

Extract from the minutes of the 2nd Special Council Meeting of Midvaal Local Municipality of 2024 held on Thursday, 29 February 2024 at 14:00 in the Council Chambers

PRESENT

COUNCILLORS: A.R. McLoughlin : Speaker
Ald. P.J. Teixeira : Executive Mayor (via Microsoft Teams)
M.I. Motsamai : Member of the Mayoral Committee
C.L. Gomes : Member of the Mayoral Committee
P.D. Hutcheson-Pretorius : Member of the Mayoral Committee
T.M. Modiba : Member of the Mayoral Committee
J.G. Viljoen : Member of the Mayoral Committee
R.J. Hubbard : Member of the Mayoral Committee
Ald. P.C. Pretorius : Chief Whip of Council

COUNCILLORS A.H. Dickinson B.J. Jordaan S.M.A. Janse Van Rensburg
M.L. Kolisang M.C. Kruger O. Brits
D.T. Mokhomo M-A. Myburgh M.M. Ndebele
G.M. Nkoe F.W. Peters Ald. C.G. Pypers
I.P. Ramushu L.T.H. Visser M.A. Maimane
P.M. Lehloka S.M. Hoyane T.S. Sithole

ALSO IN ATTENDANCE

A.M. Groenewald : Municipal Manager
P. Luswazi-Chiya : Director: Office of the MM
Z. Mhlongo : Executive Director: Financial Services
S. Cave : Executive Director: Corporate Services
T. Mnguni : Executive Director: Community Services
K. Mokwena : Executive Director: Development and Planning
P. Magodi : Executive Director: Engineering Services
E. Lensley : Executive Director: Public Safety and Roads
B. Shabalala : Deputy Director: Office of the Speaker
A. Welman : Assistant Director: Administration
C.M. Lombaard : Admin Officer: Committees

Extract from the minutes of the 2nd Special Council Meeting of Midvaal Local Municipality of 2024 held on Thursday, 29 February 2024 at 14:00 in the Council Chambers

C 3251/02/2024
MC A/6253/02/2024

9.A.4 [SEC 79: MPAC]: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003 (MFMA), ON THE 2022/2023 ANNUAL REPORT

3/2/3/2/15

COMPETENCY: COUNCIL

IT WAS UNANIMOUSLY RESOLVED:

1. That the Oversight Report, as approved by the MPAC and signed by the MPAC Chairperson, attached to this report as Annexure "A", be adopted.
2. That in terms of Section 129 of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the 2022/2023 Annual Report be approved without reservations.
3. That the recommendations of MPAC be endorsed and the Mayoral Committee monitor progress on the mentioned issues.



S. CAVE
ED: CORPORATE SERVICES

Date: 01/03/2024

C 3251/02/2024
MC A/6253/02/2024

**9.A.4 [SEC 79: MPAC]: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC):
OVERSIGHT REPORT IN TERMS OF SECTION 129 OF THE LOCAL
GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003
(MFMA), ON THE 2022/2023 ANNUAL REPORT**

3/2/3/2/15

COMPETENCY: COUNCIL

PURPOSE

To submit the 2022/2023 Oversight Report on the 2022/2023 Annual Report, as prescribed in terms of Section 129(1) of the MFMA.

RECOMMENDATIONS

1. That the Oversight Report, as approved by the MPAC and signed by the MPAC Chairperson, attached to this report as Annexure "A", be adopted.
2. That in terms of Section 129 of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the 2022/2023 Annual Report be approved without reservations.
3. That the recommendations of MPAC be endorsed and the Mayoral Committee monitor progress on the mentioned issues.

REPORT

The Municipal Public Accounts Committee, at its meeting held on 09 February 2024, approved the Oversight Report on the 2022/2023 Annual Report and recommended that Council approve the 2022/2023 Annual Report, without reservations.

Attached as Annexure "A" is the 2022/2023 Oversight Report as adopted by the MPAC and signed by the MPAC Chairperson.

Annexure "A"

[SEC 79: MPAC]: OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003: ANNUAL REPORT 2022/2023

3/2/3/2/15

COMPETENCY: COUNCIL

PURPOSE

To submit the 2022/2023 Oversight Report on the 2022/2023 Annual Report, as prescribed in terms of Section 129(1) of the MFMA.

RECOMMENDATIONS

1. That in terms of Section 129 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, the Annual Report 2022/2023, be approved without reservations.
2. That the following recommendations of MPAC be endorsed and that the Mayoral Committee monitor progress in the recommendations and give regular feedback to MPAC:
 - 2.1 Consumer debtor balance: That continuous efforts be made to improve debt collection.
 - 2.2 Electricity losses: That measures be put in place by management to prevent and drastically reduce the loss (unaccounted) of electricity and that action be taken against Electricity By-law contraveners.
 - 2.3 Water losses: That measures be put in place by management to prevent and drastically reduce the loss (unaccounted) of water and that action be taken against Water By-law contraveners.
 - 2.4 Annual Report: That management must put mechanisms in place to verify information and assure the quality of the Annual Report.

REPORT

The Municipal Public Account Committee of Midvaal (MPAC) must consider the 2022/2023 Annual Report as well as the report of the Auditor-General attached as Annexure 'A'. The MPAC noted that Midvaal Local Municipality received its tenth "clean" audit report.

DISCUSSION: MATTERS OF EMPHASIS

The Auditor-General states in the attached Annexure 'A' that the audit evidence that was gathered is sufficient for her to provide her audit opinion. In her opinion the financial statements as of 30 June 2023 represent fairly and in all material respects, the financial position of Council.

She raised the following matters of emphasis that MPAC considered with a view to assist management, namely:

Material impairments

1. As disclosed in note 4 to the financial statements, the receivables from exchange transactions has been significantly impaired. The allowance for impairment of receivables from exchange transactions is R109 077 036 (2021-22: R123 744 090), which represents 36% (2021-22: 44%) of the total consumer receivables.
2. As disclosed in note 5 to the financial statements, the receivables from non-exchange transactions balance has been significantly impaired. The allowance for impairment of receivables from non-exchange transactions is R315 102 312 (2021-22: R262 760 834), which represents 71% (2021-22: 71%) of the total receivables from non-exchange transactions.

Material losses - electricity

3. As disclosed in note 29 to the financial statements, material electricity losses of R60 077 536 (2021-22: R41 134 303) was incurred, which represents 16% (2021-22: 11%) of total electricity purchased. Technical losses amounted to R26 115 705 (2021-22: R22 623 867) and were due to the electricity that was lost on distribution from the source of generation through the transmission and distribution network to the final consumer. Non-technical losses amounted to R33 961 831 (2021-22: R18 510 437) and were due to faulty meters and illegal connections.

Material losses – water

4. As disclosed in note 29 to the financial statements, material water losses of R50 367 799 (2021-22: R49 059 714) was incurred, which represents 34% (2021-22: 37%) of the total water purchased. Technical losses amounted to R27 727 474 (2021-22: R33 360 606) and were due to physical loss through the water distribution network. Non-technical losses amounted to R22 640 325 (2021-22: R15 699 108) and were due to persistent leakages as a result of aging water supply infrastructure and illegal connections.

COMMENTS AND RECOMMENDATIONS FROM MPAC

With regards to the material impairments the following:

1. Consumer debtors balance: That continuous effort be made to improve debt collection.
2. Electricity losses: That measures be put in place by management to prevent the loss of electricity and that action be taken against those who contravene the Electricity By-laws.
3. Water losses: That measures be put in place by management to prevent the loss of water and that action be taken against those who contravene the Water By-laws.

Annual Report: That management must with regards to information provided from the Annual Report, put in place mechanisms to verify the information.

CONCLUSION

The clean Audit Report in the 2022/2023 financial year is again welcomed. The MPAC is of the opinion that the Executive and Administration should be acknowledged for the hard work done to obtain a clean audit report.

The MPAC will continue to carry out its oversight role, namely, to assist the Municipality to be accountable to its ratepayers and to make meaningful recommendations to assist the Municipality.

The MPAC Committee therefore, at its meeting held on 09 February 2024, unanimously resolved to recommend that 2022/2023 Annual Report be approved in terms of Section 129 of the Local Government: Municipal Finance Management Act No. 56 of 2003 without reservations.

PP 

CLLR. PM. LEHLOKA
CHAIRPERSON

09/02/2024
DATE

Acting Chairperson.
Cllr. William Kolisang

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