- 108, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed by:

Mr. M. Fihlani
Accounting Officer

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Financial Position as at 30 June, 2024

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Inventories	3	1,183,343	1,554,612	1,183,343	1,554,612
Receivables from exchange transactions	4&7	3,831,562	2,589,474	3,831,562	2,589,474
Receivables from non-exchange transactions	5&7	7,143,804	5,836,194	6,973,816	5,662,906
Consumer debtors	8	1,194,175	1,052,545	1,194,175	1,052,545
VAT receivable	9	5,135,796	1,412,448	5,376,712	1,311,116
Prepayments	10	49,013	-	-	-
Cash and cash equivalents	11	172,414,685	154,517,120	172,406,901	152,933,349
		190,952,378	166,962,393	190,966,509	165,104,002
Non-Current Assets					
Investment property	12	13,168,187	13,299,036	13,168,187	13,299,036
Property, plant and equipment	13	619,058,431	593,119,548	618,518,303	592,443,282
Intangible assets	14	-	147,713	-	147,713
Heritage assets	15	123,700	123,700	123,700	123,700
		632,350,318	606,689,997	631,810,190	606,013,731
Non-Current Assets		632,350,318	606,689,997	631,810,190	606,013,731
Current Assets		190,952,378	166,962,393	190,966,509	165,104,002
Total Assets		823,302,696	773,652,390	822,776,699	771,117,733
Liabilities					
Current Liabilities					
Finance lease obligation	16	636,292	689,348	610,076	626,263
Operating lease liability	17	2,382,024	2,264,628	2,382,024	2,264,628
Payables from exchange transactions	18	67,667,999	49,137,047	67,292,893	48,942,781
Consumer deposits	19	61,000	61,000	61,000	61,000
Employee benefit obligation	20	529,390	446,466	529,390	446,466
Unspent conditional grants and receipts	21	34,282,684	24,187,038	34,282,684	24,187,038
Provisions	22	1,255,612	1,250,088	1,255,612	1,250,088
VAT provision INEP		13,474,396	10,295,961	13,474,396	10,295,961
		120,289,397	88,331,576	119,888,075	88,074,225
Non-Current Liabilities					
Finance lease obligation	16	4,058	621,151	-	610,076
Operating lease liability	17	5,169,429	5,029,093	5,169,429	5,029,093
Employee benefit obligation	20	3,908,885	4,166,549	3,908,885	4,166,549
Provisions	22	9,260,398	8,655,522	9,260,398	8,655,522
		18,342,770	18,472,315	18,338,712	18,461,240
Non-Current Liabilities		18,342,770	18,472,315	18,338,712	18,461,240
Current Liabilities		120,289,397	88,331,576	119,888,075	88,074,225
Total Liabilities		138,632,167	106,803,891	138,226,787	106,535,465
Assets		823,302,696	773,652,390	822,776,699	771,117,733
Liabilities		(138,632,167)	(106,803,891)	(138,226,787)	(106,535,465)
Net Assets		684,670,529	666,848,499	684,549,912	664,582,268
Accumulated surplus		684,670,530	666,848,500	684,549,914	664,582,269
Total Net Assets		684,670,530	666,848,500	684,549,914	664,582,269

* See Note

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	23	1,141,309	1,084,860	1,141,309	1,084,860
Construction contracts	24	21,179,565	7,720,163	21,179,565	7,720,163
Rental of facilities and equipment	25	148,053	162,373	148,053	162,373
Interest received from debtors		7,546,037	7,670,707	7,546,037	7,670,707
Licences and permits	26	601,371	497,279	601,371	497,279
Other income	27	879,076	5,940,943	852,900	5,927,444
Interest received - investment	28	17,508,254	10,585,684	17,508,254	10,585,684
Gain on disposal of assets and liabilities		925,308	-	929,618	-
Actuarial gains		930,000	796,012	930,000	796,012
Total revenue from exchange transactions		50,858,973	34,458,021	50,837,107	34,444,522
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	15,559,721	10,466,747	15,559,721	10,466,747
Transfer revenue					
Government grants & subsidies	30	281,937,814	258,944,964	281,937,814	258,944,964
Public contributions and donations	31	-	2,250,000	-	2,250,000
Fines, Penalties and Forfeits	32	254,700	224,700	254,700	224,700
Total revenue from non-exchange transactions		297,752,235	271,886,411	297,752,235	271,886,411
		50,858,973	34,458,021	50,837,107	34,444,522
		297,752,235	271,886,411	297,752,235	271,886,411
Total revenue		348,611,208	306,344,432	348,589,342	306,330,933
Expenditure					
Employee related costs	33	(110,258,007)	(101,447,021)	(102,531,274)	(94,984,647)
Remuneration of councillors	34	(14,288,134)	(13,595,308)	(14,240,129)	(13,344,066)
Depreciation and amortisation	35	(60,038,606)	(59,772,524)	(59,853,187)	(59,604,266)
Impairments of assets	59	(292,492)	-	(292,492)	-
Finance costs	36	(3,921,263)	(2,021,305)	(3,912,552)	(2,013,723)
Lease rentals on operating lease	37	(3,508,713)	(2,760,644)	(3,468,025)	(2,716,297)
Debt Impairment	38	(13,402,669)	(7,431,377)	(13,402,669)	(7,431,377)
Contracted services	39	(49,687,731)	(28,089,096)	(49,687,731)	(28,089,096)
Transfers and Subsidies	40	-	-	(8,002,841)	(8,204,412)
Loss on disposal of assets and liabilities		-	(12,989)	-	-
Inventories losses/write-downs		(371,269)	-	(371,269)	-
General Expenses	41	(75,020,294)	(70,718,225)	(72,859,528)	(67,567,002)
Total expenditure		(330,789,178)	(285,848,489)	(328,621,697)	(283,954,886)
		-	-	-	-
Total revenue		348,611,208	306,344,432	348,589,342	306,330,933
Total expenditure		(330,789,178)	(285,848,489)	(328,621,697)	(283,954,886)
Operating surplus/deficit		-	-	-	-
Surplus before taxation		17,822,030	20,495,943	19,967,645	22,376,047
Taxation		-	-	-	-
Surplus for the year		17,822,030	20,495,943	19,967,645	22,376,047

* See Note

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Economic entity		
Opening balance as previously reported	612,234,749	612,234,749
Adjustments		
Correction of errors 57	34,117,808	34,117,808
Balance at 1 July, 2022 as restated*	646,352,557	646,352,557
Changes in net assets		
Surplus for the year	20,495,943	20,495,943
Total changes	20,495,943	20,495,943
Opening balance as previously reported	659,745,133	659,745,133
Adjustments		
Correction of errors 57	7,103,367	7,103,367
Restated* Balance at 1 July, 2023 as restated*	666,848,500	666,848,500
Changes in net assets		
Surplus for the year	17,822,030	17,822,030
Total changes	17,822,030	17,822,030
Balance at 30 June, 2024	684,670,530	684,670,530
Note(s)		
Controlling entity		
Opening balance as previously reported	625,359,163	625,359,163
Adjustments		
Correction of errors 57	16,847,059	16,847,059
Balance at 1 July, 2022 as restated*	642,206,222	642,206,222
Changes in net assets		
Surplus for the year	22,376,047	22,376,047
Total changes	22,376,047	22,376,047
Opening balance as previously reported	676,353,052	676,353,052
Adjustments		
Correction of errors 57	(11,770,783)	(11,770,783)
Restated* Balance at 1 July, 2023 as restated*	664,582,269	664,582,269
Changes in net assets		
Surplus for the year	19,967,645	19,967,645
Total changes	19,967,645	19,967,645
Balance at 30 June, 2024	684,549,914	684,549,914
Note(s)		

* See Note

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
VAT Refunds		17,193,284	18,314,710	17,193,284	18,314,710
Grants		292,300,206	287,762,875	292,300,206	279,882,875
Interest income		17,508,254	10,585,684	17,508,254	10,585,684
Receipts from consumers		14,556,501	7,093,462	16,805,456	7,093,462
Other receipts		24,397,476	8,893,499	24,368,000	8,880,000
		365,955,721	332,650,230	368,175,200	324,756,731
Payments					
Employee costs		(108,994,990)	(101,511,082)	(101,332,345)	(94,564,644)
Remuneration of councillors and board members		(14,288,134)	(13,745,027)	(14,240,129)	(13,344,066)
Finance Costs		(1,830,359)	(29,209)	(1,819,446)	(21,627)
Suppliers		(156,001,195)	(106,847,771)	(155,230,874)	(94,430,711)
Grants and subsidies paid		-	-	(9,203,267)	(9,435,075)
		(281,114,678)	(222,133,089)	(281,826,061)	(211,796,123)
Total receipts		365,955,721	332,650,230	368,175,200	324,756,731
Total payments		(281,114,678)	(222,133,089)	(281,826,061)	(211,796,123)
Net cash flows from operating activities	44	84,841,043	110,517,141	86,349,139	112,960,608
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(66,273,423)	(81,143,722)	(66,249,324)	(81,071,322)
Proceeds from sale of property, plant and equipment	13	94	-	-	-
Net cash flows from investing activities		(66,273,329)	(81,143,722)	(66,249,324)	(81,071,322)
Cash flows from financing activities					
Finance lease payments		(670,149)	(584,408)	(626,263)	(943,413)
Net increase/(decrease) in cash and cash equivalents		17,897,565	28,789,011	19,473,552	30,945,873
Cash and cash equivalents at the beginning of the year		154,517,120	125,728,109	152,933,349	121,987,476
Cash and cash equivalents at the end of the year	11	172,414,685	154,517,120	172,406,901	152,933,349

The accounting policies on pages 20 to 52 and the notes on pages 53 to 120 form an integral part of the consolidated financial statements.

* See Note

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	130,000	-	130,000	-	(130,000)	
Service charges	1,500,000	935,000	2,435,000	1,141,309	(1,293,691)	
Construction contracts	-	-	-	21,179,565	21,179,565	
Rental of facilities and equipment	200,000	-	200,000	148,053	(51,947)	
Interest received (trading)	5,030,000	535,000	5,565,000	7,546,037	1,981,037	A1
Licences and permits	120,000	-	120,000	601,371	481,371	A2
Other income - (rollup)	1,557,000	13,000	1,570,000	879,076	(690,924)	
Interest received - investment	49,201,000	19,100,000	68,301,000	17,508,254	(50,792,746)	
Gains on disposal of assets	301,500	500	302,000	1,177,181	875,181	
Total revenue from exchange transactions	58,039,500	20,583,500	78,623,000	50,180,846	(28,442,154)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	11,965,000	3,000,000	14,965,000	15,559,721	594,721	A3
Transfer revenue						
Government grants & subsidies	200,917,000	(164,000)	200,753,000	281,937,814	81,184,814	A4
Fines, Penalties and Forfeits	100,000	-	100,000	254,700	154,700	
Total revenue from non-exchange transactions	212,982,000	2,836,000	215,818,000	297,752,235	81,934,235	
'Total revenue from exchange transactions'	58,039,500	20,583,500	78,623,000	50,180,846	(28,442,154)	
'Total revenue from non-exchange transactions'	212,982,000	2,836,000	215,818,000	297,752,235	81,934,235	
Total revenue	271,021,500	23,419,500	294,441,000	347,933,081	53,492,081	
Expenditure						
Personnel	(95,990,000)	(16,925,000)	(112,915,000)	(110,258,007)	2,656,993	A5
Remuneration of councillors	(14,101,000)	(2,690,000)	(16,791,000)	(14,288,134)	2,502,866	A6
Depreciation and amortisation	(57,414,000)	300,000	(57,114,000)	(60,038,606)	(2,924,606)	A7
Impairment loss/ Reversal of impairments	-	-	-	(292,492)	(292,492)	
Finance costs	(274,000)	-	(274,000)	(3,921,263)	(3,647,263)	
Lease rentals on operating lease	-	-	-	(3,508,713)	(3,508,713)	
Debt Impairment	(1,456,000)	(1,977,000)	(3,433,000)	(13,402,669)	(9,969,669)	
Irrecoverable debts written off	(4,767,000)	-	(4,767,000)	-	4,767,000	
Inventory consumed	(2,946,000)	(359,000)	(3,305,000)	-	3,305,000	A8
Contracted Services	(25,739,000)	(389,000)	(26,128,000)	(49,687,731)	(23,559,731)	A9
Transfers and Subsidies	(15,130,000)	(1,465,000)	(16,595,000)	-	16,595,000	A10
General Expenses	(82,528,000)	633,000	(81,895,000)	(124,708,025)	(42,813,025)	A11
Total expenditure	(300,345,000)	(22,872,000)	(323,217,000)	(380,105,640)	(56,888,640)	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	271,021,500	23,419,500	294,441,000	347,933,081	53,492,081	
	(300,345,000)	(22,872,000)	(323,217,000)	(380,105,640)	(56,888,640)	
Operating deficit	(29,323,500)	547,500	(28,776,000)	(32,172,559)	(3,396,559)	
Gain on disposal of assets and liabilities	-	-	-	925,308	925,308	
Actuarial gains/losses	-	-	-	930,000	930,000	
Inventories losses/write-downs	-	-	-	(371,269)	(371,269)	
	-	-	-	1,484,039	1,484,039	
	(29,323,500)	547,500	(28,776,000)	(32,172,559)	(3,396,559)	
	-	-	-	-	-	
Deficit before taxation	(29,323,500)	547,500	(28,776,000)	(32,172,559)	(3,396,559)	
Surplus before taxation	(29,323,500)	547,500	(28,776,000)	(32,172,559)	(3,396,559)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(29,323,500)	547,500	(28,776,000)	(32,172,559)	(3,396,559)	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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	61,985,000	-	61,985,000	1,183,343	(60,801,657)	
Receivables from exchange transactions	1,940,000	1,600,000	3,540,000	3,831,562	291,562	
Receivables from non-exchange transactions	9,800,000	(275,000)	9,525,000	7,143,804	(2,381,196)	B1
VAT receivable	3,679,000	-	3,679,000	5,135,796	1,456,796	
Prepayments	-	-	-	49,013	49,013	
Consumer debtors	-	-	-	1,194,175	1,194,175	
Cash and cash equivalents	113,548,000	(795,000)	112,753,000	172,414,685	59,661,685	B2
	190,952,000	530,000	191,482,000	190,952,378	(529,622)	
Non-Current Assets						
Investment property	4,462,385	1,500,000	5,962,385	13,168,187	7,205,802	
Property, plant and equipment	554,070,000	42,653,000	596,723,000	619,058,431	22,335,431	B3
Intangible assets	513,000	-	513,000	-	(513,000)	
Heritage assets	-	-	-	123,700	123,700	
	559,045,385	44,153,000	603,198,385	632,350,318	29,151,933	
Non-Current Assets	190,952,000	530,000	191,482,000	190,952,378	(529,622)	
Current Assets	559,045,385	44,153,000	603,198,385	632,350,318	29,151,933	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	749,997,385	44,683,000	794,680,385	823,302,696	28,622,311	
Liabilities						
Current Liabilities						
Financial liabilities	1,773,000	-	1,773,000	-	(1,773,000)	
Finance lease obligation	-	-	-	636,292	636,292	
Operating lease liability	-	-	-	2,382,024	2,382,024	
Payables from exchange transactions	39,055,000	-	39,055,000	67,667,999	28,612,999	
Taxes and transfers payable (non-exchange)	8,099,000	-	8,099,000	-	(8,099,000)	
VAT payable	1,181,000	-	1,181,000	-	(1,181,000)	
Consumer deposits	61,000	-	61,000	61,000	-	
Employee benefit obligation	-	-	-	529,390	529,390	
Unspent conditional grants and receipts	-	-	-	34,282,684	34,282,684	
Provisions	15,197,185	-	15,197,185	1,255,612	(13,941,573)	
VAT provision INEP	-	-	-	13,474,396	13,474,396	
	65,366,185	-	65,366,185	120,289,397	54,923,212	
Non-Current Liabilities						
Borrowings	2,682,000	-	2,682,000	-	(2,682,000)	
Finance lease obligation	-	-	-	4,058	4,058	
Operating lease liability	-	-	-	5,169,429	5,169,429	
Employee benefit obligation	-	-	-	3,908,885	3,908,885	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Provisions	11,042,000	-	11,042,000	9,260,398	(1,781,602)	
	13,724,000	-	13,724,000	18,342,770	4,618,770	
	65,366,185	-	65,366,185	120,289,397	54,923,212	
	13,724,000	-	13,724,000	18,342,770	4,618,770	
	-	-	-	-	-	
Total Liabilities	79,090,185	-	79,090,185	138,632,167	59,541,982	
Assets	749,997,385	44,683,000	794,680,385	823,302,696	28,622,311	
Liabilities	(79,090,185)	-	(79,090,185)	(138,632,167)	(59,541,982)	
Net Assets	670,907,200	44,683,000	715,590,200	684,670,529	(30,919,671)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	670,907,200	44,683,000	715,590,200	684,670,529	(30,919,671)	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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						
Property rates	6,047,000	6,381,000	12,428,000	13,675,501	1,247,501	
Service Charge	1,011,000	(130,000)	881,000	881,000	-	
Transfers and subsidies - operational	200,917,000	376,000	201,293,000	292,300,206	91,007,206	
Interest income	7,500,000	7,000,000	14,500,000	17,508,254	3,008,254	
Other income	2,107,000	(4,436,000)	(2,329,000)	41,590,760	43,919,760	
Transfers and subsidies - capital	88,298,000	49,179,000	137,477,000	-	(137,477,000)	
	305,880,000	58,370,000	364,250,000	365,955,721	1,705,721	
Payments						
Suppliers and employees	(221,265,000)	(25,730,000)	(246,995,000)	(258,751,259)	(11,756,259)	
Finance Costs	(274,000)	-	(274,000)	(2,032,727)	(1,758,727)	
	(221,539,000)	(25,730,000)	(247,269,000)	(260,783,986)	(13,514,986)	
Total receipts	305,880,000	58,370,000	364,250,000	365,955,721	1,705,721	
Total payments	(221,539,000)	(25,730,000)	(247,269,000)	(260,783,986)	(13,514,986)	
Net cash flows from operating activities	84,341,000	32,640,000	116,981,000	105,171,735	(11,809,265)	
Purchase of property, plant and equipment	(124,551,000)	(39,227,000)	(163,778,000)	(86,604,021)	77,173,979	
Proceeds from sale of property, plant and equipment	302,000	-	302,000	-	(302,000)	
Net cash flows from investing activities	(124,249,000)	(39,227,000)	(163,476,000)	(86,604,021)	76,871,979	
Net increase/(decrease) in cash and cash equivalents	(39,908,000)	(6,587,000)	(46,495,000)	18,567,714	65,062,714	
Cash and cash equivalents at the beginning of the year	121,987,475	-	121,987,475	154,517,120	32,529,645	
Cash and cash equivalents at the end of the year	82,079,475	(6,587,000)	75,492,475	173,084,834	97,592,359	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	130,000	-	130,000	-	(130,000)	
Service charges	1,500,000	935,000	2,435,000	1,141,309	(1,293,691)	
Construction contracts	-	-	-	21,179,565	21,179,565	
Rental of facilities and equipment	200,000	-	200,000	148,053	(51,947)	
Interest received (trading)	5,030,000	535,000	5,565,000	7,546,037	1,981,037	[A1]
Licences and permits	120,000	-	120,000	601,371	481,371	[A2]
Other income 1	1,557,000	13,000	1,570,000	852,900	(717,100)	
Interest received - investment	49,201,000	19,100,000	68,301,000	17,508,254	(50,792,746)	
Gains on disposal of assets	301,500	500	302,000	-	(302,000)	
Total revenue from exchange transactions	58,039,500	20,583,500	78,623,000	48,977,489	(29,645,511)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	11,965,000	3,000,000	14,965,000	15,559,721	594,721	[A3]
Transfer revenue						
Government grants & subsidies	200,917,000	(164,000)	200,753,000	281,937,814	81,184,814	[A4]
Fines, Penalties and Forfeits	100,000	-	100,000	254,700	154,700	
Total revenue from non-exchange transactions	212,982,000	2,836,000	215,818,000	297,752,235	81,934,235	
'Total revenue from exchange transactions'	58,039,500	20,583,500	78,623,000	48,977,489	(29,645,511)	
'Total revenue from non-exchange transactions'	212,982,000	2,836,000	215,818,000	297,752,235	81,934,235	
Total revenue	271,021,500	23,419,500	294,441,000	346,729,724	52,288,724	
Expenditure						
Employee related costs	(95,990,000)	(16,925,000)	(112,915,000)	(102,531,274)	10,383,726	[A5]
Remuneration of councillors	(14,101,000)	(2,690,000)	(16,791,000)	(14,240,129)	2,550,871	[A6]
Depreciation and amortisation	(57,414,000)	300,000	(57,114,000)	(59,853,187)	(2,739,187)	[A7]
Finance costs	(274,000)	-	(274,000)	(3,912,552)	(3,638,552)	
Lease rentals on operating lease	-	-	-	(3,468,025)	(3,468,025)	
Debt Impairment	(1,456,000)	(1,977,000)	(3,433,000)	(13,402,669)	(9,969,669)	
Inventory consumed	(2,946,000)	(359,000)	(3,305,000)	-	3,305,000	[A8]
Contracted Services	(25,739,000)	(389,000)	(26,128,000)	(49,687,731)	(23,559,731)	[A9]
Transfers and Subsidies	(15,130,000)	(1,465,000)	(16,595,000)	(8,002,841)	8,592,159	[A10]
Irrecoverable debts written off	(4,867,000)	-	(4,867,000)	-	4,867,000	
General Expenses	(82,528,000)	633,000	(81,895,000)	(72,859,528)	9,035,472	[A11]
Total expenditure	(300,445,000)	(22,872,000)	(323,317,000)	(328,250,428)	(4,933,428)	
Deficit before taxation	(29,423,500)	547,500	(28,876,000)	18,479,296	47,355,296	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(29,423,500)	547,500	(28,876,000)	18,479,296	47,355,296	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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	61,985,000	-	61,985,000	1,183,343	(60,801,657)	
Receivables from exchange transactions	1,940,000	1,600,000	3,540,000	3,831,562	291,562	
Receivables from non-exchange transactions	9,800,000	(275,000)	9,525,000	6,973,816	(2,551,184)	[B1]
VAT receivable	3,679,000	-	3,679,000	-	(3,679,000)	
Cash and cash equivalents	113,548,000	(795,000)	112,753,000	172,406,901	59,653,901	[B2]
	190,952,000	530,000	191,482,000	184,395,622	(7,086,378)	
Non-Current Assets						
Investment property	4,462,385	1,500,000	5,962,385	13,168,187	7,205,802	
Property, plant and equipment	554,070,000	42,653,000	596,723,000	618,518,303	21,795,303	[B3]
Intangible assets	513,000	-	513,000	-	(513,000)	
	559,045,385	44,153,000	603,198,385	631,810,190	28,611,805	
Non-Current Assets	559,045,385	44,153,000	603,198,385	631,810,190	28,611,805	
Current Assets	190,952,000	530,000	191,482,000	184,395,622	(7,086,378)	
Total Assets	749,997,385	44,683,000	794,680,385	816,205,812	21,525,427	
Liabilities						
Current Liabilities						
Financial liabilities	(1,773,000)	-	(1,773,000)	-	1,773,000	
Payables from exchange transactions	(39,055,000)	-	(39,055,000)	67,292,893	106,347,893	
Taxes and transfers payable (non-exchange)	(8,099,000)	-	(8,099,000)	-	8,099,000	
VAT payable	(1,181,000)	-	(1,181,000)	-	1,181,000	
Consumer deposits	(61,000)	-	(61,000)	61,000	122,000	
Provisions	(15,197,185)	-	(15,197,185)	1,255,612	16,452,797	
VAT provision INEP	-	-	-	13,474,396	13,474,396	
	(65,366,185)	-	(65,366,185)	116,895,975	182,262,160	
Non-Current Liabilities						
Borrowings	(2,682,000)	-	(2,682,000)	-	2,682,000	
Provisions	(11,042,000)	-	(11,042,000)	9,260,398	20,302,398	
	(13,724,000)	-	(13,724,000)	9,260,398	22,984,398	
	(65,366,185)	-	(65,366,185)	116,895,975	182,262,160	
	(13,724,000)	-	(13,724,000)	9,260,398	22,984,398	
	-	-	-	-	-	
Total Liabilities	(79,090,185)	-	(79,090,185)	126,156,373	205,246,558	
Assets	749,997,385	44,683,000	794,680,385	816,205,812	21,525,427	
Liabilities	79,090,185	-	79,090,185	(126,156,373)	(205,246,558)	
Net Assets	829,087,570	44,683,000	873,770,570	690,049,439	(183,721,131)	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	829,087,570	44,683,000	873,770,570	684,549,914	(189,220,656)	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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						
Property rates	6,047,000	6,381,000	12,428,000	17,193,284	4,765,284	
Service Charge	1,011,000	(130,000)	881,000	881,000	-	
Transfers and subsidies - operational	200,917,000	376,000	201,293,000	292,300,206	91,007,206	
Interest income	7,500,000	7,000,000	14,500,000	17,508,254	3,008,254	
Other income	2,107,000	(4,436,000)	(2,329,000)	-	2,329,000	
Transfers and subsidies - capital	88,298,000	49,179,000	137,477,000	40,292,456	(97,184,544)	
	305,880,000	58,370,000	364,250,000	368,175,200	3,925,200	
Payments						
Suppliers and employees	(221,265,000)	(25,730,000)	(246,995,000)	(273,981,780)	(26,986,780)	
Finance Costs	(274,000)	-	(274,000)	(1,819,446)	(1,545,446)	
Grants and subsidies paid	(15,130,000)	(1,465,000)	(16,595,000)	(9,203,267)	7,391,733	
	(236,669,000)	(27,195,000)	(263,864,000)	(285,004,493)	(21,140,493)	
Total receipts	305,880,000	58,370,000	364,250,000	368,175,200	3,925,200	
Total payments	(236,669,000)	(27,195,000)	(263,864,000)	(285,004,493)	(21,140,493)	
Net cash flows from operating activities	69,211,000	31,175,000	100,386,000	83,170,707	(17,215,293)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(124,551,000)	(39,227,000)	(163,778,000)	(66,249,324)	97,528,676	
Proceeds from sale of property, plant and equipment	302,000	-	302,000	-	(302,000)	
Net cash flows from investing activities	(124,249,000)	(39,227,000)	(163,476,000)	(66,249,324)	97,226,676	
Cash flows from financing activities						
Finance lease payments	-	-	-	(626,263)	(626,263)	
Net increase/(decrease) in cash and cash equivalents	(55,038,000)	(8,052,000)	(63,090,000)	16,295,120	79,385,120	
Cash and cash equivalents at the beginning of the year	121,987,475	-	121,987,475	152,933,349	30,945,874	
Cash and cash equivalents at the end of the year	66,949,475	(8,052,000)	58,897,475	169,228,469	110,330,994	

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Budget Differences

Material differences between budget and actual amounts.

The variances between budget and actual of amounts numerically above R250 000 are explained below:

[A1] Interest received from debtors was more than budget. Budget was based on expected amounts owed by debtors. Actual interest was more due to non-payment of the rates by the debtors of the municipality.

[A2] Licences and permits revenue was higher than budgeted due to more licences issued than anticipated . This includes trade licenses (at the beach and hawkers) and testing of drivers licences.

[A3] Property rates billed are well less than budgeted. The municipality billed all property rates as per valuation roll. However, budget included expected cash collections which resulted in the variance.

[A4] Grants revenue are more than budgeted for because the municipality has received municipal disaster relief grant in the current year than the usual grants that the municipality receives and INEP we received more than the allocated amount.

[A5] Employee related costs was less than the budget because of less overtime worked, few appointments and more resignations during the financial year under review.

[A6] Councilor's remuneration is less than budgeted due to the movements of councillors following the local movement election

[A7] Depreciation and asset impairments is less than the budget because of the assets that were impaired in the current year and the municipality has revised their useful lives of the their assets.

[A8] Inventory Variances came up due to more stock items written off

[A9] Contracted services are less than the budget due to less consultancy services used in the current year, less repairs and maintenance was done in the current year.

[A10] Transfers and subsidies to Port St Johns Development Agency (PJSDA) were less than budgeted due to changes in the Agency's business plans.

[A11] General Expenses is less than budgeted for because there is an decrease INEP projects in the current year.

[B1] Consumer debtors and rates debtors were budgeted as one figure. The total actual amounts are more than budgeted because the rate payers and consumers are not paying their accounts and higher impairment had to be recognised.

[B2] Cash and cash equivalents are more than the budgeted amounts because of the amounts which were received from grants in the current year.

[B3] Property Plant and equipment is more than the budgeted amount because in the current year the municipality re-assessed useful lives of the assets therefore

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023	2024	2023

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparations

The consolidated 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 consolidated 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.

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.

1.2 Presentation currency

These consolidated financial statements are presented in South African Rand, which is the functional currency of the economic entity.

1.3 Going concern assumption

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

1.4 Materiality

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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated financial statements. Significant judgements include:

Receivables

The Municipality assesses its trade 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 consumer receivables and other 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.

Allowance for slow moving, damaged and obsolete stock.

An allowance for slow moving, damaged and obsolete stock is to write down stock 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-off is included in the operation surplus.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value 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 the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstance suggest that the carrying amount may not be recoverable. 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as rates inflation and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available from the landfill site valuers.

Additional disclosure of these estimates of provision are included in note 20 - Provisions.

Useful lives and residual values of property, plant and equipment.

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

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.

1.6 Investment property

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

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

Port St Johns Local Municipality

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Accounting Policies

1.6 Investment property (continued)

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

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 economic entity, 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	20 - 30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.

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 of the asset.
- The reason(s) why the assets was acquired ; and
- The asset's current use

The economic entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 12).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 12).

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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 economic entity; and
- the cost of the item can be measured reliably.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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.

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

Item	Depreciation method	Average useful life
Land	Non depreciable	Non depreciable
Buildings	Straight-line	25 years
Plant and machinery	Straight-line	5 - 10 years
Furniture and fixtures	Straight-line	3 years
Transport Assets	Straight-line	5 -10 years
Cellular equipment	Straight-line	2 years
IT equipment	Straight-line	3 - 5 years
Infrastructure	Straight-line	5- 60 years
Community assets	Straight-line	5 -25 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 economic entity. 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.

Port St Johns Local Municipality

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Accounting Policies

1.7 Property, plant and equipment (continued)

The economic entity assesses at each reporting date whether there is any indication that the economic entity 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 economic entity 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 economic entity 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 economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 13).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Intangible assets

An 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 economic entity or from other rights and obligations.

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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity 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.

Port St Johns Local Municipality

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Accounting Policies

1.9 Intangible assets (continued)

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

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

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

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.

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
Indigent software	Straight-line	2 years

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.10 Heritage assets

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

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 economic entity's operations that is shown as a single item for the purpose of disclosure in the consolidated 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 economic entity 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.

Port St Johns Local Municipality

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Accounting Policies

1.10 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.

The economic entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

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

Recognition

The economic entity 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 economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.11 Financial instruments

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

The 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.

Port St Johns Local Municipality

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Accounting Policies

1.11 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 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.

Port St Johns Local Municipality

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Accounting Policies

1.11 Financial instruments (continued)

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

- Financial instruments at amortised cost

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

Fair value measurement considerations

Port St Johns Local Municipality

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Accounting Policies

1.11 Financial instruments (continued)

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality 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, a 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.

Short term receivables and payables are not discounted were initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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.

Derecognition Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;

Port St Johns Local Municipality

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Accounting Policies

1.11 Financial instruments (continued)

- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - ◆ 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.

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.

Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality 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).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.12 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.

Port St Johns Local Municipality

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Accounting Policies

1.12 Statutory receivables (continued)

Recognition

The economic entity 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 economic entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the economic entity 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 economic entity 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.

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Accounting Policies

1.12 Statutory receivables (continued)

In estimating the future cash flows, an economic entity 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 economic entity 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 economic entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the economic entity, 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.

1.13 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.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue 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.

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

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Accounting Policies

1.13 Leases (continued)

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.

1.14 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 economic entity incurs to acquire the asset on the reporting date.

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

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

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

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.

1.15 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Port St Johns Local Municipality

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Useful life is either:

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

Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the economic entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the economic entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the economic entity 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 economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the economic entity:

- 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.

Port St Johns Local Municipality

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Accounting Policies

1.15 Impairment of cash-generating assets (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 economic entity 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.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, 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.

Port St Johns Local Municipality

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity 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 economic entity 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.

Port St Johns Local Municipality

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The economic entity 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.

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.

1.16 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.

Port St Johns Local Municipality

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Accounting Policies

1.16 Construction contracts and receivables (continued)

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The economic entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the economic entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the economic entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

The economic entity 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 economic entity 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.

Port St Johns Local Municipality

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Accounting Policies

1.16 Construction contracts and receivables (continued)

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 economic entity 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 economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The economic entity 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 economic entity 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.

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.

Port St Johns Local Municipality

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Accounting Policies

1.16 Construction contracts and receivables (continued)

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.

1.17 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.

Port St Johns Local Municipality

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Accounting Policies

1.17 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: Defined contribution plans

The municipality does not have any post-employment benefits.

Post-employment benefits: Defined benefit plans

The municipality does not have any post-employment benefits.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.17 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality does not provide for post-retirement benefits.

- 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.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

Port St Johns Local Municipality

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Accounting Policies

1.18 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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 economic entity 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.

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 economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity 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 47.

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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.18 Provisions and contingencies (continued)

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

The economic entity 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 economic entity 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 economic entity considers that an outflow of economic resources is probable, an economic entity 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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.18 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 1.15 and 1.16.

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.

1.19 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.20 Revenue from exchange transactions (continued)

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).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity 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 economic entity; 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 economic entity;
- 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 services performed to date as a percentage of total services to be performed.

Interest

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.

Port St Johns Local Municipality

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Accounting Policies

1.21 Revenue from non-exchange transactions

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

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

Control of an asset arise 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, an 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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Measurement

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

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

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.

Taxes (Property rates)

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 income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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.

Taxation revenue are not grossed up for the amount of tax expenditures.

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.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the infringement is committed and the fine is issued.

Impairment is recognised using the collection statistics for the period. If the municipality has managed to collect say 20% of traffic fines issued historically, then an impairment is recognised at 80% of all outstanding traffic fine debtors at year end.

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.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Grants

Revenue received from conditional grants is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Revenue is measured at the fair value of the consideration received or receivable

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 present 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 will be recognised as revenue.

1.22 Investment income

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

1.23 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.

1.24 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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.24 Unauthorised expenditure (continued)

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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 is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 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.

Measurement

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

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

1.28 Budget information

Economic Entity 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.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.28 Budget information (continued)

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023-07-01 to 2024-06-30.

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.

Variances numerically greater than R500 000 and 10% of approved budgets are considered material and explanations for those variances are provided in the note to the financial statements.

1.29 Related parties

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

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

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

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

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

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

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

The economic entity 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 economic entity 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 economic entity is exempt from the disclosures in accordance with the above, the economic entity 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.

1.30 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 economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Accounting Policies

1.30 Events after reporting date (continued)

The economic entity 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.

1.31 Value-added Tax (VAT)

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis. VAT control debit and credit accounts (recognised on transaction(s) date before payments) are presented on net basis and they do not form part of financial instruments. Once payments are received or paid, the VAT receivable or payable from/(to) SARS is presented on a net basis and is accounted as a statutory receivable under GRAP 108 or statutory payable in line with GRAP 19.

1.32 Unpaid Conditional Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Additional text

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 1 July, 2024 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The economic entity expects to adopt the guideline for the first time in the 2098/2099 consolidated financial statements.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

GRAP 104 (as revised): Financial Instruments

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

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

The most significant changes to the Standard affect:

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

The effective date of the revisions is not yet set by the Minister of Finance.

The economic entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The impact of this standard is currently being assessed.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
3. Inventories				
Consumable stores	1,183,343	1,554,612	1,183,343	1,554,612
3.1 Inventory is categorised as follows				
Construction Material [1]	-	142,447	-	142,447
Protective and cleaning material	107,317	25,119	107,317	25,119
Gardening	-	213,076	-	213,076
Mechanical tools and spare parts	1,076,047	1,139,230	1,076,047	1,139,230
Fuel and Oil	-	24,276	-	24,276
COVID 19 equipment	-	10,484	-	10,484
	1,183,364	1,554,632	1,183,364	1,554,632
Inventories recognised as an expense during the year	1,183,364	1,554,632	1,183,364	1,554,632
[1] Construction materials comprise of items required to repair and maintain road infrastructure such as cement, concrete pipes, paint and gabions. The increase is due to purchases towards year end in anticipation of repair works to be done after year end.				
Inventory pledged as security				
No inventory was pledged as security.				
Inventory losses/ write- downs or (gains)				
Inventory write-down to net replacement cost	371,268	98,132	371,268	98,132
The assessment of carrying inventory at the lower of its cost or current replacement cost was carried out and resulted in a write-down amounting to R371 268 (2023:98 132)				
4. Receivables from exchange transactions				
Expenditure paid in advance [1]	2,706,792	2,523,354	2,706,792	2,523,354
Sundry Debtors [2]	1,090,969	32,319	1,090,969	32,319
Suspense Account [3]	33,801	33,801	33,801	33,801
	3,831,562	2,589,474	3,831,562	2,589,474
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:				
Expenditure paid in advance	913,401	1,426,239	913,401	1,426,239
Financial asset receivables included in receivables from exchange transactions above	2,918,161	1,163,235	2,918,161	1,163,235
Total receivables from exchange transactions	3,831,562	2,589,474	3,831,562	2,589,474

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

4. Receivables from exchange transactions (continued)

Statutory receivables general information

Determination of transaction amount

[1] These relates to insurance premiums and software licenses which are paid annually in advance. At the end of the year, the municipality had not yet utilised all the expenditure.

[2] Sundry debtors are composed of overpayments of Councillors emanating from prior years, and monies receivable from the auction for disposal of assets was not yet received by the municipality at 30 June 2024.

[3] ABSA relates to the amounts fraudulently deducted from the municipal bank account in prior years. The municipality has initiated the process of consequent management with the aim of recovering the debt.

Trade and other receivables pledged as security

There were no receivables from exchange transactions pledged as security.

5. Receivables from non-exchange transactions

Fines	1,144,675	935,275	1,144,675	935,275
Public contributions and subsidies	1,774,125	1,576,125	1,774,125	1,576,125
Staff debtors	20,269	23,569	-	-
Board of Director Receivable	149,719	149,719	-	-
Consumer debtors - Rates	4,055,016	3,151,506	4,055,016	3,151,506
	7,143,804	5,836,194	6,973,816	5,662,906

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Fines	1,144,675	935,275	1,144,675	935,275
Property rates	4,055,016	3,151,506	4,055,016	3,151,506
Grants	1,774,125	1,576,125	1,774,125	1,576,125
	6,973,816	5,662,906	6,973,816	5,662,906

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Staff debtors	20,269	23,569	-	-
Board of Director Receivable	149,719	149,719	-	-
	169,988	173,288	-	-

Total receivables from non-exchange transactions	7,143,804	5,836,194	6,973,816	5,662,906
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Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

5. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

The Municipality charges property rates for all qualifying rate payers within the jurisdiction of Port St Johns in terms of the Municipal Property Rates Act 06 of 2004.

Determination of transaction amount

The amount levied as property rates are determined by applying the tariff (approved annually by council) on the market value of the property in the valuation roll. Rebates are deducted for qualifying pensioners and individuals. Billing is done annually in July.

Interest or other charges levied/charged

Interest is charged on property rates receivables at a rate of 15% (2023:15%) per annum.

Basis used to assess and test whether a statutory receivable is impaired

The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into credit risk control. No external credit rating is performed.

Statutory receivables impaired

Details of property rates impairment are disclosed in note 7

No receivables from non-exchange have been pledged as security for any liabilities of the municipality.

The credit quality of receivables from non-exchange transaction that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are impaired at each of the reporting dates under review are good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk control. No external credit rating is performed.

None of the financial assets that are fully performing have been renegotiated in the last year.

Other Disclosures

Consumer receivables from rates are billed annually. Interest is charged on overdue consumer receivables at a rate of 15% (2023:15%) per annum

No interest is charged on overdue traffic fines debtors.

The municipality enforces its approved credit control policy to ensure the recovery of receivables.

Included in the receivables is amounts relating to equitable share that were allocated to the municipality and not yet received at year end.

6. Statutory Receivables

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows :

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
6. Statutory Receivables (continued)				
Receivables from Non -exchange transactions				
Property rates	4,055,016	3,151,506	4,055,016	3,151,506
Traffic fines	1,144,675	935,275	1,144,675	935,275
	5,199,691	4,086,781	5,199,691	4,086,781
VAT receivables	5,135,796	1,412,448	5,376,187	1,311,116
	10,335,487	5,499,229	10,575,878	5,397,897
7. Consumer debtors disclosure				
Gross balances				
Consumer debtors - Rates	60,282,059	48,802,436	60,282,059	48,802,436
Less: Allowance for impairment				
Consumer debtors - Rates	(56,227,043)	(45,650,930)	(56,227,043)	(45,650,930)
Net balance				
Consumer debtors - Rates	4,055,016	3,151,506	4,055,016	3,151,506
Rates				
Current (0 -30 days)	504,937	644,571	504,937	644,571
31 - 60 days	246,987	657,963	246,987	657,963
61 - 90 days	246,121	656,761	246,121	656,761
91 - 120 days	245,557	653,149	245,557	653,149
121 - 365 days	58,952,872	46,189,992	58,952,872	46,189,992
	60,196,474	48,802,436	60,196,474	48,802,436
Residential				
Current (0 -30 days)	136,844	197,503	136,844	197,503
31 - 60 days	98,202	196,014	98,202	196,014
61 - 90 days	96,580	195,481	96,580	195,481
91 - 120 days	96,580	192,760	96,580	192,760
121 - 365 days	17,810,656	15,280,662	17,810,656	15,280,662
	18,238,862	16,062,420	18,238,862	16,062,420
Business				
Current (0 -30 days)	120,520	209,400	120,520	209,400
31 - 60 days	58,561	208,775	58,561	208,775
61 - 90 days	56,929	208,129	56,929	208,129
91 - 120 days	56,775	207,260	56,775	207,260
121 - 365 days	17,782,594	19,046,653	17,782,594	19,046,653
	18,075,379	19,880,217	18,075,379	19,880,217

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
7. Consumer debtors disclosure (continued)				
National and provincial government				
Current (0 -30 days)	1,799	237,668	1,799	237,668
31 - 60 days	1,799	253,174	1,799	253,174
61 - 90 days	1,799	253,151	1,799	253,151
91 - 120 days	1,799	253,128	1,799	253,128
121 - 365 days	23,802,869	19,004,373	23,802,869	19,004,373
	23,810,065	20,001,494	23,810,065	20,001,494
Consumer debtors - rates				
Current (0 -30 days)	259,164	644,571	259,164	644,571
31 - 60 days	158,563	657,963	158,563	657,963
61 - 90 days	155,309	656,761	155,309	656,761
91 - 120 days	155,154	653,149	155,154	653,149
>121 days	59,468,284	46,189,992	59,468,284	46,189,992
Subtotal	60,196,474	48,802,436	60,196,474	48,802,436
Less: Allowance for impairment	(56,227,043)	(42,244,382)	(56,227,043)	(42,244,382)
	3,969,431	6,558,054	3,969,431	6,558,054
Reconciliation of allowance for impairment				
Balance at beginning of the year	(45,650,930)	(42,244,382)	(45,650,930)	(42,244,382)
Contributions to allowance	(10,576,113)	(3,406,548)	(10,576,113)	(3,406,548)
	(56,227,043)	(45,650,930)	(56,227,043)	(45,650,930)
<p>The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 36). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The impairment allowance recognised in these financial statements is determined using past collection trends with the expected future cash flows being discounted to reflect the time value of money. The maximum exposure to credit risk at the reporting date is the fair value of each receivable mentioned above. The municipality does not hold any collateral as security.</p>				
8. Consumer debtors				
Gross balances				
Refuse	11,182,052	13,892,166	11,182,052	13,892,166
Housing rental	161,616	161,616	161,616	161,616
	11,343,668	14,053,782	11,343,668	14,053,782
Less: Allowance for impairment				
Refuse	(9,987,877)	(12,839,621)	(9,987,877)	(12,839,621)
Housing rental	(161,616)	(161,616)	(161,616)	(161,616)
	(10,149,493)	(13,001,237)	(10,149,493)	(13,001,237)
Net balance				
Refuse	1,194,175	1,052,545	1,194,175	1,052,545
Refuse				
Current (0 -30 days)	330,293	199,017	330,293	199,017
31 - 60 days	160,917	199,801	160,917	199,801
61 - 90 days	159,565	197,616	159,565	197,616
91 - 120 days	158,543	195,577	158,543	195,577
121 - 365 days	10,372,733	13,100,155	10,372,733	13,100,155
	11,182,051	13,892,166	11,182,051	13,892,166

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
8. Consumer debtors (continued)				
Summary of debtors by customer classification				
Residential				
Current (0 -30 days)	20,431	42,295	20,431	42,295
31 - 60 days	20,285	41,892	20,285	41,892
61 - 90 days	19,847	41,583	19,847	41,583
91 - 120 days	19,638	41,081	19,638	41,081
121 - 365 days	3,086,079	3,043,456	3,086,079	3,043,456
	3,166,280	3,210,307	3,166,280	3,210,307
Business				
Current (0 -30 days)	45,888	94,670	45,888	94,670
31 - 60 days	43,207	94,128	43,207	94,128
61 - 90 days	38,691	92,581	38,691	92,581
91 - 120 days	38,541	92,057	38,541	92,057
121 - 365 days	3,836,555	5,064,466	3,836,555	5,064,466
	4,002,882	5,437,902	4,002,882	5,437,902
National and provincial government				
Current (0 -30 days)	21,809	62,053	21,809	62,053
31 - 60 days	21,809	63,780	21,809	63,780
61 - 90 days	21,809	63,452	21,809	63,452
91 - 120 days	21,809	62,439	21,809	62,439
121 - 365 days	3,864,268	4,928,276	3,864,268	4,928,276
	3,951,504	5,180,000	3,951,504	5,180,000
Total				
Current (0 -30 days)	88,128	199,017	88,128	199,017
30 -60 days	85,301	199,801	85,301	199,801
61 - 90 days	80,347	197,616	80,347	197,616
91 - 120 days	79,988	195,577	79,988	195,577
121 - 365 days	10,848,288	13,100,155	10,848,288	13,100,155
	11,182,052	13,892,166	11,182,052	13,892,166
Less: Allowance for impairment	(9,987,877)	(12,839,621)	(9,987,877)	(12,839,621)
	1,194,175	1,052,545	1,194,175	1,052,545
Reconciliation of allowance for impairment				
Balance at beginning of the year	(13,001,237)	(11,316,370)	(13,001,237)	(11,316,370)
Contributions to allowance	2,851,744	(1,684,867)	2,851,744	(1,684,867)
	(10,149,493)	(13,001,237)	(10,149,493)	(13,001,237)

Consumer debtors pledged as security

No Consumer debtors have been pledged as security for any liabilities of the municipality

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk control. No external credit rating is performed.

None of the financial assets that are fully performing have been renegotiated in the last year.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

8. Consumer debtors (continued)

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The impairment allowance recognised in these financial statements is determined using past collection trends with the expected future cash flows being discounted to reflect the time value of money.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The economic entity does not hold any collateral as security.

9. VAT receivable

VAT	5,135,796	1,412,448	5,376,712	1,311,116
VAT				
June Refund	1,889,524	1,467,443	1,889,524	1,467,443
Total cash basis	1,889,524	1,467,443	1,889,524	1,467,443
Accrual basis	-	-	-	-
Provisional VAT input VAT	4,719,394	1,187,644	4,719,394	1,086,312
Provisional Output VAT	(1,473,647)	(1,242,639)	(1,232,730)	(1,242,639)
	5,135,271	1,412,448	5,376,188	1,311,116

VAT is payable to SARS on the receipt basis. No interest is payable to SARS if the VAT is paid over timeously. However, interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are made before the due date.

10. Prepayments

Prepayments relates to annual software licencing paid for the period ending 30 September 2024 of R49 013.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4,571	2,610	-	-
Bank balances	3,213	1,581,161	-	-
Short-term deposits	131,891,251	152,933,349	131,891,251	152,933,349
Investments	40,515,650	-	40,515,650	-
	172,414,685	154,517,120	172,406,901	152,933,349

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
First National Bank	131,891,251	152,933,349	131,891,251	152,933,349
ABSA Bank	2,898	1,581,161	-	-
	131,894,149	154,514,510	131,891,251	152,933,349

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity			Controlling entity		
	2024	2023	2024	2024	2023	2023
11. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June, 2024	30 June, 2023	30 June, 2022	30 June, 2024	30 June, 2023	30 June, 2022
STD Bank - current account (1)	-	-	1,007,261	-	-	1,007,261
STD Bank - Salaries call account -9569-001	-	-	58,856,946	-	-	58,856,946
STD Bank -Repairs call account -9569-003	-	-	6,999,134	-	-	6,999,134
STC Bank account -FMG9569-006	-	-	6,448,621	-	-	6,448,621
STD Bank MIG call account 9569-008	-	-	310,840	-	-	310,840
STD Bank LED call account 9569-007	-	-	90,418	-	-	90,418
STD Bank -traffic call account - 9569-004	-	-	42,865,927	-	-	42,865,927
STD Bank - Plant call account - 9569-002	-	-	1,466,053	-	-	1,466,053
STD Bank -EPWP call account - 9569-011	-	-	3,571,504	-	-	3,571,504
STD BANK INEP call account - 9569-010	-	-	5,906	-	-	5,906
STD bank -DSRAC Call account -9569-009	-	-	358,866	-	-	358,866
FNB DSRAC call account 63008236829	-	3,819,527	-	-	3,819,527	-
FNB EPWP call account 63008236043	-	3,650,146	-	-	3,650,146	-
FNB LED call Account 63008238081	34,619,562	23,135,503	-	34,619,562	23,135,503	-
FNB INEP call Account 63008236407	933,712	30,455	-	933,712	30,455	-
FNB MIG call Account 63008237778	10,637,085	13,736,483	-	10,637,085	13,736,483	-
FNB Alien plant call account 63008235326	-	1,028,871	-	-	1,028,871	-
FNB Repair call account 63008239790	61,551,738	7,450,047	-	61,551,738	7,450,047	-
FNB Salaries call Account 63008240870	-	14,356,113	-	-	14,356,113	-
FNB Traffic call account - 63008239261	20,411,802	74,397,725	-	20,411,802	74,397,725	-
FNB FMG call account - 63008238750	-	6,864,068	-	-	6,864,068	-
FNB Main Account 63007016735	3,734,341	3,734,341	-	3,734,341	4,497,987	-
ABSA Bank - Primary account 40-6064-2488	2,503	1,578,560	3,730,786	2,503	1,581,161	3,730,786
ABSA Bank - Salaries account - 40-6320-8356	395	2,601	10,342	395	2,601	10,342
ABSA Bank - Mgazi account - 40-7165-4521	-	-	(495)	315	-	(495)
Total	131,891,138	153,784,440	125,722,109	131,891,453	154,550,687	125,722,109

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

12. Investment property

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13,649,242	(481,055)	13,168,187	13,649,242	(350,206)	13,299,036

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13,649,242	(481,055)	13,168,187	13,649,242	(350,206)	13,299,036

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Depreciation	Total
Investment property	13,299,036	(130,849)	13,168,187

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Depreciation	Total
Investment property	13,429,885	(130,849)	13,299,036

Reconciliation of investment property - Controlling entity - 2024

	Opening balance	Depreciation	Total
Investment property	13,299,036	(130,849)	13,168,187

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

12. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Depreciation	Total
Investment property	13,429,885	(130,849)	13,299,036

Pledged as security

None of the above investment property has been pledged as security

Investment property held for sale

Included in the investment property disclosed above, is certain property held pending finalisation of sale to the OR Tambo District Municipality. This property was disposed with conditions. The property has not yet been transferred.

The land portion of the investment property does not depreciate even though the policy of the Municipality is to carry investment property at cost less accumulated depreciation and accumulated impairment.

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.

The land portion of the investment property does not depreciate even though the policy of the Municipality is to carry investment property at cost less accumulated depreciation and accumulated impairment.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

13. Property, plant and equipment

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	73,876,552	-	73,876,552	73,876,552	-	73,876,552
Buildings	20,764,158	(6,499,375)	14,264,783	14,169,346	750,031	14,919,377
Plant and machinery	53,574,222	(42,505,446)	11,068,776	52,300,103	(37,410,571)	14,889,532
Furniture and fixtures	4,643,237	(3,777,349)	865,888	4,264,942	(3,367,224)	897,718
Motor vehicles	18,213,757	(12,628,637)	5,585,120	13,837,719	(9,595,012)	4,242,707
Office equipment	2,312,103	(1,880,075)	432,028	708,741	(708,740)	1
IT equipment	6,149,207	(3,851,921)	2,297,286	8,460,864	(4,475,924)	3,984,940
Infrastructure	734,957,984	(406,027,468)	328,930,516	697,100,495	(348,504,072)	348,596,423
Community	56,320,332	(16,732,441)	39,587,891	40,744,866	(10,599,616)	30,145,250
Other property, plant and equipment	142,095,322	-	142,095,322	101,509,094	-	101,509,094
Security measures	13,826	(11,627)	2,199	13,826	(6,906)	6,920
Signage	95,587	(43,517)	52,070	76,098	(25,064)	51,034
Total	1,113,016,287	(493,957,856)	619,058,431	1,007,062,646	(413,943,098)	593,119,548

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Controlling entity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	20,392,718	(6,450,125)	13,942,593	13,797,906	780,709	14,578,615
Leased Assets	2,310,086	(1,878,059)	432,027	706,724	(706,724)	-
Community	56,296,032	(16,729,403)	39,566,629	40,720,566	(10,599,008)	30,121,558
Computer Equipment	5,697,520	(3,480,912)	2,216,608	8,043,278	(4,181,686)	3,861,592
Furniture and fixtures	4,378,079	(3,564,918)	813,161	3,999,784	(3,174,535)	825,249
Infrastructure	734,957,984	(406,027,468)	328,930,516	697,100,495	(348,504,072)	348,596,423
Work in progress	142,095,322	-	142,095,322	101,509,094	-	101,509,094
Land	73,876,552	-	73,876,552	73,876,552	-	73,876,552
Plant and machinery	53,574,222	(42,505,446)	11,068,776	52,288,861	(37,405,138)	14,883,723
Transport assets	17,782,433	(12,206,314)	5,576,119	13,406,395	(9,215,919)	4,190,476
Total	1,111,360,948	(492,842,645)	618,518,303	1,005,449,655	(413,006,373)	592,443,282

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2024

	Opening balance	Additions	Disposals	Transfers (WIP)	Transfers	Depreciation	Impairment loss	Total
Security measures	6,920	-	-	-	-	(4,721)	-	2,199
Buildings	14,919,377	195,669	-	-	-	(850,263)	-	14,264,783
Leased assets	1	-	-	-	966,481	(534,454)	-	432,028
Community assets	30,145,250	-	-	11,521,827	-	(2,079,186)	-	39,587,891
Computer equipment	3,984,940	1,024,913	(280,513)	-	(966,479)	(1,465,575)	-	2,297,286
Furniture and fixtures	897,718	378,295	-	-	-	(410,125)	-	865,888
Infrastructure assets	348,596,423	-	-	30,080,620	-	(49,746,527)	-	328,930,516
Work in progress	101,509,094	82,188,675	-	(41,602,447)	-	-	-	142,095,322
Land	73,876,552	-	-	-	-	-	-	73,876,552
Motor vehicles	4,242,707	2,194,037	(71,918)	-	-	(779,706)	-	5,585,120
Plant and machinery	14,889,532	347,000	(4,404)	-	-	(3,870,862)	(292,490)	11,068,776
Signage	51,034	19,489	-	-	-	(18,453)	-	52,070
	593,119,548	86,348,078	(356,835)	-	2	(59,759,872)	(292,490)	619,058,431

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfers (WIP)	Depreciation	Total
Ancillary fleet equipment and security	11,524	-	-	-	(4,604)	6,920
Buildings	15,427,976	334,000	-	-	(842,599)	14,919,377
Office equipment	208,543	-	-	-	(208,542)	1
Community	32,059,302	223,050	-	-	(2,137,102)	30,145,250
IT equipment	4,334,031	1,339,995	(12,988)	-	(1,676,098)	3,984,940
Furniture and fixtures	1,196,303	100,298	-	-	(398,883)	897,718
Infrastructure	369,659,450	-	-	26,206,035	(47,269,062)	348,596,423
Work in progress	59,985,239	67,729,890	-	(26,206,035)	-	101,509,094
Land	73,876,552	-	-	-	-	73,876,552
Motor vehicles	2,779,998	2,609,042	-	-	(1,146,333)	4,242,707
Plant and machinery	16,981,537	3,683,686	-	-	(5,775,691)	14,889,532
Signage	45,684	17,800	-	-	(12,450)	51,034
	576,566,139	76,037,761	(12,988)	-	(59,471,364)	593,119,548

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers (WIP)	Depreciation	Impairment loss	Total
Buildings	14,578,615	195,669	-	-	(831,691)	-	13,942,593
Leased Assets	-	-	-	966,481	(534,454)	-	432,027
Community Assets	30,121,558	-	-	11,521,827	(2,076,756)	-	39,566,629
Computer Equipment	3,861,592	990,811	(280,513)	(966,479)	(1,388,803)	-	2,216,608
Computer software	-	-	-	-	-	-	-
Furniture and fixtures	825,249	378,295	-	-	(390,383)	-	813,161
Infrastructure	348,596,423	-	-	30,080,620	(49,746,527)	-	328,930,516
Work in progress	101,509,094	82,188,676	-	(41,602,448)	-	-	142,095,322
Investment property	-	-	-	-	-	-	-
Land	73,876,552	-	-	-	-	-	73,876,552
Motor vehicles	4,190,476	2,194,037	(71,918)	-	(736,476)	-	5,576,119
Plant and machinery	14,883,723	347,000	-	-	(3,869,457)	(292,490)	11,068,776
	592,443,282	86,294,488	(352,431)	1	(59,574,547)	(292,490)	618,518,303

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

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13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Transfers (WIP)	Depreciation	Total
Buildings	15,068,642	334,000	-	(824,027)	14,578,615
Leased Assets	208,542	-	-	(208,542)	-
Community Asset	32,059,302	198,750	-	(2,136,494)	30,121,558
Computer equipment	4,153,374	1,315,099	-	(1,606,970)	3,861,592
Furniture and fixtures	1,137,348	69,998	-	(382,097)	825,249
Infrastructure	369,659,450	-	26,206,035	(47,269,062)	348,596,423
Work in progress	59,985,239	67,729,890	(26,206,035)	-	101,509,094
Land	73,876,552	-	-	-	73,876,552
Motor vehicles	2,684,634	2,609,042	-	(1,103,200)	4,190,476
Plant and machinery	16,972,751	3,683,686	-	(5,772,714)	14,883,723
	575,805,834	75,940,465	-	(59,303,106)	592,443,282

Pledged as security

There were no assets held security for any of the municipal liabilities.

Property, plant and equipment in the process of being constructed or developed

In the current year, the municipality has identified 3 (Three) projects that are taking a significantly longer period of time to complete than expected. The reported projects are Gabelana to Noqhekwana access, Nyakeni Access Road and Mbanjana Access Road.

Gabelana to Noqhekwana access was started in 2017/18 financial year, Nyakeni Access road was started in 2020/21, Mbanjana Access Road was started in 2020/21 financial year, these projects are still in progress.

Reconciliation of Work-in-Progress Economic entity - 2024

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

13. Property, plant and equipment (continued)

	Infrastructure (Includes Electrification projects)	Total
Opening balance	104,285,714	104,285,714
Additions/capital expenditure	82,188,676	82,188,676
Transferred to completed items	(41,602,448)	(41,602,448)
	144,871,942	144,871,942

Reconciliation of Work-in-Progress Economic entity - 2023

	Infrastructure (Includes Electrification projects)	Total
Opening balance	59,985,238	59,985,238
Additions/capital expenditure	70,506,511	70,506,511
Transferred to completed items	(26,206,035)	(26,206,035)
	104,285,714	104,285,714

Reconciliation of Work-in-Progress Controlling entity - 2024

	Infrastructure (Includes Electrification projects)	Total
Opening balance	104,285,714	104,285,714
Additions/capital expenditure	82,188,676	82,188,676
Transferred to completed items	(41,602,448)	(41,602,448)
	144,871,942	144,871,942

Reconciliation of Work-in-Progress Controlling entity - 2023

	Infrastructure (Includes Electrification projects)	Total
Opening balance	59,985,238	59,985,238
Additions/capital expenditure	70,506,511	70,506,511
Transferred to completed items	(26,206,035)	(26,206,035)
	104,285,714	104,285,714

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
13. Property, plant and equipment (continued)				
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Furniture and office equipment	507,446	41,065	507,446	41,065
Infrastructure	4,017,447	3,889,459	4,017,447	3,889,459
IT equipment	406,054	196,333	406,054	196,333
Transport assets	1,560,972	1,376,365	1,560,972	1,376,365
Plant and machinery	5,378,781	5,154,624	5,378,781	5,154,624
Community assets	509,547	438,684	509,547	438,684
	12,380,247	11,096,530	12,380,247	11,096,530

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.

Port St Johns Local Municipality

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14. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets 1	-	-	-	(344,189)	491,902	147,713
Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Indigent Software	-	-	-	(344,189)	491,902	147,713

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Amortisation	Total
Indigent Software	147,713	(147,713)	-

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Other changes, movements	Total
Indigent Software	491,902	(344,189)	147,713

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Amortisation	Total
Indigent software	147,713	(147,712)	-

Port St Johns Local Municipality

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14. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Amortisation	Total
Indigent Software	491,902	(344,189)	147,713

Port St Johns Local Municipality

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15. Heritage assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Municipal Jewellery	123,700	-	123,700	123,700	-	123,700

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Municipal Jewellery	123,700	-	123,700	123,700	-	123,700

Reconciliation of heritage assets Economic entity - 2024

	Opening balance	Total
Municipal Jewellery	123,700	123,700

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Art Collections, antiquities and exhibits	123,700	123,700

Reconciliation of heritage assets Controlling entity - 2024

	Opening balance	Total
Municipal Jewellery	123,700	123,700

Reconciliation of heritage assets Controlling entity - 2023

Port St Johns Local Municipality

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Figures in Rand

15. Heritage assets (continued)

	Opening balance	Total
Municipal Jewellery	123,700	123,700

16. Finance lease obligation

Minimum lease payments due

- within one year	685,398	854,103	659,182	791,018
- in second to fifth year inclusive	4,058	670,257	-	659,182
	689,456	1,524,360	659,182	1,450,200
less: future finance charges	(49,107)	(213,862)	(49,107)	(213,862)
Present value of minimum lease payments	640,349	1,310,498	610,075	1,236,338

Present value of minimum lease payments due

- within one year	610,075	626,263	610,075	626,263
- in second to fifth year inclusive	4,058	621,150	-	610,075
	614,133	1,247,413	610,075	1,236,338
Non-current liabilities	4,058	621,151	-	610,076
Current liabilities	636,292	689,348	610,076	626,263
	640,350	1,310,499	610,076	1,236,339

It is economic entity policy to lease certain cellular and photocopier equipment under finance leases.

The economic entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note

The municipality leases 10 photocopier machines from Xerox for a period of three years. The municipality entered into the contract in April 2022. The lease payment is fixed amount for each photocopier machine and 0% escalation..

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
17. Operating lease liability				
Non-current liabilities	(5,169,429)	(5,029,093)	5,169,429	5,029,093
Current liabilities	(2,382,024)	(2,264,628)	2,382,024	2,264,628
	(7,551,453)	(7,293,721)	7,551,453	7,293,721

The Municipality leases land from Transnet for a period of 30 years Effective from 1 January 2006. The lease payment is R5 000 per month with annual escalation of 9%. No contingent rent is payable. The lease is not renewable at the end of the lease term.

18. Payables from exchange transactions

Trade payables [1]	26,512,287	20,300,404	26,396,813	20,300,518
Payments received in advanced [2]	4,555,147	-	4,555,147	-
Unallocated Deposits [3]	3,714,086	3,189,967	3,711,708	3,188,750
Retention	14,420,320	7,190,411	14,420,320	7,190,411
Accrued leave pay	9,196,006	8,093,405	9,196,006	8,093,405
Accrued bonus	2,079,652	1,808,584	2,079,652	1,808,584
Payroll accruals	1,041,768	2,385,046	789,387	2,196,753
OR Tambo advance [4]	6,137,154	6,137,154	6,132,284	6,132,284
Other Payables [5]	-	30,500	-	30,500
Staff payable	11,579	1,576	11,576	1,576
	67,667,999	49,137,047	67,292,893	48,942,781

[1] This amounts to trade payables and accruals, amounts owing to the suppliers at year end.

[2] This refers to customer debtors with credit balances.

[3] This relates to monies received by the municipality that are not yet allocated because some could not be traced.

[4] An amount of R6 132 284 was advanced to the municipality by the OR Tambo District Municipality in exchange for land. The land is yet to be transferred to the District. There is no interest to the advanced payment.

[5] The municipality has an agreement with Caguba Trust relating to the land used as parking at second beach that for every revenue generated from the parking the municipality will give them 50% of the collected revenue. At year end the municipality had collected R61 000 and not yet paid the 50% to the Caguba Trust.

19. Consumer deposits

Refuse	61,000	61,000	61,000	61,000
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20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(4,438,275)	(4,613,015)	(4,438,275)	(4,613,015)
Non-current liabilities	(3,908,885)	(4,166,549)	(3,908,885)	(4,166,549)
Current liabilities	(529,390)	(446,466)	(529,390)	(446,466)
	(4,438,275)	(4,613,015)	(4,438,275)	(4,613,015)

[Provide a brief description of the link between the reimbursement right(s) and the related obligation]

The fair value of plan assets includes:

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

20. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	4,613,015	4,708,000	4,613,015	4,708,000
Benefits paid	217,661	(289,973)	(217,661)	(289,973)
Net expense recognised in the statement of financial performance	42,939	194,988	42,921	194,988
	4,873,615	4,613,015	4,438,275	4,613,015

Net expense recognised in the statement of financial performance

Current service cost	519,475	519,000	519,457	519,000
Interest cost	453,464	472,000	453,464	472,000
Actuarial (gains) losses	(930,000)	(796,012)	(930,000)	(796,012)
	42,939	194,988	42,921	194,988

Calculation of actuarial gains and losses

Basis changes : Increase in net discount rates	(57,542)	(154,361)	(57,542)	(154,361)
Salary increase higher than assumed	4,590	344,942	4,590	344,942
Changes to employee profile different from assumed	(773,163)	(581,695)	(773,163)	(581,695)
Actual benefits vesting, lower than expected	(103,885)	(404,898)	(103,885)	(404,898)
	(930,000)	(796,012)	(930,000)	(796,012)

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

20. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.03 %	10.33 %	10.03 %	10.33 %
Expected increase in salaries	5.59 %	6.21 %	5.59 %	6.21 %
Average Retirement Age: Males (Years)	62.00	62.00	62.00	62.00
Average Retirement Age : Females (Years)	62.00	62.00	62.00	62.00

Discount Rate

The discount rate reflects the estimated timing of benefit payments which is oftenly achieved by applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payment and the currency in which the benefits are to be paid. The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds.

The cashflow weighted duration of the liability is approximately 8.0 years (2023: 8.0 years). The valuation, therefore used the nominal yield curve for SA government bonds with the duration of 6 years as at 30 June 2023. The resultant discount rate was 10.03% (2023: 10.33%). These rates are deduced from the interest rate data obtained from the JSE after the market close on 30 June 2024.

Future salary inflation

The general inflation assumption was used to estimate the base rate for determining the rate at which the future salaries will increase. The assumption was that salary inflation will exceed general inflation by about 1.0% per annum. The salary inflation rate was therefore set at 5,59% (2023: 6,21%) per annum.

Pre-retirement mortality

The valuation assumed that the pre-retirement mortality will be in line with the SA85-90 ultimate table, adjusted down for females lives. This assumption is in line with the previous assumption used.

Assumed Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at the age of 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Expanded Public Works and Receipts	-	121,459	-	121,459
Finance Management Grant	2	-	2	-
Department of Sports, Recreation, Arts and Culture	283,270	289,578	283,270	289,578
Municipal Infrastructure Grant	2,982,949	3,054,487	2,982,949	3,054,487
Eradication of Alien Plants	186,951	186,951	186,951	186,951
Municipal Disaster Relief Grant	30,829,512	20,534,563	30,829,512	20,534,563
	34,282,684	24,187,038	34,282,684	24,187,038

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
21. Unspent conditional grants and receipts (continued)				
Movement during the year				
Balance at the beginning of the year	24,187,038	5,106,492	24,187,038	5,106,492
Amounts refunded to Treasury	-	(2,530,000)	-	(2,530,000)
Additions during the year	84,487,045	78,694,000	84,487,045	78,694,000
Amount transfer to revenue	(74,391,399)	(57,083,454)	(74,391,399)	(57,083,454)
	34,282,684	24,187,038	34,282,684	24,187,038

[1] See note 30 for reconciliation of grants from National/Provincial Government.

[2] These amounts are invested in a ring-fenced investment until utilised. Refer note 27.

[3] The EPWP project was funded by two grantor in the prior year namely : The National Treasury and the Provincial Department of Transport. The funding from the former was fully utilised in the prior year while that of the latter had no expenditure in the prior year as detailed below:

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

22. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	9,905,610	(639,688)	1,250,088	10,516,010

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	11,042,383	(2,308,204)	1,171,431	9,905,610

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	9,905,610	(639,688)	1,250,088	10,516,010

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	11,042,383	(2,308,204)	1,171,431	9,905,610
Non-current liabilities	9,260,398	8,655,522	9,260,398	8,655,522
Current liabilities	1,255,612	1,250,088	1,255,612	1,250,088
	10,516,010	9,905,610	10,516,010	9,905,610

Key financial assumptions used

	2024	2023
Discount rate (D)	13	11
Consumer price inflation (C)	7	7
Net discount rate $((1+D)/(1+H)-1)$	5	4
	-	-

The landfill site provision relates to the costs of rehabilitating the landfill site when it reaches the end of useful in 2045 and has been discounted to reflect its present value.

The landfill site is expected to be used for the next twenty-three 21 years and is estimated that R29 888 770 (2023: 28 197 405) will be spent to rehabilitate the site.

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire duration applicable in the future. The annualised long-term discount rate as at 30 June 2024 was 11.94% p.a.. The consumer price inflation of 6.51% p.a. was obtained from the differential between the averages of the Nominal Bond of 11.94% p.a. and the Real Bond of 5.10% p.a. (Zero Yield Curves).

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2024.

23. Service charges

Refuse removal	1,141,309	1,084,860	1,141,309	1,084,860
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Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

24. Construction contract

Agreements that meet all the criteria in GRAP 11

The municipality recognise revenue using the percentage of completion method for agreements that meet all the criteria in paragraph .29 of GRAP 11 continuously as construction progresses.

The entity determines which agreements meet all the criteria in paragraph .29 of the Standard of GRAP on Revenue from Exchange Transactions continuously as construction progresses in the following manner

Initial amount of contract revenue agreed in the contract	21,179,565	7,720,163	21,179,565	7,720,163
Construction contract costs incurred	(21,179,565)	(7,720,163)	(21,179,565)	(7,720,163)
	-	-	-	-
Stage of completion	100%	100%	100%	100%

25. Rental of facilities and equipment

Premises

Premises	104,348	146,476	104,348	146,476
Rental Hall	43,705	15,897	43,705	15,897
	148,053	162,373	148,053	162,373
Premises	148,053	162,373	148,053	162,373
Garages and parking	-	-	-	-
Facilities and equipment	-	-	-	-

The lease rentals are rentals received from renting out investment properties erf 398 and erf 183 which were leased out for the full year in the current year.

26. Licences and permits

Trading licences	24,309	31,064	24,309	31,064
Other Licences [1]	577,062	466,215	577,062	466,215
	601,371	497,279	601,371	497,279

[1] Other licences is made up of Learners' drivers licences and community licenses

27. Other income

Plan and tender documents fees	32,114	96,259	32,114	96,259
Sundry Income [1]	639,688	4,927,991	639,688	4,927,991
Grave Sites	13,183	6,278	13,183	6,278
Commission received	135,361	136,654	135,361	136,654
Claims Received [2]	32,554	760,262	32,554	760,262
Other income 8	26,176	13,499	-	-
	879,076	5,940,943	852,900	5,927,444

[1] The sundry income relates the decrease in landfill site provision amounting to R639 688 (2023: R2 308 204) that is accounted as a gain in line with IGRAP2 requirements.

[2] This relates to insurance claims received.

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
28. Investment revenue				
Interest revenue				
Bank	17,508,254	10,585,684	17,508,254	10,585,684
	-	-	-	-
	<u>17,508,254</u>	<u>10,585,684</u>	<u>17,508,254</u>	<u>10,585,684</u>

This relates to the interest received by the municipality in the current year from the different call accounts as well as the investment account.

29. Property rates

Rates received

Property rates	15,559,721	10,466,747	15,559,721	10,466,747
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Valuations

Residential	197,483,000	197,483,000	197,483,000	197,483,000
Commercial	158,737,000	158,737,000	158,737,000	158,737,000
State	489,360,998	489,360,998	489,360,998	489,360,998
Municipal	40,107,500	40,107,500	40,107,500	40,107,500
Small holdings and farms	64,634,297	64,634,297	64,634,297	64,634,297
Vacant Plot	68,478,000	68,478,000	68,478,000	68,478,000
Place of worship	7,232,000	7,232,000	7,232,000	7,232,000
	<u>1,026,032,795</u>	<u>1,026,032,795</u>	<u>1,026,032,795</u>	<u>1,026,032,795</u>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. A supplementary valuation was done in the 2021-2022 financial year.

Rates are levied on an annual basis. Interest at 15% per annum (2023: 15%).

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
30. Government grants & subsidies				
Operating grants				
Equitable share	193,713,000	182,985,000	193,713,000	182,985,000
Expanded Public Works Programme	1,926,459	1,993,385	1,926,459	1,993,385
Finance Management Grant	2,649,998	3,216,404	2,649,998	3,216,404
Local Government Sector Education and Training Authority	82,791	96,511	82,791	96,511
Department of Sports, Recreation, Arts and Culture	556,308	260,422	556,308	260,422
	198,928,556	188,551,722	198,928,556	188,551,722
Capital grants				
Municipal Infrastructure Grant	45,309,792	35,879,051	45,309,792	35,879,051
Small Town Revitalisation	13,833,415	20,000,000	13,833,415	20,000,000
Disaster Relief Grant	23,866,051	13,295,437	23,866,051	13,295,437
Eradication of alien plants	-	1,218,754	-	1,218,754
	83,009,258	70,393,242	83,009,258	70,393,242
	198,928,556	188,551,722	198,928,556	188,551,722
	83,009,258	70,393,242	83,009,258	70,393,242
	281,937,814	258,944,964	281,937,814	258,944,964

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	74,391,399	55,959,964	74,391,399	55,959,964
Unconditional grants received	207,546,415	202,985,000	207,546,415	202,985,000
	281,937,814	258,944,964	281,937,814	258,944,964

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of 50kWH of electricity (2023: 50kWH) which is funded from the the equitable share grant. Refuse removal services for a tariff of 100% of amount billed (2023: 100%) per month are offered for free to the indigent communities of Port St Johns. The indigent also receive gas and gas stoves to all 20 wards per financial year..

Local Government Sector Education and Training Authority

Balance unspent at beginning of year	95,611	-	95,611	-
Current-year receipts	82,791	-	82,791	-
Current Year Receipts	-	95,611	-	95,611
	178,402	95,611	178,402	95,611

Conditions still to be met - remain liabilities (see note 21).

The Purpose of this discretionary grant is to meet the sector needs as set out in the sector skills plan (SSP) and the priorities set out in the national skills development strategy (NSDS 111). In doing so, the local government is looking for suitable candidates to partner with promote the development of the skills in the local government sector.

Expanded Public Works Programme

Balance unspent at beginning of year	121,459	532,844	121,459	532,844
Current-year receipts	1,805,000	1,582,000	1,805,000	1,582,000
Conditions met - transferred to revenue	(1,926,459)	(1,993,385)	(1,926,459)	(1,993,385)
	-	121,459	-	121,459

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

30. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to incentives municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas..

Finance Management Grant

Balance unspent at beginning of year	-	1,666,404	-	1,666,404
Amounts refunded to National Treasury	-	(1,100,000)	-	(1,100,000)
Current Year receipts	2,650,000	2,650,000	2,650,000	2,650,000
Conditions met- transferred to revenue	(2,649,998)	(3,216,404)	(2,649,998)	(3,216,404)
	2	-	2	-

Conditions still to be met - remain liabilities (see note 21).

To promote and support reforms in financial management by building capacity in municipalities to implement the municipal Finance Management Act.

Department of Sports, Recreation , Arts and Culture

Balance unspent at beginning of year	289,578	-	289,578	-
Current year- receipts	550,000	550,000	550,000	550,000
Conditions met - transferred to revenue	(556,308)	(260,422)	(556,308)	(260,422)
	283,270	289,578	283,270	289,578

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to maintain existing library facilities, assist in supervising and administration of staff in public libraries, establish library structures , support library awareness programme and collect revenue from public libraries and deposit into municipal bank accounts..

Municipal Infrastructure Grant

Balance unspent at beginning of year	3,054,487	1,471,539	3,054,487	1,471,539
Current-year receipts	45,703,000	38,862,000	45,703,000	38,862,000
Conditions met - transferred to revenue	(45,702,950)	(35,879,052)	(45,702,950)	(35,879,052)
Amount transferred to national treasury	-	(1,400,000)	-	(1,400,000)
	3,054,537	3,054,487	3,054,537	3,054,487

Conditions still to be met - remain liabilities (see note 21).

The purpose of this grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions, servicing poor communities..

Eradication of alien plants project

Balance unspent at beginning of year	186,955	1,405,705	186,955	1,405,705
Conditions met - transferred to revenue	-	(1,218,750)	-	(1,218,750)
	186,955	186,955	186,955	186,955

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to supply finance to enable communities to bring invasive species such as blue gums, poplar and wattle under control in such a was that it contributes to the conservation of the natural resources.

Disaster Relief Grant

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
30. Government grants & subsidies (continued)				
Balance unspent at beginning of year	20,534,563	-	20,534,563	-
Current-year receipts	34,161,000	33,830,000	34,161,000	33,830,000
Conditions met - transferred to revenue	(23,866,051)	(13,295,437)	(23,866,051)	(13,295,437)
	30,829,512	20,534,563	30,829,512	20,534,563

Conditions still to be met - remain liabilities (see note 21).

Disaster grants is for repair and maintenance of the infrastructure assets that were destroyed by the floods..

31. Donations Received

Public contributions and donations	-	2,250,000	-	2,250,000
Reconciliation of donations received				
Transport Assets (Truck) donated by department of forestry fisheries and the environment	-	2,250,000	-	2,250,000

There were no donation received in the current year.

32. Fines, Penalties and Forfeits

Municipal Traffic Fines	254,700	224,700	254,700	224,700
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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
33. Employee related costs				
Basic	77,601,787	69,177,452	69,875,054	63,771,835
Bonus	-	432,921	-	-
Medical aid - company contributions	5,450,853	5,189,234	5,450,853	5,189,234
UIF	470,334	580,313	470,334	541,708
SDL	-	63,898	-	-
Leave pay provision charge	1,904,641	634,457	1,904,641	628,193
Pension	9,058,409	8,664,112	9,058,409	8,664,112
Overtime payments	9,354,219	8,235,612	9,354,219	7,997,919
Long-service awards	519,457	519,000	519,457	519,000
Acting allowances	1,388,622	1,864,245	1,388,622	1,643,584
Car allowance	1,014,420	-	1,014,420	-
Public Holiday Allowance	-	14,462	-	-
Allowances	3,495,265	6,071,315	3,495,265	6,029,062
	110,258,007	101,447,021	102,531,274	94,984,647

[1] Allowances amount is composed of all the allowances such as acting, car/ travel, night shift ,shift allowances, rural allowance, standby, Sunday, Clothing, Public Holiday, and subsistence.

Remuneration of municipal manager - HT Hlazo

Annual Remuneration	-	381,154	-	381,154
Car Allowance	-	30,000	-	30,000
Contributions to UIF, Medical and Pension Funds	-	4,666	-	4,666
Other allowances (housing, remote and travel)	-	11,681	-	11,681
	-	427,501	-	427,501

The Municipal Manager (Mr. HT Hlazo) contract ended on the 31 August 2022.

Remuneration of Municipal Manager - M Fihlani

Annual Remuneration	1,360,348	708,047	1,360,348	708,047
Contributions to UIF, Medical and Pension Funds	16,241	8,604	16,241	8,604
Other Allowances	51,249	29,191	51,249	29,191
	1,427,838	745,842	1,427,838	745,842

The Municipal Manager (Mr. Fihlani) contract started on the 01 December 2022.

Remuneration of Corporate Services Manager - LT Somtseu

Annual Remuneration	-	327,366	-	327,366
Car Allowance	-	37,500	-	37,500
Contributions to UIF, Medical and Pension Funds	-	4,400	-	4,400
Other allowances (housing , remote and travel)	-	38,393	-	38,393
	-	407,659	-	407,659

The Corporate Service manager - LT Somtseu contract ended on the 30th September 2022.

Remuneration of Corporate Services Manager- S Matubatuba

Annual Remuneration	820,043	631,287	820,043	631,287
Car Allowance	285,644	92,000	285,644	92,000
Contributions to UIF, Medical and Pension Funds	13,455	22,293	13,455	22,293
Other allowances (housing, remote and travel)	101,050	32,921	101,050	38,921
	1,220,192	778,501	1,220,192	784,501

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

33. Employee related costs (continued)

Remuneration of Engineering Services Manager -CCA O'Bose

Annual Remuneration	203,735	1,008,172	203,735	1,008,172
Car Allowance	25,000	148,470	25,000	148,470
Contributions to UIF, Medical and Pension Funds	3,543	13,829	3,543	13,829
Other allowances (housing , remote and travel)	95,135	83,081	95,135	83,081
	327,413	1,253,552	327,413	1,253,552

Remuneration of Community Services Manager - F Guleni (contract ended November 2021)

Annual Remuneration (Backpay)	-	12,279	-	12,279
Contributions to UIF, Medical and Pension Funds	-	123	-	123
	-	12,402	-	12,402

Mr. Guleni contract ended on the 31 November 2021 and was backpaid in the 2022/23 financial year.

Remuneration of Community service - Mr. E Mzayiya

Annual Remuneration	1,161,170	1,005,031	1,161,170	1,005,031
Contributions to UIF, Medical and Pension Funds	14,165	12,580	14,165	12,580
Other Allowances	42,767	97,509	42,767	97,509
	1,218,102	1,115,120	1,218,102	1,115,120

Remuneration of Local Economic Development - Mr. Xuku

Annual Remuneration	-	1,047,261	-	1,047,261
Contributions to UIF, Medical and Pension Funds	-	13,000	-	13,000
Other Allowances	-	40,196	-	40,196
	-	1,100,457	-	1,100,457

Contract ended on the 30 June 2023

Remuneration of chief finance officer -BA Mbana

Annual Remuneration	-	2,010,989	-	2,010,989
Contributions to UIF, Medical and Pension Funds	-	8,693	-	8,693
Other allowances (housing, remote and travel)	-	60,422	-	60,422
	-	2,080,104	-	2,080,104

Chief Finance Officer contract was terminated on the 31 January 2023

Remuneration of Acting Chief Finance Officer - Mr Shinta

Acting Allowance	-	51,928	-	51,928
Contributions to UIF, Medical and Pension Funds	-	11	-	11
Other Allowances	-	89,292	-	89,292
	-	141,231	-	141,231

The acting CFO was appointed from 1 February 2022 to 31 August 2022.

Remuneration of the Acting Chief Finance Officer - Z. Mkuzo (Appointed on 15 February 2023)

Contributions to UIF, Medical and Pension Funds	-	677	-	677
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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
33. Employee related costs (continued)				
Acting allowance	-	33,850	-	33,850
	-	34,527	-	34,527

Ms Mkuzo was the acting CFO from 15 February 2023 to 30 June 2023.

Remuneration of Chief Finance Officer - T. Sikolo

Annual Remuneration	1,015,621	-	1,015,621	-
Contributions to UIF, Medical and Pension Funds	12,511	-	12,511	-
Other	40,625	-	40,625	-
	1,068,757	-	1,068,757	-

Local Economic Development Manager - S Batyi

Annual Remuneration	1,015,621	-	1,015,621	-
Contributions to UIF, Medical and Pension Funds	12,511	-	12,511	-
Other Allowances (Remote, Housing & Travel)	40,625	-	40,625	-
	1,068,757	-	1,068,757	-

34. Remuneration of councilors

Deputy Executive Mayor	48,005	251,242	-	-
Councilors	14,240,129	13,344,066	14,240,129	13,344,066
	14,288,134	13,595,308	14,240,129	13,344,066

2024

	Annual Remuneration	Backpay	Housing Allowance	Sub & Travel Allowance	Cellphone Allowance	Retirement Allowance	Total
Mlombile Cingo N. Mayor	917,571	38,404	-	-	3,545	-	959,520
Nduku - Mazuza C- Speaker	734,058	31,103	-	-	-	-	765,161
X Moni - Chief Whip	688,180	29,279	-	-	-	-	717,459
Subtotal	2,339,809	98,786	-	-	3,545	-	2,442,140
Other Councillors	10,761,843	526,856	48,000	413,290	-	48,000	11,797,989
	13,101,652	625,642	48,000	416,835	416,835	48,000	14,240,129

2023

	Annual Remuneration	Backpay	Car Allowance	Acting Allowance	Cellphone Allowance	Total
Mlombile Cingo N. Mayor	886,685	-	-	4,864	3,545	895,094
Nduku Mazuza C-speaker	709,349	-	-	3,044	-	712,393
X Moni - Chief Whip	665,015	-	-	4,909	-	669,924
Subtotal	2,261,049	-	-	12,817	3,545	2,277,411
Other Councillors	10,395,129	2,584	413,290	112,418	48,000	10,971,421
	12,656,178	2,584	413,290	125,235	51,545	13,248,832

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

34. Remuneration of councilors (continued)

In-kind benefits

The Mayor, Speaker and Chief Whip are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor and the Speaker are also provided a Municipal car for their use.

The remuneration of the political office -bearers and councilors are within the upper limits as determined by the framework envisaged in section 219 of the constitution.

Detailed remuneration details per councilor are disclosed in note 47..

35. Depreciation and amortisation

Property, plant and equipment	59,760,045	59,297,486	59,574,626	59,129,228
Investment property	130,849	130,849	130,849	130,849
Intangible assets	147,712	344,189	147,712	344,189
	60,038,606	59,772,524	59,853,187	59,604,266

36. Finance Costs

Trade and other payables	8,711	7,582	-	-
Other interest paid	3,912,552	2,013,723	3,912,552	2,013,723
	3,921,263	2,021,305	3,912,552	2,013,723

[1] Other finance costs relate to interest on finance leases, interest on overdue accounts, landfill site rehabilitation provision and on employee benefits obligations. The table below details the breakdown :

Finance leases	173,466	270,545	164,755	270,545
Landfill site rehabilitation provision discounting	1,250,088	1,171,431	1,250,088	1,171,431
Long Service award	453,464	472,000	453,464	472,000
Interest on overdue accounts	8,371	12,866	8,371	12,866
Bank Charges	-	1,265	-	1,265
SARS	1,646,320	7,582	1,646,320	-
Workmans compensation	389,554	85,616	389,554	85,616
	3,921,263	2,021,305	3,912,552	2,013,723

37. Lease rentals on operating lease

Equipment

Contractual amounts	3,468,025	2,716,297	3,468,025	2,716,297
Lease rentals on operating lease - Other				
Contractual amounts	40,688	44,347	-	-
	3,508,713	2,760,644	3,468,025	2,716,297

38. Debt impairment

Debt impairment	13,402,669	7,431,377	13,402,669	7,431,377
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39. Contracted services

Outsourced Services

Electrical	26,176,704	7,795,729	26,176,704	7,795,729
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Consultants and Professional Services

Business and Advisory	8,082,725	6,721,357	8,082,725	6,721,357
Legal Cost	3,048,054	2,520,918	3,048,054	2,520,918

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	2024	2023	2024	2023
39. Contracted services (continued)				
Contractors				
Maintenance of Equipment	12,380,248	11,051,092	12,380,248	11,051,092
Presented previously	-	-	-	-
Outsourced Services	26,176,704	7,795,729	26,176,704	7,795,729
Consultants and Professional Services	11,130,779	9,242,275	11,130,779	9,242,275
Contractors	12,380,248	11,051,092	12,380,248	11,051,092
	49,687,731	28,089,096	49,687,731	28,089,096
40. Transfer and subsidies				
Other subsidies				
LED Programmes- (PSJDA)	-	-	8,002,841	8,204,412
Grants paid to ME's	-	-	-	-
Other subsidies	-	-	8,002,841	8,204,412

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
41. General expenses				
Advertising and communications	1,016,439	943,795	1,016,439	919,551
Assessment rates & municipal charges	128,000	20,846	-	-
Audit Committee Fees	421,436	671,449	179,326	410,949
Auditors remuneration	6,326,357	6,485,348	5,798,454	6,068,968
Bank charges	192,867	188,011	178,344	172,712
Beach Management	467,933	88,877	467,933	88,877
Casual wages	4,761,153	3,708,416	4,741,966	3,666,571
Chemicals	2,800	-	2,800	-
Cleaning	154,919	202,281	135,350	175,460
Community development and training	1,059,200	358,369	1,059,200	358,369
Computer expenses	1	41,886	1	30,047
Consulting and professional fees	-	1,470	-	-
Consumables	1,180,559	580,782	1,180,559	580,782
Cultural heritage event	717,335	1,089,424	633,630	799,120
Debt collection	-	747,723	-	747,723
Electricity	1,047,660	721,376	1,047,660	720,316
Eradication of alien plants projects expenditure and stipends	572,809	1,220,265	572,809	1,220,265
Expense 1	2,189	1,150	-	-
Valuation Roll	52,174	-	52,174	-
S 79 Committee	30,560	-	30,560	-
FMG Expenditure	1,256,358	1,390,318	1,256,358	1,390,318
Fines and penalties	32,555	120,389	-	110,583
Free basic electricity	3,953,233	3,349,145	3,927,521	3,322,966
Fuel and oil	7,355,231	4,444,731	7,355,231	4,444,731
Gas cylinders and stoves	2,674,570	1,865,700	2,674,570	1,865,700
Hire	129,760	2,018,255	129,760	2,018,255
IT expenses	86,429	25,389	86,429	25,389
Insurance	1,500,126	2,842,250	1,385,778	2,731,772
Integrated Development Plan	863,423	680,464	863,423	680,464
Internships	-	50,750	-	50,750
Landfill site rehabilitation	22,140	9,500	22,140	9,500
Library Services	440,999	256,404	440,999	256,404
Licence Fees	698,497	958,809	635,997	393,704
MIG grant Expense	-	786,760	-	786,760
Meals and entertainment	711,544	473,397	711,544	473,397
Disciplinary board Fees	4,285	10,152	4,285	10,152
Postage and courier	81,502	19,060	3,325	670
Printing and stationery	1,737,887	889,531	1,714,760	835,540
Repairs and maintenance	44,497	197,296	-	-
Risk Management	210,829	-	210,829	-
SPLUMA Implementation	16,935	-	16,935	-
Security costs	189,144	1,682,957	189,144	1,682,957
Skills Development Levy	933,286	682,591	933,286	682,591
Social Responsibility program	4,992,932	4,500,988	4,992,932	4,500,988
Sports and Recreation	1,066,970	361,233	1,066,970	361,233
Staff welfare	255,025	-	254,845	-
State of municipal address	740,100	-	740,100	-
Subscriptions and membership fees	1,066,034	1,358,477	1,042,967	1,033,842
Support to SMME and co-operations	953,064	940,272	953,064	940,272
Support to traditional authorities and councillors	36,700	174,340	36,700	174,340
Telephone and fax	5,805,893	3,098,014	5,592,138	2,952,333
Training	812,069	840,586	812,069	840,586
Transport and freight	7,168	-	7,168	-
Travel - local	4,964,763	6,661,980	4,836,623	6,130,995
Uniforms and protective clothing	105,551	903,272	105,551	878,452
Ward Assistance	6,033,882	2,535,002	6,033,882	2,535,002
Ward Committee stipend	7,102,522	5,782,599	6,725,000	5,750,500

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	2024	2023	2024	2023
41. General expenses (continued)				
Workman's compensation	-	3,736,146	-	3,736,146
	75,020,294	70,718,225	72,859,528	67,567,002
42. Operating surplus				
Operating surplus for the year is stated after accounting for the following:				
Operating lease charges				
Equipment				
• Contractual amounts	3,468,025	2,716,297	3,468,025	2,716,297
Lease rentals on operating lease - Other				
• Contractual amounts	40,688	44,347	-	-
	3,508,713	2,760,644	3,468,025	2,716,297
Gain (loss) on sale of property, plant and equipment	925,308	(12,989)	-	-
Impairment on property, plant and equipment	292,492	-	292,492	-
Depreciation on property, plant and equipment	60,038,606	59,772,524	59,853,187	59,604,266
Employee costs	124,546,141	115,042,329	116,771,403	108,328,713
43. Auditors' remuneration				
Auditor General fees	6,326,357	6,485,348	5,798,454	6,068,968
44. Cash generated from operations				
Surplus	17,822,030	20,495,943	19,967,645	22,376,047
Adjustments for:				
Depreciation and amortisation	60,038,606	59,772,524	59,853,187	59,604,266
(Loss) gain on sale of assets and liabilities	(925,308)	12,989	(929,618)	-
Fair value adjustments	(930,000)	(796,012)	(930,000)	(796,012)
Finance costs - Finance leases	2,093,106	472,000	2,093,106	472,000
Interest income	(7,546,037)	(7,670,707)	(7,546,037)	(7,670,707)
Impairment deficit	292,492	-	292,492	-
Debt impairment	13,402,669	7,431,377	13,402,669	7,431,377
Movements in operating lease assets and accruals	(150,161)	3,529,353	(150,161)	3,529,353
Movements in retirement benefit assets and liabilities	(174,740)	-	(174,740)	-
Movements in provisions	610,400	(1,136,773)	610,400	(1,136,773)
Inventory losses or write-downs	(371,269)	-	371,269	-
Non-cash employee costs	-	(420,002)	-	(420,002)
Landfill site asset addition	-	(1,171,431)	-	(1,171,431)
Non-cash donation	-	(2,250,000)	-	(2,250,000)
Changes in working capital:				
Inventories	-	(610,854)	-	(610,854)
Receivables from exchange transactions	(1,242,088)	(881,518)	(1,242,088)	215,597
Consumer debtors	(141,630)	(7,324,742)	(141,630)	202,065
Other receivables from non-exchange transactions	(11,479,323)	(5,163,010)	(11,479,623)	(3,960,437)
Prepayments	(49,013)	-	-	-
Payables from exchange transactions	4,038,471	15,052,383	3,143,786	6,312,904
VAT	(3,721,239)	1,361,222	(4,065,596)	1,426,707
Unspent conditional grants and receipts	10,095,646	19,110,546	10,095,646	19,110,546
VAT provision INEP	3,178,431	10,703,853	3,178,432	10,295,962
	84,841,043	110,517,141	86,349,139	112,960,608
45. Financial instruments disclosure				
Categories of financial instruments				

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

45. Financial instruments disclosure (continued)

Economic entity - 2024

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	1,090,969	1,090,969
Consumer debtors	11,343,668	-	11,343,668
Cash and cash equivalents	-	131,899,035	131,899,035
Investment	-	40,515,650	40,515,650
	11,343,668	173,505,654	184,849,322

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	40,932,607	40,932,607
Consumer deposits	61,000	61,000
	40,993,607	40,993,607

Economic entity - 2023

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	32,319	32,319
Consumer debtors	14,053,782	-	14,053,782
Cash and cash equivalents	-	154,517,120	154,517,120
	14,053,782	154,549,439	168,603,221

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	27,490,815	27,490,815
Consumer deposits	61,000	61,000
	27,551,815	27,551,815

Controlling entity - 2024

Financial assets

	At amortised cost	At cost	Total
Receivables from exchange transactions	-	1,090,969	1,090,969
Consumer debtors	11,343,668	-	11,343,668
Cash and cash equivalents	-	131,891,251	131,891,251
Investment	-	40,515,650	40,515,650
	11,343,668	173,497,870	184,841,538

Financial liabilities

	At cost	Total
Payables from exchange transactions	40,817,133	40,817,133
Consumer deposits	61,000	61,000
	40,878,133	40,878,133

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

45. Financial instruments disclosure (continued)

Controlling entity - 2023

Financial assets

	At amortised cost	At cost	Total
Receivables from exchange transactions	-	32,319	32,319
Consumer debtors	14,053,782	-	14,053,782
Cash and cash equivalents	-	152,933,349	152,933,349
	14,053,782	152,965,668	167,019,450

Financial liabilities

	At cost	Total
Payables from exchange transactions	27,490,929	27,490,929
Consumer deposits	61,000	61,000
	27,551,929	27,551,929

Financial instruments in Statement of financial performance

Economic entity - 2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	25,054,291	25,054,291
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(3,921,263)	(3,921,263)
Debt Impairment	(13,402,669)	(13,402,669)
	7,730,359	7,730,359

Economic entity - 2023

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	18,256,391	18,256,391
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(2,021,305)	(2,021,305)
Debt Impairment	(7,431,377)	(7,431,377)
	8,803,709	8,803,709

Controlling entity - 2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	25,054,291	25,054,291
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(3,912,552)	(3,912,552)
Debt Impairment	(13,402,669)	(13,402,669)
	7,739,070	7,739,070

Controlling entity - 2023

Port St Johns Local Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
45. Financial instruments disclosure (continued)				
			At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost			18,256,391	18,256,391
Interest expense (calculated using effective interest method) for financial instruments at amortised cost			(2,013,723)	(2,013,723)
Debt Impairment			(7,431,377)	(7,431,377)
			8,811,291	8,811,291
46. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	94,363,063	18,991,371	94,363,063	18,991,371
Total capital commitments				
Already contracted for but not provided for	94,363,063	18,991,371	94,363,063	18,991,371
Authorised operational expenditure				
Already contracted for but not provided for				
• General Expenditure	11,487,303	10,381,749	11,487,303	10,381,749
Total operational commitments				
Already contracted for but not provided for	11,487,303	10,381,749	11,487,303	10,381,749
Total Commitments				
Authorised Capital expenditure	93,573,775	18,991,371	93,573,775	18,991,371
Authorised operational expenditure	11,487,303	10,381,749	11,487,303	10,381,749
	105,061,078	29,373,120	105,061,078	29,373,120

This committed expenditure relates to infrastructure assets and operational expenditure and will be financed by Municipal Infrastructure Grant and municipal own internal resources.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
47. Contingencies				
Contingent Liability				
Port St John's Local Municipality vs Binase Puzi and others Civil claim illegal occupation of municipal land	600,000	600,000	600,000	600,000
Port st Johns vs Luxolo Fono Civil claim,illegal construction at ERF 1 and 736 at Second beach,building in the jurisdiction of port st john's without complying with the prescribed town planning scheme.	-	-	-	-
Port St Johns Local Municipality vs Vuyelwa Caciso (Case number 2920/2021) This matter relates to a civil claim amounting to R2 000 000 for an injury claim suffered by the plaintiff when she broke her leg when she stepped on a water drain which was not covered.	2,000,000	2,000,000	2,000,000	2,000,000
Mr. Mfecane Vs Port St Municipality (Case no. 4058/2019) Mr. Mfecane is suing the Municipality for R6 876 268 for the loss suffered when a property he unlawfully occupied was demolished in terms of the court order.	6,876,238	6,876,238	6,876,238	6,876,238
Fundile Nogumla & Another Vs Port St Johns (Case number 591/2016) This is a civil claim for damages amounting to R12 100 000 against the municipality suffered because of alleged negligence by the municipality (shark attack). This matter was struck of as a result of the non-appearance of the plaintiffs legal representatives in court. Matter is not yet reinstated.	-	12,100,000	-	12,100,000
Tal'imi Board KZN vs Port ST John's municipality (Case number 2846/2018) This matter relates to criminal claim in respect of a fraudulent transaction of work man's compensation fund. The matter was reported to SAPS in February 2020 is under investigation and no arrests has been made. The amount claimed is still to be determined.	-	650,000	-	650,000
MAS Corporation (Pty) Ltd The Municipality was summoned to pay an amount of R390 750.25 to the service provider for installation of generators.	390,750	390,750	390,750	390,750
Nokwenzeka M. Magidigidi Vs Port St Johns Local Municipality (Case Number 5212/2018) Claim for the wrongfully impounded vehicle. The plaintiff sought to be reimbursed of the 3 motor vehicles that were impounded to be compensated with the monetary value of R83 000. The lawyer of the municipality are unable to ascertain the likelihood of action against the municipality being successful. The total capital claimed amounted to R83 000	83,000	83,000	83,000	83,000

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
47. Contingencies (continued)				
.	-	-	-	-
Former Ward Councilors vs PSJ Municipality The former ward councilors want the municipality to pay them R1M each as an incentive. The total capital claimed is R17 000 000.	-	17,000,000	-	17,000,000
Thembinkosi Bolo vs PSJ Municipality (27/22) The Plaintiff claims that the Municipality failed to keep stray animals away from the streets of the town as result of this, the Plaintiff was gored by a cow	450,000	450,000	450,000	450,000
Port St Johns Contractors and others/ Port st Johns Municipality The contractors are challenging the award of contract PSJLM 2019/20-05	450,000	450,000	450,000	450,000
Z Ndabeni / PSJ local Municipality The Municipality was begin sued for unlawful arrest. The matter was struck off the roll by the judge due to a no show pulled by the plaintiffs	-	800,000	-	800,000
	10,849,988	41,399,988	10,849,988	41,399,988

Contingent assets

There were no contingent assets at the end of the year.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
48. Related parties				
Relationships				
Accounting Officer			Mr. M. Fihlani	
Audit Committee Members			Ms. T. Mqeta (Chairperson)	
			Mr. V. Magan (Member)	
			Mr. M. Mndani (Member)	
Other members of key management			Ms. T. Sikolo Chief Finance Officer	
			Mr. S Matubatuba- Corporate Service Senior Manager	
			Mr. S. Batyi - LED Senior Manager	
			Mr. E. Mzayiya - Community Services Senior Manager	
Controlled Entity			Port St Johns Development Agency	
Mayor			Cllr. N Mlombile - Cingo	
Speaker			Cllr. C. Mazuza	
Chief Whip			Cllr. X. Moni	
Councillors.			Cllr. M. Mazelani	
			Cllr. Z. Zozi	
			Cllr. A. Gantsho	
			Cllr. K. Bikiza	
			Cllr. N. Tani	
			Cllr. S. Madolo	
			Cllr. T. Tshikitshwa	
			Cllr. N. Vava	
			Cllr. P. Nomarhobo	
			Cllr. M.B. Madotyeni	
			Cllr. N Kawu	
			Cllr. M. Maninjwa	
			Cllr. Z. Mhlabeni	
			Cllr. N. PB. Ndudu	
			Cllr. B. Mjakuja	
			Cllr. S. Ndabeni	
			Cllr. N. Javu	
			Cllr. B. Ncomfa	
			Cllr. P. Ngozi	
			Cllr. N. Puzi	
			Cllr. SE. Sicotho	
			Cllr. N. Dobe	
			Cllr. SV. Mavimbela	
			Cllr. F. Makaula	
			Cllr. MA. Jam- Jam	
			Cllr. M. Ntiyantiya	
			Cllr. TZ. Pato	
			Cllr. CT. Xangayi	
			Cllr. LD. Mafaka	
			Cllr. C. Hashibe	
			Cllr. O. Ndumela	
			Cllr. SL. Ntlatywa	

[1] The municipality has an Agency relationship with its Development Agency, Port St Johns Development Agency. Under this agreement the agency carries out certain economic development functions as agreed with the municipality. The Municipality pays the Agency for those services in terms of the agency arrangement.

Grant paid to related parties

Port St Johns Development Agency	-	-	8,002,841	8,204,412
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Remuneration of management

Management class: Councillors

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

48. Related parties (continued)

2024

Name	Backpay	Housing Allowance	Annual Remuneration	S & T	Cellphone allowance	Retirement	Total
AA GANTSHO	17,175	-	270,632	113,290	-	-	401,097
B MJAKUJA	16,726	-	372,651	-	-	-	389,377
B NCOMFU	16,726	-	372,651	-	-	-	389,377
C HASHIBI	13,454	-	290,377	-	-	-	303,831
CT XANGAYI	13,454	-	290,377	-	-	-	303,831
F MAFKA	17,175	-	383,922	-	-	-	401,097
G TSHOTHO	12,923	-	-	-	-	-	12,923
IPB NDUDU	13,454	-	290,377	-	-	-	303,831
K BIKIZA	16,726	-	372,651	-	-	-	389,377
LD MAFKA	13,454	-	217,561	-	-	-	231,015
L NDAMASE	7,997	-	-	-	-	-	7,997
M MANINJWA	13,454	-	200,377	90,000	-	-	303,831
M NTIYANTIYA	13,454	-	290,377	-	-	-	303,831
MA JAM JAM	13,454	-	230,377	60,000	-	-	303,831
MB MADOTYENI	13,454	24,000	266,377	-	-	-	303,831
NM MAKAULA	13,454	24,000	266,377	-	-	-	303,831
N JAVU	13,454	-	290,377	-	-	-	303,831
N KAWU	13,454	-	290,377	-	-	-	303,831
N PUZI	13,454	-	290,377	-	-	-	303,831
N TANI	17,175	-	383,922	-	-	-	401,097
N VAVA	13,454	-	290,377	-	-	-	303,831
O NDUMELA	17,175	-	383,922	-	-	-	401,097
P NGOZI	13,454	-	290,377	-	-	-	303,831
SC NDUKU / MAZUZA	31,103	-	734,058	-	-	-	765,161
S MADOLO	14,026	-	383,922	-	-	-	397,948
SN MLOMBILE E-CINGO	38,404	-	917,571	-	3,545	-	959,520
S NDABENI	13,454	-	290,377	-	-	-	303,831
S NF DOBE	13,454	-	266,377	-	-	24,000	303,831
S SICOTHO	17,175	-	359,922	-	-	24,000	401,097
SI NCOLOSI	13,454	-	200,377	90,000	-	-	303,831
SL NTLATYWA	13,454	-	290,377	-	-	-	303,831
SS N DOBE	13,454	-	290,377	-	-	-	303,831

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

48. Related parties (continued)

SS N MAZALENI	13,454	-	290,377	-	-	-	303,831
SS T TSHIKITSHWA	13,454	-	290,377	-	-	-	303,831
SV MAVIMBELA	16,726	-	372,651	-	-	-	389,377
TZ PATO	13,454	-	290,377	-	-	-	303,831
X MONI	29,279	-	688,180	-	-	-	717,459
Z MHLABENI	13,454	-	290,377	-	-	-	303,831
Z MTIKI	13,454	-	230,377	60,000	-	-	303,831
Z ZOZI	13,454	-	290,377	-	-	-	303,831
P NOMARHOBO	2,791	-	290,377	-	-	-	293,168
	625,652	48,000	13,101,641	413,290	3,545	48,000	14,240,128

2023

Name	Backpay	Housing Allowance	Annual remuneration	S & T	Car allowances	Cellphone Allowance and other	Retirement	Total
AA GANTSHO	-	-	257,709	31,265	113,290	-	-	402,264
B MJAKUJA	-	-	360,107	7,750	-	-	-	367,857
B NCOMFU	-	-	360,107	-	-	-	-	360,107
C HASHIBI	-	-	280,603	-	-	-	-	280,603
CT XANGAYI	-	-	280,603	-	-	-	-	280,603
F MAFKA	-	-	370,999	1,672	-	-	-	372,671
G TSHOTHO	-	-	340,082	33,413	-	-	-	373,495
IPB NDUDU	-	-	280,603	-	-	-	-	280,603
K BIKIZA	-	-	360,107	1,064	-	-	-	361,171
LD MAFKA	2,584	-	293,094	-	-	-	-	295,678
L NDAMASE	-	-	210,452	-	-	-	-	210,452
M MANINJWA	-	-	190,603	-	90,000	-	-	280,603
M NTIYANTIYA	-	-	280,603	-	-	-	-	280,603
MA JAM JAM	-	-	220,603	-	60,000	-	-	280,603
MB MADOTYENI	-	24,000	256,603	-	-	-	-	280,603
NM MAKAULA	-	24,000	256,603	-	-	-	-	280,603
N KAWU	-	-	280,603	-	-	-	-	280,603
N PUZI	-	-	280,603	-	-	-	-	280,603
N TANI	-	-	370,999	152	-	-	-	371,151
N VAVA	-	-	280,063	3,474	-	-	-	283,537

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand

48. Related parties (continued)

O NDUMELA	-	-	370,999	-	-	-	-	370,999
P NGOZI	-	-	280,603	152	-	-	-	280,755
SC NDUKU / MAZUZA	-	-	709,349	3,044	-	-	-	712,393
S MADOLO	-	-	288,136	-	-	-	-	288,136
SN MLOMBILE E-CINGO	-	-	886,685	4,864	-	3,545	-	895,094
S NDABENI	-	-	280,603	-	-	-	-	280,603
S NF DOBE	-	-	256,603	152	-	-	24,000	280,755
S SICOTHO	-	-	346,999	1,520	-	-	24,000	372,519
SI NCOLOSI	-	-	190,603	-	90,000	-	-	280,603
SL NTLATYWA	-	-	280,603	-	-	-	-	280,603
SS N DOBE	-	-	280,603	152	-	-	-	280,755
SS N MAZALENI	-	-	280,603	-	-	-	-	280,603
SS T TSHIKITSHWA	-	-	280,603	-	-	-	-	280,603
SV MAVIMBELA	-	-	360,107	23,130	-	-	-	383,237
TZ PATO	-	-	280,603	7,762	-	-	-	288,365
X MONI	-	-	665,015	4,909	-	-	-	669,924
Z MHLABENI	-	-	280,603	-	-	-	-	280,603
Z MTIKI	-	-	220,603	-	60,000	-	-	280,603
Z ZOZI	-	-	23,384	-	-	-	-	23,384
N JAVU	-	-	280,603	760	-	-	-	281,363
	2,584	48,000	12,655,659	125,235	413,290	3,545	48,000	13,296,313

Executive management

* Details of remuneration paid to key management personnel have been disclosed on note 30 "Employee related costs".

Councillor's outstanding consumer accounts

Details of outstanding consumer accounts have been disclosed in note 54 "Additional disclosure interns of Municipal Finance Management Act"

Management class: Councillors

Port St Johns Local Municipality

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	2024	2023	2024	2023

49. Risk management

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. Council has an approved financial plan which brought policies and procedures in place to monitor the cash projections and by ensuring that financial resources are available to meet its cash requirements.

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Credit risk consist mainly of cash deposit, cash equivalents and receivables from customer for property rates and refuse collection.

Consumer debtors comprise of many consumers, dispersed across different industries and geographical areas within Port St Johns. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly.

The municipality has a significant concentration of credit risk in respect of receivables from consumers for rate and refuse collection. The municipality is obliged to continue to offer refuse collection services as well as rates to these customers

The Municipality's credit risk exposure is represented primarily by net aggregate balance of amounts receivable in respect of unpaid rates, refuse charges and other receivables. Debt collection procedures are applied as diligently as circumstances permit in such a way as to minimise risk and related collection costs. As a general principle, no collateral is required for these receivables.

The providers for impairment losses in respect to the extent that they can be reliably and objectively determined, having regard to the credit risk experience and payment history of the particular categories of debtors

The municipality limits its counterpart exposures from its money market investment operations by only dealing with well established financial institutions of high-quality credit standing. The credit exposure to any single counterpart is managed by setting transaction / exposure limits. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2024	Economic entity - 2023	Controlling entity - 2024	Controlling entity - 2023
Receivables from exchange transactions	66,120	66,120	66,120	66,120
Receivables from non-exchange transactions	20,870,171	9,069,454	20,870,171	9,069,454
Consumer Debtors	27,298	2,737,412	27,298	2,737,412
Cash and cash equivalents	131,899,035	154,517,120	131,891,251	152,933,349

Market risk

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

49. Risk management (continued)

Interest rate risk

Interest rate risk defined as the risk that the fair value or future cashflows associates with financial instruments will fluctuate in amount as a result of market interest rate changes.

As the economic entity has no significant interest-bearing liabilities, the economic entity's income and operating cash flows are substantially independent of changes in market interest rates except for the effect of interest received on cash placed on call accounts.

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
Receivables from exchange transactions	- %	66,120	-	-	-	-
Receivables from non-exchange transactions	15.00 %	20,870,892	-	-	-	-
Consumer debtors	15.00 %	27,298	-	-	-	-
Cash in current banking institutions	4.28 %	131,899,035	-	-	-	-
Finance lease liabilities	7.00 %	(679,483)	-	-	-	-
Consumer deposits	- %	(61,000)	-	-	-	-
Payables from exchange transactions	- %	29,635,604	-	-	-	-

Price risk

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

The municipality does not have any financial instruments that are affected by price risk.

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are listed below:

i. The Council adopted the 2024 to 2027 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to supported the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

ii. The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

iii. Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

iv. As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the annual financial statements 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. Events after the reporting date

No events after reporting report identified .

Port St Johns Local Municipality

Consolidated Financial Statements for the year ended 30 June, 2024

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
52. Unauthorised expenditure				
Opening balance as previously reported	265,548,991	245,333,845	265,548,991	245,333,845
Add: Unauthorised expenditure - current	43,667,656	20,215,146	43,667,656	20,215,146
Less: Amount authorised - current	(126,322,877)	-	(126,322,877)	-
Closing balance	182,893,770	265,548,991	182,893,770	265,548,991

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	16,639,900	10,336,680	16,639,900	10,336,680
Cash	27,027,756	9,878,466	27,027,756	9,878,466
	43,667,656	20,215,146	43,667,656	20,215,146

Analysed as follows: non-cash

Debt Impairment	2,245,300	3,528,861	2,245,300	3,528,861
Depreciation and amortisation	11,241,473	-	11,241,473	-
Finance costs	3,153,127	1,724,511	3,153,127	1,724,511
Impairment loss	-	4,989,814	-	4,989,814
Loss on disposal of property, plant and equipment	-	93,494	-	93,494
	16,639,900	10,336,680	16,639,900	10,336,680

Analysed as follows: cash

Contracted services	23,559,731	7,273,642	23,559,731	7,273,642
Lease rentals on operating lease	3,468,025	2,604,824	3,468,025	2,604,824
	27,027,756	9,878,466	27,027,756	9,878,466

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11 (3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes : overspending of the total amount appropriated in the Municipality's approved budget; overspending of the total amount appropriated for a vote in the approved budget expenditure from a vote unrelated to the department or functional area covered by the vote; expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose , spending of an allocation referred to in paragraph (b) , (c) or (d) of the definition of allocation otherwise than in accordance with any conditions of the allocation; or a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

53. Fruitless and wasteful expenditure

Opening balance as previously reported	21,862,008	21,016,880	21,797,842	21,016,880
Add: Fruitless and wasteful expenditure identified - current	2,101,370	845,128	2,081,746	780,962
Less: Amount written off - current	(18,566,211)	-	(18,566,211)	-
Closing balance	5,397,167	21,862,008	5,313,377	21,797,842

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
53. Fruitless and wasteful expenditure (continued)				
Details of fruitless and wasteful expenditure				
	Disciplinary steps taken/criminal proceedings			
Interest incurred on late payment of suppliers	None	2,081,746	448,316	2,081,746
Payments made in vain	None	-	387,006	-
Interest incurred on late payments to SARS (PAYE, UIF and SDL)	None	32,554	9,806	-
Interest incurred on late payments to SARS (VAT)	None	-	1,453,681	-
		2,114,300	2,298,809	2,081,746
				780,962

[1] Fruitless and wasteful expenditure incurred in the previous years is currently under investigation by the Municipal Public Accounts Committee (MPAC) working together with the internal Audit.

54. Irregular expenditure

Opening balance as previously reported	263,565,937	255,425,663	256,006,482	248,420,079
Add: Irregular expenditure - current	2,025,653	8,140,274	1,544,655	7,586,403
Less: Amount written off - current	(207,461,571)	-	(207,461,571)	-
Closing balance	58,130,019	263,565,937	50,089,566	256,006,482

The amounts disclosed above are exclusive of VAT.

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

54. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings				
Regulation 32 incorrectly applied	none	633,760	817,758	633,760	817,758
Three written quotations not invited	None	412,797	119,800	412,797	119,800
Overspending on contracts	none	160,537	5,013,718	-	5,006,136
Non-compliance with SCM policy	none	368,871	980,378	368,871	980,378
Not advertised for required time		-	73,500	-	73,500
Non Compliance with Municipal cost containment regulations		-	500,507	-	500,507
Expenditure outside municipal mandate		129,227	88,324	129,227	88,324
Board sitting fees above approved rates		-	149,719	-	-
Non-Compliance with SCM Regulations		93,410	-	-	-
Non-Compliance with PPPF Act		227,051	392,011	-	-
Award to supplier with tax affairs not in order		-	4,559	-	-
		2,025,653	8,140,274	1,544,655	7,586,403

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 207,461,571 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Incident 1	207,461,571	-	207,461,571	-
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55. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	-	7,301	-	7,301
Current year subscription / fee	6,361,878	7,388,392	5,833,975	6,972,012
Amount paid - current year	(6,361,878)	(7,395,693)	(5,833,975)	(6,979,313)
	-	-	-	-

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	2024	2023	2024	2023

55. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Current year subscription / fee	15,787,378	16,535,511	15,787,378	16,535,511
Amount paid - current year	(15,787,378)	(16,535,511)	(15,787,378)	(16,535,511)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	14,509,261	8,799,823	14,509,261	8,799,823
Amount paid - current year	(14,509,261)	(8,799,823)	(14,509,261)	(8,799,823)
	-	-	-	-

VAT

VAT receivable	5,135,796	1,412,448	5,376,712	1,311,116
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councilor had arrear accounts outstanding for more than 90 days at 30 June 2024

30 June, 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. C. Mazuza-Nduku (Speaker)	12,688	-	12,688

Port St Johns Local Municipality

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	2024	2023	2024	2023

56. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations

Deviations for the period up to 30 June 2024.

The amount for deviations as at 30 June 2024 is R5 87 497 (2023: R10 333 228)

The following deviations and ratifications of minor breaches of processes are reported to council in terms of Paragraph 36(2) of the SCM Policy.

Category				
Impractical to follow Supply Chain Management Process	37,685	484,083	-	-
Emergency	-	632,503	-	632,503
Exceptional cases	5,337,015	9,047,201	5,337,015	9,013,483
Sole Supplier	-	169,441	-	-
	5,374,700	10,333,228	5,337,015	9,645,986

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

57. Correction of prior year error

Property, plant and equipment

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

57. Correction of prior year error (continued)

STATEMENT OF FINANCIAL POSITION

1. Property Plant and Equipment

During the current it was discovered that there were assets which were fully depreciated in prior years and still sitting in the assets register at nil values and this prompted the municipality to was conduct a conditional based assesments to all these assets in order to determine whether these assets are still in use or not. The assets which were still in use were allocated a remaining conditional based useful lives resulting in restatement in the carrying amounts as per the grap requirements. The infrastructure remaining useful lives were re-assessed based on the national treasurer engineering guidlines and it was done by experts.

The property plant and equipment was restated by componets of work in progress for projects which were overstated by expenditure items of work not yet done. These invoices were reversed to correctly state the project amounts for the prior years.

2. Receivables From Non Exchange (Debtors Rates and Consumer Debtors)

There were batches that were not updated on the system and some incorrectly posted on the system, these batches relates to monies collected from the debtor, and also there were write off done in the current year relating to prior year that affecting rates, refuse, bad debt provision and bad debt write off accounts.

3. Inventory

National treasury issued a new guide relating to the treatment of INEP grant expenditure that states that expenditure relating to INEP should be expensed, previously the municipality had recognised inventory for the inep projects that were completed and we restated the amount relating to inep to expenditure for the prior years.

4. VAT Receivables

VAT was restated due to the batches batches that were not updated on the system for expenditure and payables.

5. Cash and cash equivalent

The municipality had ABSA account, standard bank account and petty cash account that were appearing on the system and these accounts were closed in the prior years but on the system they were still appearing with balances and in the current year those accounts were written off.

6. Payables from exchange transaction

a). Payroll Accrual

During the 2023/24 financial year it was noted that the payment to third party payments for the month of June 2023 were paid in July 2023 and no accrual was raised in the 2023 financial year. at year end the municipality was awing SARS

b) Expenditure Accruals

During the year it was discovered that several accruals were not raised in the correct period rather recorded on the payment date of which the payment date was in the incorrect, Corrections were done to record the accruals in the correct period. corrections were made by raising and accounting period.

c)Trade Payables

During the current year it was discovered that there were invoices not recorded in the prior periods either only a payment was captured or vice versa and these transactions were traced and supporting documents reviewed and captured correctly.

d) Payment income received in advance

The municipality performed a net-off exercise between the rates and refuses where the debtor was sitting in credit balance for refuse and yet the the debtor has an debit balance for Rates. the debtors accounts were net off therefore no debtor made

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

57. Correction of prior year error (continued)

payment in advance anymore.

e) Other Payables

The municipality has parkings on a land that is owned by Caguba trust and they are generating revenue from those parkings, there was an agreement with Caguba trust that from the generated revenue from those parkings they will pay 50% to the trust. The municipality received revenue in the 2022/23 financial year and at year end the monies were not yet paid to the trust.

7. Finance lease liability and Operating leases liability.

There were misclassification with the accounts between operating lease and finance lease accounts, amounts that were relating to the finance lease were incorrectly posted in the operating lease accounts.

8. Provision

In the prior year we had disclosed the provisions under non current liabilities only and wording to the GRAP 19 we are suppose to split between the short term and the long term portion.

STATEMENT OF FINANCIAL PERFORMANCE

9. Interest Received from debtors

The were batches that were not updated on the system, batches relating to monies collected from the from the debtor and write off done in the current year relating to prior year, the interest was affected due to the balance change of the debtor.

10. Licences and Permit

The municipality has parking's on a land that is owned by Caguba trust and they are generating revenue from those parkings, there was an agreement with Caguba trust that from the generated revenue from those parkings they will pay 50% to the trust. The municipality received revenue in the 2022/23 financial year and at year end the monies were not yet paid to the trust.

11. Property Rates

The were batches that were not updated on the system, batches relating to monies collected from the from the debtor and write off done in the current year relating to prior year, the property rates account was affected due to the balance change of the debtor.

12. Employee Cost and Remuneration of Councillors

During the 2023/24 financial year it was noted that the payment to third party payments for the month of June 2023 were paid in July 2023 and no accrual was raised in the 2023 financial year. at year end the municipality was owing SARS.

13. Depreciation and Impairment loss

Due to the revision of useful lives of the assets the depreciation for the 2023 financial year has changes.

14. Lease Rental on operating lease

There were transactions that were captured in the 2024 financial year but the invoices relates to the 2023 financial year (Cut off-issues).

15. Bad Debt Provision and bad debt written off.

The municipality performed debtor write-off for the 2022/23 and 2023/24 debtors balances and the provision for both the wears was reversed due to the updating of the batches being updated and the balances were changing therefore the provision was incorrect.

16. Contracted Services

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

57. Correction of prior year error (continued)

There were transactions that were captured in the 2024 financial year but the invoices relates to the 2023 financial year (Cut off-issues) and also the INEP expenditure was reclassified to contracted services due to the new guide that was issued by the national treasury..

17. General Expenditure

There were transactions that were captured in the 2024 financial year but the invoices relates to the 2023 financial year (Cut off-issues)

Raising COIDA Expenditure that was paid and not yet raised or accounted for in the financial statements

18. Investment Property

It was noted that on the register land from prior year years was omitted.

19. Unspent conditional grants

In the prior expenditure for work not done was raised as an accrual and it was later noted that it was work not yet done therefore should not be paid and it was reversed in the current year.

20. Grants and Subsidies

In the prior expenditure for work not done was raised as an accrual and it was later noted that it was work not yet done therefore should not be paid and it was reversed in the current year.

21. Finance cost

Interest that was incurred from COIDA that was not raised in the prior year

22. VAT Provision

The municipality has been incorrectly accounting for the INEP grants and therefore this was correcting the VAT output portion that was not charged the municipality when they received the grant from INEP.

23. Construction contracts

Municipality had incorrectly accounted for INEP projects in the prior year and only made corrections when they received guidance from National Treasury on the treatment and accounting of INEP as per GRAP 11

24. Loss on disposal of assets

Municipality incorrectly disposed off assets without approval of council. This correction is to reverse the disposal made as assets are still owned by the municipality and utilised as expected.

Following is the impact of the correcting the errors mentioned above.

Statement of Financial Position	Amount as previously reported	Correction	Restated AFS
Non-Current Assets	-	-	-
Property Plant and Equipment [1]	531,225,030	61,894,518	593,119,548
Investment property	13,131,536	167,500	13,299,036
Current Assets	-	-	-
Receivables from non-exchange [2]	8,754,859	(2,918,665)	5,836,194
Inventory [3]	62,472,613	(60,918,001)	1,554,612
Receivables from exchange transactions	1,492,359	1,097,115	2,589,474
VAT Receivable [4]	1,314,870	97,578	1,412,448
Consumer Debtors [2]	988,588	63,957	1,052,545
Cash and bank [5]	154,556,696	(39,575)	154,517,121
Current Liabilities	-	-	-
Payables from exchange transaction [6]	(54,311,519)	5,174,472	(49,137,047)
Provisions [8]	-	(1,250,088)	(1,250,088)
Unspent conditional grants and receipts	(21,205,666)	(2,981,372)	(24,187,038)
VAT provision INEP	-	(10,295,961)	(10,295,961)
Non- Current Liabilities	-	-	-
Operating lease obligation [7]	(4,405,276)	(623,817)	(5,029,093)
Provision [8]	(26,291,230)	17,635,708	(8,655,522)

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
57. Correction of prior year error (continued)				
Accumulated Surplus	(659,745,132)	(7,103,369)	(666,848,501)	
	7,977,728	-	7,977,728	
Statement of financial performance	Amount as previously reported	Correction	Restated AFS	
Revenue from exchange transaction	-	-	-	
Interest Received from debtors [9]	(7,098,512)	(572,195)	(7,670,707)	
Licences and Permit [10]	(527,779)	30,500	(497,279)	
Construction contracts	-	(7,720,163)	(7,720,163)	
Revenue from non-exchange	-	-	-	
Property Rates [11]	(11,346,366)	879,619	(10,466,747)	
Government grants & subsidies	(270,806,337)	11,861,373	(258,944,964)	
Expenditure	-	-	-	
Employee Cost [12]	100,223,585	1,223,436	101,447,021	
Remuneration of councillors [12]	13,482,738	112,570	13,595,308	
Impairment loss [13]	4,989,814	(4,989,814)	-	
Depreciation [13]	42,262,087	17,510,437	59,772,524	
Lease rental on operating lease [14]	2,649,171	111,473	2,760,644	
Debt Impairment [15]	9,234,624	(1,803,247)	7,431,377	
Loss on disposal of assets [24]	106,483	(93,494)	12,989	
Contracted Services [16]	20,330,905	7,758,191	28,089,096	
Finance costs	3,389,370	(1,368,065)	2,021,305	
General Expenditure [17]	66,644,405	4,073,820	70,718,225	
Surplus	47,510,384	(27,014,441)	20,495,943	
	21,044,572	-	21,044,572	
			Accumulated Surplus	
Accumulated Surplus previously reported			676,353,052	
Opening balance adjustment			-	
Plant and Machinery			9,094,739	
Transport Assets			702,372	
Furniture and fixtures			453,626	
Computer Equipment			444,864	
Buildings			778	
Community Assets			321,245	
Infrastructure			75,128,811	
Depreciation Adjustment			-	
Buildings			10,776	
Computer Equipment			473,892	
Furniture and Fixture			(147,715)	
Plant and Machinery			(2,560,591)	
Infrastructure			(15,659,732)	
Community Assets			(76,516)	
Transport Asset			(886,741)	
Receivables -rates			338,163	
Consumer Debtors			1,748,825	
Trade payables			3,255,976	
Payments received in advance			(5,760,224)	
Payroll Accrual			1,407,365	
Inventory			(60,918,001)	
Other Creditors			30,500	
VAT Receivable			97,578	
Operating lease liability			164,755	
Cash and bank			(39,575)	
Finance lease liability			(407,891)	

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	2024	2023	2024	2023

57. Correction of prior year error (continued)

Operating lease				243,137
				683,813,468

Statement of cashflows

	Amount as per signed AFS	Correction	Amount as per AFS
Payments	-	-	-
Employee costs	(100,366,005)	(1,145,077)	(101,511,082)
Remuneration of councillors	(13,482,737)	(262,286)	(13,745,023)
Suppliers	(100,675,246)	(6,172,525)	(106,847,771)
Purchase of PPE	(78,165,945)	(2,977,777)	(81,143,722)
Finance lease payments	(991,837)	407,414	(584,423)
	(293,681,770)	(10,150,251)	(303,832,021)

58. Segment information

General information

Identification of segments

The economic entity is organised and reports council on the basis of seven (7) major functional areas: community services, corporate services, executive council, financial services, infrastructure engineering, local economic department and Municipal Manager. The segments were organised around the departments which assist the municipality in service delivery. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by council 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.

Aggregated segments

The economic entity operates in Port St Johns area of the Eastern Cape province. Since all the segments are located in one geographical area, segments results were aggregated on the basis of services departments.

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

58. Segment information (continued)

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	Goods and/or services
Executive Council	The council is responsible for governing the local area, provision of service delivery of municipal services to local residents and provision of political oversight to administration.
Community Services	Removal and disposal of waste, traffic safety, municipal bylaws and security. Provision of libraries, pounds, public parks and cemeteries.
Financial Services	Ensures proper management of municipal finances to improve financial viability, revenue, budget control, expenditure, and free basic services. It also administers supply chain, fleet and asset management services.
infrastructure engineering	Provision of project management services. Roads construction, maintenance. Mechanical workshop services and building plans and inspection services.
Local Economic development	Tourism development, marketing and promotion. Agricultural development enterprise development and poverty alleviation.

Port St Johns Local Municipality

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Figures in Rand

58. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2024

	Community Services	Infrastructure Engineering	Local Economic Development	Financial Services	Total
Revenue					
Revenue non exchange transactions	22,057,975	107,592,671	85,386,870	82,714,719	297,752,235
Revenue from exchange transactions	1,409,192	23,866,051	-	25,583,730	50,858,973
Entity's revenue					348,611,208
Expenditure					
Contracted Services	(1,113,917)	(35,319,708)	(644,255)	(12,609,852)	(49,687,732)
Employee related costs	(35,642,219)	(19,747,397)	(18,702,496)	(36,165,895)	(110,258,007)
Finance Costs	-	-	-	(3,921,263)	(3,921,263)
Debt Impairment	-	-	-	(13,402,669)	(13,402,669)
Impairment of assets	-	-	(292,492)	-	(292,492)
Remuneration of Councillors	-	-	(14,288,134)	-	(14,288,134)
General Expenses	(11,685,816)	(7,254,293)	(20,870,080)	(35,210,105)	(75,020,294)
Depreciation	(2,041,096)	(49,745,807)	-	(8,251,703)	(60,038,606)
Lease rentals on operating lease	(350,085)	(2,032,201)	(750,874)	(375,553)	(3,508,713)
Inventory write off	-	-	-	(371,269)	(371,269)
Total segment expenditure	(50,833,133)	(114,099,406)	(55,548,331)	(110,308,309)	(330,789,179)
Total segmental surplus/(deficit)	(27,365,966)	17,359,316	29,838,539	(2,009,860)	17,822,029
Assets					
Current Assets	-	-	-	190,952,378	190,952,378
Non-current assets	-	-	-	632,350,318	632,350,318
Total segment assets	-	-	-	823,302,696	823,302,696
Total assets as per Statement of financial Position					823,302,696

Port St Johns Local Municipality

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Figures in Rand

	Community Services	Infrastructure Engineering	Local Economic Development	Financial Services	Total
58. Segment information (continued)					
Liabilities					
Current liability	-	-	-	120,289,397	120,289,397
Non-current Liability	-	-	-	18,342,770	18,342,770
Total segment liabilities	-	-	-	138,632,167	138,632,167
Total liabilities as per Statement of financial Position					138,632,167

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Controlling entity - 2023

	Community Services	Infrastructure Structure	Local Economic Development	Financial Services	Total
Revenue					
Revenue from non-exchange transactions	33,418,675	77,724,813	91,090,696	69,652,227	271,886,411
Revenue from exchange transactions	1,091,138	-	7,720,163	25,633,221	34,444,522
Total segment revenue	34,509,813	77,724,813	98,810,859	95,285,448	306,330,933
Entity's revenue					306,330,933

Port St Johns Local Municipality

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Figures in Rand

58. Segment information (continued)

Expenditure

Contracted Services	(670,437)	(13,265,379)	(166,490)	(13,986,790)	(28,089,096)
Employee related costs	(34,116,645)	(16,346,177)	(12,290,780)	(32,231,043)	(94,984,645)
Finance Costs	-	-	-	(2,013,723)	(2,013,723)
Debt Impairment	-	-	-	(7,431,377)	(7,431,377)
Transfers and subsidies	-	-	(8,204,412)	-	(8,204,412)
Remuneration of councillors	-	-	(13,344,066)	-	(13,344,066)
General Expenses	(7,839,376)	(6,629,281)	(19,955,847)	(34,239,612)	(68,664,116)
Depreciation	(2,136,494)	(47,274,352)	-	(10,193,419)	(59,604,265)
lease rentals on operating lease	(2,169,586)	(181,811)	(145,576)	(219,324)	(2,716,297)
Total segment expenditure	(46,932,538)	(83,697,000)	(54,107,171)	(100,315,288)	(285,051,997)
Total segmental surplus/(deficit)	(12,422,725)	(5,972,187)	44,703,688	(5,029,840)	21,278,936

Assets

Current Assets	-	-	-	164,006,887	164,006,887
Non Current assets	-	-	-	606,013,731	606,013,731
Total segment assets	-	-	-	770,020,618	770,020,618
Total assets as per Statement of financial Position					770,020,618

Liabilities

Current Liabilities	-	-	-	88,074,225	88,074,225
Non current Liability	-	-	-	18,869,131	18,869,131
Total segment liabilities	-	-	-	106,943,356	106,943,356
Total liabilities as per Statement of financial Position					106,943,356

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Information about geographical areas

The economic entity's operations are in the Port St Johns area of the Eastern Cape Province.

Port St Johns Local Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
59. Impairment loss				
Impairments				
Property, plant and equipment	292,492	-	292,492	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
	292,492	-	292,492	-
	-	-	-	-

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows: