



# **GA-SEGONYANA LOCAL MUNICIPALITY**

**Draft Annual Report**

**2024-2025**



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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence are achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

The Annual Report for Financial Year 2024/2025 for Ga-Segonyana Local Municipality highlights our progress towards achieving a clean audit outcome and maintaining sound financial management practices. As the Mayor, I am committed to ensuring that our municipality is governed in a transparent, accountable, and efficient manner.

In accordance with the Municipal Systems Act (MSA), Act No. 32 of 2000, Section 16, which emphasizes the importance of public participation in municipal decision-making, we have engaged in extensive IDP & Budget community consultations and public participation programs to ensure that the voices of our residents are heard and reflected in our planning and budgeting processes.

Achieving a clean audit is a top priority for our municipality, and we are intensifying our efforts to ensure that we meet this objective. To this end, we are strengthening our Internal Audit team to provide more effective oversight and assurance. We are also implementing more secured control measures to safeguard our assets and prevent fraud. Our monitoring structures are being enhanced to ensure that we identify and address any weaknesses in our systems and processes.

We are currently facing a significant water crisis, the appointed regional bulk water service provider namely Vaal Water Central is lacking in terms of fulfilling their contractual obligations that include maintaining Municipal Infrastructure. We continue to engage with the National and Provincial governments to resolve this challenge. Vandalism of municipal infrastructure has resulted in unnecessary expenditure and hampers our ability to deliver quality services.

To internally address these challenges, the Council has made several resolutions to support the municipal administration and improve service delivery. These include strengthening our maintenance programs, enhancing security measures to prevent vandalism, and implementing water conservation initiatives to mitigate the impact of the water crisis. We are working tirelessly to improve our revenue collection and reduce our dependence on grants.

This report reflects our commitment to improving and advancing our infrastructure through key projects such as roads (Construction of internal gravel roads to paved roads, patching and resealing of potholes), Water and sanitation (completed Gantatelang bulk water project) and the completed Fire department. As a collective, we are ensuring that our financial resources are utilized efficiently and effectively to deliver quality services to our residents.

In response to the evolving social and economic environment, we have taken a significant step by reviewing our Township Economies By-Laws. This review aims to provide structured guidance and centralized measures for doing business in our townships, with a particular focus on supporting Small, Medium, and Micro Enterprises (SMMEs). By enhancing these by-laws, we are creating a more conducive business environment

# Chapter 1

that fosters growth, innovation, and job creation. Our commitment to reviewing and enhancing policies is guided by the principles of Batho Pele, which emphasize putting people first and providing quality services that meet the needs of our communities. This approach ensures that our policies and service standards remain relevant, effective, and responsive to the needs of our growing population.

We have strengthened our relationship with traditional authorities, recognizing the important role they play in our communities. Through collaborative efforts with all stakeholders, sector departments, provincial and national governments and local mining houses we aim to promote development, improve service delivery, and enhance the overall well-being of our residents.

Cllr Neo George Masegela

Mayor of Ga-Segonyana Local Municipality

*T 1.0.1*

# Chapter 1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

As we present the Annual performance report for the 2024/2025 financial year, I am pleased to highlight the key focus areas and achievements of Ga-Segonyana Local Municipality. This report outlines our strategic objectives, priorities, and financial plans aimed at promoting sustainable development, improving the quality of life for our residents and ensuring effective governance.

As Ga-Segonyana Local Municipality, we remain steadfast in our commitment to delivering exceptional services to our communities. Our core focus is on enhancing the provision of basic services including water, sanitation, electricity and waste management to meet the evolving needs of our residents.

Our dedication to supporting economic development is exemplified by the successful completion of the Kuruman Square Shopping Centre which is now open and thriving. This project not only modernizes our area but also serves as a testament to our ability to drive development and improve the quality of life for our citizens.

Building on this momentum, we are excited about the progress on the Segonyana Mall which is currently under construction and set for completion by November 2025. This project underscores our commitment to supporting local economic growth through initiatives that promote job creation, SMME development, and investment attraction.

Our focus on infrastructure development includes upgrading and maintaining municipal infrastructure will continue to support both service delivery and economic growth, ultimately enhancing the prosperity and well-being of our communities. Through these efforts, we aim to create a vibrant and sustainable environment that benefits all residents and stakeholders.

The budget for the 2024/2025 financial year is carefully aligned with the Integrated Development Plan (IDP) and focuses on key priority areas upholding the Batho Pele principles of consultation, service standards, access, courtesy, information, openness and transparency, redress, and value for money.

# Chapter 1

In line with these principles, our budget allocation prioritizes:

- Infrastructure development through funding for road maintenance, water and sanitation projects and community facilities.
- Service delivery by ensuring adequate funding for basic services such as waste management and electricity distribution;
- Economic and social development by supporting local economic initiatives and community development programs.

Despite our efforts, we acknowledge the challenges we face including resource constraints, infrastructure backlogs, and the need for improved service delivery.

To address these challenges, we will:

- Enhance Revenue Collection: Implementing measures to improve revenue collection and reduce dependency on grants.
- Optimize Resource Allocation: Ensuring efficient use of resources and prioritizing projects that yield maximum impact.
- Community Engagement: Strengthening communication with residents to understand their needs and priorities.

The IDP and Budget Report for the 2024/2025 financial year embodies Ga-Segonyana Local Municipality's unwavering dedication to sustainable development, good governance, and impactful service delivery. We are resolute in our pursuit of a clean audit outcome, recognizing its significance in ensuring transparency, accountability and fiscal financial management.

Through our strategic objectives and the support of our stakeholders, including residents, government departments and the private sector we are confident that we will not only achieve our goals but also make a lasting, positive impact on the lives of our citizens.

# Chapter 1

## **Municipal Manager**

**Mr Martin Tsatsimpe**

T 1.1.1

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

Ga-Segonyana Municipality is a former cross-boundary municipality with areas in the Northern Cape and North West. The municipal jurisdiction consists of 33 residential areas within a radius of approximately 80 km in and around Kuruman, and has approximately 75 000 residents. The municipality's economy is mainly based on the surrounding mining and agricultural activities.

The municipal seat, Kuruman, is situated on the Namaquari route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington. The name Ga-Segonyana means a small calabash with bubbling water.

The rural villages to the north-west of Kuruman are administered through a traditional authority system with two Traditional leaders. This area is not formalised with the result that no title deeds exist for residents. Currently no billing for services is conducted in these areas. It is crucial for the success of the project that a suitable "social contract" be put in place to ensure financial feasibility through successful cost recovery. For this purpose, all erven must have water meters (where yard / house connections are installed) and consumers must be billed towards debt collection and cost recovery. As a minimum level of township formalization services must be registered for roads and infrastructure and registered identifiable erven must be created. This will allow for the legal identification of the erven, consumers and water meters and will facilitate billing and cost recovery. Similarly, the legal ownership of infrastructure will be documented and registered by the registering of services.

Migration from the cross-border areas from the north adds significantly to the housing need and the development of water and sanitation infrastructure. Backlogs in housing must be addressed. The status of the Municipality's Water Service's Development Plan is that of a draft and its blue drop assessment level is 73%, with:

#### BLUE DROP ASSESSMENT RESULTS, 2023

Batharos (GLM Boreholes – Sedibeng Water)	78,23%
Mothibistad (GLM Boreholes – Sedibeng Water)	73,4%
Bankhara-Bodulong (Managed by Ga-Segonyana LM)	64,16%
Kuruman – Wrenchville (Managed by Ga-Segonyana LM)	64,16%

#### Refuse Removal and Waste Disposal

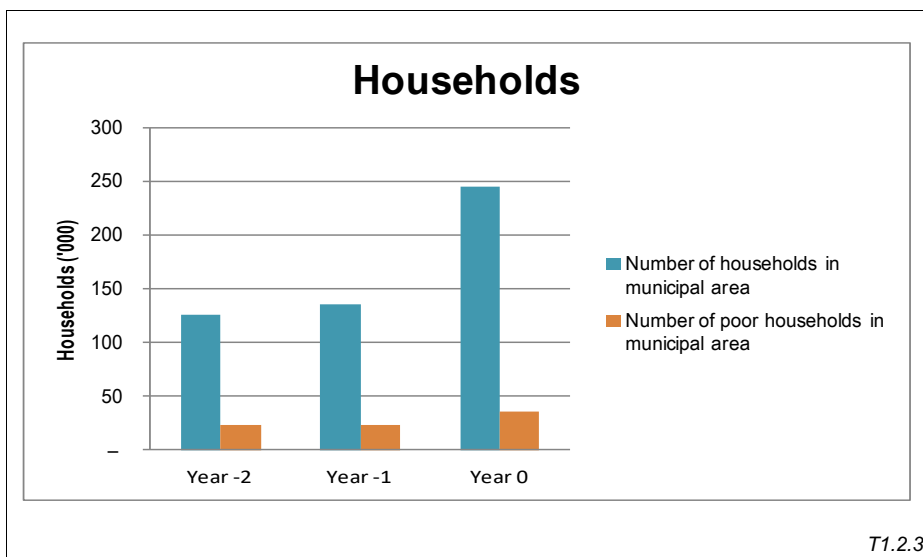
The Municipality remove an average of 12-ton waste per day from business premises and 18,45 ton from domestic premises.

T 1.2.1

# Chapter 1

Population Details									
Age	Population '000								
	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	2650	5957	8607	2650	5957	8607	2650	5957	8607
Age: 5 - 9	5566	5745	11311	5566	5745	11311	5566	5745	11311
Age: 10 - 19	11205	11192	22397	11205	11192	22397	11205	11192	22397
Age: 20 - 29	10624	10517	21141	10624	10517	21141	10624	10517	21141
Age: 30 - 39	9429	10190	19619	9429	10190	19619	9429	10190	19619
Age: 40 - 49	6619	7339	13958	6619	7339	13958	6619	7339	13958
Age: 50 - 59	3779	4845	8624	3779	4845	8624	3779	4845	8624
Age: 60 - 69	2364	3324	5688	2364	3324	5688	2364	3324	5688
Age: 70+	975	2017	2992	975	2017	2992	975	2017	2992

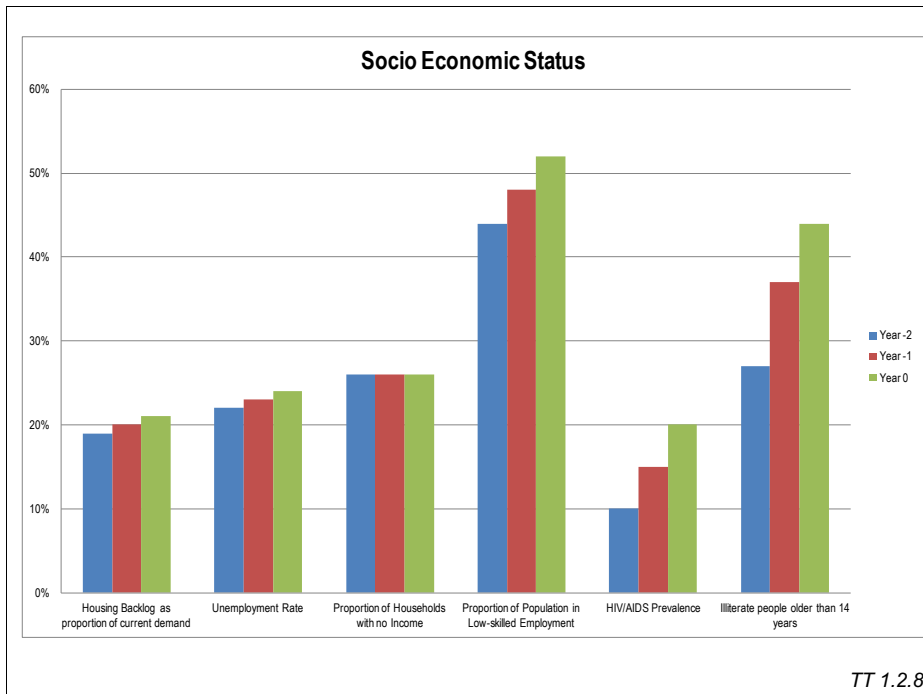
Source: Statistics SA T 1.2.2



# Chapter 1

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
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%

T 1.2.4



## 1.3. SERVICE DELIVERY OVERVIEW

DIRECTORATE	SERVICES

# Chapter 1

<p>GOOD GOVERNANCE AND PUBLIC PARTICIPATION (OFFICE OF THE MUNICIPAL MANAGER)</p>	<p>The Office of the Municipal Manager over and above the directorates as reflected below include the Communications, Internal Audit, Risk Management, IDP and PMS sections. Throughout the year the Communications section communicated specific and service delivery related information with the public, i.e. water outages, electricity outages, Council meeting sessions, etc. Council information is also timeously communicated as per municipality's Newsletter, including the facilitation of Interviews with Councilor's and Administration where so required. The Internal Audit Unit, audited financial and non-financial related reports to ensure completeness and correctness of all reported performance on a scheduled basis. All auditing activities assist with readiness and preparation of the institution annual external audit as conducted by the Auditor General. The IDP was developed and approved by Council as the most strategic principal document and plan of the municipality for execution by all departments. The IDP was informed by public and public representative engagement processes, which guided the application of municipal resources. The IDP was presented to Council by the Executive authority of the municipality, Executive Mayor. The Integrated Development plan (IDP) section drafted/developed the Business Implementation Plan as was approved by the Executive Mayor. The Risk Management section identified all potential threats which may hamper implementation of the Business Plan and guided the management of Institutional Risks.</p>
<p>INSTITUTIONAL DEVELOPMENT AND ORGANIZATIONAL DEVELOPMENT (CORPORATE SERVICES)</p>	<p>The Corporate Services Directorate managed all administrative processes of Council, of which included the Convening and reporting outcomes of Council and Council Committee meetings. The Directorate also hosts the Human Resources department which primarily handled all recruitment of employees during the financial year. The training and development of Councilor's and municipal staff was coordinated in accordance with the municipality's Work Based Skills Plan (WBSP) All council/municipality owned properties and legal services was also undertaken and managed by the directorate and the Local Economic Development (LED) section initiated all local economic development programs and activities within the municipality. Support for existing and new local businesses were also provided to stimulate the development and expansion of local economy.</p>

# Chapter 1

<p><b>BASIC SERVICES DELIVERY AND INFRASTRUCTURE</b></p>	<p>The Infrastructure Services Directorate was responsible for the roll-out and provision of Basic Services; including Electricity, Water, Sanitation and Roads services. The provision of these different services was conducted in accordance with the different Master Plans as was approved by council. The exponential growth of our local towns placed tremendous strain on the sustainable provision of services, though most services provided were in accordance with national standards. The maintenance and improvement of our Roads Infrastructure networks received significant attention though much more focus and activity are currently in progress in this area. It is rather unfortunate that the expansion of our towns is not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development amidst the municipality competing with other municipalities across the country. An improved revenue collection could ensure lesser dependence on national/provincial grants.</p> <p>The Spatial development within the municipality boundaries, directed all spatial planning and developments for the year under review in accordance with the Council approved Spatial Development Framework. Spatial development was also to direct integration of communities both in terms of residential and business development programmes. The Town Planning department managed all building related activities and applications in accordance with set Building Relations.</p>
<p><b>COMMUNITY SERVICES</b></p>	<p>The Community services directorate focused on the promotion of a clean, healthy and safe living and work environment. The cleanliness of the respective towns within our municipality boundaries by way weekly refuse removal for both residential and business communities. The municipality Disaster Management plan facilitated the provision of major Fire and Rescue services to prevent any potential form of natural disaster. The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic to ensure smoother traffic flow and the prevention and reduce of traffic related accidents. The maintenance of our municipal Parks, Public open spaces were also managed. Libraries, Halls, Cemeteries, also received and provided significant support in benefit of our local communities.</p>
<p><b>Financial Viability and Accountability</b></p>	<p>Our municipal finances were done in accordance with the Council approved Budget, as was approved at the end of May 2024. All municipal finances were strictly managed in accordance national regulatory prescripts and municipal approved policies. The General Recognized Accounting Practices directed the standard recording of municipality transactions to be executed.</p>

# Chapter 1

## SERVICE DELIVERY INTRODUCTION

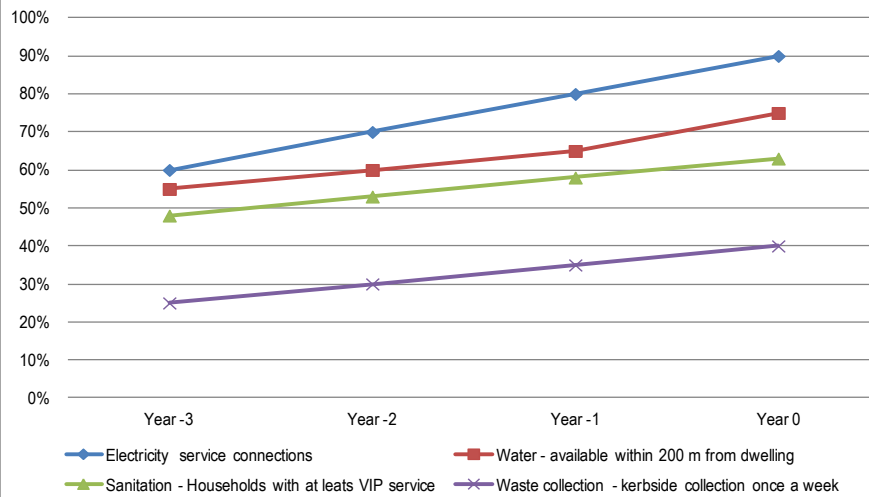
The Municipality experiences a huge backlog on the provision of basic infrastructure due to migration into our Municipal area by people losing their jobs at the mines, and influx of people wanting to come to closer to town to deemed job opportunity. This takes place in an uncontrolled environment where informal settlement mushroom overnight into our Municipality. The informal settlement of Promise land is currently receiving attention from the Department of Human Settlement, to formalize and deliver basic service. Township layout is currently being finalized.

There are no budget provisions to attend to basic infrastructure as funding must be sourced by grant funding and it takes time to plan and source such funding. The disaggregation of families causes an even larger increase in number of people needing basic services.

The Municipality is left at a disadvantage in that the equitable share, and available grant funding has got no chance to keep up maintenance and provision of infrastructure. Lack of funding also has an impact negatively on the provision of free basic services, to the deserving communities. The Municipality also managed to source funding from mining houses to complete the Kuruman Bulk water supply scheme. Roads and storm water master plan was also completed with the funding we got from DBSA

T 1.3.1

## Proportion of households with access to basic services



T 1.3.2

# Chapter 1

## COMMENT ON ACCESS TO BASIC SERVICES:

The biggest shortfalls in the Municipality's efforts to deliver basic services are limited funding and the ever-increasing backlogs resulting from rapid urbanisation in mostly the settlements situated nearer to Kuruman. Urbanisation resulting from mine retrenchments and community expectations for job opportunities in this Area exacerbates the shortfalls in service delivery.

The Municipality is reliant on grant funding and assistance from the mining houses through the Social Labour Plan (SLP) funding. Most often this funding becomes limited, as it gets directed to refurbishment of the existing services as well. The other factor which limits basic services delivery is the non-payment of services by community, resulting in the Municipality failing to generate sufficient revenue to meet the basic service delivery demands of the community.

T 1.3.3

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

[The State of Local Government Finances and Financial Management report issued by the National Treasury for the financial year ended 2023/24, amongst other things reports on the funded and unfunded budgets status of Municipalities, Municipalities in financial distress and various other aspects such as cash coverage, liquidity, current ratios, amongst others. Although the report focus is for the 2023/24 financial year, it assists the Municipality to view its status and where necessary take corrective action.](#)

[The report identifies Ga-segonyana Local Municipality's as one of the one hundred and sixty-two \(162\) Municipalities that are in financial distress for two consecutive years. The determination of the financial distress status is based on thirteen indicators, some of which are mentioned above. One hundred and thirteen \(113\) Municipalities across the country adopted unfunded budgets. The Ga-segonyana Local Municipality was not one of these Municipalities. According to the report, 2025/26 Ga-segonyana Local Municipality's budget is funded.](#)

[It is noteworthy that for the year under review, the Municipality's audit opinion has not regressed. The unqualified opinion with matters was obtained. None of the matters were repeat findings. The Municipality's efforts are bearing fruits as the findings have significantly reduced, paving a way to unqualified audit opinion with no findings. It is the second consecutive year that the Municipality obtains the unqualified audit opinion.](#)

[In the financial year under review, the Municipality was not affected by the Eskom Debt Relief Package because it did not have an electricity outstanding debt.](#)

# Chapter 1

Eskom bulk purchases accounts were paid as and when they became due and payable. All other creditors are paid within thirty days of receipt of an invoice, except where there is a dispute. These payments within thirty days include payments to pensions and medical aid funds.

The Municipality had a dispute with the Vaal Central Water Board on the outstanding debt the Board purported it was owed for services rendered. The Municipality successfully managed to have the Board write off over twenty-two million rand and agreed on arrangement to pay the arrears amounting to nine million rand in addition to the current account.

Amongst the thirteen indicators is the status of cash and cash equivalent balance of the municipality at the end of the year. The Ga-segonyana Local Municipality for the financial year under review was just over R 7 million (R 37 million, 2023/24). This decline is attributable to a sharp increase in our debt and less revenue collection. The Eskom winter tariffs also impacted the cash flows negatively.

The debt increased by R 15 million for non-exchange transactions and R 29 million for exchange transactions for the year under review. Such a growth in one financial year is a grave concern to the Municipality and threatens the going concern of the Municipality, more so considering the technical write-off of a significant debt as well as the impairment of debtors. The Auditor General of South Africa (AGSA) included impairment of debtors in matters of emphasis.

The Municipality's revenue raised in the year under review amounted to just over R 822 million (R 768 million, 2023/24). R 427 million (R 404 million, 2023/24) is attributable to grants and subsidies. The Grants and Subsidies constitutes 52% of the total revenue raised. The high percentage of the Grants and Subsidies should not be a cause for concern as the Municipality has a significant rural component. The Municipality received more grants than anticipated due to the good spending demonstrated on conditional grants during year under review.

The subdued economic conditions in the country, amongst other factors, has had a negative impact on the Municipality's revenue collection for the year under review. The increase of debt is of great concern for the Municipality as its sustainability depends on revenue collection. The Municipality will continue to make every effort to improve the collection rate not only to meet the National Treasury norm of 95% but to exceed it.

Although the money owed to the Municipality for both exchange and non-exchange transactions amounted to just over R 158 million, the Debt Collection Section pursues the outstanding debt vigorously. Debtors over 90 days are handed over to attorney for collection. The combined efforts yield positive results for the municipality given the state of the economy and high unemployment rate.

All efforts are made to protect the Municipality's revenue. Efforts include the electricity meter audits to identify meters tampered with as well as installation of smart prepaid water meters. The Municipality also ensures that the General Valuation Roll is up to date by consulting with the Town Planning Division for any changes (improvements) to the properties on the Roll. Supplementary Valuations are conducted as and when the need arises as prescribed by the Municipal Property Rates Act and related Regulations.

The challenges have been identified as, amongst others, disputes with some major customers for non-exchange transactions and theft for exchange transactions, Government for instance.

# Chapter 1

The distribution losses of electricity and water are a major source of concern. The electricity losses in the year under review amounted to just over R 41 million (R 26 million, 2023/24). The Municipality is addressing the above by restructuring the Debt Collection Unit to make it more focused and effective. The Municipality is also implementing online meter reading for large powers users to improve billing accuracy and correct any billing discrepancies.

The Cost Containment Policy was implemented to ensure that only the core and essential business of the Municipality is funded and non-essential expenditure is curbed. The Municipal Public Accounts Committee ensured that all the Unauthorised, Irregular and Fruitless and Wasteful Expenditure are attended to and have significantly reduced in the year under review.

The asset management of the Municipality is sound. Assets are insured in the event of damage or impairment

The liquidity ratio dropped from 1:1 to 0.7 in 2022-23 which means the municipality's financial viability faced challenges as expected post Covid 19 declined economic activity. The cost coverage dropped from 1.4 to 0.8 which means the municipality barely has one-month cash to cover its operations. Despite the challenges mentioned above the Municipality continues to be a going concern and the financial health of the Municipality, whilst challenged, remained resilient and sound. The assessment made by the Auditor General of South Africa as found in the management report, confirmed that the municipality financial health is intact.

T 1.4.1

Financial Overview: Year 0			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	401 108	452 713	444 700
Taxes, Levies and tariffs	324 674	338 385	330 237
Other	50 599	64 415	106 318
Sub Total	776 381	855 513	881 255
Less: Expenditure	686 087	717 841	785 411
Net Total*	90 294	137 672	95 844
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	35.15
Repairs & Maintenance	3.53
Finance Charges & Impairment	1.21
	T 1.4.3

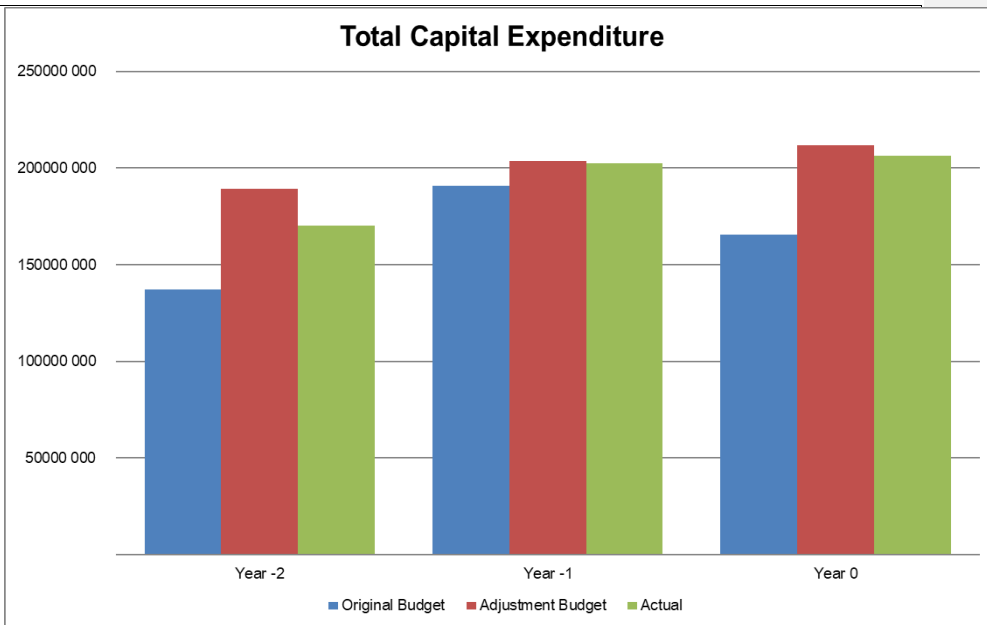
COMMENT ON OPERATING RATIOS:

# Chapter 1

Employee costs as a percentage of total operating expenditure increased from 32.40% (2023/24) to 35.15% (2024/25), it is still within the national norm of 40 percent. In the 2024/25 financial year, overtime hours were capped at 25 hours per employee amongst most units within the municipality. Repairs and maintenance accounts for 3.53% of total operating expenditure. Norm for this expenditure is 8%. The aforementioned 3.53% accounts for materials only. It excludes other costs such as labour, transport and overheads. Finance charges as a percentage of total operational expenditure is not within the norm of 6% - 8%. The municipality managed to maintain its obligations in terms of the long-term loan. Currently the municipality is not in a financial position to incur any further long-term loans.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
	R'000		
Detail	Year -2	Year -1	Year 0
Original Budget	137 174	190 734	165 413
Adjustment Budget	189 126	203 805	211 910
Actual	170 385	202 305	206 174
			T 1.4.4



T 1.4.5

# Chapter 1

## COMMENT ON CAPITAL EXPENDITURE:

The Municipality performed exceptionally well on the capital budget in the year under review. The Social Labour Plans (SLPs) constitute funding by the mines for various projects agreed to with the Municipality. At the completion of these projects the assets are donated to the Municipality. The variance between the Budget and the actual capital expenditure arises from these two sources of additional funding.

The consecutive three year displayed in the graphs above shows that the capital expenditure budget was adjusted upward. In each year additional grants were made available to the Municipality because of the good performance of the Municipality on grant spending and the resultant service delivery. The Municipality spent 95% of the adjusted capital budget.

*T 1.4.5.1*

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview of Ga-Segonyana Local Municipality was conducted to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The audit for the current year 2024/25 was finalised on the 30<sup>th</sup> of November 2025, the municipality submitted its annual financial statements to AGSA on the 31<sup>st</sup> of August 2025. The municipality received an Unqualified audit opinion for the 2024/25 financial year.

# Chapter 1

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

The Constitution of the Republic of South Africa Act 108 of 1996 stipulated that public administration should adhere to a number of principles, including that:

- a) A high standard of professional ethics be promoted and maintained;
- b) Services are provided impartially, fairly, equitably and without bias;
- c) Resources are utilized efficiently, economically and effectively;
- D) People's needs be responded to;
- e) The public be encouraged to participate in policy making, and it be accountable, transparent and development-oriented. Good governance has major characteristics which are;

1. Participation by citizens
2. Rule of laws -which are fair legal frameworks that are enforced impartially
3. Transparency - decision taken and their enforcement of laws requires and their enforcement are done in a manner that follows rules and regulations and information is freely available and accessible to those who will be affected by such decision and enforcement.
4. Responsiveness - good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe
5. Consensus oriented - good governance requires mediation of different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved
6. Equity and inclusiveness - this requires all groups and particularly the most vulnerable, to have opportunities to improve or maintain their well-being
7. Effectiveness and efficiency - Good governance means that processes and institutions produce results that meet that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the next context of good governance also covers the sustainable use of natural resources and the protection of the environment.
8. Accountability - is a key requirement of good governance not only government institutions but also, the private sector and civil society organizations must be accountable to the public and to their institutional stakeholder.

In the Ga-Segonyana Local Municipality the political wing of the municipality exercises their executive and legislative powers and functions to govern the affairs of the municipality and the administrative wing is responsible for Corporate Governance as prescribed by various legislative frameworks.

T 2.0.1

# Chapter 2

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Systems Act requires the municipality to clarify the roles and responsibilities of the most important role players in the municipality. Municipalities are complex institutions with wide-ranging powers and duties governed by politicians and assisted by a staff component whose main purpose it is to ensure and maintain services to the community. This goal is only achievable if there is harmonious interaction between the various role-players. They must know and understand their respective roles follow protocols and co-operate with each other but, when they fail, they should be able to correct their mistakes in terms of pre-determined processes.

The Constitution not only confers on a municipality the right to govern the affairs of the community within the municipal area, but also empowers the Municipal Council to make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. To this end the Municipal Council is clearly the principal political structure and the ultimate decision maker of the Municipality.

The Mayor is the political leader of Ga-Segonyana Local Municipality, he is responsible to enhance good governance, promote institutional pride, build external and media relations, engage with communities and facilitate the process of governing. The Mayor is responsible for monitoring the management of the municipality's administration in accordance with the directions of the municipal council. He is accountable to council and must report to council on performance and discharge of powers, functions and duties of the office. The Mayor is assisted by the Mayoral Committee. The Mayor's area of responsibility from a geographical perspective is not limited to the geographical area of the municipality. Due to the municipality's involvement in co-operative governance the Mayor's influence is much wider, e.g. the Premier's Co-ordinating Forum, SALGA, Mayoral Forum, etc.

As regards the functional area the Mayor possesses all the powers conferred by law on the office, as well as those powers that have been delegated to him/her, or can be implied, or derive from civic culture or tradition

*T 2.1.0*

# Chapter 2

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

Ga-Segonyana Local Municipality is a Category B Municipality established in terms of section 12 notice of the Municipal Structures Act 117 of 1998.

The Constitution of the Republic of South Africa of 1996 and Municipal Structures Act of 2000 requires that every Council elects a Chairperson, who is called the Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council which are the legislative function and its executive function. The Speaker presides over meetings of Council and performs the duties and exercises the powers delegated to the Speaker.

As the Mayor of Ga-Segonyana Local Municipality commits to efficient service delivery to the people of Ga-Segonyana at large. I also commit to work with the staff, trade unions through the management led by current Municipal Manager Mr Martin Tsatsimpe to ensure that we all reading from the same page in providing speedily and efficient service to our people. All councillors of Ga-Segonyana commits to delivery of their promises on services delivery. All Councillors are committed and determined to confront all challenges of Poverty, inequality and unemployment. Together moving Development Local government forward.

The duties of the Speaker include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings of Council;
3. Ensure compliance in the Council and Council committees in the line with Code of Conduct of Councillors and;
4. Ensure that Council meetings are conducted in accordance with the adopted rules and orders of the Council.

Therefore, as the elected Speaker of Ga-Segonyana Council I am committed to use this office to protect and uphold the Constitution of the Republic, we will ensure that public participation becomes one of the strategic tools we apply to reach out too many and thousands of people of Ga-Segonyana. The Speakers Office will at material times ensure good governance through political oversight functions that is efficient and effective in order to hold the administration accountable so that the elected officials can also account to their constituencies and people who voted us in to political office bearer positions.

The other key stakeholder that I am committing this office to work with closely is the labour unions recognised in this institution and the ward committees who are our eyes and ears on the ground. Together as team we will take our municipality forward and make it an employer of choice as envisioned in the 2030 plan of Government in the National Development Plan.

According to the gazette the Mayor and Speaker are full-time but the full-time position of the Speaker is subjected to change in terms of the Division of Revenue Bill. The Speaker will facilitate the nomination and process of the Executive Committee In terms of section 43 of the

# Chapter 2

Local Government: Municipal Structures Act; 117/98. The procedure set out in the schedule 3 of the Structures Act applies to the election of the Executive Committee.

The Speaker calls for the nomination of candidate for Executive Committee members and presides over the election of Exco in terms of the procedure of Schedule 3 of the Structures Act 117 of 1998.

MPAC must be established in terms of section 79 of the Municipal Structure Act and the Municipal Finance Management Act, Act 56 of 2003 to serve as an oversight committee to exercise oversight over the Executive obligations of Council. The purpose of establishment MPACs is to ensure that municipal resources are used efficiently and effectively. By so doing, the MPAC would help to increase council and public awareness of the financial performance issues of the municipality.

The MPAC shall comprise of councillors excluding any councillor who is serving as Mayor, Speaker, and a member of the Executive Committee. However, council may invite representatives of the community and co-opt members of the public who have expertise in relevant specific fields to assist and advice in the deliberations when the need arise. These representatives will have no voting rights as they are not elected councillors.

*T 2.1.1*

# Chapter 2



**Cllr. Neo Masegela**  
Mayor & PR Councillor  
(ANC)

## COUNCIL OF GA-SEGONYANA LOCAL MUNICIPALITY



**Cllr. Keamogetse Madikiza**  
Speaker & PR Councillor  
(ANC)



**Cllr. Lesanggang Moagi**  
Chairperson of Finance  
Standing Committee  
(ANC)



**Cllr. Braam Van Der Westhuizen**  
Ward 1 Councillor &  
Chairperson of Human  
Resource Standing  
Committee (DA)



**Cllr. Kealeboga Mathole**  
Ward 14 Councillor &  
Chairperson of IDP  
Standing Committee  
(ANC)



**Cllr. Mosamlemang Reetsang**  
PR Councillor &  
Chairperson of  
Community Service  
(EFF)



**Cllr. Thabiso Memeantsi**  
Chairperson of MPAC  
Ward 4 Councillor  
(ANC)



**Cllr. Charles Phillips**  
Council Whip & Ward 13  
Councillor  
(ANC)



**Cllr. Piet Moepong**  
Ward 2 Councillor  
(ANC)



**Cllr. Lorato Molusi**  
Ward 3 Councillor  
(ANC)



**Cllr. Kagiso Golea**  
Mabokwe  
Ward 5 Councillor  
(ANC)



**Cllr. Kgofaetile Reuben Makhuho**  
Ward 6 Councillor  
(ANC)



**Cllr. Tshoganyeso Lesley Diphate**  
Ward 7 Councillor  
(ANC)



**Cllr. Tshogo Nyathi**  
Ward 8 Councillor  
(ANC)



**Cllr. Nametseng Merositha**  
Ward 9 Councillor  
(ANC)



**Cllr. Gomoelano Chere**  
Ward 10 Councillor  
(ANC)



**Cllr. Maria Tseng**  
Ward 11 Councillor  
(ANC)



**Cllr. Setiso Ingrid Kek**  
Ward 12 Councillor  
(ANC)



**Cllr. Mthuthuzeli Velela**  
Ward 15 Councillor  
(ANC)



**Cllr. Masago Kapotele**  
PR Councillor  
(EFF)



**Cllr. Moadwanape Libesane**  
PR Councillor (EFF)



**Cllr. Khehlong Sethefi**  
PR Councillor  
(EFF)



**Cllr. Tsapo Elio**  
PR Councillor  
(EFF)



**Cllr. Mashidiso Mamapala**  
PR Councillor  
(EFF)



**Cllr. Keabetswe Chwen**  
PR Councillor  
(EFF)



**Cllr. Sarah Ryan**  
PR Councillor  
(DA)



**Cllr. Oldidge Mathibe**  
PR Councillor  
(DA)



**Cllr. Clement Mojaki**  
PR Councillor  
Forum 4 Service Delivery  
(FASD)



**Cllr. Malebogo Ditsang**  
PR Councillor  
(SARKO)

# Chapter 2

## POLITICAL DECISION-TAKING

The functions of the Mayor are set out in the Municipal Structures Act. The Mayor is elected by the Municipal council to co-ordinate the work of the Municipality. The Mayor is the political head of the municipality and is expected to provide the required leadership necessary to keep the municipality moving in the proper direction. The Mayor presides over meetings of the executive committee and performs functions assigned to him or her by the municipal council or the executive committee.

These duties include any ceremonial duties. The Municipal Manager is directly accountable to the Mayor. The Mayor appoints the Municipal Manager and heads of departments upon resolution of the council. One person may serve a maximum of two consecutive terms as Mayor in the same council.

The Constitution and Municipal Structures Act requires that every Council elects a Chairperson, who is called The Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council, i.e. its legislative function and its executive function. The Speaker presides at meetings of the Council and performs the duties and exercises the powers delegated to the Speaker. These duties include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings; must ensure;
3. Ensuring compliance in the Council and Council committees with the Code of Conduct of Councillors; and;
4. Ensuring that Council meetings are conducted in accordance with the rules and orders of the Council.

The new system of local government represents a paradigm shift from the old system since it incorporates a vision of a developmental local government system. The Office of the Chief-Whip was established to create synergy and to maintain discipline among Councillors from various Political Parties. The Role of the Chief-Whip of the Council covers both the political and administrative domains of Council with emphasis on the political aspect.

The Chief-Whip has to ensure that relationships are constructive and focused on key issues that aimed at improving the lives of the Ga-Segonyana residence. The Chief-Whip further acts as a link between the Speaker, The Executive and the Administration. The Chief-Whip ensures that there is equitable representation in Committees of Council. The Chief-Whip of the Council also serves as the Chief-Whip of the ruling party and his responsibilities include the managements of the whippers of the ANC. It is also his responsibility to chair the Caucus and ensure that members of the Party speak with one voice.

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# Chapter 2

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Systems Act requires the municipality to clarify the roles and responsibilities of the most important role players in the municipality. Municipalities are complex institutions with wide-ranging powers and duties governed by politicians and assisted by a staff component whose main purpose it is to ensure and maintain services to the community. This goal is only achievable if there is harmonious interaction between the various role-players. They must know and understand their respective roles follow protocols and co-operate with each other but, when they fail, they should be able to correct their mistakes in terms of pre-determined processes.

The Constitution not only confers on a municipality the right to govern the affairs of the community within the municipal area, but also empowers the Municipal Council to make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. To this end the Municipal Council is clearly the principal political structure and the ultimate decision maker of the Municipality.

The Mayor is the political leader of Ga-Segonyana Local Municipality, he is responsible to enhance good governance, promote institutional pride, build external and media relations, engage with communities and facilitate the process of governing. The Mayor is responsible for monitoring the management of the municipality's administration in accordance with the directions of the municipal council. He is accountable to council and must report to council on performance and discharge of powers, functions and duties of the office. The Mayor is assisted by the Mayoral Committee. The Mayor's area of responsibility from a geographical perspective is not limited to the geographical area of the municipality. Due to the municipality's involvement in co-operative governance the Mayor's influence is much wider, e.g. the Premier's Co-ordinating Forum, SALGA, Mayoral Forum, etc.

As regards the functional area the Mayor possesses all the powers conferred by law on the office, as well as those powers that have been delegated to him/her, or can be implied, or derive from civic culture or tradition.

T 2.2.1

# Chapter 2



**Kagiso Noke**  
Chief Financial Officer



**Martin Tsatsimpe**  
Municipal Manager



**Bonolo Kgosieng**  
Director Infrastructure Services



**Kelibone Baloyi**  
Director Community Services



**Clifford Pule**  
Director Corporate Services

# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

The role of a district intergovernmental forum is to serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest, including—

- a) Draft national and provincial policy and legislation relating to matters affecting local government interests in the district;
- b) The implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) Matters arising in the Premier's intergovernmental forum affecting the district;
- d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- e) The provision of services in the district;
- f) Coherent planning and development in the district;
- g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the municipalities in the district; and
- h) Any other matters of strategic importance which affect the interests of the municipalities in the district.

A District intergovernmental forum may refer a matter arising in the forum to—

- a) The Premier's intergovernmental forum; or
- b) Any other provincial intergovernmental forum established in terms of section

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# Chapter 2

## 2.3 INTERGOVERNMENTAL RELATIONS

### DISTRICT INTERGOVERNMENTAL STRUCTURES

The role of a district intergovernmental forum is to serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest, including—

- a) Draft national and provincial policy and legislation relating to matters affecting local government interests in the district;
- b) The implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) Matters arising in the Premier's intergovernmental forum affecting the district;
- d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- e) The provision of services in the district;
- f) Coherent planning and development in the district;
- g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the municipalities in the district; and
- h) Any other matters of strategic importance which affect the interests of the municipalities in the district.

A District intergovernmental forum may refer a matter arising in the forum to—

- a) The Premier's intergovernmental forum; or
- b) Any other provincial intergovernmental forum established in terms of section

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# Chapter 2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA Section 15(b) requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16(i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(i)(d) requires a municipality to supply its community with information concerning municipal governance, management and development. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget. In line with the requirements of the Municipal Systems Act and Municipal Finance Management Act, the municipality had adopted various platforms for public participation such as ward meetings, Imbizos, the IDP Representative Forum and even through Facebook. The success of public participation is dependent on the activeness of the ward councilors and committees on the ground as well as the municipal communication and public relations team.

On a monthly basis, it is expected that ward councilor's call meetings with the intention to communicate the work of the council through the committees established. It is in these meetings where budget and IDP implementation is reported, service delivery challenges as experienced by the communities are noted and forwarded to members of the Mayoral Committee for intervention. The office of the Executive Mayor and that of the Speaker work in collaboration to ensure that public participation is effective and encourage participation and involvement of the community in the business of the municipality.

Benefits of public participation: Despite of the negative impact of load shedding on meeting attendance, public engagements aimed at the following outcomes:

1. It involves the community: This entails working directly with the public, ensuring that the public concerns are understood and considered.
2. It empowers the community: It places the final decision making in the hands of the community.
3. Establishing collaboration: The Municipality partner with the public in each aspect of the decision making.
4. The community is kept informed: To provide the public with objective information and alternative opportunities/solutions

The Community is consistently consulted:

To obtain public feedback on decision.

# Chapter 2

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The municipality involve or communicate with our communities in its affairs by means of public advertisement (in local newspapers and local radio station) of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its performance plans with specific reference to the Annual Report. The municipality also advertise the activities of the Oversight Report and invite participation from the communities.

The community also participate through the structures of the IDP Representative Forum and the IDP/Budget community consultative roadshows that we conduct annually. The IDP Rep Forums are held four times per annum, IDP/Budget community consultation road shows two times per annum. The purpose of these meetings is to involve community in the Review of IDP and to come up with the issues relating to service delivery. All Councillors, Management, Directors of sector departments, Traditional Leaders, Community Based Organisations (CBO), Non-Government Organisation (NGO's), Faith Based Organisation, Ward Committee Secretaries, Community Development Workers (CDW's) and Advocacy Groups forms part of the IDP Rep Forum. And all the community members form part of the IDP/Budget community consultative meetings. Politicians and managers also conduct public engagement session when new or reviewed by-laws, policies, strategic or sector plans and strategies are considered.

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# Chapter 2

## WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilors with consultation and report-backs to the community. Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented.

The ward councilors serves on the ward committee and acts as the chairperson. Although ward committees have no formal powers, they advise the ward councilors who makes specific submissions directly to Council. These committees play a very important role in the development and annual revision of the IDP of the area. The ward committee supports the ward councilors who receives reports on development, participates in development planning processes, and facilitates wider community participation.

To this end, the municipality constantly strives to ensure that all ward committees' function optimally with the provision of community information, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities. The table below indicates the ward committee members and the capacity they are representing.

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<a href="#">Date</a>	<a href="#">Ward</a>	<a href="#">Area</a>	<a href="#">Time</a>	<a href="#">Ward Councilor</a>
<a href="#">Monday, 11 November 2024</a>	<a href="#">Ward 08</a>	<a href="#">Batlharos Community Hall</a>	<a href="#">10:00</a>	<a href="#">Clr Nyathi</a>
	<a href="#">Ward 10</a>			<a href="#">Clr Chere</a>
	<a href="#">Ward 14</a>			<a href="#">Clr Mathole</a>
	<a href="#">Ward 13</a>	<a href="#">Wrenchville Civic Centre</a>	<a href="#">16:00</a>	<a href="#">Clr Phillips</a>
<a href="#">Tuesday, 12 November 2024</a>	<a href="#">Ward 06</a>	<a href="#">Seven Miles Community Hall</a>	<a href="#">10:00</a>	<a href="#">Clr Makhubo</a>
	<a href="#">Ward 09</a>			<a href="#">Clr Mereotho</a>
	<a href="#">Ward 12</a>			<a href="#">Clr Kok</a>
	<a href="#">Ward 03</a>	<a href="#">Thabo Moorosi multi-Purpose Centre</a>	<a href="#">16:00</a>	<a href="#">Clr Molusi</a>
	<a href="#">Ward 15</a>			<a href="#">Clr Valela</a>
<a href="#">Wednesday, 13 November 2024</a>	<a href="#">Ward 04</a>	<a href="#">Magojaneng Community Hall</a>	<a href="#">10:00</a>	<a href="#">Clr Merementsi</a>
	<a href="#">Ward 05</a>			<a href="#">Clr Molokwe</a>
	<a href="#">Ward 11</a>			<a href="#">Clr Taeng</a>

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	<a href="#">Ward 02</a>	<a href="#">Bankhara Bodulong Sports Ground</a>	<a href="#">16:00</a>	<a href="#">Cllr Lorato Molusi</a>
<a href="#">Thursday, 14 November 2024</a>	<a href="#">Ward 07</a>	<a href="#">Galotolo- Kgotla</a>	<a href="#">10:00</a>	<a href="#">Cllr Diphatse</a>
	<a href="#">Ward 01</a>	<a href="#">Sediba Academy Hall/Boafe</a>	<a href="#">16:00</a>	<a href="#">Cllr Van Der Westhuizen</a>

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The IDP provide an opportunity to strengthen integrated planning, budgeting and implementation across all spheres of government and the private sector in a meaningful way in pursuit of sustainable development.

The objects as set out in Sections 152 and 153 of the Constitution, aims to create synergy between different municipal planning instruments and National / Provincial policy directives. Ga-segonyana Municipal Council remained focused on how best to respond to its constitutional and developmental mandate through its overarching strategic development focus areas.

The Municipal Key Performance Areas (KPA's) and Strategic Objectives directs future development, potential investment and possible public/private partnership interventions. The Key Performance Areas and Strategic Objectives, guide service delivery as per municipality developed annual Service Delivery Budget Implementation Plan (SDBIP) and development. Section 28 (i) of the Municipal Systems Act, No 32 of 2000 requires that a Municipal Council adopts a schedule of activities to guide the drafting and review of its Integrated Development Plan.

The IDP process plan/time schedule articulates the progressive activities and processes which the Municipality will embark upon during the annual review of its Integrated Development Plan and implementation during the 2022/2023 period. The IDP process plan for the 2022/2023 IDP review was unanimously adopted by Council in August 2022.

The development of the IDP is undertaken inclusive of non-statutory specific sector plans; i.e. the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years. The alignment of the IDP with the Spatial Development Framework (SDF), relates the spatial planning and development foreseen for the financial year in planning.

The alignment of the IDP relates to aligning the IDP with the Provincial Growth and Development Strategy, the National Development Plan, and more importantly the Five National Key Performance Areas; Good Governance, Basic Services, Sound Financial Planning, Municipal Transformation and Organizational Development and Spatial and Environmental Development.

# Chapter 2

Municipal planning is informed by the National KPAs, Provincial Strategic Objectives and other National programs which follows:

1. To improve and maintain current basic service delivery, through specific infrastructural development projects,
2. To create an enabling environment for social development and economic growth,
3. To promote safe and healthy environment through the protection of our natural resources,
4. To grow the revenue base of the municipality,
5. To structure and manage the municipal administration to ensure efficient services delivery and To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, 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

# Chapter 2

Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
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## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

Risk management is a systematic and formalised process instituted by the municipality to identify, assess, manage, monitor and report risks ensuring the achievement of objectives. In terms of Sections 62(1)(c)(i) and 95(c)(i) of the MFMA the Accounting Officer is required to ensure that the municipality has and maintains effective, efficient and transparent systems of risk management. The main reason for risk management is that the service delivery environment and the public sector's interface with stakeholders have become far more demanding and volatile than before. Historical ways of doing things are no longer effective as evidenced by several service delivery and general failures. Benefits of risk management are:

- more efficient, reliable and cost-effective delivery of services;
- minimised waste and fraud; and
- more reliable decision making.

Enterprise Risk Management (ERM) forms a critical part of any entity's strategic management. It is the process whereby an entity both methodically and intuitively addresses the risk attached to their activities with the goal of achieving a sustained benefit within each activity and across a portfolio of activities. Enterprise Risk Management is recognised as a strategic, integral part of sound organisational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. All entities face uncertainty and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value.

Enterprise risk management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value. Value is maximised when management sets strategy and objectives to strike an optimal balance between growth and return goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity's objectives. The framework provides a basis for management to effectively deal with uncertainty of associated risk and opportunity, thereby enhancing its

# Chapter 2

capacity to build value. The following factors require consideration when integrating ERM into organisational decision-making structures:

- Strategically aligning risk management with objectives at all levels of the organisation;
- Introducing risk management components into existing strategic planning and operational practices;
- Including risk management as part of employees' performance appraisals; and
- Continuously improving control and accountability systems and processes to consider risk management and its results.

The Enterprise Risk Management Framework specifically addresses the structures, processes and standards implemented to manage risks on an enterprise-wide basis in a consistent manner. The standards further address the specific responsibilities and accountabilities for the Enterprise Risk Management process and the reporting of risks and incidences at various levels within Ga-Segonyana local municipality.

As the field of risk management is dynamic, this policy and framework document is expected to change from time to time. Current trends in good corporate governance have given special prominence to the process of Enterprise Risk Management, and reputable businesses needed to prove that they follow expected risk management standards. This means that Ga-segonyana must ensure that the process of risk management receives special attention throughout the organisation and that all levels of management know, understand, and follow the framework document. Risk Management Activities as contemplated in the Framework are properly discharged and all Risk Management activities reported quarterly to the Risk Management and Audit Committee. Ga-Segonyana Municipality's Current Key Risks as of 30 June 2024 are as follows:

Top Five risks to the municipality

1. Accountability over IT
2. Loss of income
3. Non-adherence to the SD Framework
4. Disasters
5. Ageing infrastructure, Electricity, Sewerage, Water, Storm & Roads- Vehicles

Risk has been identified and assessed, action plans have been developed to further mitigate risks, the real risk management is to implement these action plan and embed management of risk into day-to-day activities of the municipality

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## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

#### Definition of Fraud and Corruption

# Chapter 2

Legally, fraud is defined as the unlawful making of a misrepresentation with the intention to defraud, that causes prejudice or potential prejudice to another. In other words, defined as the giving or offering, receiving or agreeing to receive, obtaining or attempting to obtain any benefit which is not legally due to a person means which are illegitimate.

**Purpose:**

The Strategy is established to facilitate the developments of controls which will assist in the prevention and detection of fraud and corruption.

**Objective:**

The objective of this strategy is to give effect to the expressed commitment of the Municipal council to prevent and respond to corruption.

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## 2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT
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According to Robert Handfield, Ph.D. . (<https://scm.ncsu.edu/scm-articles/article/author/hand-field>)

“Supply Chain Management (SCM) is the active management of Supply Chain activities to maximize customer value and achieve sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective and efficient ways possible. Supply chain activities CHAPTER 2: GOVERNANCE 62 cover everything from product development, sourcing, production and logistics, as well as the information systems needed to coordinate these activities.”

The goal of SCM is to meet the needs of the final consumer by supplying the right product at the right place, time, and price.

The Supply Chain Management Unit (SCM) is a strategic key driver for service delivery and the implementation of projects within the municipality. The SCM is a multi-faceted process with many stakeholders and more moving projects. The procurement of goods and services is mainly done through the SCM. The lack of proper functioning of SCM impacts negatively on the municipality’s performance which leads to delays in the appointment of Service Providers and/or Contractors or Consultants. None functioning of SCM affects the various Committees such as the Bid Specification Committee (BSC), Bid Evaluation Committee (BEC), and Bid Adjudication Committee (BAC) in terms of attaining decisions speedily in connection with bids. SCM comprises Demand and Specifications Management, Acquisition Management, Logistics and Disposal Management, and Risk and Performance Management.

SCM requires new financial procurement systems to make the supply chain more efficient however the SCM is current operating manuals which complicates productivity while hindering sustainability and causing supply chain problems. The lack of proper SCM systems and the use of manual systems hamper operational efficiencies and effectiveness in the municipality’s service delivery mandate.

# Chapter 2

In the financial year 2021/2022, the SCM was advertising and evaluating tenders in line with Regulation 2017 (PPFA) however the Preferential Procurement Policy was introduced in 2022. In January 2023, the municipality started with the implementation of the new PPR 2022. The PPP policy of the municipality was approved by the council. The PPR 2022 emphasis is on specific goals as outlined in the RDP. All the formal written quotation above the value of R30 000 was advertised with specific goals as well as the tender value above R200 000.

## 2.9 BY-LAWS

Section 11 of the MSA gives a Municipal Council the executive and legislative authority to pass and implement by-laws and policies.

By-laws Introduced during Year 0					
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
	Electrical Supply By-Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Combating Vandalism of Properties By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Fire Bridgate Services By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Parking and Loading Management By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Sewage Disposal By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Building Regulations By Law	Yes	04 May 2022 to 12 May 2022	No	N/A

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	Refuse Removal By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
Keeping of Wild Animals, Poultry and Bees		Yes	04 May 2022 to 12 May 2022	No	N/A
*Note: See MSA section 13.					T 2.9.1

## COMMENT ON BY-LAWS:

Municipal by-laws are adopted by Council in terms of section 12 of the Local Government: Municipal Systems Act, No. 32 of 2000. In terms of Section 13 thereof, a by-law takes effect when published in the Provincial Gazette, or on a future date as determined in terms of the by-law. In compliance with the Systems Act, prior to the adoption of bylaws, the Municipality follow public participation processes, affording the public the opportunity to submit comments and/or objections to the proposed by-law, which are subsequently considered by Council. There were no by-laws reviewed for the 2022/23 financial year.

## 2.10 WEBSITES

The Municipality maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Sections 21A and B of the MSA as amended. The website serves as a mechanism to promote accountability and transparency to communities. It is a key communication mechanism in terms of service offering, information sharing and public participation. A website is a communication tool that allows easy and convenient access to relevant information and is an integral part of the Municipality's Communication Strategy

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		14/06/2023
All current budget-related policies		14/06/2023
The previous annual report (Year -1)	No	
The annual report (Year 0) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	
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	No	
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	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		14/06/2023

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*The Municipality has complied with the requirements of a municipal website as set out in the MFMA Section 75 especially the requirements that are supply chain, finance, and performance management related. The Municipality continuously aims to improve the content of the website to speak mainly to the needs of the community. As such, the Municipality is currently exploring different cost-effective solutions, which will bring municipal services closer to communities and will be accessible through the Municipality website.*

The Municipality did not conduct a public satisfaction survey on municipal services for the 2021/22 financial year. However, through public meetings held, it can be said that the public is not satisfied with the performance of the Municipality. The public's perception is growing alarmingly negative which directly affects the community's willingness to pay outstanding debt. Comments and posts on social media platforms clearly show that the overall general view is extremely negative. Improving on service delivery and handling of customer complaints or queries will go a long way in addressing this. Required for this to materialize is improved communication amongst different departments, providing timeous feedback and reducing the turnaround time to address calls logged with the Municipality

# Chapter 3

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

### INTRODUCTION

- A total of 3.8 Km of paved roads was completed in Bankhara-Bodulong and Magojaneng. Box cuts were also completed at Seven miles road of which completion is expected to be in 2019/2020. PMU to give report on all other projects for 19/20
- Construction of Sedibeng hall was completed in 2019/2020.
- The refurbishment of the boreholes in Mothibistad was also completed in 2019/2020.
- A development of new water sources was started in Batlharos and still work in progress of which it will be completed in 2019/2020.
- The upgrading of the Kuruman Waste Water Treatment Works commenced in May 2021 to ensure the works are upgraded from 6.0 ML/day to 8.0 ML/day
- Adequate funding was received from mining houses for Kuruman bulk water supply scheme and final completion of the project is expected in 2021/2022.
- INEP electrification projects resulted in 2200 new connections Promised Land and Obama Hills settlements.
- 124 households were connected in Wrenchville RDP.
- 15 High-mast lights were newly connected in Seoding, Magojaneng, Mapoteng, Ditshoswaneng, Garuele and Galotolo villages.

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# Chapter 3

## COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

### INTRODUCTION TO BASIC SERVICES

The Municipality still experiences a huge backlog on the provision of basic infrastructure due to migration into our Municipal area by people losing their jobs at the mines, and influx of people wanting to come to closer to town to deemed job opportunity. This takes place in an uncontrolled environment where informal settlement mushroom overnight into our Municipality. The informal settlement of Promise land is currently receiving attention from the Department of Human Settlement, to formalize and deliver basic service. Township layout is currently being finalized.

There are no budget provisions to attend to basic infrastructure as funding must be sourced by grant funding and it takes time to plan and source such funding.

The Municipality is left at a disadvantage in that the equitable share, and available grant funding has got no chance to keep up maintenance and provision of infrastructure. The poor forthcoming of residents registering on the indigent register also has an influence on the equitable share allocation, thus the lack of funding also has an impact negatively on the provision of free basic services, to the deserving communities.

The Municipality also managed to source funding from mining houses to complete the Kuruman Bulk Water Supply Scheme. Roads and storm water master plan was also completed with the funding we received from DBSA. The Municipality is still in the process of sourcing for funding for the implementation of the masterplan. Funds were also received from mining houses to upgrade the electrical and roads maintenance materials infrastructure in Kuruman and Wrenchville.

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# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

The provision of basic services within Ga-Segonyana Local municipal area is mainly informed by the foundation layer during public consultation to develop firstly the Five Year IDP and the annual review of the IDP. The annual review of the IDP focuses on the continued relevance of identified community needs and applicable municipal strategies to address these needs. In the context of basic services, the following strategies guide development planning and response: Water Services Development Plan, Electricity Master Plan, Roads & Storm Water Master Plan, and the Waste Management Plan. Without these strategic documents or plans, structured and sustainable delivery or provision of services become a daunting task

The provision of basic services covers two categories:

- Residents/households registered to pay for services as per municipality Promun system
- Residents/households registered on our Indigent Register whom requires a level of subsidiary support to access basic services.

Ga-Segonyana Local Municipality, in its amended Service Delivery and Budget Implementation Plan (SDBIP) for 2021/22 identified the following key performance indicators (KPIs) for water and sanitation service delivery:

- Meet 90% compliance to general standards with regard to waste water outflow by 30 June of the financial year.

The Municipality is the Water Service Authority (WSA) for the entire Municipality Area. It serves as the water service provider for Kuruman, Wrenchville and Bankhara-Bodulong, the rural areas including Mothibistad, are serviced by Sedibeng water as the appointed Water Service Provider for Ga-Segonyana Local municipality. The Municipality depends entirely on underground water sources for its domestic, agricultural and commercial consumption. To date a total of 31 325 households benefitted from the supply of water services. The municipal blue drop status is 73%.

T 3.1.1

### SERVICE STATISTICS

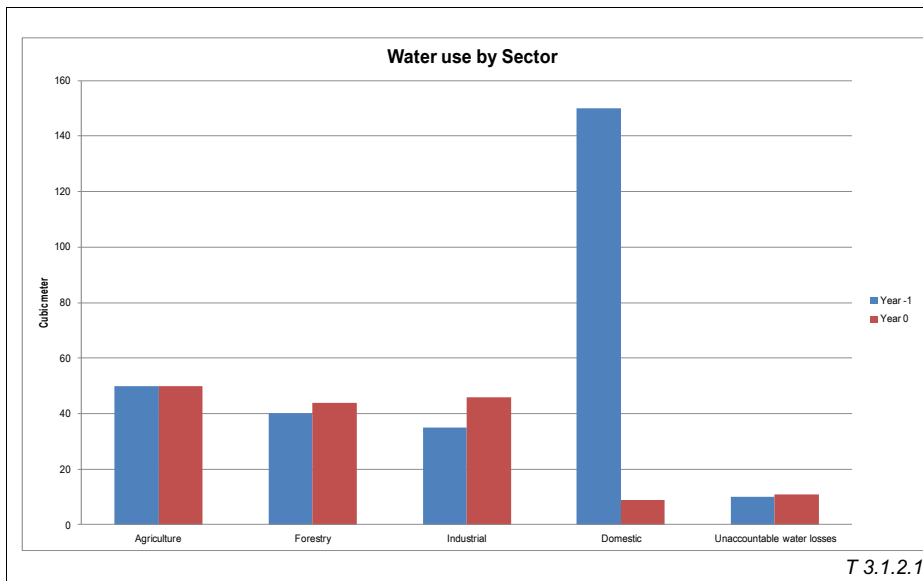
The Regulations relating to compulsory National Standards and Measures to Conserve Water, requires in section 10 (2) (a), that the water services authority should report on the quantity of water services provided, including the quantity of water used by each user sector.

The consumption of water in the municipality is divided in to four main categories:

- Industrial
- Domestic
- Non-revenue
- Water losses

# Chapter 3

A major concern for the municipality is its ability to accurately measure water losses and non-revenue water.



## COMMENT ON WATER USE BY SECTOR:

The municipality is the main supplier of water for domestic and industrial use. This excludes people who get water supply through boreholes in their premises and the provision of water for agricultural use by the Department of Agriculture. As small percentage of agriculture small holdings in Kuruman get their water supply from the municipality. Water produced and sold is significantly affected by the extreme losses as a result of the damage to the Kuruman reservoir. However, the municipality has constructed a 24 Mega litre water reservoir and still in a process of completing the second phase of pipe work from the boreholes to the reservoir. The intention of this project is to reduce the water losses. Despite the challenge, the Municipality has been able to supply water consistently to all the concerned sectors for consumption. The Municipality also experiences losses or unaccounted for water through the illegal extraction from fire hydrants and illegal water connection.

The municipality has experienced a significant increase in the number of informal housing developments that requires the provision of basic water services in the form of standpipes. These developments are unplanned and place a strain on existing services thus contributing to the unpredictable levels of service.

T 3.1.2.2

# Chapter 3

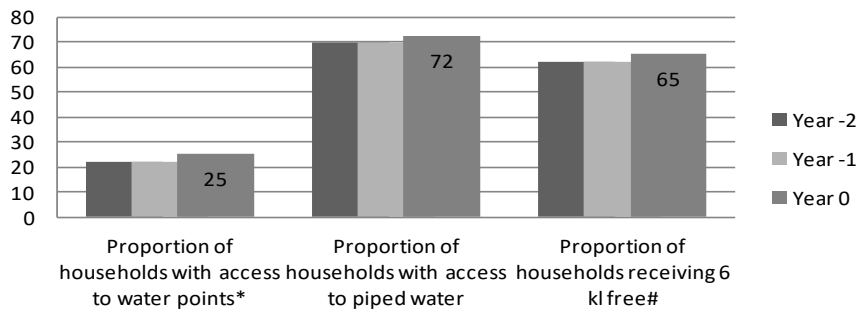
Water Service Delivery Levels				
Description	Households			
	2018-2019	2019-2020	2021-2022	2022-2023
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>				
Piped water inside dwelling	6	6	8	9
Piped water inside yard (but not in dwelling)	6	6	10	13
Using public tap (within 200m from dwelling)	10	10	12	14
Other water supply (within 200m)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	22	23	30	35
<i>Minimum Service Level and Above Percentage</i>	65%	65%	63%	61%
<b><u>Water: (below min level)</u></b>				
Using public tap (more than 200m from dwelling)	10	10	15	18
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply	2	2	3	5
<i>Below Minimum Service Level sub-total</i>	12	12	18	22
<i>Below Minimum Service Level Percentage</i>	35%	35%	37%	21%
<b>Total number of households*</b>	<b>35</b>	<b>35</b>	<b>48</b>	<b>57</b>

\* - To include informal settlements

T 3.1.3

# Chapter 3

## Access to Water



\* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute  
# 6,000 liters of potable water supplied per formal connection per month

# Chapter 3

Financial Performance Year 0: Water Services					
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	170 924	148 783	142 504	146 706	-1%
Expenditure:					
Employees	5 839	6 426	6 743	7 016	8%
Repairs and Maintenance	1 326	1 556	606	378	-312%
Other	73 819	54 798	59 417	80 265	32%
<b>Total Operational Expenditure</b>	80 984	62 780	66 767	87 659	28%
<b>Net Operational Expenditure</b>	(89 940)	(86 003)	(75 737)	(59 047)	-46%
<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 3.1.8

# Chapter 3

## COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality endeavors to provide a basic level of access to water for its residents at an RDP standard of 200m radius. In other circumstances residents have been able to make use of the services of Sedibeng water to attain yard and ultimate house connections. The biggest challenge in water provision is the increasing backlogs, which results from the illegal and uncontrolled occupation and allocation of stands in the rural areas. This makes it difficult for the municipality to plan for the complete eradication of water backlogs in the municipality.

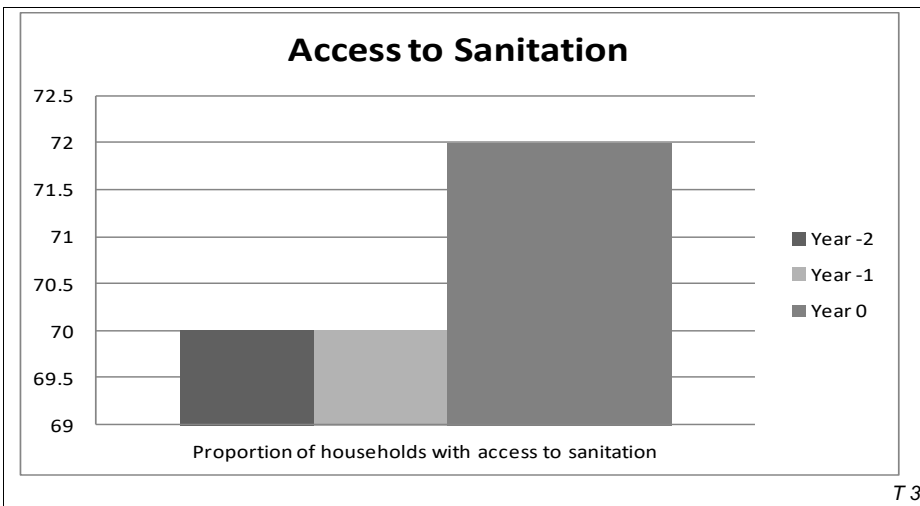
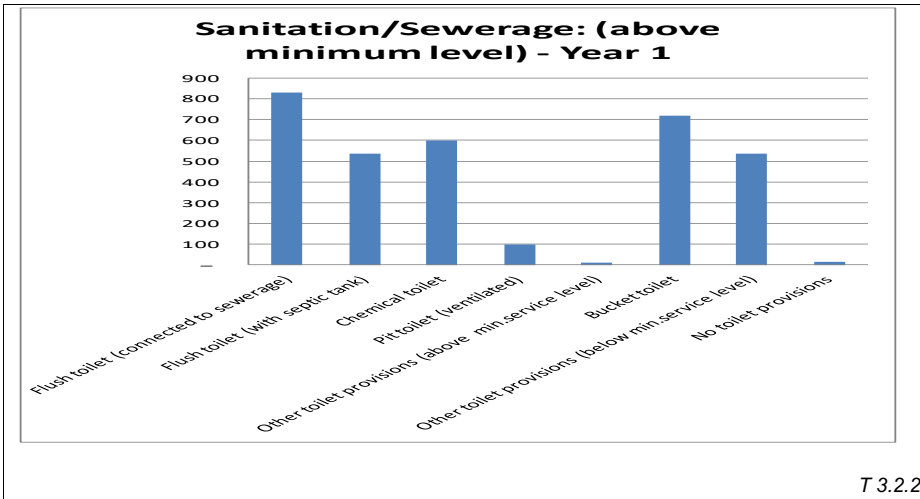
## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The Kuruman Waste Water Treatments is receiving upgrades from 4.2 Ml/day to 6 Ml/day. The upgrades will ensure that the Bulk Sewer Treatment has capacity to accommodate new developments and connections. Feasibility plans for the planning and construction of the Regional Waste Water Treatment Works are have also commenced with the master planning of the sewerage infrastructure within the Jurisdiction of Ga-Segonyana Local Municipality. In its efforts to eradicate sanitation backlogs, the Municipality has embarked on a three-year program with the appointment of a dedicated service provider. This makes it easier to deliver the construction of VIP sanitation units across the rural areas of the municipality. Out of the existing Municipal settlement, Wrenchville, Mothibistad, Kuruman and parts of Bankhara–Bodulong have access to full water borne sanitation. The rest of the settlements in the Municipality are receiving VIP sanitation or are still on traditional pit latrines. Sewer suction services are also provided to some parts of privately owned septic tanks in rural villages.

T 3.2.1

# Chapter 3



# Chapter 3

# Chapter 3

Financial Performance Year 0: Sanitation Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	68 685	54 681	60 631	58 982	7%
Expenditure:					
Employees	9 195	7 961	8 855	10 501	24%
Repairs and Maintenance	421	31	131	26	-20%
Other	28 175	9 270	9 936	11 914	22%
<b>Total Operational Expenditure</b>	37 791	17 262	18 923	22 441	23%
<b>Net Operational Expenditure</b>	(30 895)	(37 419)	(41 708)	(36 541)	-2%
<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 3.2.8

Capital Expenditure 2022-2023: Sanitation Services					
Capital Projects	2020-2021				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
<b>Total All</b>	<b>R 4 971 088.00</b>	<b>R 0</b>	<b>R 12 111 148.21</b>	<b>0%</b>	
Refurbishment of Barnard Avenue Pump Station	R 4 971 088.00	R 0	R 4 961 997.78	0%	R 4 971 088.00
					T 3.2.9

## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The refurbishment of Barnard pump station has been completed, and improved the blockages which reduced the maintenance cost

T 3.2.10

## 3.3 ELECTRICITY

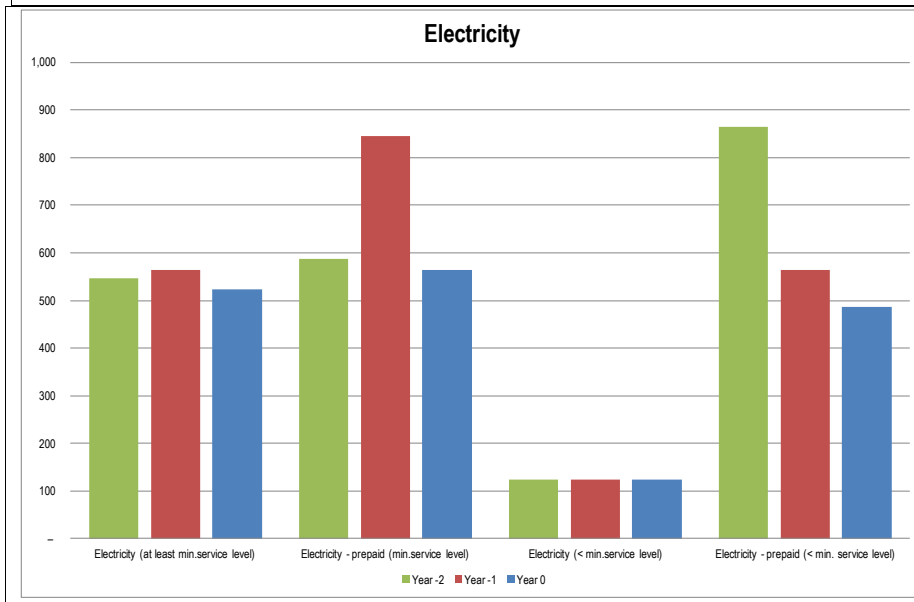
### INTRODUCTION TO ELECTRICITY

The Municipality is the electricity provider license holder for Kuruman, Wrenchville, Promise Land, Thuli Madonsela, Obama hills and Bankhara-Bodulong. The Municipality successfully managed to electrify 1 240 household in Diamond View 1000 and 240 households in Seven Miles Block H, planned 150 house

# Chapter 3

connections for Bankhara were shifted to Diamond View and correct process were followed by the Ga-Segonyana Local Municipality, DMRE did approve change control for moving house connections to Diamond View. Ga-Segonyana Local Municipality increased Notified Maximum Demand from 16.9 to 22 and upgrade two Medium Voltage lines from Hare Conductor to Chikadee to enable both lines to handle 10 MVA capacity. Poolman substation is upgrade to 10MVA with additional three MV lines to supply Bankhara – Bodulong, Seven Miles Block H on R31 road and Promiseland. Through SLP project funded by Black rock mine the Municipality replaced 2KM HT cable between Bosman Street and Venter Street, build 1KM line Overhead line and solid links at Seoding to supply Mothibistad Boster Pump, build 2km Medium voltage line with T- off H pole structure and 100KVA along N14 road to Vryburg and installation of new 3-T Switch and 315KVA Mini sub with RMU. Eskom completed electrification projects on various villages, Maruping 800 connections, Batlharos 800 connections, Kagung 750 connections, Vergnoeg 250 house connections and infills 400 connections within 14 wards in GaSegonyana LM jurisdictions.

T 3.3.1



# Chapter 3

## COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Municipality's electrical infrastructure has improved and the NMD increased from 16,9 NMD to 22 NMD to accommodate future projects in the CBD and new electrification connections. The Municipality has been able to electrify 1 240 connections in Diamond View 1000 and 240 connections in Seven Miles Block H. Bankhara-Bodulong had to be omitted due to technical difficulties experienced on site and 150 house connections has been shifted to Diamond View. The Municipality constructed two Medium Voltage overhead line from Poolman substation with step up 5 MVA transformer to supply Bankhara Bodulong, the second Medium Voltage line from Poolman substation to Promiseland the MV line runs through Cilliers Street. The Municipality build Mothibstad substation with 5 MVA transformer to supply Diamond View and Promiseland, Eskom had approved application for bulk point in Mothibstad Municipality Substation with 3 Notified Maximum Demand.

T 3.3.9

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

### INTRODUCTION TO WASTE MANAGEMENT

**Household refuse collection** is done weekly in Kuruman town , Mothibstad and Wrenchville according to the National standard for weekly Refuse Collection from every household by 2024.

**Business refuse collection** is done on daily basis from Monday to Sunday including holidays

#### Successes

- 1 Donation of 210 liters empty drums to be converted into street bins. They are painted and branded with (# Keep Ga-Segonyana Clean)
- 2 Weekly Clean-up and awareness campaigns
- 3 The weighbridge is functional and being used on a daily basis
- 4 The municipality is registered with SAWIC and is currently reporting on monthly basis without any interruption.
- 5 The municipality in partnership with Impact Catalyst appointed 60 beneficiaries that were placed at Batharos, Mothibstad, Maruping and Kuruman town for a cleaning project.10 of which received training for SHE Representative, Basic Fire and First Aid Level 1
- 6 The municipality formed partnership with the Department of Forestry, Fisheries and Environment to appoint 723 beneficiaries throughout 15 wards to start a project of Cleaning and Greening whose contracts ended on the 31<sup>st</sup> of May 2024. The beneficiaries received short course on Financial Management.
- 7 The municipality is adhering to the National Standard for weekly refuse collection from every household in Ward 1, 3 and 15.
8. Free Basis Waste Removal for 313 Indigents

# Chapter 3

9. Municipality has a team of 15 EPWP workers who do street cleaning on a daily basis.

**Challenges**

1 The street bins that were placed strategically were vandalized and it limited street bins in Kuruman town to control litter

2 Obsolete machinery that break now and then affects the service delivery negatively.

3 Increased illegal dumping.

4 Recycling is not done as the Municipality has not procured a bailing machine as yet for the buy back centre.

**Top service delivery priorities** and the impact you have had on them during the year.

The section is short staffed and as a result, street cleaning overtime is worked every weekend throughout the year.

Obsolete machinery for waste collection break now and then and has negative impact on service delivery

**Explain the measures taken to improve performance** and the major efficiencies achieved by your service during the year.

210 litre drums to be converted into street bins to control littering

The appointment of 723 and 60 beneficiaries for cleaning in all 15 wards.

Appointment of 15 EPWP for street cleaning in town on a daily basis

Weekly household refuse collection is done without any backlog

Ongoing Clean-up campaigns and educational awareness are conducted

**Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service.**

The municipality is rendering free basic services to them and their names are put in the indigent registers so that the municipality can receive an equitable share grant to enable smooth service delivery.

**Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Refuse Services within the municipality.**

Enviro-Pro JV Omogolo. (Landfill site operation and management)

T 3.4.1

# Chapter 3

Solid Waste Service Delivery Levels					Households
Description	Year -3	Year -2	Year -1	Year 0	
	Actual No.	Actual No.	Actual No.	Actual No.	
<b>Solid Waste Removal: (Minimum level)</b>					
Removed at least once a week	2,895	2,685	2,846	2,235	
<i>Minimum Service Level and Above sub-total</i>	2,895	2,685	2,846	2,235	
<i>Minimum Service Level and Above percentage</i>	50.9%	47.1%	51.5%	44.8%	
<b>Solid Waste Removal: (Below minimum level)</b>					
Removed less frequently than once a week	655	547	565	523	
Using communal refuse dump	865	846	487	865	
Using own refuse dump	655	547	565	523	
Other rubbish disposal	502	952	938	720	
No rubbish disposal	112	123	124	124	
<i>Below Minimum Service Level sub-total</i>	2,790	3,015	2,678	2,755	
<i>Below Minimum Service Level percentage</i>	49.1%	52.9%	48.5%	55.2%	
<b>Total number of households</b>	<b>5,685</b>	<b>5,699</b>	<b>5,523</b>	<b>4,991</b>	
					T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum							Households
Description	Year -3	Year -2	Year -1	Year 0			
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	
<b>Formal Settlements</b>							
Total households	100,000	100,000	100,000	100,000	100,000	100,000	
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000	
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%	
<b>Informal Settlements</b>							
Total households	100,000	100,000	100,000	100,000	100,000	100,000	
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000	
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%	
					T 3.4.3		

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1			Year 0		Year 1
		Target	Actual	Target	Actual		
		*Previous Year		*Previous Year	*Current Year	*Current Year	
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
<b>Service Objective xxx</b>							
<b>Provision of weekly collection service per household (HH)</b>	Weekly collection per household for (Kuruman, Mothibistad and Wrenchville)	12 480 households	13447 households	12 480 households	12 480 households	14951 households	12 480 households
<b>Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites</b>	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage	T0 years of unused landfill capacity available	A0 years of unused landfill capacity available	T1 years of unused landfill capacity available	T1 years of unused landfill capacity available	A1 years of unused landfill capacity available	T2 years of unused landfill capacity available
<b>Proportion of waste that is recycled</b>	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity
<b>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</b>	x% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 sites compliant

# Chapter 3

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 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 Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities to a key role.

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
				T 3.4.3		

# Chapter 3

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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.

T3.4.6

# Chapter 3

Financial Performance Year 0: Solid Waste Management Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	68 685	54 896	56 396	56 418	3%	
Expenditure:						
Employees	9 195	19 754	20 704	19 664	0%	
Repairs and Maintenance	421	31	131	26	-20%	
Other	28 175	5 456	4 169	3 666	-49%	
<b>Total Operational Expenditure</b>	37 791	25 242	25 005	23 357	-8%	
<b>Net Operational Expenditure</b>	(30 895)	(29 654)	(31 391)	(33 061)	10%	
<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 3.4.7	

Financial Performance Year 0: Waste Disposal and Other Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
<b>Total Operational Expenditure</b>	195	732	750	744	2%	
<b>Net Operational Expenditure</b>	75	607	650	649	6%	
<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	

# Chapter 3

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Waste Management Office applied for specialized vehicles funded by MIG, a 10 ton pay loaded refuse truck with rear wheels valued at R2 508 194.10 and a A4x4 TLB (tractor- loader backhoe) valued at R1 408 011.90. The funding is expected from 5% of the MIG funding that is shared by Sports and Waste Management. The IWMP is outdated and will be reviewed, after the review the project will be included in the MIG funding projects for the next 3 years

T 3.4.10

## 3.5 HOUSING

### INTRODUCTION TO HOUSING

#### **Post Apartheid Policy Framework**

The initial post-1994 period was defined by the 1994 White Paper on Housing, the mandate and responsibility of the state as set out in the Constitution of South Africa, and the Reconstruction and Development Programme of 1996 (RDP).

The focus was on the quantity of houses delivered - a quantity based approach. Despite significant success with housing delivery, this approach also gave rise to critical challenges of affordability of houses, and the future ability of the State to sustain this delivery model.

#### **Breaking New Ground and Sustainable Human Settlements**

The review of the Reconstruction and Development Programme (RDP) led to the introduction of the comprehensive plan for the creation of Sustainable Human Settlements - more commonly referred to as Breaking New Ground (BNG).

This plan brought with it a paradigm shift, from a housing delivery, quantity based approach to a more demand defined, quality-based and integrated approach. This change also included a shift in focus from shelter to asset creation.

#### **Incremental Development and Participatory Planning Approaches**

The period after 2010 included a critical review of the BNG, and the realisation that the focus was still placed on housing delivery and that other critical aspects relating to the creation of Sustainable Human Settlements, such as community improvement and the provision of basic services has not been adequately addressed. Therefore, the current period places enormous emphasis on incremental development driven by the local community needs, and prioritises participation, and meaningful engagement in the development process. The National Upgrading Support Programme (NUSP), Upgrading of Informal Settlements Programme (UISP), Neighbourhood Development Partnership Grant (NDPG) and the Urban Settlements Development Grant are critical supporting Programmes and funding interventions in the practical realm of incremental development and the creation of Sustainable Human Settlements.

T 3.5.1

# Chapter 3

## COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Department of COGHSTA has appointed a service provider to do the assessment on eradication of mud houses in the past two years across all the 23 villages such that funds can be made available to build houses in Ga-Segonyana jurisdiction.

### Progress to date:

**GA-Segonyana has submitted a business plans for the below Seven (7) villages:**

1. Gasehubane
2. Garuele
3. Gantatelang
4. Gamopedi
5. Mokalamosesane
6. Ditshoshwaneng
7. Ncweng.

However, the funding is not yet made.

### Challenges:

**One of the requirements for the Department to do is Housing projects, and the Dolomite/Geotech report is available by**

One of the requirements for the Department to do housing projects is the Dolomite / Geotech report made available by the Municipality and the availability of services in a township.

With Kuruman been underlaid by Dolomite this results to slow delivery of housing as it is cost effective to conduct the said investigations.

Projects are implemented by the Department, No funds are transferred to the Municipality to manage and implement the housing projects and that lead to the slow Overall performance has largely been impacted by number of factors communities invading prime land earmark for development and long waiting period for Geotech studies to be finalized

T 3.5.7

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Indigent Policy of the municipality recognises indigent households as households with the following distinct characteristics that are also criteria to qualify and receive free basic services: Income Indigent

- Full-time occupant of the property
- Account holder (municipal account)
- Use of municipal services
- Total household income must not exceed per month
- Child-headed households
- Beneficiaries of low cost-free basic houses funded through subsidies and grants
- Certain geographic areas
- Exceptional circumstances

It is expected that the account holder will complete an application form to register as an indigent. If the applicant meets all the criteria, they will be entitled to free basic services on a monthly basis. A site verification visit will be performed, and the applicant will be interviewed within a two-year period to confirm their declarations in the application. Thereafter, site verifications will be conducted at least every two years.

As an exception to the above criteria and process, the Municipality has determined certain geographical areas as indigent. The households within these areas will be registered as indigent by reason of their location within a designated area but will also be individually verified within a two-year period. The municipality installs a prepaid electricity meter at own cost to all qualifying households to ensure that the electricity bill is easily managed and to enable the customer to claim free units per month. The municipality provides the following services to indigent households who qualify:

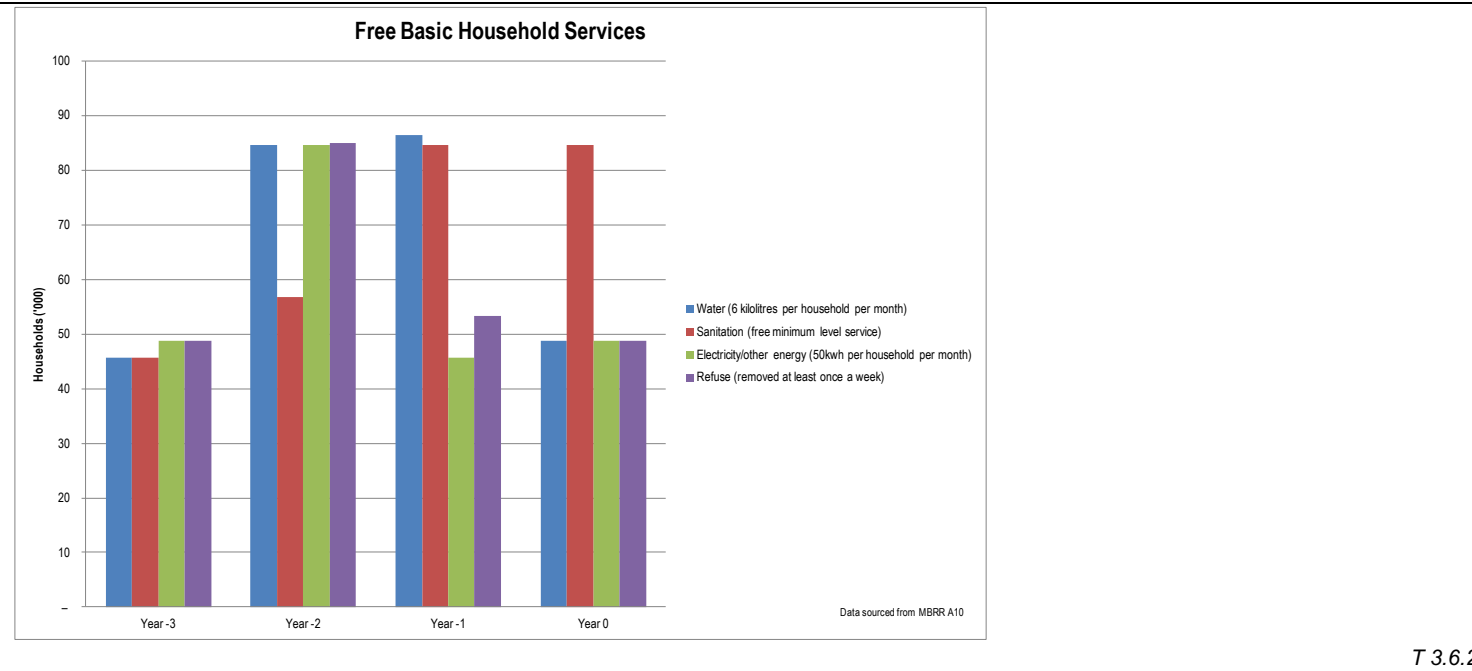
- 50Kwh of electricity per month
- 6Kl of water per month
- Refuse removal (full subsidization)
- Sanitation (full subsidization)

An extract from section 5 of the Indigent Management Policy expounds on this category below:

Child-headed households shall qualify automatically for full subsidization in line with this policy. A child shall be any person who is 18 years and younger. Such applicants shall be assisted by the ward councilors and all documentary proof shall serve as evidence prior to qualification.

# Chapter 3

The municipality embarks on an indigent registration campaign annually for all the wards. The areas where the municipality provides services such as Kuruman, Mothibstad and Wrenchville, the indigent registration opens for the whole year in case customers lose their jobs so that they can receive Free basic services. The indigent policy is reviewed annually and the qualifying household income threshold is R4 120 and less. T 3.6.1



Free Basic Services To Low Income Households											
	Number of households										
	Total	Households earning less than R4,120 per month									
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse			
	Total	Access	%	Access	%	Access	%	Access	%		
Year -2	1 286	1 286	100%	238	19%	1 286	100%	238	19%		
Year -1	2 251	2 251	100%	336	15%	2 251	100%	336	15%		
Year 0	2 955	2 955	100%	406	14%	2 955	100%	406	14%		

T 3.6.3

# Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	Year -1	Year 0				
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget	
Water	200	244	250	248	2%	
Waste Water (Sanitation)	220	240	250	245	2%	
Electricity	100	120	130	135	11%	
Waste Management (Solid Waste)	105	110	120	125	12%	
Total	625	714	750	753	5%	
					T 3.6.4	

# Chapter 3

## COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The Municipality embarks on campaigns once a year at all areas within our jurisdiction however few indigents responded. The Municipality relies on the South African Police Service (SAPS) for the certifying of documents. SAPS are not always available to assist and they prioritize their work as they do not have adequate resources for their own function. The Budget and Treasury Office is facilitating the possibility of applications for a number of employees who qualify to apply to be Commissioners of Oaths. This will reduce the reliance on SAPS. Every effort will be made to reach as many indigents households as possible. The Indigent Register is submitted yearly to Eskom to provide free the 50 kwh units to community members registered as indigents and for other services provided by the municipality, they will receive the 6 kl of water and their accounts will be credited with 100% sanitation and refuse removal services.

# Chapter 3

T 3.6.6

## COMPONENT B: ROAD TRANSPORT

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

### INTRODUCTION TO ROAD TRANSPORT

**Delete Directive note once comment is completed** - Provide brief introductory comments on the strategy, priorities and provision regarding road development and maintenance and transport including public bus services.

T 3.7

## 3.7 ROADS

### INTRODUCTION TO ROADS

Majority of the Municipal roads in the rural areas are gravel which requires upgrading to paved or surfaced roads. Existing surfaced roads in Kuruman, Mothibstad and Wrenchville have aged and require resealing and patching. Some existing gravel or collector roads in Ga-Segonyana are in a constant need of maintenance due to high volumes of traffic and the damage caused by storm water run off. The riding quality deteriorates rapidly and requires regular grading and re-gravelling. This high maintenance activities impact heavily on the Municipal operating budget. The Municipality is currently embarking on a rural roads programme with the intention to pave the existing gravel roads. To date (2015 to 2021) a total of 55.64 km has been completed where 8.4 Km was completed in 2021-2022 . The master plan is being utilised to source funding from potential funders such as mining houses and relevant departments. On weekly basis the Municipality is having planned schedule for grading gravel roads in all 15 Wards.

T 3.7.1

Gravel Road Infrastructure					Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads surfaced	Gravel roads paved	Gravel roads graded/maintained
2018-2019	721	0	0	7,8	8
2019-2020	721	0	0	3,6	6
2020-2021	721	0	0	1,8	6
2021-2022	721	0	0	8,4	7
2021- 2022	721	0	0	1,85	15

T 3.7.2

### Tarred Road Infrastructure

# Chapter 3

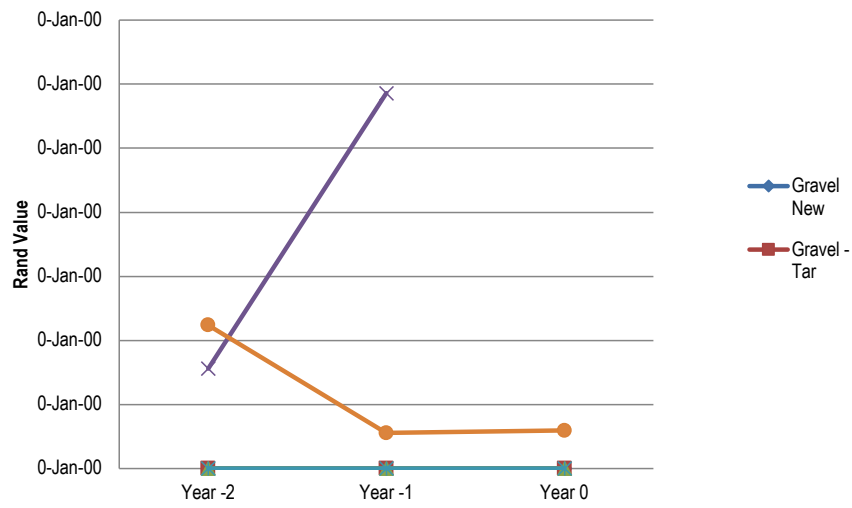
					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2017-2018	114	20	30	15	140
2018-2019	114	0	7,3	7,3	2,9
2019-2020	114	0	0	0	5
2020-2021	114	0	2.2	0	5
2021-2022	114	1	50	50	6
					T 3.7.3

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2017-2018	114	20	30	15	140
2018-2019	114	0	7,3	7,3	2,9
2019-2020	114	0	0	0	5
2020-2021	114	0	2.2	0	5
2021-2022	114	1	50	50	6
					T 3.7.3

Cost of Construction/Maintenance						R' 000
	Gravel			Surfaced & Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2018-2019	R 0.00	R 0.00	R 0.00	R 16 164 419.39	R 0.00	R 5 939 803.00
2019-2020	R 0.00	R 0.00	R 0.00	R 21 157 128.68	R 0.00	R ???
2020-2021	R 0.00	R 0.00	R 0.00	R 11 747 319.64	R 0.00	R ???
2021-2022	R 0.00	R 0.00	R 0.00	R 11 747 319.64	R 0.00	R ???
						T 3.7.4

# Chapter 3

## Road Infrastructure costs



T 3.7.5

# Chapter 3

## Road Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2017-2018		2018-2019		2019-2020	2020-2023		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Elimination of gravel roads in townships</b>	Kilometres of gravel roads tarred (Kilometres of gravel road remaining)	4,2 kms gravel roads tarred (706 gravel roads remaining)	10,9 kms gravel roads tarred (685 kms gravel roads remaining)	4,2 kms gravel roads tarred (706 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	41km (685 kms gravel roads remaining)	7 kms gravel roads tarred (644 kms gravel roads remaining)	7 kms gravel roads tarred (637 kms gravel roads remaining)
<b>Development of municipal roads as required</b>	41 kms of municipal roads developed	4,2 kms	10,9 kms	4,2 kms	0	0	41 kms	7 kms	7 kms

T 3.7.6

# Chapter 3

Financial Performance Year 0: Road Services					
Details	R' 000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	32 643	32 867	72 210	83 950	61%
Expenditure:					
Employees	5 905	6 348	6 184	6 417	1%
Repairs and Maintenance	3 768	6 177	5 877	4 586	-35%
Other	31 798	35 220	32 293	37 791	7%
<b>Total Operational Expenditure</b>	41 471	47 746	44 354	48 794	2%
<b>Net Operational Expenditure</b>	8 828	14 879	(27 855)	(35 155)	142%
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

Capital Expenditure Year 2022/23: Road Services					
Capital Projects	R' 000				
	2022-2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>R 54 235 335.72</b>	<b>R 0.00</b>	<b>R 54 235 335.72</b>	<b>R 0.00</b>	<b>R 54 235 335.72</b>
MIG 1564: Batlharos Nana Section: Upgrading of gravel internal road to paved road	33 546 913.49		32 012 602.88	0.00	33 546 913.49
MIG 1565 : Magojaneng (Block D) Upgrading of gravel internal road to paved road	20 688 422.23		20 586 363.66	102 058.57	20 688 422.23
					T 3.7.9

## COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality has so far been addressing the roads backlog with the grant funding from MIG mainly focusing in the rural areas. Mining houses have also assisted the Municipality significantly with regards to the eradication of potholes in the Municipal areas. Ga-Segonyana Local Municipality through MIG has upgraded 1.85 gravel road to paved road in Kagung Village Rethabile Section.

T 3.7.10

# Chapter 3



# Chapter 3

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

Provide brief introductory comments on the progress being made to improve stormwater drainage and discuss the major successes achieved and challenges faced in year 0 (include your top 3 service delivery priorities and the impact you have had on them during the year). Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to informal settlement and rural development. Refer to support given to those communities that are living in poverty. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Stormwater Drainage Services within the municipality.

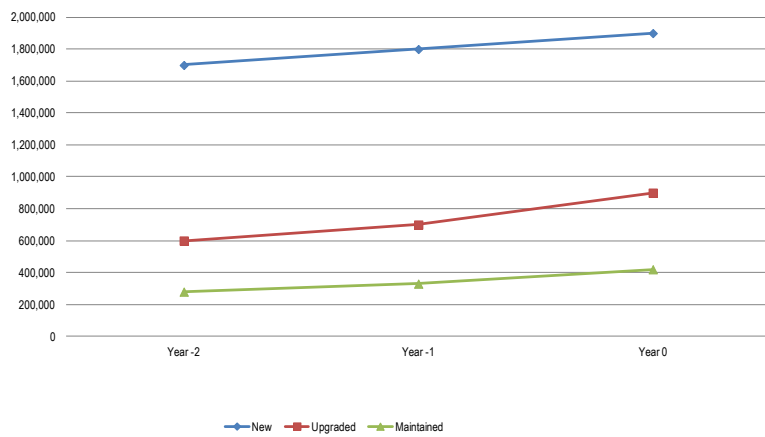
T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.9.2

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	1,700,000	600,000	280,000
Year -1	1,800,000	700,000	330,000
Year 0	1,900,000	900,000	420,000
			T 3.9.3

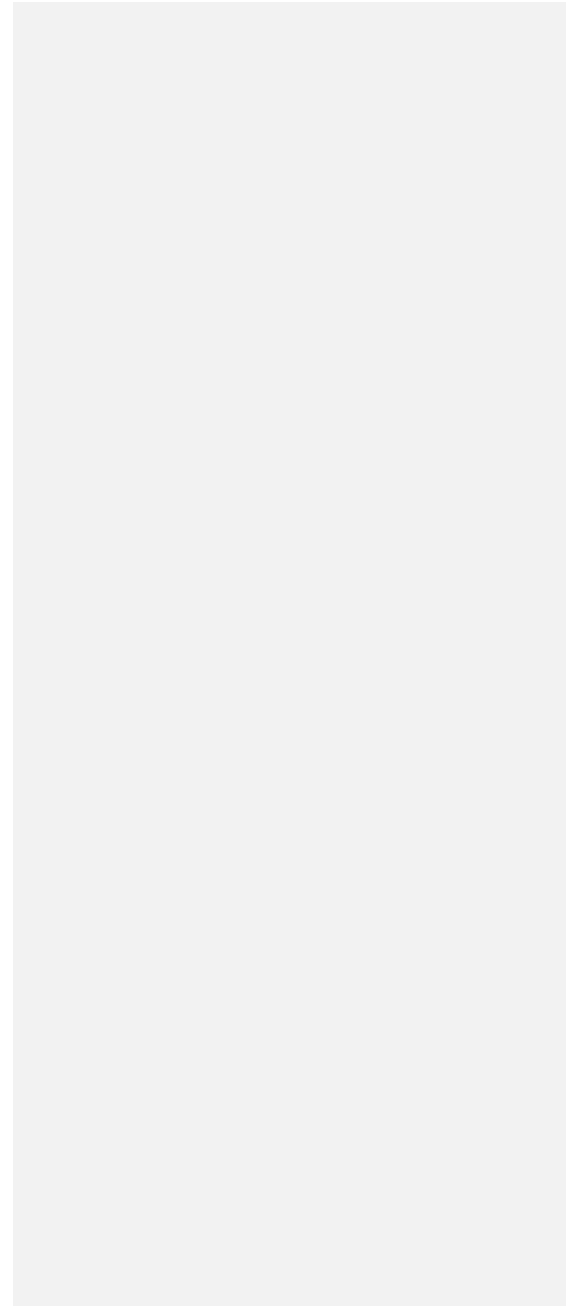
# Chapter 3

Stormwater infrastructure costs



T 3.9.4

# Chapter 3



# Chapter 3

## COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

The Town Planning section is part of the Infrastructure Services department, and its primary responsibility is to guide development and regulate land uses within the Ga-Segonyana Municipal Jurisdiction, utilizing the Spatial Development Framework and the Land Use Management Scheme Regulation as planning tools. The Town planning unit is a strategic division of the Municipality tasked with maintaining an orderly built environment and proper land use management for a variety of land uses. The unit is in charge of the following functions:

#### a) Urban and Regional Planning

The Municipality's Urban Planning Division is a strategic division tasked with maintaining an orderly built environment and proper land use management for diverse land uses such as industrial, institutional, residential, and various businesses.

The Division is a sub-directorate of the Directorate: Basic Services and Infrastructure Department, and it is divided into two sections: Town Planning and Building Control.

- Urban Planning services, such as zoning information and the processing of various land use applications, such as rezoning applications, as well as the enforcement of town planning scheme rules, are overseen by the Urban Planning Division.
- Building Control - Submission of plans, inspection, and (dis)approval.

# Chapter 3

The Urban Planning Section plays a critical role in establishing and promoting an integrated town devoted to eliminating spatial inequities and guiding development toward lively, resilient, and sustainable urban and rural areas. The Urban Planning Section recognizes that, in response to spatial transformation, spatial restructuring is required to quicken investment and generate opportunities that will boost the local economy and help the municipality accomplish its strategic goals.

Ga-Segonyana Local Municipality established its own Municipal Planning Tribunal (MPT) in 2021, and the tribunal is having one meeting per quarterly. The tribunal has nine members, three of whom are outside professionals: a professional town planner, an environmental science specialist, and an attorney and the rest are internal members from the municipality

Section 35(3) of the spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) requires that a municipality must, in order to determine Land Use Management applications in its area, categorise development applications to be considered by the authorised official and those to be referred to the Municipal Planning Tribunal. Ga-Segonyana Council has adopted both the land use management scheme (LUMs), 2020 and the Spatial Development Framework (SDF) 2020, in the 2019/2020 financial year.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2022-2023	2021- 2022	2020-2021	2021- 2022	2022- 2023	2022- 2023
Planning application received	2	3	25	27	0	0
Determination made in year of receipt	2	3	25	27	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	00	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

T 3.10.2

# Chapter 3

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019-2020		2020-2021		2021-2022	2022-2023		
		Target	Actual	Target	Actual		Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<b>Determine planning application within a reasonable timescale</b>	Approval or rejection of all build environment applications within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 11 weeks	Determination within 12 weeks	Determination within 12 weeks
	Reduction in planning decisions overturned	3 planning decisions overturned	3 planning decisions overturned	5% planning decisions overturned	5% planning decisions overturned	5 planning decisions overturned	4% planning decisions overturned	No planning decisions overturned	No planning decisions overturned

T 3.10.3

# Chapter 3

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	20 609	36 205	3 870	25 231	-43%
Expenditure:					
Employees	25 618	30 015	29 340	29 112	-3%
Repairs and Maintenance		2 210	1 180	759	-191%
Other	18 228	14 941	15 888	17 989	17%
<b>Total Operational Expenditure</b>	43 846	47 165	46 407	47 860	1%
<b>Net Operational Expenditure</b>	23 237	10 960	42 537	22 629	52%
<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 3.10.5

# Chapter 3

## COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

There are no capital projects prioritised for planning & Development and, therefore no budget expenditure for projects.

T 3.10.7

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

### INTRODUCTION TO ECONOMIC DEVELOPMENT

Ga-Segonyana Local Municipality is one of the three Local Municipalities that make up the John Taolo Gaetsewe District. The economy is mainly based on Mining and Agricultural activities. The Ga-Segonyana Local Municipality is situated on the Namaqua route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington.

The Municipality is an Administrative Capital of the District, given its centrality to accessible transport routes, amenities and also housing most government and some private sector administrative offices. This has also contributed in the influx of people from the neighbouring municipalities, especially Joe Morolong Local Municipality and even outside the district in pursuit of economic opportunities. Ga-Segonyana Local is positioned as a preferred services centre, both for commercial and residential for the Mining Corridor.

The Local Economic Development Unit of the Municipality focuses on the three service delivery sections, which includes Small, Medium & Micro Enterprises Development, Tourism Development and Business Licensing and Regulation. The Unit is structured to respond to the issues impacting on economic activities but also provides for a conducive environment where economic development can happen through stakeholder relations and ensuring for governance and regulations through municipal by laws and legislative framework.

Over the previous year, the municipality has aggressively implemented existing policies in order to have maximum impact in its service delivery programmes. The alignment of the LED Strategy to other key policies such as the IDP, National Spatial Development Perspective, the Provincial Growth strategy and National LED Framework has allowed the LED services within the municipality to start making critical in routes and find expression in the other work of the municipality but also in clarifying what the role of Local Economic Development is, within a municipal context. This is obviously an area of growth given lessons learnt and potential for great improvement in services provision

T 3.11.1

# Chapter 3

Economic Activity by Sector			
	R '000		
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
<b>Total</b>	<b>217</b>	<b>226.5</b>	<b>236.5</b>

T 3.11.2

Economic Employment by Sector			
	Jobs		
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
<b>Total</b>	<b>1905000</b>	<b>1955000</b>	<b>1887000</b>

T 3.11.3

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

**Delete Directive note once comment is completed** - Comment briefly on the short and longer term prospects for economic growth and development referring to the above. Include in this section references to Tourism and Market Places (including street traders)

T 3.11.4

# Chapter 3

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2		2,000
Year -1		2,900
Year 0		4,500

\* - Extended Public Works Programme

T 3.11.6

# Chapter 3

# Chapter 3

Financial Performance Year 0: Local Economic Development Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	1 618	1 726	1 726	1 712	-1%	
<b>Expenditure:</b>						
Employees	3 187	3 946	3 596	3 464	-14%	
Repairs and Maintenance						
Other	26	130	90	51	-155%	
<b>Total Operational Expenditure</b>	3 213	4 077	3 687	3 515	-16%	
<b>Net Operational Expenditure</b>	1 595	2 350	1 960	1 803	-30%	
<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 3.11.9

Capital Expenditure Year 0: Economic Development Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
<b>Total All</b>	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<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

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

# Chapter 3

## INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

**Delete Directive note once comment is completed** – Provide brief introductory comments. Refer to support given to those communities that are living in poverty.

T 3.52

### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Municipal library provides services to the community in the form of reading materials for convenient use; circulation of reading materials; service to help provide users with library materials, educational and recreational audiovisual materials; or a combination of these services.

Ga-Segonyana municipality has eight (8) libraries (Kuruman, Mothibistad, Battharos, Kagung, Bankhara, Seoding, Seven Miles, Ga-Sehubane) that serves the broader community in the municipal jurisdiction.

While the services include community information services, recreational activities, reference services, storytelling, reading competition, career information, customer care, adult literacy education, mobile library services, services to prisoners, services to old age homes and online internet search.

The primary purposes of our libraries are to provide resources and services in a variety of media to meet the needs of individuals and groups for education, information and personal development including recreation and leisure.

T3.12.1

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

Service Statistic of all libraries for the 2020/ 2021 financial year

**Activity**

**Totals**

# Chapter 3

1. Circulation of library materials	-	640
2. Un-shelved library materials	-	616
3. Library users	-	459
4. Library visitors	-	1303
5. Total Library memberships	-	8029

T 3.12.2



# Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	9	9	0	0%
4 - 6	0	0	0	0	0%
7 - 9	14	14	1	12	65%
10 - 12	4	4	3	1	25%
13 - 15	2	2	1	1	50%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	29	29	14	14	#NAME?

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					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2 554	1 882	8 515	6 655	72%
Expenditure:					
Employees	10 724	11 937	11 937	12 524	5%
Repairs and Maintenance					
Other	1 626	1 668	1 618	1 245	-34%
<b>Total Operational Expenditure</b>	12 350	13 606	13 556	13 769	1%
<b>Net Operational Expenditure</b>	9 796	11 724	5 041	7 114	-65%

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 3.12.5

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

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation

# Chapter 3

to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.12.7

## 3.13 CEMETORIES AND CREMATORIOUS

### INTRODUCTION TO CEMETORIES & CREMATORIOUS

***Delete Directive note once comment is completed*** – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.13.1

### SERVICE STATISTICS FOR CEMETORIES & CREMATORIOUS

T 3.13.2

# Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
Fence repairs of grave yards		3	3	3	3	0	3	3	4
Digging of graves (Mothibistad, Wrenchville, Kuruman)		105	105	105	120	12	300	300	300
<p>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 Intergrated 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.</p>									

T 3.13.3

# Chapter 3

Employees: Cemeteries					
Task Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	13	13	7	54%
4 - 6					#DIV/0!
7 - 9					#DIV/0!
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18					#DIV/0!
19 - 20					#DIV/0!
Total	14	14	14	7	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 3.13.4*

# Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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 0: Cemeteries and Crematoriums						R'000
Details	Year -1	Year 0			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
<b>Total Operational Revenue</b>	1 648	1 800	1 800	1 728	-4%	
Expenditure:						
Employees	2 809	2 719	2 571	2 630	-3%	
Repairs and Maintenance	46	105	105	82	-27%	
Other	23	124	124	104	-20%	
<b>Total Operational Expenditure</b>	2 877	2 948	2 800	2 816	-5%	
<b>Net Operational Expenditure</b>	1 229	1 148	1 000	1 088	-5%	

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 3.13.5

# Chapter 3

Capital Expenditure Year 0: Cemeteries and Crematoriums					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<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

# Chapter 3

## 3.20 POLICE

### INTRODUCTION TO POLICE

The municipal traffic driving license testing centre is a Grade A driving license testing centre and is authorized to examine and test a person for learners license and driving license of any code.

Functions of driving license testing centre (DLTC)

1. Appointment for learners licenses for all codes
2. Appointment for driving licenses for all codes
3. Testing for learners licenses for all codes
4. Testing for driving licenses for all codes
5. Issuing for learner licenses
6. Issuing temporary driving licenses
7. Issuing duplicate learners licenses
8. Renewal of drivers licenses
9. Renewal of professional driving permits (PRDP)

NB!! In summary the DLTC is responsible for ensuring the driver fitness in order to allow a driver to sit behind a steering wheel.

T 3.20.1

Metropolitan Police Service Data				
Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year			
2	Number of by-law infringements attended			
3	Number of police officers in the field on an average day	12	12	12
4	Number of police officers on duty on a average day	12	12	12

T 3.20.2

Concerning T 3.20.2

#### **Driving License Testing Centre (DLTC) Statistics for July 2022 until June 2023**

The undermentioned are the total number of visits from clients done at the Municipal Traffic Department sub-section DLTC.

# Chapter 3

<b>Activity</b>	<b>Total</b>
Renewal of Driver's License	- 2676
Renewal of PrDP	- 2136
Application for Driving License	- 49
Application for Learners License	- 2978
DLTC was visited by 7839 clients for the financial year of July 2020 until June 2021	
<b><u>Vehicle Testing Station (VTS) Statistics for July 2022 until June 2023</u></b>	
Number of roadworthy tests	- 1604
Number of roadworthy certificates issued	- 1271
<b><u>Law Enforcement Statistics for July 2022 until June 2023</u></b>	
Number of Summons issued	- 1524
Art 341 Notice issued	- 1842
J534	- 131
Total of 3497 Charges were laid for the financial year July 2020 until June 2021	
<b><u>Registration and Licensing Statistics for July 2022 until June 2023</u></b>	
Number of transactions	- 12936
Number of special permits issued	- 126
Number of temporary permits issued	- 57
Duplication registration certificate issued	- 272
Application for roadworthy	- 1467
Number of roadworthy certificates issued	- 1284
PRDP's issued	- 1848
	<i>T 3.20.2.1</i>

# Chapter 3

# Chapter 3

Details	R'000				
	Year -1 Actual	Year 0 Original Budget    Adjustment Budget		Actual	Variance to Budget
<b>Total Operational Revenue</b>	13 953	8 281	14 731	12 819	35%
<b>Expenditure:</b>					
Police Officers					
Other employees	24 896	25 300	25 145	26 826	6%
Repairs and Maintenance	540	629	529	527	-19%
Other	1 437	2 101	2 015	1 640	-28%
<b>Total Operational Expenditure</b>	26 872	28 030	27 689	28 994	3%
<b>Net Operational Expenditure</b>	12 919	19 749	12 958	16 175	-22%
<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 3.20.5

## 3.21 FIRE

### INTRODUCTION TO FIRE SERVICES

The municipal Fire & rescue purpose is to enhance community safety, quality of life and confidence by minimising the impact of hazards and emergency incidents on the people, environment and economy of the town.

Ga-Segonyana Local Municipality is having 14 Council Wards (33 community (villages) areas) of which ad-hoc (07:30 – 16:30 - weekdays) Fire and Rescue Services are rendering to and also into cross borders of Joe Morolong Local Municipal jurisdiction. Two officials are on standby after hours (16:30 – 07:30), weekends and holidays to render these services whenever the call of duty arises. The municipality performs firefighting in respect of formal structures (brick buildings), informal structures (shacks), rubbish, vehicles, veld, electrical or any kind of related fires. The department also attends to Disaster Incidents, Vehicle Accidents, Hazardous Material Incidents and Rescue Services.

The staff component of the fire department is twenty (20) of which thirteen (13) are permanent and seven (07) are temporary employees.

The service is based on four pillars:

- Firefighting & Rescue operations
- Administration
- Fire safety
- Prevention and Disaster Management

# Chapter 3

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	205	80	169	120
2	Total of other incidents attended in the year	9	5	5	9
3	Average turnout time - urban areas	30 minutes	30 minutes	15 minutes	30 minutes
4	Average turnout time - rural areas	1 hour	1 hour	55 minutes	1 hour
5	Fire fighters in post at year end	8	13	13	4
6	Total fire appliances at year end	1	1	1	1
7	Average number of appliance off the road during the year	3	1	3	2

T 3.21.2

Concerning T3.21.2

Ga -Segonyana Local Municipality's Fire Department wishes to abide to the SANS 10090 of 2003. The municipal costed business plan that was submitted to MIG for funding a Disaster & Fire Structure is approved. The Fire Department is having only one operational fire truck for fire & rescue services.

T3.21.2.1

# Chapter 3

# Chapter 3

## COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The municipal costed business plan that was submitted to MIG for funding is approved and this plan will be implemented over a three year municipal budget period, which is 2020/2021 (approved), 2021/2022 (implementation) and 2021/2022 (finalized/ handover).MIG has funded the municipality's disaster management center.

T 3.21.7

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

### INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The disaster management function is part of the emergency services division and report to the Director Community Services.

Priorities of Disaster Risk Reduction and Management (DRRM)

1. Disaster prevention & Mitigation
2. Disaster preparedness
3. Disaster response
4. Rehabilitation and Recovery

Our Aim

1. Protection and preservation of life and relief warrant to disaster beneficiaries
2. Issuing of community information and community warnings detailing information that is timeously, relevant and tailored to assist our community members to make informed decisions about their safety.

The municipality has established a 24 hour call centre to curb the backlog of service delivery complaints of our community and to direct all complaints to a central point. Community members contact standby officials directly on their phones and sometimes they are not attending or responding immediately to the call/ incident. This centre also assist with service delivery queries and dispatch the relevant department to any complaints that is reported by our community that the municipality is serving. Emergency incidents/ Disaster calls are also reported to the call centre and this centre is dispatching the Disaster & Fire personnel to these incidents.

measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.22.1

# Chapter 3

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

Our municipal area was affected by severe heavy rainstorms during November 2020 until mid-March 2021 and damaged a lot of houses, business, cemeteries and limited the movement of people due to water logged streets and or premises.

About 369 reported households were affected by this severe heavy rainfalls and they are as follows:

1. Seven Miles/ Gantatelang	= 159 households
2. Batharos/ Nanana Section	= 68
3. Magojaneng/ Tswelolepele	= 50
4. Maruping	= 39
5. Seoding	= 30
6. Kagung	= 23

An item about the severe destruction was presented to the municipal council on the 14 January 2021, to take a resolution on the disaster that has affected our municipal area and a disaster was declared by our council.

A costed business plan for emergency housing relief for the affected households were submitted to National Housing Human Settlement with all the relevant attachment as per directive and of which delegation from National Human Settlement came to verify the municipal submission.

National Human Settlement approved only 161 households/ beneficiaries for emergency housing for our municipality.

18 x House Fires  
14 x Informal settlement fires (Shacks)  
141 x Veld Fires  
08 x Rubbish Fires  
03 x Electrical related Fires  
04 x Motor Vehicle Fires  
01 x Truck Fire  
01 x Tree Fires  
01 x Tyre Fire  
01 x Shop Fire  
04 x Building Fires  
01 x Container Fire  
01 x Guesthouse Fire  
01 x Thatch Roof Fire  
09 x Motor Vehicle Accidents  
01 x Fire belt  
02 x Special Services

T 3.22.2

# Chapter 3

# Chapter 3

5

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

Awareness and Preparedness for Emergencies at Local/ District/ Province Level is a tool for bringing Disaster Stakeholders, Community Members, and Staff together to allow effective communication about risks and planning for emergency response.

It should be stressed that emergency planning, like most management challenges, is a process of continuous improvement. Comments on the emergency exercise will help Disaster Stakeholders continue improving service delivery to the community they serve and to build capacity amongst themselves.

The horrific consequences of disaster remain in the public memory for a long time. Given the size and scale of the industry and many of its operations, the number of major incidents is small, however, although most people would rather regard even one incident as being too many. It would be equally wrong to suggest that no progress has been made in the prevention, preparation for and management of disaster.

A fast and effective local response to an incident can be the most important factor in limiting injury to people as well as damage to property and environment. While incidents destroy community confidence, a well-informed, well-prepared community is better able to deal with the aftermath.

Annual events are held in Ga-Segonyana Local Municipal Jurisdiction and all events applications are submitted to SAPS, this is in accordance to the SARE Act (Safety at Sport and Recreational Events Act 2 of 2010) that all applications must be submitted to the Authorized person of SAPS. Events Safety Security planning are convened with all relevant stakeholders with the conveners to plan the safety of the events.

When meetings are convened, all application for the different events are categorized by SAPS Authorized member at the Province, because the categorization will guide the Event Safety Security Committee and convener what type of magnitude event are we planning and all the deployment of resources that must be availed to safe guard the attendees and artists.

T 3.22.7

# Chapter 3

## COMPONENT 1: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

***Delete Directive note once comment is completed*** – Provide brief introductory comments.

T 3.24

## 3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

### INTRODUCTION TO EXECUTIVE AND COUNCIL

***Delete Directive note once comment is completed*** – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T 3.24.1

### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

# Chapter 3

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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

# Chapter 3

Financial Performance Year 0: The Executive and Council					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	8 056	8 343	8 343	8 341	0%
Expenditure:					
Employees	6 233	8 056	7 715	6 805	-18%
Repairs and Maintenance					
Other	17 505	20 095	18 992	17 568	-14%
<b>Total Operational Expenditure</b>	23 738	28 151	26 706	24 373	-15%
<b>Net Operational Expenditure</b>	15 682	19 807	18 363	16 032	-24%
<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 3.24.5

Capital Expenditure Year 0: The Executive and Council					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6

# Chapter 3

## COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.24.7

## 3.25 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

Financial services consist of six sections namely Assets Management, Budget Management, Expenditure Management, Payroll, Revenue Management and Supply Chain Management. The Municipality has created another Section that will be responsible for the compilation of Annual Financial Statements. All Management positions in the Budget and Treasury Office were filled and over 90% of the lower level positions were also filled for the year under review. The exception being the newly created positions just mentioned which are in the process of being filled.

The Finance Department handed over accounts that did not have payments for the past 3 years to attorneys for collection. The process is slow but at least every month the municipality is receiving deposits from the attorneys. The cut off lists and blocking of prepaid electricity cards are done every month to encourage consumers to come and make arrangements on their accounts.

# Chapter 3

The Municipality collection rate for the year under review amounted to 88%. It is a remarkable achievement given the high unemployment rate, low salaries and general unfavourable economic conditions. The Municipality continues to apply credit control measures to improve its collection rate. The Municipality is also planning to improve its metering function to reduce the incidence of illegal connections. The conversion of conventional meters into prepaid ones both for electricity and water will greatly improve the Municipality's cash inflows and thus enable the Municipality to deliver on its mandate.

T 3.25.1

Debt Recovery							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	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	50 223			55 032	41 055	57 938
Electricity - B							
Electricity - C	126 340			127 968	128 778	214 411	100%
Water - B							
Water - C	23 394			28 319	28 750	47 960	100%
Sanitation							
Refuse	11 107			12 828	13 529	22 570	100%
Other							
<i>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.</i>							T 3.25.2
R' 000							
Year -1 201819		Year 0 201920			Year 1 202021		

# Chapter 3

Details of the types of account raised and recovered	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				45 158 445,71	38 003 762,00	49 762 316,92	85%
Electricity - B				108 310 332,00	133 878 506,00	112 931 244,03	129%
Electricity - C							
Water - B				22 880 479,05		22 277 550,57	
Water - C							
Sanitation				13 825 960,51		13 433 717,08	
Refuse				8 942 684,76		9 343 196,02	
Other				7 611 740,64		5 130 472,77	
<i>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.</i>							
T 3.25.2							

# Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives  Service Indicators  (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>Increase in speed of payment of tariffs, tax demands, invoices</i>	No more than x% of creditors raised (in Rand value) during the year outstanding (o/s) at year end	No more than T0% of current yr creditors o/s at yr end	No more than A0% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than A1% of current yr creditors o/s at yr end	No more than T2% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end
<i>Reducing the number of invoices raised by increasing advance payment for services rendered (A project requiring participation by all departments but let by the central finance department)</i>	x% reduction in number of invoices raised over the previous year's target	T0% reduction in invoices raised; target limit of invoices	A0% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	A1% reduction in invoices raised; target limit of invoices	T2% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices
<i>Improving speed of legal measures to recover revenues</i>	Commence legal proceedings for recovery of revenues within 4 weeks of the due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date
<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 3.25.3

# Chapter 3

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	36 967	32 214	32 673	44 566	28%	
<b>Expenditure:</b>						
Employees	69 267	38 555	38 910	39 234	2%	
Repairs and Maintenance	1 962	1 000	1 000	695	-44%	
Other	60 346	30 909	37 097	39 520	22%	
<b>Total Operational Expenditure</b>	131 575	70 464	77 007	79 449	11%	
<b>Net Operational Expenditure</b>	94 608	38 250	44 334	34 883	-10%	
<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 3.25.5	

R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
<b>Total All</b>	1400000	3 975	2 418	42%	
Project A	1400000	3 975	2 418	42%	3 975
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/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 3.25.6

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.25.7

# Chapter 3

## 3.26 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

Explain the measures taken to improve performance and the major efficiencies achieved by HR service during the year.

Human Resources provide services in the areas of Recruitment, Selection and Placement, Health and Safety, Organizational Development, Skills Development and Training, Human Resources Administration and Labour Relations.

Considerable improvement is made in terms of leave management. However, the process of transforming the system to do leave electronically has been kick-started and the position of Senior Health and Safety was budgeted for to beef up the sub-unit. Managers and supervisors are making strides currently on the monitoring of staff and as it took long to sign leave on time. Cases of injuries on duty are submitted electronically, however, it is still a challenge in getting responses and acknowledgements within a reasonable time of at least a week. The Labour Department is still citing lack of staff as a contributing factor and the system is constantly dysfunctional. We are currently submitting some claim information manually when experiencing challenges. The position of Secondary was also budgeted for and will hopefully be implemented by the end of December 2022.

T 3.26.1

### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

No	Title	Number	Category	Status
1	Manager: Human Resources	1	14	Full-Time
2	Labour Relations Specialist	1	14	Full-Time
3	Skills Development Facilitator (SDF)	1	13	Full-Time
4	Health and Safety Officer	1	11	Full-Time
5	Senior Human Resources Officer	1	10	Full-Time
6	Human Resources Officer	2	8	Full-Time
7	Senior Health and Safety Officer (Vacant )	1	13	Full-Time
8	Secondary SDF (Vacant)	1	10	Full-Time
	Total Number	9		

T 3.26.2



# Chapter 3

Employees: Human Resource Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	2	1	1	50%
10 - 12	1	1	1	0	0%
13 - 15	3	4	3	1	25%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	5	7	5	2	29%

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.

T3.26.4

Financial Performance Year 0: Human Resource Services						R'000
Details	Year -1	Year 0			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
<b>Total Operational Revenue</b>	5 914	3 722	3 722	5 833	36%	
Expenditure:						
Employees	11 741	11 915	9 513	13 555	12%	
Repairs and Maintenance						
Other	5 753	7 323	8 436	10 164	28%	
<b>Total Operational Expenditure</b>	17 494	19 238	17 949	23 719	19%	
<b>Net Operational Expenditure</b>	11 580	15 516	14 227	17 886	13%	
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 3.26.5	

# Chapter 3

Capital Expenditure Year 0: Human Resource Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.26.6	

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

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.26.7

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

**Delete Directive note once comment is completed** – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by ICT service during the year.

T 3.27.1

### SERVICE STATISTICS FOR ICT SERVICES

T 3.27.2



# Chapter 3

Employees: ICT Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	2	1	1	50%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20%</b>

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

Financial Performance Year 0: ICT Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	1 597	1 678	1 678	1 678	0%	
Expenditure:						
Employees	3 224	4 200	3 360	3 598	-17%	
Repairs and Maintenance	381	4 500	4 500	4 304	-5%	
Other	1 275	5 934	5 894	5 326	-11%	
<b>Total Operational Expenditure</b>	<b>4 880</b>	<b>14 634</b>	<b>13 754</b>	<b>13 228</b>	<b>-11%</b>	
<b>Net Operational Expenditure</b>	<b>3 283</b>	<b>12 955</b>	<b>12 075</b>	<b>11 550</b>	<b>-12%</b>	

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 3.27.5

# Chapter 3

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
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

## COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T3.27.7

## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

**Delete Directive note once comment is completed** – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.

T3.28.1

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

T 3.28.2

# Chapter 3

# Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	2	1	1	50%
10 - 12	3	3	3	0	0%
13 - 15	4	4	4	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
<b>Total</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>11%</b>

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 0: Property; Legal; Risk Management and Procurement Services					
Details	Year -1	Year 0			R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	61 585	67 896	72 285	71 298	5%
Expenditure:					
Employees	10 984	11 325	11 298	12 407	9%
Repairs and Maintenance					
Other	20 075	9 768	8 868	10 548	7%
<b>Total Operational Expenditure</b>	<b>31 060</b>	<b>21 094</b>	<b>20 167</b>	<b>22 956</b>	<b>8%</b>
<b>Net Operational Expenditure</b>	<b>(30 525)</b>	<b>(46 802)</b>	<b>(52 118)</b>	<b>(48 343)</b>	<b>3%</b>

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



## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

The Organizational Development process and filling of positions had been going fairly well in that positions that became vacant had been filled within six (6) months of becoming vacant. There had been some delays in completing other positions due to budget constraints; however, critical positions had been filled to ensure that there is delivery of services especially in core services departments like Infrastructure and Community Services.

To date the two positions of Directors: Corporate and Community Services had not been filled. However, a shortlist was made for both positions. It is anticipated that a position of Director: Corporate Services shall be filled by the beginning of July 2019 as the interviews had already been conducted.

*T 4.0.1*

# Chapter 4

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	26,485	26,485	23,572	23,572	%
Waste Water (Sanitation)	8,541	8,541	8,285	8,285	%
Electricity	12,355	12,355	10,254	10,254	%
Waste Management	14,232	14,232	13,235	13,235	%
Housing	6,542	6,542	5,496	5,496	%
Waste Water (Stormwater Drainage)	5,643	5,643	5,530	5,530	%
Roads	5,643	5,643	5,530	5,530	%
Transport	5,322	5,322	4,470	4,470	%
Planning	1,254	1,254	1,003	1,003	%
Local Economic Development	2,516	2,516	2,063	2,063	%
Planning (Strategic & Regulatory)	12,546	12,546	10,413	10,413	%
Local Economic Development	2,355	2,355	2,190	2,190	%
Community & Social Services	4,565	4,565	3,698	3,698	%
Environmental Protection	5,649	5,649	4,971	4,971	%
Health	5,649	5,649	4,971	4,971	%
Security and Safety	5,649	5,649	4,971	4,971	%
Sport and Recreation	5,649	5,649	4,971	4,971	%
Corporate Policy Offices and Other	5,649	5,649	4,971	4,971	%
<b>Totals</b>	<b>136,240</b>	<b>136,240</b>	<b>120,592</b>	<b>120,592</b>	<b>-</b>

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

# Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
<b>Total</b>	<b>121</b>	<b>25</b>	<b>20.66</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such 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 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%

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

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

T 4.1.4

# Chapter 4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

*Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.*

*Policies are reviewed annually and performance management system implemented at the first three levels of Management (ie. Municipal Manager, Directors and Line Managers. Collective Agreements are adhered to on a regular basis and amendments made whenever there are changes to be implemented.*

T 4.2.0

CONFIDENTIAL

# Chapter 4

## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	N/A		Use provisions of EEA
2	Attraction and Retention			Approved 2012
3	Code of Conduct for employees	N/A		Schedule 2 of MSA
4	Delegations, Authorisation & Responsibility			Reviewed 2015
5	Disciplinary Code and Procedures			Collective Agreement 01/02/2018
6	Essential Services			Negotiations on going parties have not yet reached agreement.
7	Employee Assistance / Wellness			Approved 30/03/2016
8	Employment Equity			Use provisions of EEA
9	Exit Management	N/A		
10	Grievance Procedures			Collective Agreement 01/02/2018
11	HIV/Aids	N/A		
12	Human Resource and Development			Approved 29/03/2018
13	Information Technology			Reviewed 30/08/2019
14	Job Evaluation			Approved 30/06/2015
15	Leave			Reviewed 30/06/2019
16	Occupational Health and Safety			Reviewed 29/06/2017
17	Official Housing	N/A		Main Collective Agreement
18	Official Journeys			Reviewed annually with Budget
19	Official transport to attend Funerals	N/A		
20	Official Working Hours and Overtime			Reviewed 11/06/2020
21	Organisational Rights	N/A		Main collective agreement
22	Payroll Deductions	N/A		BCEA provisions
23	Performance Management and Development			Reviewed 30/06/2019
24	Recruitment, Selection and Appointments			Reviewed 30/06/2019
25	Remuneration Scales and Allowances			Collective Agreement
26	Resettlement	N/A		
27	Sexual Harassment			Reviewed 30/03/2016
28	Skills Development (Training and Development Policy)			Reviewed 30/03/2021
29	Smoking			Reviewed 30/03/2016
30	Special Skills	N/A		
31	Work Organisation	N/A		
32	Uniforms and Protective Clothing			Approved 30/08/2020
33	Other:			
				<i>Use name of local policies if different from above and at any other HR policies not listed.</i>
				T 4.2.1

# Chapter 4

## COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Policies are reviewed annually as reflected in the template and any legislative changes are made as and when applicable. Some changes of review were made on the Finance policies to make an alignment with the budget in line with the MFMA requirements. All policies are presented to Local Labour Forum and Councillors before submitted to Council for approval.

T 4.2.1.1

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

### Number and Cost of Injuries on Duty

Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
<b>Total</b>	<b>60</b>	<b>5</b>	<b>8%</b>	<b>12</b>	<b>60</b>

T 4.3.1

### Number of days and Cost of Sick Leave (excluding injuries on duty)

Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0,15	30
Skilled (Levels 3-5)	40			22	0,26	
Highly skilled production (levels 6-8)	136			58	0,88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0,04	31
Senior management (Levels 13-15)	230			11	1,48	
MM and S57	65			8	0,42	
<b>Total</b>	<b>501</b>	<b>93%</b>	<b>12</b>	<b>155</b>	<b>3,23</b>	<b>61</b>

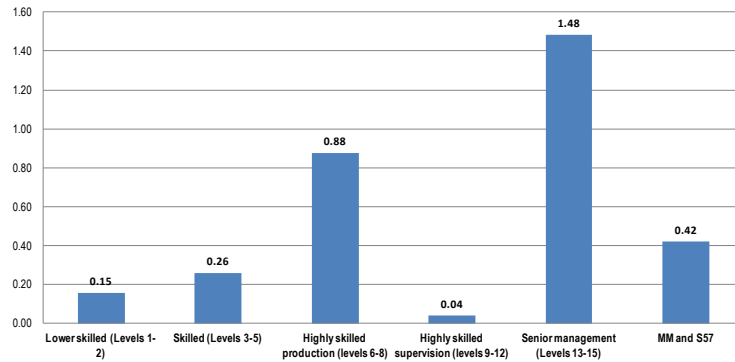
\* - Number of employees in post at the beginning of the year

\*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

# Chapter 4

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

## COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

*There was no cases of suspensions and misconduct on Finance for the period of 2022-2023 financial year*

T 4.3.7

## 4.4 PERFORMANCE REWARDS

### COMMENT ON PERFORMANCE REWARDS:

*The performance rewards by gender is not yet implemented at this stage under the year in review*

T 4.4.1.1

# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

*Capacity building is done through short courses solicited by departments on a need basis and also following the legislative requirements by Local Government Seta by developing Workplace Skills Plans and implementation thereof. Further thereto, employees are assisted through the Study Aid Policy to enrol with various academic institutions to pursue relevant careers related to their work.*

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female		5						0	1				1
	Male		5						1	2			1	2
Councillors, senior officials and managers	Female		2						3	3			3	3
	Male		3						4	4			4	4
Technicians and associate professionals*	Female		4						2	2			2	2
	Male		8						8	9			8	9
Professionals	Female		8						6	6			6	6
	Male		6						2	2			2	2
Sub total	Female		19						11	12			11	12
	Male		22						15	17			15	17
<b>Total</b>		0	82	0	0	0	0	0	52	58	0	52	58	

\*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

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))
<b>Financial Officials</b>						
Accounting officer	1	0	1	0	0	1
Chief financial officer	1	0	1	0	0	1
Senior managers	3	0	3	0	0	1
Any other financial officials	40	0	40	0	0	11
<b>Supply Chain Management Officials</b>	7,00		7,00			1
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	0	0	0
<b>TOTAL</b>	<b>53</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>16</b>

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

T 4.5.2

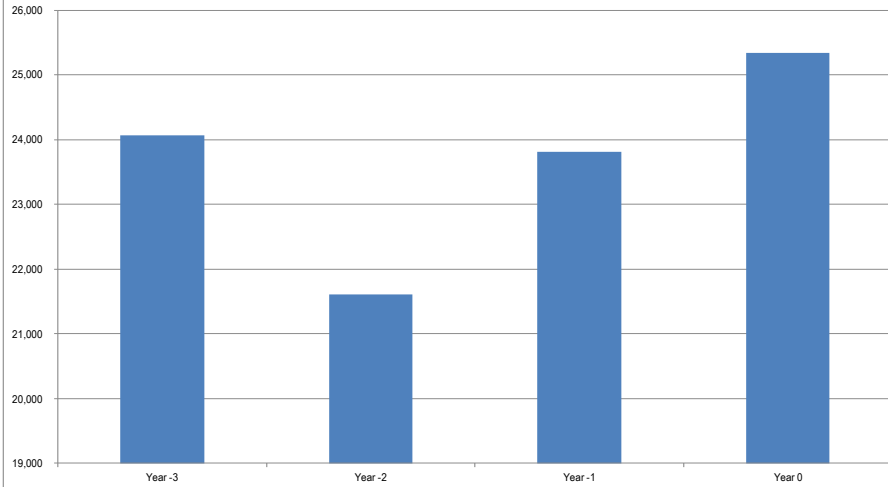
Skills Development Expenditure											
										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female							10	20	10	20
	Male							20	25	20	25
Legislators, senior officials and managers	Female										
	Male										
Professionals	Female										
	Male										
Technicians and associate professionals	Female										
	Male										
Clerks	Female										
	Male										
Service and sales workers	Female										
	Male										
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female										
	Male										
Sub total	Female							10	20	10	20
	Male							20	25	20	25
<b>Total</b>		0	0	0	0	0	0	30	45	30	45
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										%* *R	
										T4.5.3	

T 4.5.4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

### Workforce Expenditure Trends (R' 000)



Source: MBRR SA22

T 4.6.1

#### COMMENT ON WORKFORCE EXPENDITURE:

**Delete Directive note once comment is completed** – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T 4.6.1.1

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

There are no upgraded post for the year under review.

T 4.6.5

#### DISCLOSURES OF FINANCIAL INTERESTS

**Delete Directive note once comment is completed** – Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T 4.6.6

## CHAPTER 5 – FINANCIAL PERFORMANCE

### 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

The municipality's tariffs increased in line with the inflation rate. In the refuse, water and sanitation services, cost reflective tariffs were implemented and will be phased in over three years. The municipality compiled the General Valuation Roll that is to be implemented from 1<sup>st</sup> July 2023. The Municipality procured the services for prepaid meters vending. The service provider is paid 5.6% of all the monies collected every month.

The municipality is also uses the services of VAT service provider and they are paid 9.6% on all refunds paid by SARS. The financial system is assisting with day-to-day transactions, support on reconciliations and reports and monthly payments are made. The payroll system is used for monthly salaries and there is monthly fee for licenses the Payroll System.

The annual financial statements service providers assist the municipality with fixed assets register, employee benefits and provisions for landfill sites amounts as well as assisting in audit queries T 5.0.1

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

As already mentioned, the Municipality uses the assistance of Consultants to compile the Annual Financial Statements. The Annual Financial Statements were submitted per the dictates of the Municipal Financial Management Act (MFMA). Every effort was made to compile the Statements in line with the MFMA and Generally Recognized Accounting Practices (GRAP) statements and other relevant prescripts.

The Municipality's financial performance for the year under review results shows an operating deficit of R 6.2 million. The R 6.2 million amount is arrived at after R 90.9 million depreciation, impairment and amortization. It is also important to note that the aforementioned expense items are accounting entries and not cash.

The total revenue budgeted for the year under review is R 672 million, compared to the R 573 budgeted amount. This despite the underperformance of the service charges. The Service charges budgeted amount was R 249 million and only R 185 million was recognized. The significant increase of revenue is attributable to Grants and Transfers. The Municipality received R 156 million more than budgeted.

The Municipality spent R 79 million more than the budget. The major expenditure variances resulted from general expenses of R 16 million. The difference is attributable to depreciation and related accounting entries (non-cash items).

Property rates revenue increased due to new developments, Services charges increased due to cost reflective implementation and NERSA tariff increase. Rental of facilities dropped due to low demand for Caravan Park and the Town Hall still under construction. Interest on external investments increased due to more money being invested than last year. Interest on outstanding debts increased due to the increasing consumer debt. Traffic income decreased due to less fines issued.

*T 5.1.0*

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5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	Year 0											Year -1			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	62 888	(6)	62 882			62 882	62 498		(384)	99.39	99.38				58 325
Service charges	261 786	13 717	275 503			275 503	267 739		(7 764)	97.18	102.27				233 479
Investment revenue	7 123	2 500	9 623			9 623	8 788		(835)	91.32	123.37				9 902
Transfers recognised - operational	253 420	-	253 420			253 420	250 420		(3 000)	98.82	98.82				236 374
Other own revenue	43 476	11 316	54 792			54 792	97 531		42 739	178.00	224.33				37 029
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>628 693</b>	<b>27 527</b>	<b>656 220</b>	<b>-</b>	<b>-</b>	<b>656 220</b>	<b>686 975</b>	<b>-</b>	<b>30 755</b>	<b>564.71</b>	<b>648.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575 110</b>
Employee costs	262 650	(40)	262 610			262 610	273 805		11 195						245 251
Remuneration of councillors	15 598		15 598			15 598	14 938		(660)	95.77	95.77				14 810
Debt impairment	15 703	(1 300)	15 598			15 598	3 716		(11 882)	23.82	23.66				1 231
Depreciation & asset impairment	60 000	10 000	70 000			70 000	98 008		28 008	140.01	163.35				88 286
Finance charges	1 291	-	1 291			1 291	9 434		8 143	730.76	730.76				8 813
Materials and bulk purchases	172 975	13 133	186 108			186 108	210 921		24 813	113.33	121.94				184 162
Transfers and grants	69		69			69	31		(38)	44.59	44.59				54
Other expenditure	157 801	8 766	166 567			166 567	174 558		7 991	104.80	110.62				213 851
<b>Total Expenditure</b>	<b>686 087</b>	<b>30 559</b>	<b>717 841</b>	<b>-</b>	<b>-</b>	<b>717 841</b>	<b>785 411</b>	<b>-</b>	<b>56 375</b>	<b>1253.09</b>	<b>1290.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>756 458</b>
<b>Surplus/(Deficit)</b>	<b>(57 394)</b>	<b>(3 032)</b>	<b>(61 621)</b>	<b>-</b>	<b>-</b>	<b>(61 621)</b>	<b>(98 436)</b>	<b>-</b>	<b>(25 620)</b>	<b>-88.38</b>	<b>-642.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(181 349)</b>
Transfers recognised - capital	147 688	30 158	197 846			197 846	176 556		(21 290)	89.24	119.55				167 288
Contributions recognised - capital & contributed assets	-	1 447	1 447			1 447	17 724		16 277	1224.88	#DIV/0!				26 614
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>90 294</b>	<b>48 573</b>	<b>137 672</b>	<b>-</b>	<b>-</b>	<b>137 672</b>	<b>95 844</b>	<b>-</b>	<b>(30 633)</b>	<b>625.74</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 553</b>
Share of surplus/ (deficit) of associate	-	-	-			-	-		-	-	-				-
<b>Surplus/(Deficit) for the year</b>	<b>90 294</b>	<b>48 573</b>	<b>137 672</b>	<b>-</b>	<b>-</b>	<b>137 672</b>	<b>95 844</b>	<b>-</b>	<b>(30 633)</b>	<b>625.74</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 553</b>
<b>Capital expenditure &amp; funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	147 688	25 512	173 200			173 200	173 200		-	100.00	117.27				151 357
Public contributions & donations	-	25 738	25 738			25 738	17 724		(8 014)	68.86					26 614
Borrowing	-	-	-			-	-		-	-	-				-
Internally generated funds	17 725	(4 752)	12 973			12 973	15 250		2 277	117.55	86.03				2 414
<b>Total sources of capital funds</b>	<b>165 413</b>	<b>46 498</b>	<b>211 911</b>	<b>-</b>	<b>-</b>	<b>211 911</b>	<b>206 174</b>	<b>-</b>	<b>(5 737)</b>	<b>286.41</b>	<b>203.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180 385</b>
<b>Cash flows</b>															
Net cash from (used) operating	199 207	43 361	242 568			242 568	137 860		(104 708)	56.83	69.20				173 575
Net cash from (used) investing	(165 413)	(46 497)	(211 910)			(211 910)	(164 670)		47 240	77.71	99.55				(170 747)
Net cash from (used) financing	-	(2 500)	(2 500)			(2 500)	(2 801)		(301)	112.04					(4 092)
<b>Cash/cash equivalents at the year end</b>	<b>112 004</b>	<b>(46 899)</b>	<b>65 105</b>	<b>-</b>	<b>-</b>	<b>65 105</b>	<b>7 336</b>	<b>-</b>	<b>7 336</b>	<b>6.55</b>	<b>6.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 946</b>

T 5.1.1

Financial Performance of Operational Services							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	71 616	68 740	73 217	86 917	0.21	118.71	
Waste Water (Sanitation)	32 831	20 341	21 676	22 096	0.08	-2.31	
Electricity	186 597	167 537	187 925	220 263	0.24	0.15	
Waste Management	28 075	27 756	27 225	23 574	-0.18	-0.15	
Housing	-						
Component A: sub-total	319 120	284 373	310 042	352 850	0.19	0.12	
Waste Water (Stormwater Drainage)	-						
Roads	41 471	35 714	38 477	44 208	0.19	0.13	
Transport	-						
Component B: sub-total	41 471	8 455	8 624	9 554	0.12	0.10	
Planning	39 661	15 798	15 230	16 060	0.02	0.05	
Local Economic Development	3 213	4 077	3 687	3 515	-0.16	-0.05	
Component B: sub-total	42 873	19 875	18 917	19 576	-0.02	0.03	
Planning (Strategic & Regulatory)	-						
Local Economic Development	-						
Component C: sub-total	-	-	-	-			
Community & Social Services	16 233	18 558	17 951	17 689	-0.05	-0.01	
Environmental Protection	282	309	309	276	-0.12	-0.12	
Health	-						
Security and Safety	48 152	54 217	54 436	57 458	0.06	0.05	
Sport and Recreation	16 238	18 313	18 238	18 751	0.02	0.03	
Corporate Policy Offices and Other	4 971	31 278	30 112	29 902	-0.05	-0.01	
Component D: sub-total	85 875	122 675	121 046	124 076	0.01	0.02	
<b>Total Expenditure</b>	<b>489 339</b>	<b>435 378</b>	<b>458 630</b>	<b>506 056</b>	<b>13.97%</b>	<b>9.37%</b>	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

**COMMENT ON FINANCIAL PERFORMANCE:**

According to the table above all services were overspent. The water services being the worst at 18% above the budgeted amount. Waste management is the only service that performed within the budget.. The variances above 10% are for the depreciation and impairments that were more than the budgeted amount.

T5.1.3

**5.2 GRANTS**

Grant Performance							R' 000
Description	Year -1	Year 0		Year 0 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	237 725	252 120	252 120	252 120			
Equitable share	230 911	244 849	244 849	244 849	100.00	100.00	
Municipal Systems Improvement							
Department of Water Affairs							
Levy replacement							
Other transfers/grants [insert description]	6 814	7 271	7 271	7 271	100.00	100.00	
<b>Provincial Government:</b>	1 252	1 300	1 300	1 300			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation	1 252	1 300	1 300	1 300	100.01	100.01	
Other transfers/grants [insert description]							
<b>District Municipality:</b>							
[insert description]							
<b>Other grant providers:</b>							
[insert description]							
<b>Total Operating Transfers and Grants</b>	238 977	253 420	253 420	253 420			
<i>Variances 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:**

All the conditional Grants performed well and were 100% spent.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

*T 5.2.4*

5.3 ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

Asset management is a systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. Effective management of infrastructure assets and other assets is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important.

The Municipal Manager as the Accounting Officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. The Municipality has adopted the Asset Management Policy as stated in MFMA Section 63. This policy is compliant to all applicable GRAP standards and it guides the daily handling and management of the municipal assets

*T 5.3.1*

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
<b>Asset 1</b>				
Name	Upgrading of internal water supply to Kuruman & Wrenchville			
Description	Water reticulation			
Asset Type	Water reticulation			
Key Staff Involved	PMU			
Staff Responsibilities	Ensure the smooth running of the capital project			
	Year -3	Year -2	Year -1	Year 0
Asset Value				46 667 207.00
Capital Implications				
Future Purpose of Asset	Provision of clean and safe drinking water			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
<b>Asset 2</b>				
Name	Maruping (tireleng section) Extension of water supply reticulation			
Description	Water reticulation			
Asset Type	Water reticulation			
Key Staff Involved	PMU			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				15 220 520.00
Capital Implications				
Future Purpose of Asset	Provision of clean and safe drinking water			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
<b>Asset 3</b>				
Name	Magojaneng RDP- Upgrade of gravel internal road to paved road			
Description	Road Infrastructure			
Asset Type	Road Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				20 668 422.00
Capital Implications				
Future Purpose of Asset	Safe access roads to the community			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
				T 5.3.2

COMMENT ON ASSET MANAGEMENT:

All municipal procurement is through the Supply Chain Management Unit which uses the approved Policy and relevant legislation. The projects are rigorously evaluated as the business plan for a project is initiated by the Municipality and then Consultants review it and refine it. Once it is ready it is presented to the Department of Cooperative Governance Human Settlements and Traditional Affairs (COGHSTA) for further scrutiny and funding approval.

This whole process includes the evaluation of costs and prospective revenue including the maintenance repairs likely to emanate from the completed project. All projects records are kept and available for inspection for any reason including the Audit. The resultant assets are managed in term of the Municipal Asset Management Policy.

T 5.3.3

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	26 550	27 597	27 601	100.01
				T 5.3.4

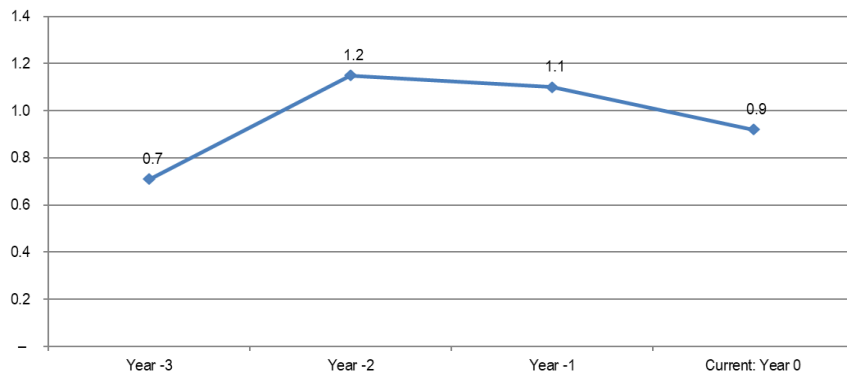
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

These are inventory items that are procured by municipality and are kept at stores for repairs & maintenance. Due to dilapidated infrastructure and theft thereof more expenditure was incurred by the Infrastructure Department in trying to restore these for service delivery purposes. Electricity unit experienced losses on theft of cables. Such occurrences may repeat given the current electricity crisis countrywide.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### Liquidity Ratio

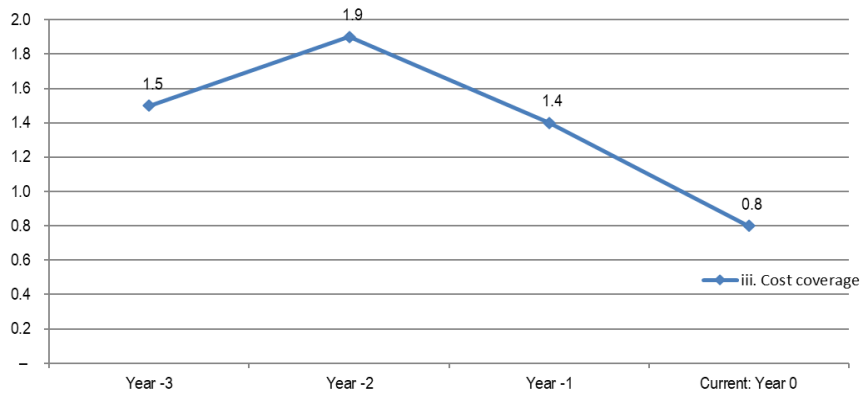


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

### Cost Coverage

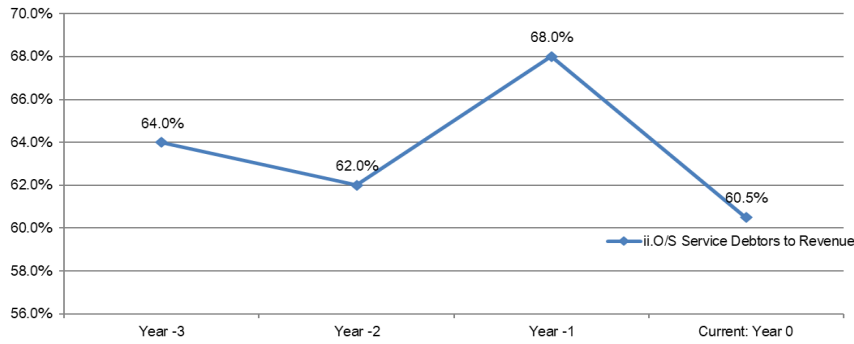


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

### Total Outstanding Service Debtors

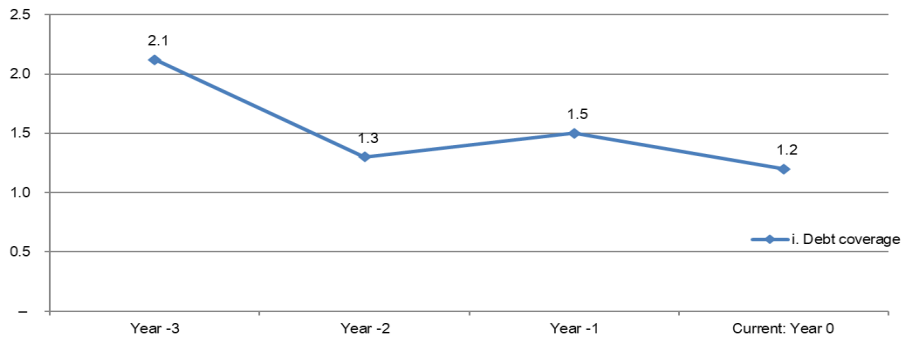


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

### Debt Coverage

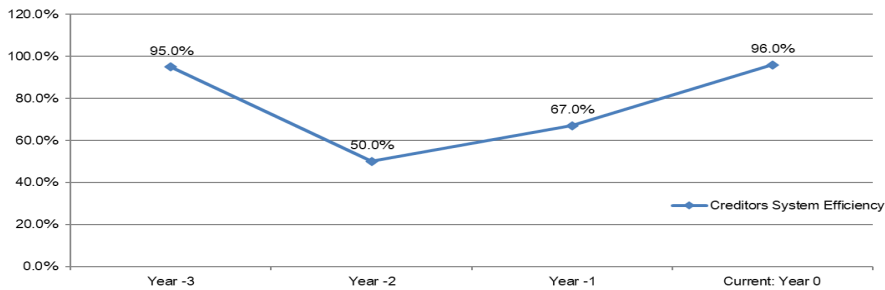


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

### Creditors System Efficiency

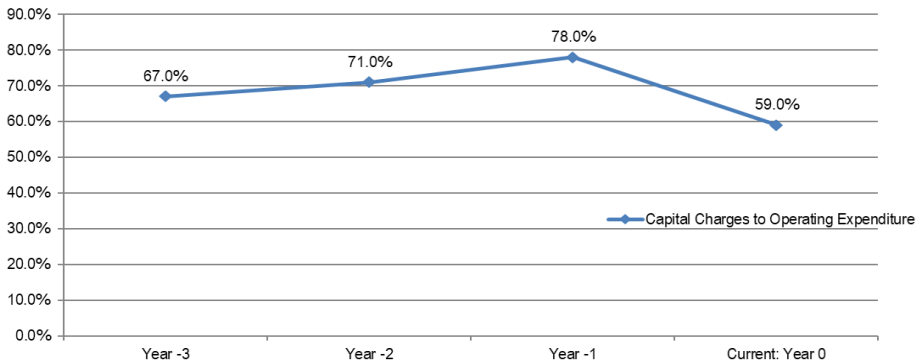


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

### Capital Charges to Operating Expenditure

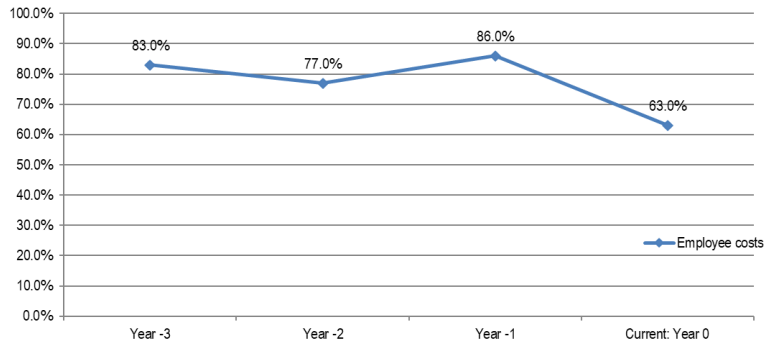


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

### Employee Costs

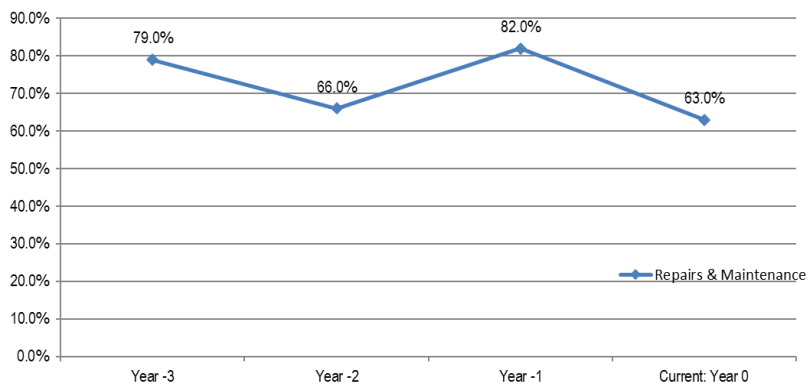


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA6

T 5.4.7

### Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

#### COMMENT ON FINANCIAL RATIOS:

The liquidity ratio dropped from 1:1 to 0.7 in 2022-23 which means the municipality's financial viability is declining. The cost coverage dropped from 1.4 to 0.8 which means the municipality barely has one month cash to cover its operations.

T 5.4.9

#### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

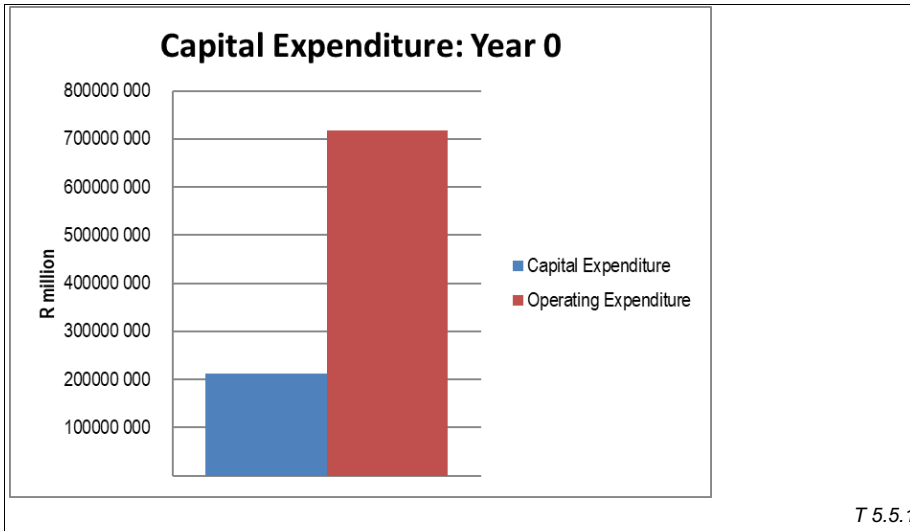
##### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

**Delete Directive note once comment is completed** – 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. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works

and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

## 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

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 (%)
<b>Source of finance</b>						
External loans						
Public contributions and donations	26 554		25 738	17 724		
Grants and subsidies	167 288	147 688	173 200	173 200	17.27%	17.27%
Other	8 464	17 725	12 973	15 250	-26.81%	-13.97%
<b>Total</b>	<b>202 305</b>	<b>165 413</b>	<b>211 911</b>	<b>206 174</b>	<b>-9.54%</b>	<b>3.31%</b>
<b>Percentage of finance</b>						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	13.1%	0.0%	12.1%	8.6%	0.0%	0.0%
Grants and subsidies	82.7%	89.3%	81.7%	84.0%	-181.2%	522.2%
Other	4.2%	10.7%	6.1%	7.4%	281.2%	-422.2%
<b>Capital expenditure</b>						
Water and sanitation	59 670	46 637	42 080	42 080	-9.77%	-9.77%
Electricity	56 194	61 183	62 159	62 159	1.60%	1.60%
Housing						
Roads and storm water	32 147	30 559	92 909	87 024	204.03%	184.77%
Other	54 294	27 034	14 763	14 911	-45.39%	-44.84%
<b>Total</b>	<b>202 305</b>	<b>165 413</b>	<b>211 911</b>	<b>206 174</b>	<b>150.46%</b>	<b>131.75%</b>
<b>Percentage of expenditure</b>						
Water and sanitation	29.5%	28.2%	19.9%	20.4%	-6.5%	-7.4%
Electricity	27.8%	37.0%	29.3%	30.1%	1.1%	1.2%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	15.9%	18.5%	43.8%	42.2%	135.6%	140.2%
Other	26.8%	16.3%	7.0%	7.2%	-30.2%	-34.0%
<b>T 5.6.1</b>						

### COMMENT ON SOURCES OF FUNDING:

The bulk of capital is funded by National Government, Provincial Government, Own funding (CRR) and public contributions. National funding constitutes 81% of total capital funding. Variance between actual and budget arises from the donations received from the mines and were not budgeted for in the municipality's budget, but only actual assets were transferred through WIP at year end. The Municipality received the additional funding from National Treasury in March 2025 and the Municipality managed to finish the project before year end.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	A - Name of Project	26,000	26,500	25,700	1%
B - Name of Project	19,500	19,750	19,900	-2%	-1%
C - Name of Project	15,700	15,700	15,500	1%	0%
D - Name of Project	12,000	11,800	11,700	3%	2%
E - Name of Project	11,500	11,000	11,250	2%	4%
<i>* Projects with the highest capital expenditure in Year 0</i>					
<b>Name of Project - A</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - B</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - C</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - D</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - E</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

**Delete Directive note once comment is completed** - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

**Delete Directive note once comment is completed** – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
	Water	16187	47	12197
Sanitation	11124	32	9028	26
Electricity	23369	68	4658	13
Waste management		%		%
Housing		%	5680	16
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				

T 5.8.2

Municipal Infrastructure Grant (MIG)\* Expenditure Year 0 on Service backlogs

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>				%	%	
<i>Roads, Pavements &amp; Bridges</i>	30327469	955000	29372469	57%	0,01%	
<i>Storm water</i>				%	%	
<b>Infrastructure - Electricity</b>				%	%	
<i>Generation</i>				%	%	
<i>Transmission &amp; Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
<b>Infrastructure - Water</b>				%	%	
<i>Dams &amp; Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
<b>Infrastructure - Sanitation</b>	11361297	0	11361297	22%	22%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
<b>Infrastructure - Other</b>				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
<b>Other Specify:</b>				%	%	
Community Hall	7559248	1500000	6059248	14%	11%	
Sportsground	10545000	7545000	3000000	20%	0,06%	
				%	%	
<b>Total</b>				%	%	

\* 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.

T 5.8.3

#### COMMENT ON BACKLOGS:

**Delete Directive note once comment is completed** - Comment on how MIG grants have been utilised to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

T 5.8.4

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The management of cash flow is one of the pivotal tasks of the finance department of the municipality. Adequate cash management enables effective decision making and the identification of early warning signs in terms of potential cash flow constraints. It is therefore imperative that cash flow trends be closely monitored and corrective action be taken timeously when required. The cash flow status of the municipality is currently being monitored on a daily basis.

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	331 161	436 936	417 761	406 470
Government - operating	223 035	253 420	253 420	248 908
Government - capital	167 288	197 484	197 484	178 068
Interest	12 193	7 123	21 078	13 066
Dividends				
<b>Payments</b>				
Suppliers and employees	(558 888)	(644 600)	(645 814)	(707 881)
Finance charges	(1 214)	(1 291)	(1 291)	(770)
Transfers and Grants		(69)	(69)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>173 575</b>	<b>249 003</b>	<b>242 569</b>	<b>137 860</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	9 638			
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(180 385)	(165 413)	(211 910)	(164 670)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(170 747)</b>	<b>(165 413)</b>	<b>(211 910)</b>	<b>(164 670)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(4 092)		(2 500)	(2 801)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 092)</b>	<b>-</b>	<b>(2 500)</b>	<b>(2 801)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1 264)</b>	<b>83 590</b>	<b>28 159</b>	<b>(29 611)</b>
Cash/cash equivalents at the year begin:	38 210		36 946	36 946
Cash/cash equivalents at the year end:	36 946	83 590	65 105	7 336
Source: MBRR A7				15.9.1

COMMENT ON CASH FLOW OUTCOMES:

Operating Activities: The municipality's operating activities, including service charges, taxes, and grants, have likely shown deviations from the budgeted amounts. The Municipality's actual cash flow revenue is lower than the budgeted amount, it indicates that the municipality has collected less money than anticipated during the financial year.

The reason for lower cash flow is a slower-than-expected collection of outstanding debts. Debt collection strategies are less effective and the municipality need to adjust its spending plans *T 5.9.1.1*

5.10 BORROWING AND INVESTMENTS

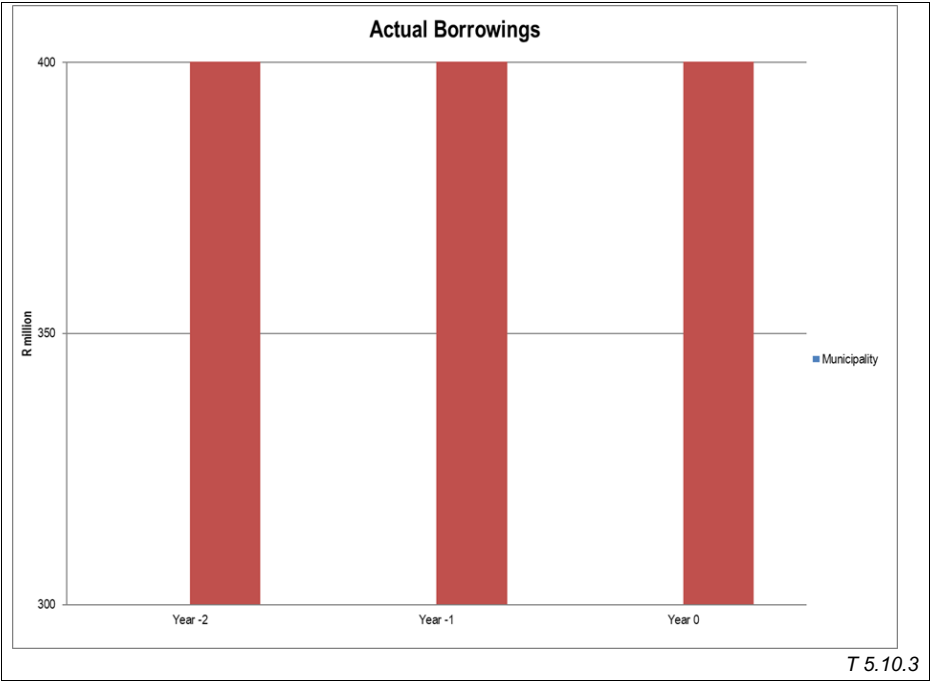
INTRODUCTION TO BORROWING AND INVESTMENTS

On 30 June 2023 the Municipality have four outstanding loans from DBSA and two fixed deposit accounts at ABSA.

*T 5.10.1*

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	10538	8356	6080
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>10 538</b>	<b>8 356</b>	<b>6 080</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

T 5.10.2



<b>Municipal and Entity Investments</b>			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			1268
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	0	0	1268
<b>Municipal Entities</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	1268
			<i>T 5.10.4</i>

**COMMENT ON BORROWING AND INVESTMENTS:**

The DBSA loans reduced with R 2 181 858.87 and R 2 275 771.45 respectively from year -2 to -1 to year 0. There were no new loans for the three years under view.

*T5.10.5*

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

The municipality has not entered into any partnership with private entities that meets the definition of PPP.

T 5.11.1

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The municipality have an existing SCM policy which is guided by the regulations and guidelines from National Treasury. The policy is an important tool, which is used to regulate the processes and procedures to be followed when executing the daily activities of supply chain management.

The municipality has developed and adopted the Preferential Procurement Policy as guided by National Treasury. Currently the municipality has a staff complement of 8 officials, which in terms of the positions occupied, the minimum requirements has been met. On an ad-hoc basis the municipality takes its officials to trainings which are necessary for holding and executing duties related to the SCM unit. Further to this the SCM forums are convened by Provincial Treasury on an annual basis, where new regulations are introduced and discussed. T 5.12.1

## 5.13 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is a set of accounting standards issued by the Accounting Standard Board (ASB) for the public sector in South Africa.

The municipality has adopted the Generally Recognised Accounting Practices (GRAP) as the accounting reporting framework. As such, the annual financial statements are prepared in accordance with the approved GRAP standards..

T 5.13.1

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The municipality submitted the annual financial statements and the annual performance report to the Auditor General of South Africa (AGSA) on the 31<sup>st</sup> of August 2025 as legislated by the MFMA. The AGSA expressed an opinion on both reports on the 30<sup>th</sup> of November 2025. The municipality obtained an unqualified opinion on its annual financial statements and a qualified opinion on the annual performance report.

T 6.0.1

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
MFMA 112(1)j & SCM regulation 44: Awards made to providers who were in the service of the state	Providers are required to fill out MBD4 forms and reliance is also placed on the CSD portal.
MFMA 122(1) AFS were not prepared in all material aspects	Adequate review will be performed before financials are submitted to AGSA.
MFMA 62(1)(d) UIF&W	The current irregular expenditure was identified by the AGSA and that was as a result of the different interpretation of the law.
Municipal planning and performance management regulation 7(1) inadequate performance management system	A performance system will be procured.
MFMA 64(2)(f) ineffective internal control for debtors and revenue	Controls will be put in place

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)

T 6.1.1

Auditor-General Report on Service Delivery Performance: Year -1	
<b>Audit Report Status:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>

T 6.1.2

**COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)**

**6.2 AUDITOR GENERAL REPORT YEAR 0**

Auditor-General Report on Financial Performance Year 0*	
<b>Status of audit report:</b>	<b>Audit not yet completed.</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Reasonable steps were not taken to prevent irregular expenditure amounting to R23 212 329 as disclosed in note 58 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipal supply chain regulations	Management will ensure that all procurement that is made is in compliance with all relevant legislation.
Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.	A performance system will be procured. Management has started engaging with service providers to ensure that this is done as soon as possible.
The performance management system and related controls were inadequate as it did not describe how the performance monitoring and improvement processes should be conducted, as required by municipal planning and performance management regulation 7(1).	A performance system will be procured. Management has started engaging with service providers to ensure that this is done as soon as possible.
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	Adequate review will be performed before financials are submitted to AGSA
<i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i>	

T 6.2.1

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	
	T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

The municipality received an unqualified audit opinion for the 2024/25 financial year, attached under the appendices is the audit report as issued by AGSA. T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

***Delete Directive note once comment is completed*** - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context. T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated T 6.2.5

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

**APPENDICES**

**APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE**

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			%	%

Note: \* Councillors appointed on a proportional basis do not have wards allocated to them T A

Concerning T A

**Delete Directive note before publication:** Provide comments on the above table.

T A.1



APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr M Tsatsimpe
<b>OFFICE OF THE MUNICIPAL MANAGER</b>	
Performance Management System Manager	Mrs B Dithupe
Integrated Development Plan Manager	Mrs T Teise
<b>INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION</b>	
Head of Department	Mr C Pule
Legal Services Manager	Ms M Molale
Human Resource Manager	Vacant
Labour Relations Manager	Mr O Lencoe
Information and Technology Manager	Mr M Segoje
Records Manager	Mr
Office of the Mayor's Manager	Mr L Fourie
<b>FINANCIAL VIABILITY AND ACCOUNTABILITY</b>	
Chief financial Officer	Mr LMashiane
Revenue & Debt Collection	Mrs T Jarvis
Manager payroll & Expenditure	Mr T Sehloho
Budget Manager	Ms D Pelele
Supply Chain Management Manager	Mr B Sechogela
Assest Manager	Ms N Keswa
<b>COMMUNITY SERVICES</b>	
Head of Department	Mrs F Baloyi
Waste management Manager	Mr A Keetile
Chief Traffic	Mr L Lungile
Chief Librarian	Mrs M Moetsi
Disaster Management Manager	Mr Matiti
<b>Basic Services delivery and Infrastructure</b>	
Director	Mr B Kgosieng
Roads & Strom Water Manager	Mrs M Manhe
Project Management Unit Manager	Mrs G Monchwe
Town Planner	Mr T Molauzi
Acting Electricity & Fleet Manager	Mr Monyela
Water & Sanitation Manager	Mr V Seane
Human Settlement, Planning & Building Manager	Mr O Monchusi
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

T C

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
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		
Pontons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Traffic and parking		
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

APPENDIX E – WARD REPORTING

Ward	Ward Councillor	Committee Members	Committee Established (Yes/No)	Monthly Committee Meetings	Monthly Reports Submitted to Speakers Office	Quarterly Public Ward Meetings
5	Kagiso Malakwe	Maifiso Masunda Meleko Joel Mararo Gomolemo Tamose Matlakala Mogatle Tebogo Given Visagie Boitumelo Setlhodi Mmoloki Thabanelo Nameitsegang Thobolo Emily Lebona Keitumetse Makoke	Yes	1	12	1
4	Thabiso Meremetsi	Magdelaine Monnapule Sejeng Beauty Kelehetsewe Keorapetse Jacobs Lesego Patricia Moletsane Goitseone Florence Sesinyi Nameitso Bernadett Moncho Galaletsang Moetsi Kenalemmg Brown Kealeboga Lesang	Yes	1	12	1
3	Lorato Molusi	Kentsheng Leah Molefe Lorato Comfort Mokgosi Kelebogile Onicah Makatong Lesego Augustine Tamose Meshack Archie Bosman Kealaleitso Moacwi Kebueleng Mercy Mothate Elvis Mothibantwa Kegomoditswe Botsime Kelebogile Kgopodithata	Yes	1	12	1
2	Piet Moepeng	Masego Metihe Julia Diteko Stampie Mapapathi Frans Aobakwe Dichabe Nonato Selao Bongani Ncayivutshwa Ogomotseng Dince	Yes	1	12	1
1	Braam Van Der Westhuizen	Petrus Du Toit Johanna Caren Van Der Westhuizen Anet Strauss Elmare Cloete Marelize Vviers Alwyn Johannes Nieuwoudt Corne Kruger Noeline Du Toit Karin VanWaltHendriena Ounooi Fourie	Yes	1	12	1

	11	10	9	8	7	6
	Maria Taeng	Gomolemo Chere	Nametsegang Mereatlhe	Tebogo Nyathi	Lesley Diphatse	Kgotlaetsile Makhubo
Keorapetse Selumi Boimetse Moses Tsinyane Mpho Moleele Boitumelo Josephine Baikedi Ondlenna Koikoi Keitumetse Gaserekwe Keitumetse Gladys Sedisho Poloko Pitso	Kedimetse Agnes Motlatsi Refilwe Tshipagaebonwe Tebogo Baasjan Irene Bear Chankie Joseph Simango Patricia Thamage Sanyenaeng Irene Modise Refilwe Sekgabellele Keitumetse Mouwane Mamosa Shirley Seane	Olorato Collin Sehularo Seanokeng Nancy Baipone Dimakatso Suzan Chere Kelebogile Bahentse Keromeng Selinah Gaothokwe Kelebogile Morakile Goitseone Kgosiengewang Leranoitwe Baithomo Olebogeng Holele Gadinamathibi Patrick Seile	Boitumelo Masigo Mpho Brenda Tshwene Kegomoditswe Morubisi Keleboga Maria Seleke Keotshpile Kgaje Karagane Ruth Makatong Onkgomoditse Mohanyehanye Kehilwe Tau Kegomoditswe Leserwane Matshidiso Gloria Mabilo	Thataone Wildebees Olebogeng Makatong Galaletsang Morubisi Boikanyo Brexsten Majebeke Keineetse Hanitse Keitumetse Chere Thuso Mabihi Kedibone Gaenkgang Orumilwe Oscar Sebusengwe	Kedeboga Letficia Kenosi Lesedi Margaret Leburu Molaihegib Milton Akende Ontafihile Maria Kgatlhane Thando Theresa Mararo Salvation Anneta Dikhwena Onkabese Mumsy Antoni Kelebogile Ireen Olletseng Tsholofelo Tau Ishamael Mohukubu	
Yes	Yes	Yes	Yes	Yes	Yes	Yes
1	1	1	1	1	1	1
12	12	12	12	12	12	12
1	1	1	1	1	1	1

15	Mthuthuzeli Valela	14	13	12
	Masego Kawuma Nameiso Moolahi Boitumelo Senyatso Gaolatlhe Jane Metswi Kesebediiswe Onica Dinalemang Onkgomoditse Kasebidile Gaabalwe Segami Tshegofatso Seolebaleng Moabi Ditebogo Ngakaditsile	Kealeboga Matihole	Charles Phillips	Ingrid Kok
	Poloko Mogaswa Kelebogile Gloria Pheko Pakiso Tebogo Botepe Mmapaseka Iris Gabaathhole Amogelang Dihemo Seledile Salvation Masilo Kelemogile Freddy Koi Phenyo Ernest Melato Dipuo Doreen Keeme	Dimakatso Anna Bok Emerencia Botha Elizabeth Miffah Hoskin Lesang Veronica Morwagae Vivian Karel Titus Lee Ann Louw Patricia Van Wyk Donna Jean Steenkamp Cleoreece De Koker	Boihang Simon Mabundza Patricia Makoke Kgomoisego Orapeleng Aobakwe Ernest Phore Kedibone Gloria Moseo Kgomoiso Charity Jood Mpho Tiny Moikwatthai Gobuamang Mocwane Meiki Lizzie Magano Rapelang Matfii	
	Yes	Yes	Yes	Yes
	1	1	1	1
	12	12	12	12
	1	1	1	1







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## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Ga-segonyana Local Municipality doesn't have any entities.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

\* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 : Executive & Council	9 652 683	8 343 400	8 343 400	8 037 064	96.33	96.33
Vote 2 : FINANCE AND ADMINISTRATION	106 406 281	113 902 412	118 750 748	150 910 812	132.49	127.08
Vote 3 : COMMUNITY AND SOCIAL SERVICES	5 598 674	18 416 430	11 783 556	9 850 865	53.49	83.60
Vote 4 : SPORTS & RECREATION	15 762 051	3 966 328	3 966 328	3 954 486	99.70	99.70
Vote 5 : PUBLIC SAFETY	15 584 915	10 001 427	16 562 457	14 651 372	146.49	88.46
Vote 6 : PLANNING AND DEVELOPMENT	20 591 089	36 205 224	38 705 224	25 203 409	69.61	65.12
Vote 7 : ROAD TRANSPORT	32 643 405	32 867 177	72 209 512	84 162 835	256.07	116.55
Vote 8 : ENVIRONMENTAL PROTECTION	346 843	354 755	354 755	358 664	101.10	101.10
Vote 9 : ENERGY SOURCES	270 680 257	293 963 056	325 305 336	322 284 756	109.63	99.07
Vote 10 : WATER MANAGEMENT	170 660 821	148 782 979	142 503 966	146 440 447	98.43	102.76
Vote 11 : WASTE WATER MANAGEMENT	68 685 164	54 681 375	60 631 373	58 982 324	107.87	97.28
Vote 12 : WASTE MANAGEMENT	52 252 374	54 896 226	56 396 226	56 418 002	102.77	100.04
Vote 13 : Other	11 034	0	0	278		
Example 14 - Vote 14						
Example 15 - Vote 15						
<b>Total Revenue by Vote</b>	<b>768 876</b>	<b>776 381</b>	<b>855 513</b>	<b>881 255</b>	<b>1</b>	<b>1</b>
<i>Variations 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 SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	58 325	62 888	62 882	62 498	-1%	-1%
Property rates - penalties & collection charges	-		-			
Service Charges - electricity revenue	148 600	170 602	177 605	172 485	1%	-3%
Service Charges - water revenue	42 822	47 793	47 057	45 945	-4%	-2%
Service Charges - sanitation revenue	26 228	26 783	32 733	31 167	14%	-5%
Service Charges - refuse revenue	15 829	16 608	18 108	18 142	8%	0%
Service Charges - other	-					
Rentals of facilities and equipment	1 345	1 772	1 772	1 716	-3%	-3%
Interest earned - external investments	9 638	7 123	9 623	8 788	19%	-9%
Interest earned - outstanding debtors	11 451	9 751	12 105	12 149	20%	0%
Dividends received	-					
Fines	8 248	1 751	8 214	8 457	79%	3%
Licences and permits	3 964	4 159	4 159	3 637	-14%	-14%
Agency services	-					
Transfers recognised - operational	236 374	253 420	253 420	250 420	-1%	-1%
Other revenue	12 150	26 043	28 542	265 851	90%	89%
Gains on disposal of PPE				-		
Environmental Protection	-					
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>574 974</b>	<b>628 693</b>	<b>656 220</b>	<b>881 255</b>	<b>28.66%</b>	<b>25.54%</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	R' 000
				Budget	Adjustments Budget		
Neighbourhood Development Partnership Grant	1 000	24 004	24 000	2400.04	99.98		
Public Transport Infrastructure and Systems Grant							
<i>Other Specify:</i>							
WSIG	31 000	26 236	26 236	84.63	100.00		
INEP	53 183	53 183	53 183	100.00	100.00		
FMG	3 000	3 000	3 000	100.00	100.00		
EPWP	1 271	1 271	1 271	99.99	99.99		
Sports and Recreation	1 300	1 300	1 300	100.01	100.01		
<b>Total</b>	<b>90 754</b>	<b>108 994</b>	<b>108 990</b>	<b>3</b>	<b>1</b>		
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>							T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

**Delete Directive note once comment is completed** – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

T L.1

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

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-	-	-	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	-	-	-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-	-	-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-	-	-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-	-	-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-	-	-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	-	-	-	-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page

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Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Heritage assets - Total</b>	-	-		-	-	-	-	
Buildings								
Other								
<b>Investment properties - Total</b>	-	-		-	-	-	-	
Housing development								
Other								
<b>Other assets</b>	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
<b>Agricultural assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Biological assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Intangibles</b>	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
<b>Total Capital Expenditure on new assets</b>	-	-		-	-	-	-	
<b>Specialised vehicles</b>	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							

Table continued next page



Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Investment properties</b>	-	-		-	-	-	-	
Housing development								
Other								
<b>Other assets</b>	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
<b>Agricultural assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Biological assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Intangibles</b>	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-	
<b>Specialised vehicles</b>	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

**Capital Programme by Project: Year 0**

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
<b>Sanitation/Sewerage</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Electricity</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Housing</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Refuse removal</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Stormwater</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Economic development</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Sports, Arts &amp; Culture</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Environment</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Health</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Safety and Security</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>ICT and Other</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%

T N

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

**Capital Programme by Project by Ward: Year 0**

R' 000

Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
"Project A"		
"Project B"		
<b>Sanitation/Sewerage</b>		
<b>Electricity</b>		
<b>Housing</b>		
<b>Refuse removal</b>		
<b>Stormwater</b>		
<b>Economic development</b>		
<b>Sports, Arts &amp; Culture</b>		
<b>Environment</b>		
<b>Health</b>		
<b>Safety and Security</b>		
<b>ICT and Other</b>		



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





APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i>		
		T S

Key Performance Area: Institutional Development and Organizational Development														Quarterly Targets				Annual Budget	Portfolio of Evidence		
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicator	Baseline	Target output (Annual target)	1st	2nd	3rd	4th				1st	2nd	3rd	4th	Quarterly			
Municipal Capacity and Infrastructure Development	Legal Services	To continuously ensure the municipality comply to legislation	KPI 1 Number of reports on Litigation cases attended by 30 June 2025.	n/a	4 Quarterly reports on litigation cases attended to by 30 June 2024.	4 Reports on litigation cases attended to quarterly by 30 June 2025.	1	1	1	1	R7,000,000.00	Summary reports	R4 500 000,00	3 864 347.55	1	1	1	1	4	Achieved	n/a
			KPI 2 Number of signed Contracts/Service Level Agreements (SLA) by 30 June 2025.	n/a	4 Quarterly Signed Contracts/Service Level Agreement by 30 June 2024.	4 Contract/service level agreement signed quarterly by 30 June 2025.	1	1	1	1	Operational	Appointed services providers report and signed SLA's.	n/a	n/a	3	3	1	7	12	Achieved	n/a
			KPI 3 Number of signed lease agreements by 30 June 2025.	n/a	Signed lease agreements by 30 June 2024.	58 Signed lease agreements by 30 June 2025.	n/a	58	n/a	n/a	Operational	Signed lease agreements	n/a	n/a	n/a	0	n/a	93	93	Achieved	n/a
			KPI 4 Number of By-laws public awareness campaigns conducted by 30 June 2025.	n/a	2 Biannual by-laws public awareness campaigns conducted by 30 June 2024.	2 By-laws public awareness campaigns conducted biannually by 30 June 2025.	n/a	1	n/a	1	Operational	Advertisement/public notice and copies of by-laws	n/a	n/a	n/a	1	n/a	1	2	Achieved	n/a
	Employee Assistance Programme (EAP)	To ensure that the socio- needs of employees are met	KPI 5 Number of Employee wellness campaigns conducted by 30 June 2025.	n/a	2 Biannual employee wellness campaigns conducted by 30 June 2024.	2 Employee wellness campaigns conducted biannually by 30 June 2025.	n/a	1	n/a	1	R200,000.00	Notices, invitations, programmed and attendance registers	160 800	95000	n/a	1	n/a	1	2	Achieved	n/a

Key Performance Area: Institutional Development and Organizational Development														Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicator	Baseline	Target output (Annual target)	1st	2nd	3rd	4th	1st	2nd	3rd				4th							
Municipal Capacity and Infrastructure Development	Training and Skills Development	Adherence to the Skills Development Act and related regulations at all times.	KPI 6 Employment equity reports submitted to the Department of labour by the 15th of January 2025.	n/a	Employment equity report submitted to the Department of labour by the 15th of January 2024	Employment equity report submitted to the Department of labour by the 15th of January 2025.	n/a	n/a	15-Jan	n/a	Operational	Employment Equity Report and acknowledgment letter from Department of Labour.	n/a	n/a	n/a	n/a	15-Jan	Achieved	n/a					
			KPI 7 Work skills plan developed and submitted to LGSETA by 30 April 2025.	n/a	Work skills plan developed and submitted to LGSETA by 30 April 2024.	Work skills plan developed and submitted to LGSETA by 30 April 2025.	n/a	n/a	n/a	n/a	30-Apr-25	Operational	Work Skills Plan Report and acknowledgment letter from LGSETA	n/a	n/a	n/a	n/a	30-Apr-25	30-Apr-25	Achieved	n/a			
			KPI 8 Number of Employees trained by 30 June 2025.	n/a	50 employees trained by 30 June 2024.	50 employees trained by 30 June 2025.	n/a	n/a	25	25		R1,000,000.00	List of trainees, programme/agenda, attendance register, and training report/s.	500 000	302640.10	n/a	n/a	27	5	27	Not achieved	SCM process still in process	SCM approval services provided	
Municipal Capacity and Infrastructure Development	Labour relations	To ensure labour peace and productivity by maintaining continuous engagements with staff or organised labour	KPI 9 Number of LLF meetings held by 30 June 2025.	n/a	4 Quarterly LLF meetings held by 30 June 2024.	4 LLF meetings held quarterly by 30 June 2025.	1	1	1	1	Operational	Agenda, minutes and attendance registers.	n/a	n/a	0	0	1	1	2	Achieved	Unavailability of members of some of the committee members.	Meeting moved to the quarter		
			KPI 10 Grievance cases attended to within 30 days by 30 June 2025.	n/a	Grievance cases attended to within 30 days 30 June 2024.	Grievance cases attended to within 30 days by 30 June 2025.	n/a	30 days	n/a	30 days	Operational	Grievance forms, attendance registers.	n/a	n/a	n/a	30 days	n/a	30 days	30 days	30 days	Achieved	n/a		
			KPI 11 Disciplinary cases finalized within 90 days by 30 June 2025.	n/a	Disciplinary cases finalized within 90 days by 30 June 2024	Disciplinary cases finalized within 90 days by 30 June 2025.	90 days	90 days	90 days	90 days	Operational	Disciplinary case report.	n/a	n/a	90 days	90 days	90 days	90 days	90 days	90 days	Achieved	n/a		

	Occupational Health and safety (OHS)	To ensure that there is a healthy and safe workforce by implementing provisions of the Occupational Health and Safety Act	KPI 12 Number of Occupational Health & safety workshop conducted by 30 June 2025.	n/a	2 Biannual Occupational Health & safety workshop conducted by 30 June 2024.	2 Occupational Health & safety workshop conducted biannually by 30 June 2025.	n/a	1	n/a	1	Operational	Programmes and attendance registers.	n/a	n/a	n/a	1	n/a	0	1	Not Achieved	n/a
Municipal Capacity and Infrastructure Development	Training and Skills Development	Adherence to the skills development Act and related regulations at all times	KPI 13 Number of Section 54A Manager, Section 56 Manager, and Finance officials sent to training for minimum competency level by 30 June 2025.	n/a	Report on Section 54A Manager, Section 56 Manager, and Finance officials sent to training for minimum competency level by 30 June 2024.	Section 54A Manager, Section 56 Manager, and Finance officials(10 employees) sent to training for minimum competency level by 30 June 2025.	n/a	n/a	n/a	10	Operational	Proof of enrolment.	n/a	n/a	n/a	n/a	n/a	11	11	Achieved	n/a
Key Performance Area: Institutional Development and Organizational Development							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st	2nd	3rd	4th				1st	2nd	3rd	4th				
Municipal Capacity and Infrastructure Development	IT and support	Constantly support the flow of and access to information through providing information and communication	KPI 14 ICT queries/Incidents attended to within 8 working hours expressed as a % of total number of requests received by 30 June 2025.	n/a	ICT queries/Incidents attended to within 8 working hours expressed as a % of total number of requests received by 30 June 2024.	100% ICT queries/Incidents attended to within 8 working hours expressed as a % of total number of requests received by 30 June 2025.	100%	100%	100%	100%	Operational	ICT queries/incident register and support tickets.	n/a	n/a	100%	0	100%	100%	100%	Achieved	n/a

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Budget	Portfolio of Evidence	Expenditure to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Actual	Achieved / Not Achieved	Reason for non-achievement	Corrective	
		on (ICT) support to ICT infrastructure	KPI 15 ICT queries/Incidents resolved within 24 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2025.	n/a	90% of ICT queries/Incidents resolved within 24 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2024.	100% of ICT queries/Incidents resolved within 24 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2025.	100%	100%	100%	100%	Operational	ICT queries/incident register and Support tickets.	n/a	n/a	100%	0	100%	100%	100%	Achieved	n/a	
performance Area: Institutional Development and Organizational Development														Quarterly Deleted: erformance								
Municipal Capacity and Infrastructure Development	IT and support	Constantly support the flow of and access to information through providing information and communication (ICT) support to ICT infrastructure	KPI 16 Number of Documents uploaded on the Municipal website by 30 June 2025.	n/a	Number of Documents uploaded on the Municipal website by 30 June 2024	20 Documents uploaded on the Municipal website by 30 June 2025	5	5	5	5	Operational	Screenshots of uploads and support register	n/a	n/a	36	0	7	49	56	Achieved	n/a	
	Records and Archives	To ensure that all municipal documents are kept safe, can be retrieved	KPI 17 Number of Records storage inspections conducted by registry by 30 June 2025.	n/a	4 Quarterly reports on records storage inspections conducted by registry by 30 June 2024.	4 Reports on records storage inspections conducted quarterly by registry by 30 June 2025.	1	1	1	1	Operational	Inspection report.	n/a	n/a	1	0	1	1	1	Achieved	Q2 has not been achieved due to the vacant position of Records manager.	Appoint to made during the C

		timeously and that necessary confidentiality is protected	<b>KPI 18</b> Number of monitoring report on records inspection conducted by 30 June 2025.	n/a	4 quarterly monitoring reports on records inspections conducted by 30 June 2024	4 Monitoring reports on records inspections conducted quarterly by 30 June 2025	1	1	1	1	Operational	Follow up report.	n/a	n/a	1	0	0	1	2	Not achieved	Q2 & Q3 has not been achieved due to the vacant position of Records manager	Monitoring inspection to be conducted during the next quarter
			<b>KPI 19</b> Number of records management workshops conducted by 30 June 2025.	n/a	2 Biannually records management workshops conducted by 30 June 2024.	2 Records management workshops conducted biannually by 30 June 2025.	n/a	1	n/a	1	Operational	Programme, notices and attendance registers.	n/a	n/a	n/a	0	1	1	2	Achieved	n/a	
Foster participative cohesion and collaboration	Communications	Dissemination of information to the community and stakeholders on daily issues that affect the community on the grounds and when needed	<b>KPI 20</b> Number of Newsletters developed by 30 June 2025.	n/a	4 Quarterly Newsletters developed by 30 June 2024.	4 Newsletters developed quarterly by 30 June 2025.	1	1	1	1	R100,000.00	Copy of Newsletter and distribution register		93980	1	1	1	1	4	Achieved	n/a	
<b>Key Performance Area: Local and Economic Development</b>							<b>Quarterly Targets</b>				Annual Budget	Portfolio of Evidence	Expenditure to date	<b>Quarterly reporting</b>				Actual	Achieved / Not	Reason for non-achievement	Corrective	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					

Create a conducive environment for prosperous investment	Local economic development	To continuously monitor compliance of businesses with Business Act, by-laws and policies	KPI 21 Number of Businesses inspections conducted for compliance by 30 June 2025.	n/a	160 Quarterly Businesses inspections conducted for compliance by 30 June 2024.	160 Businesses inspections conducted quarterly for compliance by 30 June 2025.	40	40	40	40	Operational	Inspection register & follow up report	n/a	n/a	53	0	110	0	163	Not achieved	The period was dedicated to the consolidation, capturing, Recon of the applications for the Tuck/Spaza Shop as per the national guidelines	G
	SMMEs	To continuously provide support to SMMEs by offering training and assistance in order for them to grow and be viable	KPI 22 Number of SMMEs empowerment sessions held by 30 June 2025.	n/a	8 Quarterly SMMEs empowerment sessions held by 30 June 2024.	4 SMMEs empowerment sessions held quarterly by 30 June 2025.	1	1	1	1	Operational	Invitation, programmes and attendance register	n/a	n/a	0	0	2	0	2	Not Achieved	regulations. This was followed by inspections and some verifications as per applications received.	
	Tourism	To create greater awareness amongst community members, stakeholders about the importance of tourism and the	KPI 23 Number of Tourism awareness campaigns conducted by 30 June 2025.	n/a	8 Quarterly tourism awareness campaigns conducted by 30 June 2024.	6 Tourism awareness campaigns conducted quarterly by 30 June 2025.	n/a	2	2	2	Operational	Invitation, programmes and attendance register	n/a	n/a	2	0	2	0	4	Not Achieved	n/a	

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		promotion thereof on quarterly basis																			
Foster Participative Cohesion and Collaboration	Special Projects	To continuously engage and provide appropriate service provision to the youth, children, elderly, people living with disabilities, people living with HIV/AIDS and other communicable diseases.	KPI 24 Number of Mayor's special projects held by 30 June 2025.	n/a	24 Mayor's special projects held by 30 June 2024.	6 Mayor's special projects held quarterly by 30 June 2025.	6	6	6	6	R600,000.00	Programmers' attendance register.	379 400	3 05 046.60	6	5	2	6	6	Achieved	n/a
	Ward Committees	Continuously allow communities to make inputs on service delivery issues through ward committees	KPI 25 Number of Meetings held per ward committee by 30 June 2025.	n/a	60 Quarterly meetings held per ward committee by 30 June 2024.	15 Meetings held quarterly per ward committee by 30 June 2025	15	15	15	15	Operational	Minutes and attendance register	n/a	n/a	15	15	15	15	15	Achieved	n/a
Key Performance Area: Basic Services Delivery and Infrastructure Development							Quarterly Targets				Annual		Expenditure to	Quarterly reporting				Actual	Achieved	Reason for non-	Completion

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		Portfolio of Evidence			1st Quarter	2nd	3rd Quarter	4th Quarter			
	Building Plan Administration and Inspectorate	To continuously comply to national building act and regulations	KPI 26 Building occupational certificates issued within 30 days upon occupation by 30 June 2025.	n/a	Building occupational certificates issued within 30 days by 30 June 2024.	Building occupational certificates issued within 30 days upon occupation by 30 June 2025.	30 days	30 days	30 days	30 days	Operational	Inspection request form and occupational certificates	n/a	n/a	30 days	30 days	30 days	30 days	30 days	Achieved	n/a
			KPI 27 Building plans assessed within 30 days upon submission by 30 June 2025.	n/a	Building plans assessed within 30 days upon submission by 30 June 2024.	Building plans assessed within 30 days upon submission by 30 June 2025.	30 days	30 days	30 days	30 days	Operational	Building plans application register and proof of assessment.	n/a	n/a	30 days	30 days	30 days	30 days	30 days	Achieved	n/a
			KPI 28 Number of Notices served on contraventions reported by 30 June 2025.	n/a	Number of notices served on contraventions by 30 June 2024.	12 Notices served on contraventions quarterly by 30 June 2025.	3	3	3	3	Operational	Contravention registers and contravention notices served.	n/a	n/a	8	3	20	6	91	Achieved	n/a
	Electrical connections	Provision of electricity to new households	KPI 29 Households & business provided with electrical connections expressed as a % of the total number of applications received by 30 June 2025.	n/a	100% Households & business provided with electrical connections expressed as a % of the total number of applications received by 30 June 2024.	100% Households & business provided with electrical connections expressed as a % of the total number of applications received by 30 June 2025.	100%	100%	100%	100%	Operational	Application forms and connection report.	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a

Water connections	To supply at least basic water services to all households in the municipal area by 2025.	<b>KPI 30</b> Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by June 2025.	n/a	100% Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by 30 June 2024.	100% Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by 30 June 2025.	100%	100%	100%	100%	Operational	Application forms and connection report.	n/a	n/a	0	0	0	100%	100%	Achieved	Target could not be achieved due to application made from consumers.	Applications are made as an when
		<b>KPI 31</b> Households & business provided with new water yard connections expressed as a % of the total number of applications received by 30 June 2025.	n/a	100% Households & business provided with new water yard connections expressed as a % of the total number of applications received by 30 June 2024.	100% Households & business provided with new water yard connections expressed as a % of the total number of applications received by 30 June 2025.	100%	100%	100%	100%	Operational	Application forms and connection report.	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a	
	<b>Water infrastructure</b>	<b>Upgrading of water infrastructure</b>	<b>KPI 32</b> Number of Replacement of faulty meters (replacement of the old water meter with the new meters) by 30 June 2025.	n/a	200 Quarterly replacement of faulty meters (replacement of the old water meter with the new meters) by 30 June 2024.	200 Replacement of faulty meters (replacement of the old water meter with the new meters) quarterly by 30 June 2025.	50	50	50	50	Operational	Replacement registers & default list from BTO	n/a	n/a	102	41	19	147	309	Achieved	n/a
<b>Project Management</b>	<b>To ensure projects are implemented within required and legal standards by continuously monitoring progress</b>	<b>KPI 33</b> Construction of new community hall at Seoding by 30 June 2025.	% of allocated budget against expenditure spend on Construction of new community hall by 30 June	Construction of foundation works for Seoding community hall completed by 30 June 2024.	% of allocated budget against expenditure spend on Construction of new community hall by 30 June 2025.(multiyear)	n/a	n/a	n/a	18%	R9,462,212.47	Progress report, last payment certificate and GPS coordinates.	4 705 204,11	4705204.08	n/a	n/a	n/a	100%	100%	Achieved	n/a	



			42 standpipes) by 30 June 2024																	
		<b>KPI 37</b> Number of reports on Mapoteng: diamond view – Extension of water supply network phase 2 by 30 June 2025.(multiyear)	% of allocated budget against expenditure spend on Mapoteng: Diamond view-extension of water supply network by 30 June 2025.(multiyear)	Report on Mapoteng: diamond view – Extension of water supply network (1.Sourcing of new production boreholes. 2. Construction of 1150 KL pressed steel reservoir. 3.Construction of 15.28 kl internal articulation. 4. Installation of 35 communal stand pipes) by 30 June 2024.	% of allocated budget against expenditure spend on Mapoteng: Diamond view-extension of water supply network by 30 June 2025.(multiyear)	n/a	n/a	n/a	48%	R15,900,000.00	Progress report, last payment certificate and GPS coordinates and expenditure report.	19 000 000	16493463.81%	n/a	n/a	n/a	100%	100%	Achieved	n/a
		<b>KPI 38</b> Number of reports on Seven Miles Bulk water supply(Block H) New block – Hotazel by 30 June 2025.(multiyear)	% of allocated budget against expenditure spend on Seven Miles Bulk water supply (Block H)	New	% of allocated budget against expenditure spend on Seven Miles Bulk water supply (Block H) New Hotazel by 30 June 2025.(multiyear)	n/a	n/a	n/a	30%	R8,900,000.00	Progress report, last payment certificate and GPS coordinates and expenditure report.	12 000 000	9742479.94%	n/a	n/a	n/a	100%	100%	Achieved	n/a



			<b>KPI 42</b> Refurbishment of low voltage in Kuruman town electrical network by 30 September 2024.	n/a	Replacement of 1km low voltage bundle conductor by 30 June 2024.	Replacement of 1km low voltage bundle conductor by 30 September 2024.	1KM	n/a	n/a	n/a	Operational	Close out report GPS coordinates	n/a	n/a	1KM	n/a	n/a	n/a	1KM	Achieved	n/a
			<b>KPI 43</b> Adherence to electricity maintenance programme by June 2025.	n/a	100% Adherence to electricity maintenance programme by June 2024	100% Adherence to electricity maintenance programme by June 2025.	n/a	n/a	100%	100%	Operational	Maintenance plan, Job cards & expenditure report.	n/a	n/a	n/a	n/a	100%	100%	100%	Achieved	n/a
			<b>KPI 44</b> Replacement of streets lights with 72w Led lights by 30 June 2025.	n/a	New	Replacement of 100 street lights with 72w LED lights by 30 June 2025.	n/a	n/a	50	50	R463,560.00	Risk assessment report & Job card.	n/a	430000	n/a	n/a	100	n/a	100	Achieved	n/a
			<b>KPI 45</b> Replacement of high mass with 200w Led lights by 30 June 2025.	n/a	New	Replacement of 600 high mass lights with 200w Led lights by 30 June 2025.	n/a	n/a	300	300	R3,040,800.00	Risk assessment report & Job card.	n/a	3009858	n/a	n/a	600	n/a	600	Achieved	n/a
<b>Electrical connections</b>	<b>Provision of basic level of services to 1000 households in 2024/25 Financial year</b>		<b>KPI 46</b> Electrification of 1505 households for 500 Promise Land, 300 Seven miles & Diamond View 675 & 31 Gatlose Micro grind by 30 June 2025.	n/a	Electrification of 1701 households for 150 Bankhara Bodulong,701 Seven miles & Diamond View 850 by 30 June 2024.	Electrification of 1505 households for 500 Promise Land, 300 Seven miles & Diamond View 675 & 31 Gatlose Micro grind by 30 June 2025.	n/a	n/a	n/a	1505	R54,000,000.00	PCS file provided by contractor: Stand no., ID numbers, meter numbers and beneficiaries names	n/a	53182728.30	n/a	n/a	n/a	1625	1625	Achieved	n/a
			<b>KPI 47</b> Number of reports on Distribution losses conducted by 30 June 2025.	n/a	new	Number of reports on Distribution losses conducted	n/a	1	n/a	1	Operational	Distributional loss report.	n/a	n/a	na	0	1	1	2	Achieved	n/a

Key Performance Area: Basic Services Delivery and Infrastructure Development																	Quarterly reporting				Achieved / Not	Reason for non-achievement	Corrective
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicator	Baseline	Target output (Annual target)	Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	1st	2nd	3rd	4th	Actual					
							1st Quarter	2nd	3rd Quarter	4th Quarter				Quarter									
			<b>KPI 48</b> Monthly water sampling with a minimum of 90% determinants with SANS 241 standard by 30 June 2025.	90% of water quality level achieved as per SANS 241 by 30 June 2025.	Monthly water sampling with a minimum of 90% determinants with SANS 241 standard by 30 June 2024	90% of water quality level achieved as per SANS 241 by 30 June 2025.	90%	90%	90%	90%	Operational	Copies of lab reports	n/a	n/a	99%	97%	98%	95%	98%	Achieved	n/a		
Develop and maintain infrastructural community services	To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as ideal investment destination	To create platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as investment destination	<b>KPI 49</b> Number of EPWP Jobs created by 30 June 2025.	n/a	278 EPWP Jobs created by 30 June 2024.	284 EPWP Jobs created by 30 June 2025.	n/a	n/a	n/a	284	R1,271,000.00	Copies of employment contracts	n/a	1270913.76	n/a	n/a	n/a	245	245	Not achieved	Due to the late appointment of the service provided resulted SCM processes.	TI project currently in progress	
			<b>KPI 50</b> Number of reports on In-situ houses constructed by the Department of COGHSTA by 30 June 2025.	n/a	Report on in-situ houses constructed by the Department of COGHSTA by 30 June 2024.	Report on in-situ houses constructed by the Department of COGHSTA by 30 June 2025.	n/a	n/a	n/a	1	Operational	Report on in-situ housing provided by COGHSTA	n/a	n/a	n/a	n/a	n/a	1	1	Achieved	n/a		

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicators	Baseline	Target output (Annual target)	1st	2nd	3rd	4th	Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting	Actual	Achieved /	Reason for non-achievement	Corrective				
Create a conducive environment for prosperous business investment		To ensure and Inspectorate the implementations of by-laws	KPI 51 Number of Audit report on outdoor advertising conducted by 30 June 2025.	n/a	Audit report on outdoor advertising conducted by 30 June 2024.	Audit report on outdoor advertising conducted by 30 June 2025.	n/a	n/a	n/a	1	Operational	Outdoor advertising audit report	n/a	n/a	n/a	n/a	n/a	n/a				
Key Performance Area: Basic Services Delivery and Infrastructure Development(Community services)							Quarterly Targets							Quarterly reporting								
Develop and main infrastructural and community services	Licensing and vehicle testing	To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	KPI 52 Number of reports on Learners licenses test conducted by 30 June 2025.	n/a	12 Monthly reports on Learners licenses test conducted by 30 June 2024.	12 Monthly reports on Learners licenses test conducted by 30 June 2025.	3	3	3	3	Operational	Enatis report	n/a	n/a	3	3	3	3	12	Achieved	n/a	
			KPI 53 Drivers licenses tests conducted by 30 June 2025.	n/a	12 Monthly reports on Drivers licenses tests conducted by 30 June 2024.	12 Monthly reports on Drivers licenses tests conducted by 30 June 2025.	3	3	3	3	Operational	Enatis report	n/a	n/a	n/a	0	0	2	0	2	Not Achieved	Potholes on testing roads. Licence suspended by provincial inspectorate due the route of K53 not meeting the requirements in accordance with the Act.
	Parks	Continuously maintain and upgrade parks and open areas to acceptable environmental standard	KPI 54 Number of parks maintained by 30 June 2025.	n/a	7 parks maintained by 30 June 2024.	7 parks maintained by 30 June 2025.	7	7	7	7	Operational	Reports Maintenance registers, weekly schedule.	n/a	n/a	n/a	7	7	7	7	7	Achieved	n/a

	Fire & Disaster Services	To establish fully functional Fire & Disaster Services by 2026.	KPI 55 Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2025.	n/a	100% of Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2024	Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2025.	100%	100%	100%	100%	Operational	Incident report forms	n/a	n/a	100%	100%	100%	70%	92.5%	Not achieved	n/a	
Key Performance Area: Basic Services Delivery and Infrastructure Development							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicators	Baseline	Target output (Annual target)	1st	2nd	3rd	4th				1st	2nd	3rd	4th					
Develop and main infrastructural and community services	Business licenses (Commercial and Industrial)	To continuously monitor compliance of businesses with Business Act, by-laws and policies	KPI 56 Business premises inspections conducted expressed as a % of request received (hazardous and business premises) by 30 June 2025.	n/a	Business premises inspections conducted expressed as a % of request received (hazardous premises and fire safety) by 30 June 2024.	Business premises inspections conducted expressed as a % of request received (hazardous and business premises) by 30 June 2025.	100%	100%	100%	100%	Operational	Inspection request register and the inspection report.	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a	
	Licensing and vehicle testing	To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	KPI 57 Roadworthy tests conducted expressed as a total % of appointments made by 30 June 2025.	n/a	100% of Roadworthy tests conducted expressed as a total % of appointments made by 30 June 2024.	100% of Roadworthy tests conducted quarterly expressed as a total % of appointments made by 30 June 2025.	100%	100%	100%	100%	Operational	Roadworthy Register and quality assurance forms	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a	
	Road Safety / Law Enforcement	Provide ongoing traffic control services	KPI 58 Number of Road blocks conducted by 30 June 2025.	n/a	48 road blocks conducted by 30 June 2024.	48 road blocks conducted quarterly by 30 June 2025.	12	12	12	12	Operational	Stop and approach register and road block schedule	n/a	n/a	13	12	7	15	37	Not Achieved	Due to insufficient resources	IT unassisted

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicators	Baseline	Target output (Annual target)	Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Achieved /	Reason for non-achievement	Corrective		
							1st	2nd	3rd	4th				1st	2nd	3rd	Quarterly				Annual	
			<b>KPI 59</b> Revenue generated through roadblocks fines by 30 June 2025.	n/a	R480 000 Revenue generated through roadblocks by 30 June 2024.	R960 000 Revenue generated through roadblocks fines by 30 June 2025.	R240,000.00	R240,000.00	R240,000.00	R240,000.00	Operational	Financial report of revenue generated and proof of payment	n/a	n/a	R 179 530,00	R 150 760,00	R 256 100,00	R 239 117,00	R 825 507,00	Not Achieved	Insufficient resource, also reduction of the tickets issued at court.	IT unassisted
Key Performance Area: Basic Services Delivery and Infrastructure Development																						
Develop and main infrastructure and community services	Waste Management	To provide weekly <b>curb side</b> waste removal service to residential, schools, industrial and commercial sites (3 times a week) in Kuruman town, Wrenchville and Mothibistad	<b>KPI 60</b> Number of households & business provided with door-to-door waste collection by 30 June 2025.	n/a	6000 Households & Business provided with door-to-door waste collection by 30 June 2024.	6000 Households & Businesses provided with door-to-door waste collection by 30 June 2025.	6000	6000	6000	6000	Operational	Control levy sheets and weekly schedules.	n/a	n/a	6944	7095	7237	7819	7266	Achieved	n/a	
	Revenue Generation/The Eye	To continuously preserve, maintain and collect revenue related to the Kuruman Eye.	<b>KPI 61</b> Revenue generated from Caravan Park by 30 June 2025.	n/a	R250 000 revenue generated from Caravan Park by 30 June 2024.	R280 000 revenue generated from Caravan Park by 30 June 2025.	n/a	n/a	n/a	R280,000.00	Operational	Financial report of revenue generated and proof of payment	n/a	n/a	n/a	n/a	n/a	R 353 120,00	R 353 120,00	Achieved	n/a	
<b>KPI 62</b> Revenue generated from 1st eye by 30 June 2025.			n/a	60 000 Revenue generated from 1st eye by 30 June 2024.	90 000 Revenue generated from 1st eye by 30 June 2024.	n/a	n/a	n/a	R 90 000,00	Operational	Financial report of revenue generated and proof of payment	n/a	n/a	n/a	n/a	n/a	R 76 591,33	R 76 591,33	Not Achieved	The target is not achieved due to the visitors that don't want to pay entrance fee to fetch water inside the yard.	The entrance fee is not being collected	

	Libraries	Improved literacy knowledge levels of the community	KPI 63 Number of Library awareness campaigns conducted per library by 30 June 2025.	n/a	8 Library awareness campaigns conducted by 30 June 2024.	9 Library awareness campaigns conducted per library quarterly by 30 June 2025.	9	9	9	9	Operational	Reports on Library awareness campaigns	n/a	n/a	9	9	9	9	9	Achieved	n/a	
			KPI 64 Number of participants attending library programmes held by 30 June 2025.	n/a	480 participants attending library programmes held by 30 June 2024.	480 participants attending library programmes held per quarter by 30 June 2025.	120	120	120	120	Operational	Attendance registers and report.	n/a	n/a	168	331	154	150	803	Achieved	n/a	
	Cemeteries	To provide and maintain burial space at all times	KPI 65 % of graves provided against the total number of applications received by 30 June 2025.	n/a	% Of graves provided against the total number of applications received by 30 June 2024.	% Of graves provided against the total number of applications received by 30 June 2025.	100%	100%	100%	100%	Operational	Graves applications.	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a	
Key Performance Area: Financial Viability and Accountability							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators		Baseline	Target output (Annual target)	1st	2nd	3rd	4th												
Enhance revenue and financial management	Free Basic Services (Indigent)	To ensure provision of free basic services to registered indigents	KPI 66 Number of indigent campaigns conducted by 30 June 2025.	n/a	Number of indigent campaigns conducted by 30 June 2024.	Number of indigent campaigns conducted by 30 June 2025.	n/a	n/a	1	n/a	Operational	Indigent register	n/a	n/a	n/a	n/a	0	1	1	Achieved	n/a	
	Expenditure Management	Reduce unnecessary spending on travelling, overtime and operational	KPI 67 Unauthorised expenditure expressed as a % of total expenditure by 30 June 2025.	n/a	0% Unauthorised expenditure expressed as a % of total expenditure by 30 June 2024.	Unauthorised expenditure expressed as a 0% of total expenditure by 30 June 2025.	n/a	n/a	n/a	0%	Operational	Unauthorised expenditure register	n/a	n/a	n/a	n/a	n/a	0%	0%	Achieved	n/a	

		costs by an average of 10% p.a.	KPI 68 Irregular expenditure expressed as a % of total expenditure on New procumbent by 30 June 2025.	n/a	0% Irregular expenditure expressed as a % of total expenditure on New procumbent by 30 June 2024.	Irregular expenditure expressed as a 0% of total expenditure on New procumbent by 30 June 2025.	n/a	n/a	n/a	0%	Operational	Irregular expenditure register	n/a	n/a	n/a	n/a	n/a	0%	0%	Achieved	n/a	
			KPI 69 Fruitless expenditure expressed as a % of total expenditure by 30 June 2025.	n/a	% Fruitless expenditure expressed as a % of total expenditure by 30 June 2024.	Fruitless expenditure expressed as a 0% of total expenditure by 30 June 2025.	n/a	n/a	n/a	0%	Operational	Fruitless expenditure register	n/a	n/a	n/a	n/a	n/a	R 10 742,45	R 10 742,45	Not achieved	Due to the late submission of invoices	To ensure that invoices are submitted on time.
			KPI 70 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2025.	n/a	100 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2024.	100 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2025.	100%	100%	100%	100%	Operational	Customer application forms and clearance certificates	n/a	n/a	100%	100%	100%	100%	100%	Achieved	n/a	
Key Performance Area: Financial Viability and Accountability							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)		1st	2nd	3rd	4th												
	Budgeting	To compile a funded and realistic budget annually for approval by Council by the end of May of each year.	KPI 71 2024/2025 Adjusted budget submitted to Council for approval by 28 February 2025.	n/a	2023/2024 Adjusted budget submitted to Council for approval by 28 February 2024.	2024/2025 Adjusted budget submitted to Council for approval by 28 February 2025.	n/a	n/a	28-Feb-25	n/a	Operational	Approved adjusted budget and council resolution	n/a	n/a	n/a	n/a	28-Feb-25	28-Feb-25	Achieved	n/a		
			KPI 72 2025/2026 draft budget tabled to council by 31 March 2025.	n/a	2024/2025 draft budget tabled to council by 31 March 2024.	2025/2026 draft budget tabled to council by 31 March 2025.	n/a	n/a	31-Mar-25	n/a	Operational	Draft Budget and Council Resolution	n/a	n/a	n/a	n/a	31-Mar-25	31-Mar-25	Achieved	n/a		

			<b>KPI 73</b> 2025/2026 budget tabled to council for approval by the 31 May 2025.	n/a	2024/2025 budget tabled to council for approval by the 31 May 2024.	2025/2026 budget tabled to council for approval by the 31 May 2025.	n/a	n/a	n/a	31-May-25	Operational	Budget and Council Resolution	n/a	n/a	n/a	n/a	n/a	30-May-25	30-May-25	Achieved	n/a	
		<b>To ensure 100% compliance annually to legislatively prescribed financial report requirements.</b>	<b>KPI 74</b> Number of Performance and budget reports submitted to council by 30 June 2025.	n/a	4 Quarterly performance and budget reports (sec 52(d)) submitted to council by 30 June 2024.	4 Performance and budget reports (sec 52(d)) submitted to council Quarterly by 30 June 2025.	1	1	1	1	Operational	Section 52 (d) reports and council resolution	n/a	n/a	1	1	1	1	4	Achieved	n/a	
Key Performance Area: Financial Viability and Accountability							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	1st	2nd	3rd	4th	1st				2nd	3rd	4th						
Enhance revenue and financial management	Budgeting	<b>To promote Financial Viability and accountability</b>	<b>KPI 75</b> Number of Section 71 data strings uploaded on lg portal within 10 working days after month end by 30 June 2025.	n/a	12 Monthly Section 71 data strings uploaded on lg portal within 10 working days after month end by 30 June 2024.	12 Monthly Section 71 data strings uploaded on lg portal within 10 working days after month end by 30 June 2025.	3	3	3	3	Operational	Section 71 data strings, proof of submission to the Mayor of MSCOA uploads.	n/a	n/a	3	3	3	3	12	Achieved	n/a	
		<b>To ensure 100% compliance annually to legislatively prescribed financial report requirements.</b>	<b>KPI 76</b> Annual Financial Statements submitted to the Auditor General by 31 August 2024.	n/a	Annual Financial Statements submitted to the Auditor General by 31 August 2023.	Annual Financial Statements submitted to the Auditor General by 31 August 2024.	31-Aug-24	n/a	n/a	n/a	R6,000,000.00	Copy of the AFS and acknowledgment letter from Auditor General of South Africa.	n/a	6255204.55	31-Aug-24	n/a	n/a	n/a	31-Aug-24	Achieved	n/a	

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual	Achieved /	Reason for non-achievement	Corrective		
						1st	2nd	3rd	4th				1st	2nd	3rd	4th						
Key Performance Area: Financial Viability and Accountability																						
		To promote Financial Viability and accountability	KPI 77 Number of Municipal Property Rates Act Implementation Report submitted to council by 30 June 2025.	n/a	4 Quarterly reports on Municipal Property Rates Act Implementation Report submitted to council by 30 June 2024.	4 Quarterly reports on Municipal Property Rates Act Implementation Report submitted to council by 30 June 2025.	1	1	1	1	Operational	Reports and council resolutions.	n/a	n/a	1	1	1	3	4	Achieved	n/a	
Enhance revenue and financial management	Debt collection	To promote Financial Viability and accountability.	KPI 78 Receipts from debtors expressed as a % of total revenue for the period from 1 July 2024 to 30 June 2025.	n/a	90% Receipts from debtors expressed as a % of total revenue for the period from 1 July 2023 to 30 June 2024	85% Receipts from debtors expressed as a % of total revenue for the period from 1 July 2024 to 30 June 2025.	85%	85%	85%	85%	Operational	List of debtors' receipts, Revenue Report Control levy summary	n/a	n/a	72.26	85%	99%	81%	84%	Not achieved	Due to non-payment culture .	
	Enhance revenue and financial management		KPI 79 Supplementary valuation conducted by 30 June 2025.	n/a	Supplementary valuations conducted by 30 June 2024.	Supplementary valuations conducted by 30 June 2025.	n/a	n/a	n/a	1	Operational	Supplementary valuation roll	n/a	n/a	n/a	n/a	n/a	1	1	Achieved	n/a	
			KPI 80 Cash/trade creditors coverage ratio by 30 June 2025.	n/a	Cash/trade creditors coverage ratio by 30 June 2024.	Cash/trade creditors coverage ratio by 30 June 2025.	01:01	01:01	01:01	01:01	Operational	Bank Statement, creditors listing/ age analysis	n/a	n/a	0.98	0.91	1.16	0.13	0.40	Achieved	n/a	
			KPI 81 Net creditors' days by 30 June 2025.		Net creditors' days (valid expenditure) by 30 June 2024.	Net creditors' days (valid expenditure) by 30 June 2025.	30	30	30	30	Operational	Creditors age analysis, Proof of payment, cashbook and date stamp on Invoice.	n/a	n/a	30	30	30	30	30	Achieved	n/a	
Key Performance Area: Good Governance and Public Participation																						
						Quarterly Targets				Annual	Portfolio of Evidence	Expenditure to	Quarterly reporting				Actual	Achieved	Reason for non-	Cor		

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Foster Participative Cohesion and Collaboration	Integrated Development Planning	To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	KPI 82 Draft IDP tabled to council by 31 March 2025.	n/a	Draft IDP tabled to council by 31 March 2024.	Draft IDP tabled to council by 31 March 2025.	n/a	n/a	31-Mar-25	n/a	Operational	Draft IDP and Council Resolution	n/a	n/a	n/a	n/a	31-Mar-25	n/a	31-Mar-25	Achieved	n/a	
			KPI 83 Final IDP submitted and approved by council by 31 May 2025.	n/a	Final IDP submitted and approved by council by 31 May 2024.	Final IDP submitted and approved by council by 31 May 2025.	n/a	n/a	n/a	31-May-25	Operational	Approved IDP and council resolution	n/a	n/a	n/a	n/a	n/a	30-May-25	30-May-25	Achieved	n/a	
			KPI 84 Number of IDP Rep forum meetings held by 30 June 2025.	n/a	4 Quarterly IDP Rep forum meetings held by 30 June 2024.	4 IDP Rep forum meetings held quarterly by 30 June 2025.	1	1	1	1	Operational	Agenda, minutes and attendance register	n/a	n/a	1	1	1	1	4	Achieved	n/a	
			KPI 85 Number of IDP steering committee meetings held by 30 June 2025.	n/a	4 Quarterly IDP steering committee meetings held by 30 June 2024.	4 IDP steering committee meetings held quarterly by 30 June 2025.	1	1	1	1	Operational	Agenda, minutes and attendance register	n/a	n/a	1	1	1	1	4	Achieved	n/a	
			KPI 86 Number of IDP/budget review consultation meetings held in all wards by 30 June 2025.	n/a	IDP/budget review consultation meetings held in all wards by 30 June 2024.	IDP/budget review consultation meetings held in all wards by 30 June 2025.	n/a	n/a	n/a	15 wards	Operational	Public notice, agenda, minutes and attendance register/visual invitation	n/a	n/a	n/a	n/a	n/a	15 wards	15 wards	Achieved	n/a	
			KPI 87 IDP/budget community consultation meetings held in 15 wards by 30 June 2025.	n/a	15 Wards represented at IDP/budget community participation meetings by 30 June 2024.	15 Wards represented at IDP/budget community participation meetings by 30 June 2025.	n/a	n/a	n/a	15 wards	R106,368.00	Public notice, agenda, minutes and attendance register/visual invitation		364 489.85	n/a	n/a	n/a	15 wards	15 wards	Achieved	n/a	
Key Performance Area: Good Governance and Public Participation							Quarterly Targets						Exp end itur e to	Quarterly reporting				Act	Ach	Rea son for non -	Cor	

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance Indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Budget	Portfolio of Evidence			1st Quarter	2nd	3rd	4th Quarter			
Foster Participative Cohesion and Collaboration	Risk Management	Improve risk management processes by ensuring that all identified risks are mitigated	<b>KPI 88</b> Number of Audit, Risk and Performance Committee reports submitted to council by 30 June 2025.	n/a	4 Quarterly Audit, Risk and Performance Committee reports submitted to council by 30 June 2024.	4 Quarterly Audit, Risk and Performance Committee reports submitted to council by 30 June 2025.	1	1	1	1	Operational	Audit, Risk and Performance Committee reports and council minutes	n/a	n/a	1	1	1	1	4	Achieved	n/a
			<b>KPI 89</b> Number of Audit Risk and Performance committee meetings held by 30 June 2025.	n/a	4 Quarterly Audit, Risk and Performance Committee meeting held by 30 June 2024.	4 Audit, Risk and Performance Committee quarterly meeting held by 30 June 2025.	1	1	1	1	Operational	Agenda, attendance register/visual invitation and minutes.	n/a	n/a	3	1	1	2	7	Achieved	n/a
			<b>KPI 90</b> Number Internal Audit Governance documents (IA Charter, Policy & ARPC Charter) approved by APRC by 30 June 2025.	n/a	Annual Internal Audit Policy approved by Audit and Performance Committee by 30 June 2024.	Number Internal Audit Governance documents (IA Charter, Policy & ARPC Charter) approved by APRC by 30 June 2025.	n/a	n/a	n/a	30-Jun-25	Operational	Governance documents & ARPC minutes	n/a	n/a	n/a	n/a	n/a	26-Jun-25	26-Jun-25	Achieved	n/a
			<b>KPI 91</b> Number of internal audit progress reports on the implementation of the approved internal audit plan submitted to APRC by 30 June 2025.	n/a	4 Internal audit plan reviewed quarterly by Audit Risk & Performance committee by 30 June 2024.	4 Internal audit progress reports on the implementation of the approved internal audit plan submitted to APRC quarterly by 30 June 2025.	1	1	1	1	Operational	Progress Reports & ARPC minutes	n/a	n/a	0	1	1	2	4	Achieved	n/a

		<b>KPI 92</b> Internal audit 3 years rolling plan Annually reviewed by Audit Risk & Performance committee by 30 June 2025.	n/a	Internal audit 3 years rolling plan Annually reviewed by Audit Risk & Performance committee by 30 June 2024.	Internal audit 3 years rolling plan Annually reviewed by Audit Risk & Performance committee by 30 June 2025.	n/a	n/a	n/a	30-Jun-25	Operational	Internal Audit 3 years rolling plan & ARPC minutes	n/a	n/a	n/a	n/a	n/a	26-Jun-25	26-Jun-25	Achieved	n/a
		<b>KPI 93</b> Number of Internal audit reports submitted to Audit Risk & performance committee by 30 June 2025.	n/a	8 Quarterly Internal audit reports submitted to Audit Risk & performance committee by 30 June 2024.	2 Quarterly Internal audit reports submitted to Audit Risk & performance committee by 30 June 2025.	2	2	2	2	Operational	signed IA reports	n/a	n/a	2	2	3	2	9	Achieved	n/a
<b>Performance Management</b>	<b>To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes</b>	<b>KPI 94</b> Section 46 MSA report submitted to AGSA by 31 August 2024.	n/a	Section 46 MSA report submitted to AGSA by 31 August 2023.	Section 46 MSA report submitted to AGSA by 31 August 2024.	31-Aug-24	n/a	n/a	n/a	Operational	Section 46 report and acknowledgment letter from AGSA	n/a	n/a	31-Aug-24	n/a	n/a	n/a	31-Aug-24	Achieved	n/a
<b>Auditing</b>	<b>To obtain unqualified audit results.</b>	<b>KPI 95</b> Progress reports on the implementation of Audit Action Plan submitted to Council by 30 June 2025.	n/a	3 Progress reports on the implementation of Audit Action Plan submitted to Council by 30 June 2024.	3 Progress reports on the implementation of Audit Action Plan submitted to Council quarterly by 30 June 2025.	1	n/a	1	1	Operational	Audit Action Plan & council resolution	n/a	n/a	1	n/a	1	1	3	Achieved	n/a
Key Performance Area: Good Governance and Public Participation						Quarterly Targets				Annual	Portfolio of Evidence	Expenditure to	Quarterly reporting				Actual	Achieved	Reason for non-	Correct

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					
Foster Participative Cohesion and Collaboration	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 96 2024-2025 Service Delivery Budget and Implementation Plan (SDBIP) approved by the mayor by 28 June 2025.	n/a	2024-20245 Service Delivery Budget and Implementation Plan (SDBIP) approved by the Mayor by 28 June 2024.	2024-20245 Service Delivery Budget and Implementation Plan (SDBIP) approved by the Mayor by 28 June 2025.	n/a	n/a	n/a	28-Jun-25	Operational	Copy of an approved SDBIP signed by the Mayor and proof of submission	n/a	n/a	n/a	n/a	n/a	26-Jun-25	26-Jun-25	Achieved	n/a		
			KPI 97 Number of 2024-2025 performance agreements signed by the Accounting Officer and Directors by the 30 June 2025.	n/a	5 2024-2025 performance agreements signed by the accounting officer and Directors by 30 June 2024.	5 2024-2025 performance agreements signed by the accounting officer and Directors by 30 June 2025.	n/a	n/a	n/a	5	Operational	Copies of signed Performance Agreements	n/a	n/a	n/a	n/a	n/a	n/a	5	5	Achieved	n/a	
			KPI 98 Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2025.	n/a	Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2024.	Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2025.	n/a	n/a	25-Jan-25	n/a	Operational	Section 72 report and proof of submission	n/a	n/a	n/a	n/a	25-Jan-25	n/a	25-Jan-25	Achieved	n/a		
Key Performance Area: Good Governance and Public Participation							Quarterly Targets				Annual Budget	Portfolio of Evidence	Expenditure to date	Quarterly reporting				Actual Cumulative	Achieved / Not	Reason for non-achievement	Corrective		
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	New Key Performance indicator	Baseline	Target output (Annual target)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter						

Foster Participative Cohesion and Collaboration	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 99 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2025.	n/a	2023-2024 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2024.	2024-2025 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2025.	n/a	n/a	31-Jan-25	n/a	Operational	Minutes, attendance register and proof of submission	n/a	n/a	n/a	n/a	25-Jan-25	n/a	31-Jan-25	Achieved	n/a	
			KPI 100 Performance evaluation of the accounting officer and senior management for 2023-2024 by 31 January 2025.	n/a	Performance evaluation of the accounting officer and senior management for 2022-2023 by 31 January 2024.	Performance evaluation of the accounting officer and senior management for 2023-2024 by 31 January 2025.	n/a	n/a	31-Jan-25	n/a	Operational	Agenda, attendance register, minutes and assessment report.	n/a	n/a	n/a	n/a	0	n/a	0	Not achieved	Due to time constraints and many commitments.	Review to complete the quality
	Integrated Development Planning	To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	KPI 101 IDP/PMS/Budget process plan approved by 31st August 2025.	n/a	IDP/PMS/Budget process plan approved by 31st August 2023.	IDP/PMS/Budget process plan approved by 31st August 2025.	31-Aug-24	n/a	n/a	n/a	Operational	Approved IDP/PMS/Budget process plan and council resolution	n/a	n/a	31-Aug-24	n/a	n/a	n/a	31-Aug-24	Achieved	n/a	
	Risk Management	Improve risk management processes by ensuring that all identified	KPI 102 Reviewed Risk management policy annually reviewed by 30 June 2025.	n/a	Reviewed Risk management policy annually reviewed by 30 June 2024.	Reviewed Risk management policy annually reviewed by 30 June 2025.	n/a	n/a	n/a	30-Jun-25	Operational	Policy, APC report and Council resolution.	n/a	n/a	n/a	n/a	n/a	23-Jun-25	23-Jun-25	Achieved	n/a	

		risks are mitigated	KPI 103 2025-2026 Risk assessment annually completed by 30 June 2025.	n/a	2024-2025 Risk assessment annually conducted by 30 June 2024.	2025-2026 Risk assessment annually conducted by 30 June 2025.	n/a	n/a	n/a	30-Jun-25	Operational	Risk assessment register.	n/a	n/a	n/a	n/a	n/a	23-Jun-25	23-Jun-25	Achieved	n/a		
			KPI 104 Number of Strategic risk assessments/reviews conducted by 30 June 2025.	n/a	Quarterly report on Strategic risk assessments/reviews conducted by 30 June 2024.	Quarterly report on Strategic risk assessments/reviews conducted by 30 June 2025.	1	1	1	1		Operational	4 strategic risk assessment reports and attendance register	n/a	n/a	0	1	1	1	3	Not Achieved	Target could not be achieved for Q1 due to the CRO being on sick leave.	Risk to prov by int AS
			KPI 105 Number of Operational risk assessments/reviews conducted by 30 June 2025.	n/a	4 Quarterly reports on operational risk assessments/reviews conducted by 30 June 2024.	4 Quarterly reports on operational risk assessments/reviews conducted by 30 June 2025.	1	1	1	1		Operational	4 Operational risk assessment reports and attendance register	n/a	n/a	0	1	1	1	3	Not Achieved	Target could not be achieved for Q1 due to the CRO being on sick leave.	Risk to prov by int AS
Anti-corruption	To continuously curb corrupt behaviour through deterrence, prevention and education	KPI 106 Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2025.	n/a	Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2024.	Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2025.	n/a	n/a	n/a	30-Jun-25	Operational	Fraud and presentation policy and council resolution.	n/a	n/a	n/a	n/a	n/a	n/a	30-Jun-25	30-Jun-25	Achieved	n/a		
Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 107 Final Annual Report submitted to council by 31 March 2025.	n/a	Final Annual Report submitted to council by 31 March 2024.	Final Annual Report submitted to council by 31 March 2025.	n/a	n/a	31-Mar-25	n/a	Operational	Annual Report and council resolution	n/a	n/a	n/a	n/a	31-Mar-25	n/a	31-Mar-25	Achieved	n/a			

## Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Ga-segonyana Local Municipality

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

1. I have audited the financial statements of Ga-segonyana Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Ga-segonyana Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

#### BASIS FOR OPINION

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

#### EMPHASIS OF MATTERS

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. As disclosed in note 59 to the financial statements, material electricity losses to the amount of R41 112 212 (2024: R 26 952 951) was incurred which represents 23.64% (2024: 19.94%) of total bulk electricity purchased.

8. As disclosed in note 15 to the financial statements, the municipality reported a material impairment of R50 866 441 (2024: R53 702 701) as a result of debt impairment of receivables from exchange transactions due to non-collection of outstanding balance owed to the municipality.
9. As disclosed in note 13 to the financial statements, the municipality reported a material impairment of R30 056 891 (2024: R28 599 938) as a result of debt impairment of receivables from non-exchange transactions due to non-collection of outstanding balance owed to the municipality.
10. As disclosed in note 13 to the financial statements, the municipality reported a material impairment of R15 823 894 (2024: R8 775 032) as a result of fines impairment due to non-collection of outstanding balance owed to the municipality.

As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

#### OTHER MATTER

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the 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 FINANCIAL STATEMENTS

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

#### RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx forms part of my auditor's report.

#### REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

17. 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 key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT	XX	Basic service delivery and infrastructure development is to ensure the provision of the fundamental service delivery and infrastructure development as the key mandate of the municipality

19. I evaluated the reported performance information for the selected key performance area 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.

20. 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.

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

22. The material findings on the reported performance information for the selected key performance area as follows:

**NUMBER OF REPLACEMENT OF FAULTY WATER METERS (REPLACEMENT OF THE OLD WATER METER WITH THE NEW METERS) BY 30 JUNE 2025.**

23. An achievement of 100% was reported against a target of 100%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

**Number patching and resealing of existing tarred roads by 30 June 2025.**

24. An achievement of 1km was reported against a target of 2km. I could not determine whether the reported achievement was correct, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

**Number of households and businesses provided with door-to-door waste collection by 30 June 2025.**

25. An achievement of 7266 was reported against a target of 600. I could not determine whether the reported achievement was correct, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

#### OTHER MATTER

26. I draw attention to the matter below.

#### ACHIEVEMENT OF PLANNED TARGETS

27. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

28. 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 measures taken to improve performance are included in the annual performance report on pages **xx** to **xx**.

#### Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 82.5%</i>		
<b>Key service delivery indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
KPI 40: Number patching and resealing of existing tarred roads by 30 June 2025	2km	1km
KPI 55: Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2025.	100%	92.5%

#### MATERIAL MISSTATEMENTS

29. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery and infrastructure development. Management did not correct all of the misstatements, and I reported material findings in this regard.

#### REPORT ON COMPLIANCE WITH LEGISLATION

30. 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.

31. 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.

32. 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.

33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### ANNUAL FINANCIAL STATEMENTS, PERFORMANCE REPORTS AND ANNUAL REPORTS

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### EXPENDITURE MANAGEMENT

35. Reasonable steps were not taken to prevent irregular expenditure amounting to R23 212 329 as disclosed in note 58 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipal supply chain regulations.

36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R62 125 550, as disclosed in note 56 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on budgeted amounts per votes.

#### HUMAN RESOURCE MANAGEMENT

37. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

#### STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

38. The performance management system and related controls were inadequate as it did not describe how the performance monitoring and improvement processes should be conducted, as required by municipal planning and performance management regulation 7(1).

#### OTHER INFORMATION IN THE ANNUAL REPORT

39. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

40. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.
41. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### INTERNAL CONTROL DEFICIENCIES

43. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
45. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.
46. Management did not exercise oversight responsibility regarding performance reporting and compliance and related internal controls

Kimberley

30 November 2025



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### AUDITOR GENERAL'S RESPONSIBILITY FOR THE AUDIT

#### PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

#### FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)

Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

## AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

### PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

### FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate,

to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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#### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)U, 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(48), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)

Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)

Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
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Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
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Misstatements in annual financial statements	Section	Line Item	Amount	Finding Details	Root Cause	Recommendation	Nature of Findings
Cash and cash equivalents							
Differences identified in Cash Flow Statement			3 447 814	During the audit of Cash Flow the following differences were identified between the auditor's recalculation and cash flow statement:	Ineffective use of GRAP checklist to ensure classification of items disclosed in the face of the cash flow statement. In addition, ineffectively of the cash flow calculation to pick errors and incorrect value used in the computation	Management should ensure that the Financial Statements are reviewed to detect errors that could have been done during the preparation of the Annual Financial Statements and also calculations should be reviewed to ensure that they are accurate	GRAP non-compliance

Other reported information Misstatements in annual financial statements

Other	General expenses	
Segment reporting - Presentation and disclosure	Expenditure-Operating leases (Accuracy)	15 051 994
		During the audit execution for expenditure, the audit team noted an incorrect recognition regarding how Operating leases was valued. In terms of GRAP 13, par 40, the municipality is supposed to recognise the lease payments over the straight-line basis unless another systematic basis is more representative of the time pattern of the users' benefit.
		The audit team noted that management recognised the lease payments based on how much the supplier invoiced the Municipality over that specific period. Until management proves to the auditors that the method, they chose to value not disclosed as required by the Operating leases is more representative of the time pattern of the users' benefit, the finding prevails.
		Lack of proper review of the Management did not comply to the requirement of AFS to ensure that it they GRAP 13, par 40 with regards to how Operating leases should be valued.
		It is recommended for Management should prove to the auditors that the management to implement method that they opted to value the Operating a proper review process of leases is the more representative of the time the AFS before submission pattern of the user's benefit as required by GRAP for audit and consider 13, par 40. If not, management should revisit an amending the annual entire population and correctly value the financial statement to Operating leases as per the GRAP 13, par 40 by include Segment reporting straight lining the lease payments over the lease as required by GRAP 18 term.
		Internal control deficiency GRAP non-compliance

Misstatements in annual financial statements Misstatements in annual financial statements

General expenses	General expenses
Expenditure: Operating leases (VAT not charged)	Expenditure: Cleaning (Classification issue)
713 129	13 687 627

During the audit execution, we have identified a classification misstatement relating to how Cleaning was classified. We tested the sample size of 30 items and unfortunately all of them were incorrectly classified and were relating other expenditure items. Below is the sample items selected:

During the audit execution, the audit team noted the supplier, who is a registered VAT vendor that did not charge VAT on the following taxable supplies:

The cause is due to management not following up on the VAT not charged by the suppliers on taxable supplies.

The cause of this misstatement is due to lack of proper review of the financials submitted for audit.

Management should revisit the entire invoices received from the supplier and follow up with the supplier and make sure that VAT was correctly charged by the supplier on taxable supplies.

Management should revisit the whole population and ensure that the expenditure is correctly classified.

GRAP non-compliance GRAP non-compliance

Misstatements in annual financial statements

Finance lease obligation

Finance lease Obligation and Finance costs: Differences between the amount per the GL and the amount per the AFS

878 462

During the review of the financial statements against the supporting schedules the difference between the amount as per the general ledger and the amount per the financial statement was identified as documented below:

The finding was as a result of the lack of the proper review of the financial statements.

It is recommended that management review the financial statements before submission and in the process also perform reconciliations between the AFS and its underlying schedules and the General Ledger

GRAP non-compliance

Non-compliance with laws and regulations Misstatements in annual financial statements

Suppliers' tax affairs not in order Current tax payable

Procurement and contract management - Award made to non-tax compliant supplier. VAT Payable- incorrectly valued

84 548

4 300 986

During the audit of Value Added Tax, the following difference was noted between the recalculated VAT receivable and the VAT receivable as per the financial statements:

Procurement and contract management - Award made to non-tax compliant supplier.

Management did not ensure that award is made to a supplier that is tax compliant.

Lack of review by management during the preparation of the annual financial statements and the supporting schedules.

It is recommended that management review the supporting schedules to the VAT Payables presented in the AFS.

Management should ensure that they award quotations to suppliers that are tax compliant.

It is also recommended that adjustments be made to the AFS accompanied by corresponding support.

Non-compliance with applicable legislation GRAP non-compliance

Non-compliance with laws and regulations

Bid documentation did not stipulate minimum threshold for local production and content

Local content: Irregular expenditure

69 536

Through our procedures performed it was noted that the advertisement for invitation to bid does not specify the minimum threshold for local production and content. This results in irregular expenditure.

Management did not ensure that the bid invitation specifies the minimum threshold for local production and content.

Management should ensure that bid invitation specifies the minimum threshold for local production and content for bids that meet the local content requirements.

Non-compliance with applicable legislation

Misstatements in annual financial statements Misstatements in annual financial statements

Receivables from exchange transactions	Contingent liabilities
Receivables from exchange transactions - Journal	Contingent liabilities - Understatement

1 294 372 700 000

1. The below passed journal number 9511 is invalid as it was passed to reverse an expenditure and recognise the receivable for the insurance paid in June recorded as a payment for July in the general ledger. However, through an inspection of the invoice it could be confirmed that the billing is not for July 2023 and should be recognised as an expense and not a receivable.

2. The supporting documents for the below journals was not provided to confirm their validity and accuracy.

During the audit of contingent liabilities, we obtained lawyers external confirmations, and we noted that the following matter was not disclosed under note 39.

(1) This is as a result of the error made in the capturing of the transaction as pertaining to July 2023.

(2) This is as a result of the lack of the proper record keeping to ensure that the supporting documents for the journals are available upon

Management oversight over the review of the AFS to ensure that it they are free from errors.

Management should revisit note 39 and consider adjusting the annual financial statements and include the above matter that was omitted.

It is recommended for the management to adjust the financial statements and to ensure that the transactions are recorded in the correct reporting period. Furthermore, management should perform a reconciliation between lawyer's confirmations and the disclosure note for accuracy and completeness so that this finding should not repeat itself in the future.

GRAP non-compliance

GRAP non-compliance

Non-compliance with laws and  
Misstatements in annual financial statements

Rev from exch transactions: Service charges

Revenue Exchange Transactions: Completeness: Indigent Customers were not  
Support was not received billed for sewer.

349 826

1 263 071

During the audit of Revenue from exchange transactions RFI 62 of 2023 was issued on the 20 October 2023, which was due on the 25th of October 2023, however support for the following Journals was not submitted for audit:

\*9625  
\*9510

indigent household policy stated this "In respect of sewerage charges the rebate will be up to 29% of 6kl of water "

The municipality does not have appropriate controls in place to ensure that information submitted on time for audit purposes, furthermore this is an indication that the municipality have

This is as a result of the lack of the proper controls in place to ensure that the consumers are billed for the consumption for water and sewerage services.

Management should ensure that:

- the information requested is submitted within 3 days as per the agreement in the engagement letter

- there are proper controls over preparation of documents by ensuring that the driver who goes out to collect refuse sign a control sheet when leaving the Municipality and ensure that

It is recommended for the Management to follow up on these cases identified and ensure that all consumers are billed for the services rendered.

Internal control deficiency

GRAP non-compliance

Misstatements in annual financial statements

Rev from exch transactions: Service charges

Misstatements in annual financial statements

Rev from exch transactions: Rental of facilities and equipment

Prepaid electricity: Estimate for unused electricity not performed

Revenue from exchange - Completeness of rental of

701 448

219 996

Contrary to the above, the following errors have been noted:

Management did not perform an estimation of unused pre-paid electricity at year end. The sale of electricity constitutes a sale of goods. In the case of prepaid electricity, the significant risks and rewards of ownership only transfer to the consumer at the time of consumption of the electricity.

During the audit of Revenue from exchange transaction a sample the following completeness issue was identified:

Therefore, an estimate of unused pre-paid electricity should be completed at year end and the revenue recognised should be on the consumption basis.

The below sample of contracts relating to rental of facilities was selected from the file, however they could not be traced to the schedule of the rental of facilities

Please refer to the following table below for the estimate that should have been accounted for:

This is as a result of management's oversight as they did not review and ensure that the schedule was complete.

The requirements of the accounting standards were not adhered to.

Management should ensure that rental of facilities schedule is all transactions have been recorded.

Management should ensure that unused pre-paid electricity at year end is completed to ensure that the revenue for pre-paid electricity is recognised on a consumption basis.

GRAP non-compliance

GRAP non-compliance

Misstatements in annual financial statements

Rev from exch transactions: Service charges

Revenue from exchange transactions: Completeness of service charges

30 671 070

During the testing of revenue, the customers in the attached annexure were identified to not have been billed for 12 months. The following request for information were issued requesting the reasons with the supporting documents for the debtors in the attached annexures that were not billed for 12 months in the 2022/23 reporting period which was not submitted within 3 days.

Request for information 67 was issued on 25 October 2023 and due on 30 October 2023.

Request for information 68 was issued on 26 October 2023 and due on 31 October 2023.

Request for information 71 was issued on 27 October 2023 and due on 31 October 2023.

Furthermore, cut off letter number 4 was issued on 02 November 2023 which was due on 03 November 2023. Management requested the extension until 08 November 2023 for which the information was not submitted.

This is as a result of the lack of the proper controls in place to ensure that the consumers are billed for the consumption for water and electricity and for services provided for sewer and refuse removal.

It is recommended for the Management to follow up on these cases identified and ensure that all consumers are billed for the services rendered.

GRAP non-compliance

Misstatements in annual financial statements      Non-compliance with laws and regulations

Rev from non-exch transactions: Taxation revenue

Revenue from non - exchange: VAT charged by a non - VAT vendor      1. Competitive bids: Municipal Council resolution

9 256

During the testing of grant expenditure, it was identified that the supplier could not be verified as a VAT registered supplier on SARS website and the supplier included a VAT portion on tax invoice when billing the municipality. Through our procedures performed it was noted that extensions were made on contracts however there is no evidence provided that this has been tabled in the Council of the Municipality.

Management did not ensure that extensions of contracts are tabled in the Council of the Municipality. This is as a result of the supplier charging VAT while not a VAT vendor

Management should ensure that the extensions of contracts are tabled in the Council of the Municipality. It is recommended that management perform vendor search on suppliers

GRAP non-compliance

Internal control deficiency

Other reported information Non-compliance with laws and regulations

Other Suppliers' tax affairs not in order

Internal Control Deficiency: Procurement and contract management - Bid  
Age analysis awarded to the supplier who is not tax compliant.

During the audit of receivables from exchange transactions, we identified the discrepancies between the age categories as per the age analysis and as per the debtor's statement. We noted that the amounts recorded under current in the age analysis are listed as of the bid even after the 7 days grace period: amounts owed under 30 days and forward categories Erf 4440, Kuruman - Current zoning: Authority in the debtors' statements.zone II - 5.2ha

This is as a result of the age analysis being generated on different points than as at the end of the reporting period.

Management did not ensure that the bidder tax matters are in order prior to awarding the bid

It is recommended for the Management to review the configuration and settings of the system(munsoft) used to generate the age analysis to ensure that the criteria and parameters for classifying receivables into different age categories are accurately defined.

Management should ensure that the award bids to the suppliers that are tax compliant and review bid documents submitted for awards for accuracy and completeness to eliminate the repeat of this finding.

Internal control deficiency Non-compliance with applicable legislation

Other reported information Non-compliance with laws and regulations

Other

Revenue from exchange: Cash and cash equivalents - Reconciling  
Internal Control Deficiency items not cleared on time

During the audit of Revenue from exchange transaction (interest on investment) the following internal control deficiencies were identified:

[A] The schedule recorded the following interest amount as received in the FNB account, however the amounts were recorded in ABSA account: During the audit of cash and cash equivalent, it was noted that some bank reconciling items were not cleared timeously.

Lack of internal controls to ensure that all policies are approved by the council or the delegated official. Management did not in all instances exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls

Management should ensure that schedules are reviewed before being submitted for audit. Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls to ensure that reconciling items are timeously cleared.

Internal control deficiency Internal control deficiency

Other reported information

Other

Indigents Internal control deficiency

During testing of indigents completeness, the following internal control deficiencies was identified:

Indigents with ID Number were duplicated on the indigent register, please refer to Annexure A

This is as a result of the lack of the proper controls and reviews during the preparation of the indigent register.

Management should ensure that there are proper controls and enough reviews to avoid duplication of applicants.

Internal control deficiency

Other reported information

Other

Revenue: Prepaid electricity Type 2 Report

During the audit of prepaid electricity, the following related to the revenue system utilized by the municipality was noted.

The auditor requested a type 2 SOC report from the municipality, relating to the vendor/supplier/service organization currently utilised for the sale of prepaid electricity. (This was per RFI 84 which was issued on 10 November 2023 and was due on 15 November 2023)

A meeting was conducted with the service provider on 17th November 2023 to clarify the information requested in RFI 84.

The request for information was not submitted on time, a cut off letter number 6 was issued on 22 November 2023, and was due on 24 November 2023. However, the municipality failed to submit the necessary information by the 24th of November 2023. The meeting was further held with the client on 25 November 2023 where the management requested the extension on the RFI until 27 November 2023 at 10:00. Despite this extension the requested SOC report has still not been received.

Management does not have controls in place to ensure that the electricity provided to MBL is the electricity sold. i.e they are receiving all the monies/revenue due to municipality

1. Management should assess the terms and conditions of the contract, assess the reasonableness of the revenue sharing percentages per the contract.
2. Implement controls over the sale of prepaid electricity.
3. Management should obtain a Type 2 report to assess the risks associated with using a service provider's services. The Type 2 report will help Management to understand the service organization's commitment to security, availability, processing integrity, confidentiality, and privacy.

The Type 2 report is an important auditing document that provides valuable information about the effectiveness of a service organization's controls over a specified period. Furthermore, it can be used by Management to make informed decisions about

Internal control deficiency

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GA-SEGONYANA LOCAL MUNICIPALITY  
Annual Financial Statements for the year ended 30 June 2025

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**Council committee**

Mayor

Cllr. N Masegela (Chairperson EXCO)

Speaker

Cllr. K.B Madikiza

Councillors

Cllr C. Phillips (Chief Whip)

Cllr. T. Merementsi (Chairperson MPAC)

Cllr. K. Matihole (EXCO Member)

Cllr. L Moagi (EXCO Member)

Cllr. A.W van der Westhuizen (EXCO Member)

Cllr. M. Reetsang (EXCO Member)

Cllr.K.R.Makhubo

Cllr. K.P. Moepeng

Cllr. L.S. Molusi

Cllr. K.G. Molokwe

Cllr. T. L. Diphatse

Cllr. T.S. Nyathi

Cllr. N. Mereotho

Cllr. G.C. Chere

Cllr. M.K. Taeng

Cllr. S.I. Kok

Cllr. M.E. Valela

Cllr. M.E. Leberegane

Cllr. K.S. Sethodi

Cllr. E.S. Ellis

Cllr. M.P. Mamapula

Cllr. K.H. Chweu

Cllr M.F. Disang

Cllr. S.M. Ryan

Cllr. O.D. Mathibe

Cllr. J.W Marumo

Cllr. G.E Mothobi

Cllr. M.B Mosiapo

Cllr. K.D Gaobathebe

**Chief Finance Officer (CFO)**

L Mashiane

**Accounting Officer**

M. Tsatsimpe

**Registered office**

Kuruman

Corner Voortrekker and School Street

**Business address**

Kuruman

Corner Voortrekker and School Street

**Postal address**

Kuruman 8460

Private Bag X1522

**Bankers**

ABSA Bank Limited

**Auditors**

Registered Auditors

Auditor-General South Africa (AGSA)

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**Attorneys**

Mogaswa Attorneys  
Peyper Attorneys  
Sifumba Attorneys  
Koikanyang Attorneys  
Motshabi Attorneys

**Jurisdiction**

The Ga-segonyana Local Municipality includes the following areas:

Kuruman, Bankhara, Mothibistad, Magojaneng, Obama Hill, Ditshoswaneng, Mpoteng, Seoding, Mokalamosesane, Gamopedi, Ncweng, Galotolo, Pietbos, Sloja, Lokaleng, Geelboom, Sedibeng, Batharos, Gasehubane, Garuele, Gasebolao, Maruping, Vergenoeg, Kagung, Lohattha, Seven Miles, Thamonyanche, Wrenchville, PromiseLand and Thuli Madonsela

**Relevant Legislation**

Constitution of the Republic of South Africa (Act No. 108 of 1996)

Municipal Finance Management Act (Act 56 of 2003)

Division of Revenue Act

The Income Tax Act (Act No. 58 of 1962)

Value Added Tax Act (Act No. 117 of 1998)

Municipal Structures Act (Act No. 32 of 2000)

Water Service Act (Act No. 108 of 1997)

Housing Act (Act No. 107 of 1997)

Housing Act (Act No. 107 of 1997) Electricity Act (Act No. 41 of 1987)

Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998)

Unemployment Insurance Act (Act No. 30 of 1966)

Basic Conditions of Employment Act (Act No. 75 of 1997)

Municipal System Amendment Act (Act No. 7 of 2011)

Municipal Supply Chain Management Regulations Municipal Collective Agreements

Municipal Budget and Reporting Regulations MFMA Circulars and Regulations

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## Index

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

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Statement of Comparison of Budget and Actual Amounts	10 - 13
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Notes to the Annual Financial Statements	44 - 102

### Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MSA	Municipal Systems Act

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## Accounting Officer's Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual 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.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

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**M. Tsatsimpe Accounting  
Officer**

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## Audit Committee Report

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### Legislative requirements

We are pleased to present our report for the financial year ended 30 June 2025 as required in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by National Treasury.

### Audit, Performance and Risk committee (APRC) members and attendance

The Audit, Performance and Risk committee (APRC) has been appointed by the District Municipality John Taolo Gaetsewe. Service level agreements between the District and Gamagara, Ga-Segonyana and Joe Morolong Local Municipality provide for a shared ARPC within the District.

The ARPC is governed by formal terms of reference, which are regularly reviewed and approved by council.

The ARPC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. . During the current year, 8 meetings were held:

Name of member	Number of meetings attended
Mr. Johann Snyders (Chairperson)	7
Mr. Khotso Nkoe	8
Mr. B Mathibela	7

### ARPC responsibility

The ARPC reports that it has complied with its responsibilities arising from Section 166 of the MFMA read with MFMA Circular 65, and reports that it has adopted appropriate formal terms of reference as per its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

### Evaluation of annual financial statements

APRC has:

- Performed a desktop review and discussed the unaudited annual financial statements to be included in the annual report, with the Accounting Officer for submission to AGSA on 31 August 2025. The draft unaudited annual financial statement was work in progress, however management committed to finalise and consider the review by internal audit, Provincial Treasury and the ARPC. On this basis the ARPC support the submission to AGSA
- reviewed the progress on the audit plan;
- the Auditor-General of South Africa's audit report, management report and management's response thereto, and organisation's compliance with legal and regulatory provisions will be reviewed in the ARPC meeting in November 2025.

From the above the concurrence and acceptance of the Auditor-General of South Africa's report on the annual financial statements will be assessed.

### Internal audit

The internal audit function does not have the capacity to operate effectively to address the risks pertinent to the municipality and its audits. The capacity will be addressed in the new financial year. The quality assurance improvement program and combined assurance plan will be implemented in the next financial year.

### Auditor-General of South Africa

The Audit, Performance and Risk committee will meet with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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**Chairperson of the Audit, Performance and Risk Committee**

Date: \_\_\_\_\_

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## Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 *Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	11	16 779 765	18 946 672
Receivables from non-exchange transactions	12	51 594 997	36 738 510
VAT receivable	13	8 120 130	5 207 739
Receivables from exchange transactions	14	106 420 494	77 259 198
Cash and cash equivalents	15	7 335 774	36 946 346
		<b>190 251 160</b>	<b>175 098 465</b>
<b>Non-Current Assets</b>			
Investment property	3	69 402 394	21 844 849
Property, plant and equipment	4	1 929 744 767	1 850 124 125
Intangible assets	5	968 312	443 636
Heritage assets	6	1 655 642	1 655 642
		<b>2 001 771 115</b>	<b>1 874 068 252</b>
<b>Total Assets</b>		<b>2 192 022 275</b>	<b>2 049 166 717</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	18	1 472 206	2 106 738
Finance lease obligation	16	1 192 853	1 886 916
Operating lease liability	7	3 820 140	6 752 031
Payables from exchange transactions	8	252 109 819	215 676 620
Consumer deposits	9	7 276 039	6 842 949
Employee benefit obligation	10	2 732 459	2 088 664
Unspent conditional grants and receipts	17	5 948	1 517 893
		<b>268 609 464</b>	<b>236 871 811</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	18	296 073	1 768 415
Employee benefit obligation	10	52 909 609	43 591 764
Provisions	19	35 891 817	28 463 712
		<b>89 097 499</b>	<b>73 823 891</b>
<b>Total Liabilities</b>		<b>357 706 963</b>	<b>310 695 702</b>
<b>Net Assets</b>		<b>1 834 315 312</b>	<b>1 738 471 015</b>
Accumulated surplus		1 834 315 312	1 738 471 015
<b>Total Net Assets</b>		<b>1 834 315 312</b>	<b>1 738 471 015</b>

## Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 *Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of stands	21	5 754 328	5 288 063
Service charges	24	267 738 871	233 479 436
Rental of facilities	25	1 716 491	1 344 794
Interest received	29	6 973 754	7 295 148
Licences and permits	27	3 637 399	3 964 437
Other income	31	6 618 743	6 205 840
Interest received - investment	32	8 787 890	9 902 423
<b>Total revenue from exchange transactions</b>		<b>301 227 476</b>	<b>267 480 141</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	33	62 497 798	58 324 939
<b>Transfer revenue</b>			
Government grants & subsidies	34	426 975 944	403 662 308
Public contributions and donations	35	17 724 055	26 613 585
Fines, Penalties and Forfeits	26	8 457 068	8 247 791
Interest	29	5 175 195	4 155 689
<b>Total revenue from non-exchange transactions</b>		<b>520 830 060</b>	<b>501 004 312</b>
<b>Total revenue</b>	20	<b>822 057 536</b>	<b>768 484 453</b>
<b>Expenditure</b>			
Employee related costs	36	(273 804 605)	(245 251 126)
Remuneration of councillors	37	(14 937 962)	(14 809 800)
Depreciation and amortisation	38	(98 008 034)	(88 286 356)
Finance costs	39	(9 434 141)	(8 813 403)
Lease rentals on operating lease	28	(17 175 078)	(17 203 386)
Debt Impairment	41	(3 715 828)	(1 230 924)
Bad debts written off	41	(7 333 454)	(32 749 009)
Bulk purchases	43	(174 089 692)	(152 962 060)
Contracted services	44	(100 217 587)	(115 809 847)
Sale of goods/Inventory	22	(1 405 000)	(919 000)
General Expenses	42	(81 564 626)	(74 130 549)
<b>Total expenditure</b>		<b>(781 686 007)</b>	<b>(752 165 460)</b>
<b>Operating surplus</b>	46	<b>40 371 529</b>	<b>16 318 993</b>
Debt relief	23	11 640 234	-
Fair value adjustments	47	47 557 545	527 000
Actuarial gains/losses	10	(1 950 632)	(2 140 637)
Inventories losses/write-downs	11	(707 117)	(424 195)
Loss on disposal of asset	4	(1 067 100)	(1 727 970)
		<b>55 472 930</b>	<b>(3 765 802)</b>
<b>Surplus for the year</b>		<b>95 844 459</b>	<b>12 553 191</b>

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 754 543 317	1 754 543 317
Adjustments		
Prior year adjustments 52	(28 625 657)	(28 625 657)
<b>Balance at 01 July 2023 as restated*</b>	<b>1 725 917 660</b>	<b>1 725 917 660</b>
Changes in net assets		
Surplus for the year	12 025 297	12 025 297
Prior period error	528 058	528 058
Other 2	-	-
Total changes	12 553 355	12 553 355
<b>Balance at 01 July 2024 Restated*</b>	<b>1 738 471 005</b>	<b>1 738 471 005</b>
Changes in net assets		
Surplus for the year	95 844 459	95 844 459
Total changes	95 844 459	95 844 459
<b>Balance at 30 June 2025</b>	<b>1 834 315 312</b>	<b>1 834 315 312</b>

Figures in Rand	Note(s)	2025	2024
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		303 589 199	321 454 050
Grants		419 935 045	363 709 415
Public contributions		17 724 055	26 613 585
Interest income		13 065 660	12 193 281
VAT refunds		79 326 750	-
Fines, Penalties and Forfeits		8 457 068	5 444 871
Other income		4 413 729	4 261 609
		<u>846 511 506</u>	<u>733 676 811</u>
<b>Payments</b>			
Employee costs		(277 978 737)	(246 087 505)
Suppliers		(383 110 980)	(356 390 269)
Interest paid		(770 289)	(1 213 965)
Tax paid		(46 791 246)	43 589 763
		<u>(708 651 252)</u>	<u>(560 101 976)</u>
<b>Net cash flows from operating activities</b>	45	<b><u>137 860 254</u></b>	<b><u>173 574 835</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(171 354 010)	(180 207 562)
Proceeds from sale of property, plant and equipment	4	(1 130 000)	-
Purchase of other intangible assets	5	(853 088)	(176 966)
Interest received - investments		8 667 210	9 637 799
Dividends or similar distributions received		79 326 750	-
<b>Net cash flows from investing activities</b>		<b><u>(164 669 888)</u></b>	<b><u>(170 746 729)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 106 875)	(2 204 850)
Finance lease payments		(694 063)	(1 886 916)
<b>Net cash flows from financing activities</b>		<b><u>(2 800 938)</u></b>	<b><u>(4 091 766)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(29 610 572)</u></b>	<b><u>(1 263 660)</u></b>
Cash and cash equivalents at the beginning of the year		36 946 346	38 210 006
<b>Cash and cash equivalents at the end of the year</b>	15	<b><u>7 335 774</u></b>	<b><u>36 946 346</u></b>
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Operating activities		137 860 254	173 574 835
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>137 860 254</b>	<b>173 574 835</b>
<b>Cash and cash equivalents at the end of the year</b>	15	<b>137 860 254</b>	<b>173 574 835</b>

Budget on Cash Basis						
Approved budget	Adjustments	Final Budget on comparable basis	Actual amounts	Difference between final budget and actual	Reference	
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of stands	20 000 000	2 500 000	<b>22 500 000</b>	5 754 328	<b>(16 745 672)</b>	1
Service charges	261 785 767	13 717 503	<b>275 503 270</b>	267 738 871	<b>(7 764 399)</b>	12
Rental of facilities and equipment	1 772 451	-	<b>1 772 451</b>	1 716 491	<b>(55 960)</b>	
Interest received (trading)	8 250 659	(2 040 757)	<b>6 209 902</b>	6 973 754	<b>763 852</b>	2
Licences and permits	4 159 044	-	<b>4 159 044</b>	3 637 399	<b>(521 645)</b>	3
Other income - (rollup)	6 043 476	(1 000)	<b>6 042 476</b>	6 618 743	<b>576 267</b>	4
Interest received - investment	7 122 644	2 500 000	<b>9 622 644</b>	8 787 890	<b>(834 754)</b>	13
<b>Total revenue from exchange transactions</b>	<b>309 134 041</b>	<b>16 675 746</b>	<b>325 809 787</b>	<b>301 227 476</b>	<b>(24 582 311)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	62 887 572	(5 957)	<b>62 881 615</b>	62 497 798	<b>(383 817)</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	401 108 000	51 604 851	<b>452 712 851</b>	426 975 944	<b>(25 736 907)</b>	
Public contributions and donations	-	-	-	17 724 055	<b>17 724 055</b>	
Fines, Penalties and Forfeits	1 751 173	6 462 402	<b>8 213 575</b>	8 457 068	<b>243 493</b>	
Interest - Outstanding debtors	1 500 000	4 395 050	<b>5 895 050</b>	5 175 195	<b>(719 855)</b>	5
<b>Total revenue from non-exchange transactions</b>	<b>467 246 745</b>	<b>62 456 346</b>	<b>529 703 091</b>	<b>520 830 060</b>	<b>(8 873 031)</b>	
<b>Total revenue</b>	<b>776 380 786</b>	<b>79 132 092</b>	<b>855 512 878</b>	<b>822 057 536</b>	<b>(33 455 342)</b>	
<b>Expenditure</b>						
Personnel	(262 649 890)	81 580	<b>(262 568 310)</b>	(273 804 605)	<b>(11 236 295)</b>	
Remuneration of councillors	(15 598 148)	-	<b>(15 598 148)</b>	(14 937 962)	<b>660 186</b>	
Depreciation and amortisation	(59 999 999)	(10 000 000)	<b>(69 999 999)</b>	(98 008 034)	<b>(28 008 035)</b>	6
Impairment loss/ Reversal of impairments	(15 702 533)	1 300 000	<b>(14 402 533)</b>	-	<b>14 402 533</b>	
Finance costs	(1 291 084)	-	<b>(1 291 084)</b>	(9 434 141)	<b>(8 143 057)</b>	7
Lease rentals on operating lease	(16 500 000)	(3 299 999)	<b>(19 799 999)</b>	(17 175 078)	<b>2 624 921</b>	
Debt Impairment	-	-	-	(3 715 828)	<b>(3 715 828)</b>	10
Bad debts written off	(589 485)	(117 682)	<b>(707 167)</b>	(7 333 454)	<b>(6 626 287)</b>	8
Bulk purchases	(137 419 000)	(15 000 000)	<b>(152 419 000)</b>	(174 089 692)	<b>(21 670 692)</b>	9
Contracted Services	(89 630 931)	(5 628 005)	<b>(95 258 936)</b>	(100 217 587)	<b>(4 958 651)</b>	
Sale of goods/Inventory	-	-	-	(1 405 000)	<b>(1 405 000)</b>	
General Expenses	(86 705 754)	830 063	<b>(85 875 691)</b>	(81 564 626)	<b>4 311 065</b>	
<b>Total expenditure</b>	<b>(686 086 824)</b>	<b>(31 834 043)</b>	<b>(717 920 867)</b>	<b>(781 686 007)</b>	<b>(63 765 140)</b>	
<b>Operating surplus</b>	<b>90 293 962</b>	<b>47 298 049</b>	<b>137 592 011</b>	<b>40 371 529</b>	<b>(97 220 482)</b>	
Gain on foreign exchange	-	-	-	11 640 234	<b>11 640 234</b>	
Fair value adjustments	-	-	-	47 557 545	<b>47 557 545</b>	
Actuarial gains/losses	-	-	-	(1 950 632)	<b>(1 950 632)</b>	
Inventories losses/write-downs	-	-	-	(707 117)	<b>(707 117)</b>	11

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**Budget on Cash Basis**

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	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Loss on non-current assets held for sale or disposal groups	-	-	-	(1 067 100)	(1 067 100)	
	-	-	-	55 472 930	55 472 930	
<b>Surplus before taxation</b>	<b>90 293 962</b>	<b>47 298 049</b>	<b>137 592 011</b>	<b>95 844 459</b>	<b>(41 747 552)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>90 293 962</b>	<b>47 298 049</b>	<b>137 592 011</b>	<b>95 844 459</b>	<b>(41 747 552)</b>	

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## 1) Sales of stands

The Variance is due to lack of demand for stands

## 2) Interest received (trading)

The variance is due to a increase in accounts receivable, resulting an increase in interest received from exchange transactions.

## 3) Licences and permits

Under collection of revenue from licenses and permits was primarily due to the suspension of operations at the testing station during the year.

## 4) Other Revenue

Variance is as a result of debts written off by Vaal Water.

## 5) Interest Outstanding debtors

The variance is due to an decrease in accounts receivable, resulting a decrease in interest received from non-exchange transactions

## Expenditure

## 6) Depreciation and amortisation

During the financial year, the municipality completed and capitalised several infrastructure and capital projects, such as roads, buildings, and plant and equipment. These newly capitalised assets increased the overall depreciable asset base, resulting in higher depreciation charges.

## 7) Finance Costs

The Variance is due to interest on landfill site and interest on Employee Obligation that was not budgeted for.

## 8) Bad debts written off

The municipality did not budget adequately for bad debt write-off.

## 9) Bulk Purchases

The variance is due to the high increases in tariffs charged by Eskom.

## 10) Debt Impairment

The variance is due to over-budgeting for debt impairment and also as a result of the unpredictable movement on the consumer debtors' accounts.

## 11) Inventory - losses / write down

Unpredictable at the time of preparing the budget thus the reason for variance. Under collection of revenue from licenses and permits was primarily due to the suspension of operations at the testing station during the year.

## 12) Service charges

The variance is as a result of a decrease in the opening of new accounts in comparison to the budget.

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Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	46 255 672	(43 542 514)	2 713 158	16 779 765	14 066 607	1
Receivables from exchange transactions	-	-	-	8 120 130	8 120 130	2
Receivables from non-exchange transactions	30 310 173	(13 917 315)	16 392 858	51 208 759	34 815 901	
VAT receivable	-	-	-	8 120 130	8 120 130	3
Receivables from exchange transactions	7 762 232	(7 802 899)	(40 667)	106 806 725	106 847 392	
VAT Receivable	(5 761 713)	(36 000)	(5 797 713)	-	5 797 713	
Cash and cash equivalents	121 546 229	(46 314 467)	75 231 762	7 335 774	(67 895 988)	4
	<b>200 112 593</b>	<b>(111 613 195)</b>	<b>88 499 398</b>	<b>198 371 283</b>	<b>109 871 885</b>	

Non-Current Assets

Investment property	20 268 149	-	20 268 149	49 148 853	28 880 704	
Property, plant and equipment	1 868 555 171	36 607 999	1 905 163 170	1 929 744 767	24 581 597	
Intangible assets	496 305	-	496 305	968 312	472 007	
Heritage assets	1 655 642	-	1 655 642	1 655 642	-	
	<b>1 890 975 267</b>	<b>36 607 999</b>	<b>1 927 583 266</b>	<b>1 981 517 574</b>	<b>53 934 308</b>	
<b>Total Assets</b>	<b>2 091 087 860</b>	<b>(75 005 196)</b>	<b>2 016 082 664</b>	<b>2 179 888 857</b>	<b>163 806 193</b>	

Liabilities

Current Liabilities

Other financial liabilities	-	-	-	1 472 206	1 472 206	
Finance lease obligation	4 204 855	(1 705 000)	2 499 855	1 192 853	(1 307 002)	
Operating lease liability	-	-	-	3 820 140	3 820 140	
Payables from exchange transactions	68 144 245	(53 567 790)	14 576 455	252 109 819	237 533 364	
VAT payable	47 349 481	(8 082 000)	39 267 481	-	(39 267 481)	
Consumer deposits	6 400 581	(6 400 581)	-	7 276 039	7 276 039	
Employee benefit obligation	-	-	-	2 732 459	2 732 459	
Unspent conditional grants and receipts	14 857 205	(15 219 000)	(361 795)	5 948	367 743	
	<b>140 956 367</b>	<b>(84 974 371)</b>	<b>55 981 996</b>	<b>268 609 464</b>	<b>212 627 468</b>	

Non-Current Liabilities

Other financial liabilities	3 875 149	(3 875 149)	-	296 073	296 073	
Operating lease liability	35 499 513	(35 499 513)	-	-	-	
Employee benefit obligation	-	-	-	52 909 609	52 909 609	
Provisions	25 495 555	(60 995 000)	(35 499 445)	35 891 817	71 391 262	
	<b>64 870 217</b>	<b>(100 369 662)</b>	<b>(35 499 445)</b>	<b>89 097 499</b>	<b>124 596 944</b>	
<b>Total Liabilities</b>	<b>205 826 584</b>	<b>(185 344 033)</b>	<b>20 482 551</b>	<b>357 706 963</b>	<b>337 224 412</b>	
<b>Net Assets</b>	<b>1 885 261 276</b>	<b>110 338 837</b>	<b>1 995 600 113</b>	<b>1 822 181 894</b>	<b>(173 418 219)</b>	

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**Budget on Cash Basis**

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

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**Net Assets****Net Assets Attributable to Owners of Controlling Entity****Reserves**

Accumulated surplus	1 885 261 277	74 920 000	<b>1 960 181 277</b>	1 834 315 305	<b>(125 865 972)</b>	
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## 1) Inventory

The municipality underbudgeted inventory budget

## 2) Receivables from exchange transactions

The trade receivables are less than budgeted amounts due to the increase in the actual write-offs made during the financial year.

## 3) VAT

VAT receivable is lower than the budgeted amount as the municipality was refunded most of the outstanding returns as at year end.

## 4) Cash and cash equivalents

The municipality overestimated the budget, Property, plant and equipment increased due to additional assets bought or constructed in the current year as projects are completed as well as public donations contributions on capital projects which was not budgeted for.

## 5) Intangible assets

Variance due to additional computer software on new laptops bought for municipal officials.

## 6) Other Financial liabilities

This balance is composed of loans from DBSA and the municipality managed to repay part of the loan in the 2023/24 financial year.

## 7) Employee benefit obligation

Difference due to the valuation in terms of GRAP 25 not budgeted for by the municipality.

## 8) Customer deposits

The municipality had more customers who opened new customer accounts during the year than anticipated. This resulted in an increase in customer deposits.

## 9) Provision

Budgeted amount is less than actual amount due to no new rehabilitation site being developed during the financial year under review.

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## **1. Significant accounting policies**

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

### **1.1 Basis of preparation**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

### **1.2 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded off to the nearest Rand.

### **1.3 Going concern assumption**

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

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

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

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

##### Trade receivables and allowance for doubtful debts

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 trade 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. On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are 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.

##### Allowance for slow moving, damaged and obsolete stock

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

##### Fair value estimation

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

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

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

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

##### Impairment testing

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

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

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

##### Provisions and Contingencies

Provisions are recognised when:

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

(a) has a detailed formal plan for the restructuring, identifying at least:

(i) the activity/operating unit or part of an activity/operating unit concerned; (ii) the principal locations affected.

(iii) the location, function, and approximate number of employees who will be compensated for their services being terminated.

(iv) the expenditures that will be undertaken; and

(v) when the plan will be implemented; and (b) 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 shall include only the direct expenditures arising from the restructuring, which are those that are both:

(a) necessarily entailed by the restructuring; and

(b) not associated with the ongoing activities of the entity.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46

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

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgment. 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 results 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 interests' rate, inflation and unemployment) that impact on the ability of entities to repay their obligations

Where a fee is received by the municipality for issuing a financial guarantee and /or where a fee is charged on loan commitment, it is considering the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

The amount determined using in the standard of GRAP on provisions, contingent liabilities and contingent assets; and

The amount of the fee initially recognises less, where appropriate, cumulative amortisation recognised in accordance with the standard of GRAP on revenue from exchange transactions.

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:

Where 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 test 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.

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. The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

#### Useful lives of assets

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

The estimation of residual values of assets is based on management's judgment as to whether the assets will be sold or used at the end of their useful lives, and in what condition they will be at that time.

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

##### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in the notes to the Annual Financial Statements.

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

##### Effective interest rate

Where interest rates are not specified in the transactions handled by the municipality, the municipality used the prime interest rate to discount future cash flows.

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

##### 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.

##### Timing of Assessment

The municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired.

##### Evidence of Impairment

The following accounts are specifically excluded from impairment testing:

- Receivable accounts with a combined credit balance at reporting date;
- Receivable accounts where the combined balance at reporting date is zero;
- Receivable accounts where the Municipality is the owner; and
- Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due.

Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired.

- A receivable that have been placed under or applied for liquidation or sequestration;
- Where the last payment date by the customer was before 15th May of each year;
- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt;
- When accounts have been formally presented to Council for write off; and
- All accounts with balances outstanding 31 days and longer as these accounts are considered to be past due.

##### Calculation and Recognition of Impairment Loss

The impairment loss is calculated as the difference between the carrying value at reporting date less the present value of expected future cash flows.

##### Individually Significant Receivables

Consumer receivables with a total balance outstanding at reporting date over R150 000 is considered material and will be assessed individually for evidence of impairment.

For sundry receivables management will assess on an annual basis which accounts are considered to be individually material. These accounts will be assessed individually for evidence of impairment.

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

##### Risk Categories

All receivables are categorised into one of three risk categories. These categories are:

- High risk category;
- Medium risk category; and
- Low risk category.

The allocation of receivables into the different risk categories are reviewed annually.

##### Consumer receivables

The following receivables are specifically identified as being high risk due to their nature:

- Approved indigents;
- Tenant accounts; and
- Non-active accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Government receivables

The following receivables are specifically identified as being medium risk receivables due to their nature and past payment history:

- All accounts with prepaid electricity meters; and
- Government receivables

The remainder of the consumer receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables. Summary of risk groups for consumer receivables:

High Risk	Medium Risk	Low Risk
Approved indigents	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Tenant accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Non-active accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management

##### Sundry receivables

The following receivables are specifically identified as being high risk due to their nature and past payment history:

- Motor vehicle accidents;
- Library books;
- Bursary costs/Study assistance;
- Closed accounts;
- Marked to be written off; and
- Handed over accounts.

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Main service contributions; and
- Relocation costs.

The following receivables are individually assessed:

- Medical aid

The remainder of the sundry receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables. Summary of risk groups for consumer receivables:

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

High Risk	Medium Risk	Low Risk
Motor vehicle accidents	Remainder of consumer receivable accounts	Main service contributions
Library books	Remainder of consumer receivable accounts	Main service contributions
Bursary costs	Remainder of consumer receivable accounts	Reallocation costs
Closed accounts	Remainder of consumer receivable accounts	Reallocation costs
Marked to be written off	Remainder of consumer receivable accounts	Reallocation costs
Non-active accounts	Remainder of consumer receivable accounts	Reallocation costs

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management.

#### Discount Rate

The discount rate is set as the yield of the R157 South African government bond as at the reporting date. The actual yield on the R157 bond is sourced from the RMB Global Markets website at reporting date.

The risk-free rate is adjusted with a premium per risk category. The following is taken into account in determining the premium:

- The economic conditions of the population in the municipal district;
- History of bad debts written off;
- Effectiveness of the debt collection processes;
- The vast rural area that the municipality covers and the rural population have high social problems;
- High unemployment rate in the municipal district.

Based on the above risk factors identified the risk-free rate is adjusted with the following premium:

Risk category	Premium adjustment
High risk	1.25%
Medium risk	0.75%
Low risk	0.25%

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management.

#### Expected Repayment Term

The total income from consumers for the reporting period include:

- Property tax;
- Refuse;
- Sewerage;
- Water;
- Electricity;
- Interest; and
- Less income foregone.

#### Expected Future Cash Flows

The expected future cash flows are based on management's past experiences with the different receivable groups. The expected future cash flows can be summarised as follows:

Group	Expected future cash flow
Accounts with no payment received in the last six months	No payment expected six months
Indigent receivables included at 100% in the allowance calculation.	Accounts marked as indigent do not expect any re-payment and is therefore included at 100% in the allowance calculation.
Inactive accounts	No payment expected
Accounts marked as bad debts	No payment expected.
Accounts with balances only in current, 30 days	Fully recoverable and/or 60 days
High risk consumer receivables	Will be determined using the following:
-Geographical area	
-Category (Business, household, etc.)	
-Payment history	

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

-Any other factors applicable (e.g. debtors handed over) Medium risk consumer receivables  
Will be determined using the following:

-Geographical area

-Category (Business, household, etc.)

-Payment history

-Any other factors applicable (e.g. debtors handed over) Low risk consumer receivables Will be determined using the following:

-Geographical area

-Category (Business, household, etc.)

-Payment history

-Any other factors applicable (e.g. debtors handed over) High risk sundry receivables Will be determined using the following:

-Geographical area

-Category (Business, household, etc.)

-Payment history

-Any other factors applicable (e.g. debtors handed over) Medium risk sundry receivables Will be determined using the following:

-Geographical area

-Category (Business, household, etc.)

-Payment history

-Any other factors applicable (e.g. debtors handed over) Low risk sundry receivables Will be determined using the following:

-Geographical area

-Category (Business, household, etc.)

-Payment history

-Any other factors applicable (e.g. debtors handed over)

All payments received in July after the reporting date are added to the above calculated expected further cash flows before impairment is calculated.

Present Value of Expected Future Cash Flows

The future expected cash flows will be discounted using the present value (PV) formula.

#### 1.5 Investment property

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

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

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

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

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

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

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

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## 1.5 Investment property (continued)

### Fair value

Subsequent to initial measurement investment property is measured at fair value in line with the asset management policy of the municipality on the Municipal Property Rates Act cycle.

The fair value of investment property reflects market conditions at the reporting date.

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

### Derecognition

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.

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

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

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

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

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

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

## 1.6 Property, plant and equipment

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

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## 1.6 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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.

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## 1.6 Property, plant and equipment (continued)

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

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Land		Infinity
Furniture and fixtures	Straight line	3-15 years
Infrastructure		
- Sewer pump station	Straight line	10-60 years
- Solid waste disposal	Straight line	3-50 years
- Electricity network	Straight line	3-50 years
- LV network	Straight line	10-50 years
- Distribution network	Straight line	2- 70 years
- Bridges	Straight line	30-80 years
- Bulk supply	Straight line	50-100 years
- MV network	Straight line	15-60 years
- Road structures	Straight line	5-55 years
- Airport structures	Straight line	20-60 years
- Collection and reticulation network	Straight line	50 years
- Borehole	Straight line	3-100 years
- Distribution reticulation network	Straight line	5-60 years
- Storage	Straight line	10-15 years
- Stormwater	Straight line	10-60 years
- Road traffic management	Straight line	10-40 years
- Waste water treatment	Straight line	3-60 years
- Water network	Straight line	20 years
- Water pipes	Straight line	20 years
- Water pump	Straight line	15-60 years
- Water storage	Straight line	3-60 years
Community Assets		
- Buildings	Straight line	15-50 years
Other property, plant and equipment		
- Furniture and equipment	Straight line	5-10 years
- Motor vehicles	Straight line	5-15 years
- Office equipment	Straight line	3-10 years
- Plant equipment	Straight line	4-15 years
- Computer equipment	Straight line	1-5 years
Road Furniture	Straight line	5-30 years
External Facilities	Straight line	3-30 years
Sports Facilities and other Amenities	Straight line	3-50 years
Landfill site	Straight line	13-50 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life, residual value and depreciation method of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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 charge for each period is recognised in surplus or deficit.

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.

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### **1.6 Property, plant and equipment (continued)**

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.

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

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

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

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

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

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

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

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

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

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

### **1.7 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.

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### 1.7 Site restoration and dismantling cost (continued)

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.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited 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.
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) 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; and
- (c) 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 end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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### 1.8 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 5 Years

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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 (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Heritage assets

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

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

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

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

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

#### Recognition

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

#### Initial measurement

Heritage assets are measured at cost.

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

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## 1.9 Heritage assets (continued)

### Subsequent measurement

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

### Impairment

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

## 1.10 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.

### Initial recognition

Financial instruments are recognised when the municipality becomes a party to contractual provision of the instruments. Financial instruments are initially recognised at amortised cost.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the nature and terms of the financial instrument for which the financial instruments were obtained / incurred and takes place at initial recognition.

### 1.10.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at cost.

## 1.11 Statutory receivables

### Identification

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

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

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

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

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

### Recognition

The municipality recognises statutory receivables as follows:

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

### Initial measurement

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### 1.11 Statutory receivables (continued)

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

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

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

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

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

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### 1.11 Statutory receivables (continued)

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

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

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

### 1.12 Tax

#### VAT

The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.

### 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 municipality assesses the classification of each element separately.

#### Finance leases - lessee

##### Initial recognition

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.

##### Subsequent measurement

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 - 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

#### 1.14.1 Initial recognition

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.

#### 1.14.2 Subsequent measurement

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

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#### 1.14 Inventories (continued)

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

##### 1.14.3 Derecognition

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.

Useful life is either:

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

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

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

### Identification

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

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

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

### Value in use

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

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

### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

### Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

## 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.

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

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

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

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

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

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

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

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

life is either:

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

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

#### Identification

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

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

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

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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## **1.16 Impairment of non-cash-generating assets (continued)**

### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

## **1.17 Employee benefits**

### **Identification**

#### **Employee benefits**

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees or for the termination of employment.

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

### **Recognition and measurement All**

#### **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.

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality has no realistic alternative but to make the payments

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## 1.17 Employee benefits (continued)

### Post-employment benefits: Defined contribution plans Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

## 1.18 Provisions and contingencies

### 1.18.1 Initial recognition

Provisions are recognised when:

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

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

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

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

### 1.18.2 Subsequent measurement

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).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed by way of note.

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## 1.18 Provisions and contingencies (continued)

### Contingent liabilities and assets

In preparing the financial statements, the municipality complies with the requirements of the Standards of Generally Recognised Accounting Practice (GRAP). The municipality discloses contingent liabilities and contingent assets in accordance with GRAP 19 – Provisions, Contingent Liabilities, and Contingent Assets.

### Recognition and Measurement

Contingent liabilities and contingent assets are not recognised in the financial statements because they are either:

- Contingent Liabilities: Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the municipality; or present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources will be required or the amount cannot be reliably measured.
- Contingent Assets: Possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the municipality.

Where contingent liabilities and assets are disclosed, they are reported at the best estimate value, representing management's best judgement of the potential financial impact based on available information.

### Review and Update

Contingent liabilities and assets are reviewed at each reporting date to determine whether any adjustments are necessary. The municipality will recognise a provision if it becomes probable that an outflow or inflow of resources will be required and the obligation or asset qualifies for recognition as a liability or an asset, respectively, as defined by GRAP 19.

## 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.
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## 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.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

The municipality's main sources of revenue from exchange transactions income include service charges, rental, sale of stands, licenses and permits and interest income.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

Rendering of services include the following service charges; refuse removal billed at a fixed fee per month, electricity (i.e conventional and prepaid electricity) based on consumption, water based on consumption and sewerage based on water consumption. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

### Interest

Revenue arising from the use by others of municipality's assets yielding interest 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 on a time proportion basis.

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### 1.21 Revenue from non-exchange transactions

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

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.

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

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

The municipality's main source of revenue from non-exchange transactions income include property rates, government grants and subsidies, public contributions, donations, fines and penalties.

#### Recognition

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

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

#### Measurement

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

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

#### 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.

#### Fines

Revenue fines will be accounted for on accrual basis based on GRAP 1

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Fines are economic benefits or service potential received or receivable by municipality, as determined by a court of other law enforcement body, as a consequence of the breach of laws or regulations. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality recognises the full amount of revenue from fines at the transaction date and subsequently recognise the impairment loss for revenue not expected to be collected, as there is uncertainty about the entities ability to collect such revenue based on past history. The municipality considered the past history in assessing the likelihood of the discounts or reductions being taken up by the debtors.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### 1.22 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.

### 1.23 Comparative figures

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

### 1.24 Unauthorised expenditure

Unauthorised expenditure refers to any expenditure incurred by the municipality that is not in accordance with the municipality's approved budget or the conditions of allocations or grants. Specifically, it includes expenditure that:

- overspending of a vote or a main division within a vote; and

Exceeds the total amount appropriated in the municipality's approved budget;

Uses money appropriated for a specific purpose, otherwise than for that specific purpose. Spends an allocation otherwise than in accordance with any conditions of the allocation. Makes a grant otherwise than in accordance with the MFMA.

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

### 1.25 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

### 1.26 Irregular expenditure

- (a) this Act; or
- (b) the state Tender Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government

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

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### 1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which a write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the municipal council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programmed/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register

### 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.

### 1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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.

Comparative information is not required.

Material differences between the original budget and final budget as well as between the final budget and the actual are explained in the Annual Financial Statements. Deviations are regarded as material when they are greater than or equal to 10%. Deviations between approved budget and final budgets well as deviations between final budget and actual, are regarded as material differences

### 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.

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### 1.29 Related parties (continued)

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

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

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

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

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

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

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

The municipality identifies related parties in line with GRAP 20 - Related Party Disclosures. A related party is a person or entity with the ability to control or significantly influence the municipality's financial and operating policies or is a member of the key management personnel of the municipality.

1. Related Party Transactions: Transactions between the municipality and related parties are disclosed in the financial statements when a transfer of resources, services, or obligations has occurred, regardless of whether a price is charged.

#### 2. Types of Related Parties:

- Key Management Personnel: Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the municipality. This includes executive directors, senior management, and council members.

- Entities Controlled by the Municipality: Any entities, subsidiaries, or trusts over which the municipality has control or significant influence are considered related parties and are disclosed accordingly.

- Close Family Members: Close family members of key management personnel are also considered related parties and disclosed if they have a financial relationship with the municipality.

#### 3. Measurement and Recognition:

- Related party transactions are measured at the transaction amount, in accordance with GRAP 20, and disclosed in the financial statements to provide transparency on potential conflicts of interest and to maintain compliance with applicable standards.

#### 4. Disclosure Requirements:

- All related party transactions are disclosed in Note 44 to the financial statements, including the nature of the relationship, types of transactions, and, where applicable, the value of transactions and outstanding balances at year-end.

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### 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 municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.31 Segment Reporting

The municipality reports on segments in accordance with GRAP 18 – Segment Reporting, which requires entities to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the activities in which the municipality is involved. The primary basis of segment reporting is based on the internal structure used for management reporting purposes, which reflects the municipality's operations and decision-making process.

The municipality has identified segments based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments issued by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has several departments/functional areas and accordingly. The segments for reporting purposes are as set out below:

- Municipal governance and administration services)
- Finance and administration
- Public Safety, Community and Social Services
- Sports and Recreation
- Planning and Development
- Road Transport
- Environmental Protection
- Energy Sources
- Trading Services

Revenue and Expenses: Revenue and expenses are assigned to segments based on the direct attribution of activities. Indirect expenses are allocated to segments in a systematic and reasonable basis.

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### 1.32 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrance of liabilities that result in decreases in net assets.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and
- All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Major expenses include:

- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.
- Repairs and maintenance - inclusive of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk electricity;
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs.
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General expenses which constitute several expense items which are not individually significant.
- Employee cost - relating to cost associated with employee contracts.
- Depreciation - Cost associated with the amortisation of property, plant and equipment..

### 1.33 Fines provision methodology

- 1) Obtain issued fines (Unadjusted issued fines) for the past 3 to 5 years.
  - a) Adjust the fines by the below adjustments:
  - b) Reduce the fines by the amount of fines withdrawn/cancelled.
  - c) Also reduce the fines by amounts reduced.
- 2) Increase the fines by amounts increased for unpaid fines.
- 3) Obtain the final total of amounts of a) to c) above.
- 4) Adjust the issued fines by a) to c) above to get final collectible issued fines.
- 5) Calculate the percentage discount rate of collectible issued fines as a percentage of unadjusted issued fines in 1) above
- 6) Calculate average discount rate for the number of years the data was obtained e.g. if 3 years, calculate average over 3 years and if 5 years calculate average over 5 years.
- 7) The provision is calculated as follows:  
Gross fines debtors x average discount rate in 5) above.

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## Notes to the Annual Financial Statements

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Figures in Rand

2025

2024

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## 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

During the financial year ended 30 June 2025, the municipality did not adopt any new or amended Standards of GRAP, as there were no Standards effective for reporting periods beginning on or after 1 April 2024 (as per Directive 5, Appendix effective 1 April 2024) [Citation to Directive 5]. Consequently, accounting policies remained unchanged and no retrospective restatements of comparative figures were required.

Standards issued but not yet effective:

- GRAP 104 (Financial Instruments, Revised 2019) – effective 1 April 2025. Preliminary assessment: may affect classification/measurement of financial assets and liabilities; required enhanced disclosure.
- GRAP 22 (Foreign Currency Translation and Advance Consideration) – effective 1 April 2025. Potential effect on timing of revenue/expense recognition for foreign currency advances.

Management does not expect any other issued Standards—such as amendments to GRAP 1, GRAP 103, or GRAP 105/106/107—for which no effective date has been determined, to materially affect future reporting.

Comparative information: No restatement of prior year amounts was required. There were no changes in accounting estimates or corrections of prior period errors during the year.

The municipality's accounting policies have therefore been consistently applied from 1 July 2023 to 30 June 2025.

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Figures in Rand

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**3. Investment property**

2025			2024		
Cost/ Fair value	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Fair value	Accumulated depreciation and accumulated impairment	Carrying value
Investment property					
69 402 394	-	69 402 394	21 844 849	-	21 844 849

**Reconciliation of investment property - 2025**

	Opening balance	Fair value adjustments	Total
Investment property			
	21 844 849	47 557 545	69 402 394

**Reconciliation of investment property - 2024**

	Opening balance	Transfers received	Fair value adjustments	Total
Investment property				
	20 268 149	1 049 700	527 000	21 844 849

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.

Investment property was reviewed during the year by TT Property Consultants professional valuers. The direct comparison and replacement cost approach was used to determine the fair value. A comparison was made to recently sold properties in the area. The size of the land and buildings, location, rights, shape, layout and 40% depreciated factor were used to determine fair value.

No repairs and maintenance expenses were incurred on investment properties.

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Figures in Rand

**4. Property, plant and equipment**

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	22 369 957	-	22 369 957	22 369 957	-	22 369 957
Buildings	113 377 761	(26 955 737)	86 422 024	100 808 432	(23 431 846)	77 376 586
Plant and machinery	5 275 216	(3 683 220)	1 591 996	4 750 510	(3 295 433)	1 455 077
Furniture and fixtures	11 541 043	(8 564 877)	2 976 166	11 302 566	(8 289 734)	3 012 832
Motor vehicles	17 411 908	(13 015 924)	4 395 984	18 067 105	(12 565 874)	5 501 231
Office equipment	8 552 128	(4 914 538)	3 637 590	7 498 364	(3 768 739)	3 729 625
Infrastructure	2 774 057 848	1 058 491 605	1 715 566 243	2 608 021 252	(979 070 345)	1 628 950 907
Community	174 091 679	(81 306 872)	92 784 807	181 319 964	(73 592 054)	107 727 910
<b>Total</b>	<b>3 126 677 540</b>	<b>(1 196 932 773)</b>	<b>1 929 744 767</b>	<b>2 954 138 150</b>	<b>(1 104 014 025)</b>	<b>1 850 124 125</b>

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Figures in Rand

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

**Reconciliation of property, plant and equipment - 2025**

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	22 369 957	-	-	-	-	-	-	-	22 369 957
Buildings	77 376 547	12 590 628	(1 513)	-	-	-	(3 463 996)	(79 642)	86 422 024
Plant and machinery	1 455 077	584 469	(9 364)	-	-	-	(438 186)	-	1 591 996
Furniture and fixtures	3 012 833	757 422	-	-	-	63 091	(857 180)	-	2 976 166
Motor vehicles	5 501 231	110 628	(3)	-	-	-	(1 215 872)	-	4 395 984
Office equipment	3 729 625	1 397 853	(141 096)	-	-	-	(1 348 792)	-	3 637 590
Infrastructure	1 628 950 908	166 142 476	(823 784)	1 837 306	-	-	(76 817 722)	(3 722 941)	1 715 566 243
Community	107 727 910	-	(154 431)	-	(5 053 378)	-	(7 982 769)	(1 752 525)	92 784 807
	<b>1 850 124 088</b>	<b>181 583 476</b>	<b>(1 130 191)</b>	<b>1 837 306</b>	<b>(5 053 378)</b>	<b>63 091</b>	<b>(92 124 517)</b>	<b>(5 555 108)</b>	<b>1 929 744 767</b>

\*Other movements - These include recovered assets that had been written off in the prior periods, thus gains in the current year.

Transfers - These are net movements in work-in-progress, being the difference between the additional expenditure incurred and movement of completed assets.

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	15 764 663	6 605 294	-	-	-	-	22 369 957
Buildings	62 935 973	17 099 378	-	-	(2 658 804)	-	77 376 547
Plant and machinery	1 847 398	174 349	(106 732)	-	(459 938)	-	1 455 077
Furniture and fixtures	2 238 453	1 796 520	(251 118)	-	(771 022)	-	3 012 832
Motor vehicles	6 822 235	-	(16 332)	-	(1 304 672)	-	5 501 231
Office equipment	2 575 119	2 704 737	(490 601)	-	(1 059 591)	-	3 729 664
Infrastructure	1 561 518 294	146 107 866	(698 085)	(3 470 505)	(73 314 323)	(1 192 340)	1 628 950 907
Community	99 440 025	17 211 074	(152 519)	(1 474 600)	(4 966 974)	(2 329 096)	107 727 910
	<b>1 753 142 160</b>	<b>191 699 218</b>	<b>(1 715 387)</b>	<b>(4 945 105)</b>	<b>(84 535 324)</b>	<b>(3 521 436)</b>	<b>1 850 124 125</b>

Other information

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)

Bankhara Water Reservoir

	<u>145 396 568</u>	<u>145 396 568</u>
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## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

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

#### Property, plant and equipment in the process of being constructed or developed

##### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure	223 729 856	221 892 550
Community	26 471 096	31 524 474
	<b>250 200 952</b>	<b>253 417 024</b>

The Bankara Water Reservoir Project, with a carrying amount of R145 396 568 (2024: R145 396 568) is taking longer than expected to complete. The delay is primarily due to the municipality still being in the process of procuring and replacing pipes that burst during the testing of the booster water station.

In addition, the Kuruman Waste Water Treatment Optimisation Project, with a carrying amount of R15,723,514, is also experiencing delays. The project has been affected by leakages on the dry beds, which are yet to be repaired and certified before further progress can be made.

#### Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	221 892 550	31 524 474	253 417 024
Additions/capital expenditure	165 913 616	7 537 250	173 450 866
Transferred to completed items	(164 076 310)	(12 590 628)	(176 666 938)
	<b>223 729 856</b>	<b>26 471 096</b>	<b>250 200 952</b>

#### Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	225 363 055	32 999 074	258 362 129
Additions/capital expenditure	142 453 727	32 489 695	174 943 422
Transferred to completed items	(145 924 232)	(33 964 295)	(179 888 527)
	<b>221 892 550</b>	<b>31 524 474</b>	<b>253 417 024</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	475 858	1 350 716
Plant and Equipment	1 044 035	852 044
Infrastructure	11 862 226	2 197 954
	<b>13 382 119</b>	<b>4 400 714</b>

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.

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**5. Intangible assets**

	2025		2024			
Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software	3 549 568	(2 581 256)	968 312	2 696 480	(2 252 844)	443 636

**Reconciliation of intangible assets - 2025**

	Opening balance	Additions	Amortisation	Total
Computer software	443 636	853 088	(328 411)	968 313

**Reconciliation of intangible assets - 2024**

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	496 306	176 966	(229 636)	443 636

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## 6. Heritage assets

2025	2024	
	Accumulated Carrying value	Cost
Cost impairment losses	Carrying value impairment losses	Carrying value
Historical buildings	1 655 642 - 1 655 642	1 655 642 - 1 655 642

### Reconciliation of heritage assets 2025

	Opening balance	Total
Mayoral Chain	5 642	5 642
The Eye	1 650 000	1 650 000
	<b>1 655 642</b>	<b>1 655 642</b>

### Reconciliation of heritage assets 2024

	Opening balance	Total
Mayoral chain	5 642	5 642
The Eye	1 650 000	1 650 000
	<b>1 655 642</b>	<b>1 655 642</b>

## 7. Operating lease asset (liability)

Current liabilities	3 820 140	6 752 031
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### Operating Lease Liability

#### Minimum lease payments due

- within one year	3 820 140	6 752 031
- in second to fifth year	-	-
	<b>3 820 140</b>	<b>6 752 031</b>

## 8. Payables from exchange transactions

Trade payables	2 260 305	1 885 605
Debtors with credit balances	11 576 705	6 484 112
Accruals	45 153 645	61 371 700
Unallocated deposits	3 416 421	2 922 818
VAT Output Accrual	135 149 912	93 503 695
Leave Pay	13 172 459	14 409 569
Employee cost accrual	4 276 886	3 877 556
Retentions	19 860 131	19 307 799
Sale of Stands	8 610 976	4 921 528
Bonus	8 385 423	6 988 559
Sundry payables	246 956	3 679
	<b>252 109 819</b>	<b>215 676 620</b>

## 9. Consumer deposits

Electricity	5 612 127	5 337 292
Housing rental	1 663 912	1 505 657
	<b>7 276 039</b>	<b>6 842 949</b>

Figures in Rand	2025	2024
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## 10. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

### Carrying value

Present value of the defined benefit obligation	(42 914 340)	(34 638 903)
Present value of the defined benefit obligation-wholly unfunded	(12 727 728)	(11 041 525)
	<b>(55 642 068)</b>	<b>(45 680 428)</b>
Non-current liabilities	(52 909 609)	(43 591 764)
Current liabilities	(2 732 459)	(2 088 664)
	<b>(55 642 068)</b>	<b>(45 680 428)</b>

The Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid fund, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates a unfunded defined benefit plan for these qualifying employees. No other post-employment benefits are provided to these employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2025 by Mr. DT Mureriwa. Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

### Long service award

#### Represented by:

Eligible employees as at 30 June 2025	429	381
New entries	46	58
Exits	(10)	(10)
	<b>465</b>	<b>429</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11 041 525	8 166 427
Total expenditure	1 710 183	1 041 472
Actuarial loss/(gain)	(23 980)	1 833 626
	<b>12 727 728</b>	<b>11 041 525</b>

Net expense recognised in the statement of financial performance are as follows:

Service cost	1 135 353	838 464
- Current service cost	1 135 353	838 464
Net interest on the net defined benefit liability (asset)	1 107 283	798 431
Actuarial (gains)/losses	(23 980)	1 833 626
Expected vesting benefits	(532 453)	(595 423)
	<b>1 686 203</b>	<b>2 875 098</b>

Figures in Rand	2025	2024
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**10. Employee benefit obligations (continued)**

**Key assumptions used**

Assumptions used at the reporting date:

Discount rate	12.48%	13.46%
Net discount	3.73%	3.77%
General earning inflation rate	8.43 %	9.43%
Average retirement age	65	65

Pre-retirement mortality SA85-90

The basis used to determine the overall expected rate of return on assets is as follow:

A discount rate of 12.48% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield index-linked yield is 5.19%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025. The duration of the total liability was estimated to be 15.04 years curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 5.19%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025. The duration of the total liability was estimated to be 15.04 years.

Figures in Rand 2025 2024

**10. Employee benefit obligations (continued)**

**Sensitivity analysis**

**Healthcare cost trends**

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

	2025	2024	2023	2022	2021
	R	R	R	R	R
Defined benefit obligation	12 727 728	11 041 525	8 166 427	8 447 000	7 176 000
Surplus (deficit)	(12 727 728)	(11 041 525)	(8 166 427)	(8 447 000)	(7 176 000)
Experience adjustments on plan liabilities	-	0	56 445 180 000		621 000

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Assumption	Change	Liability	Change
Central assumptions		12 727 728	
General earnings inflation rate	+1%	11 758 111	5.54%
	- 1%	10 388 317	6.17%
Discount rate	+1%	10 417 018	-5.67%
	- 1%	11 736 753	6.31%
Average retirement age	+2 yrs	11 894 480	7.65%
	- 2 yrs	9 975 893	7.42%
Withdrawal rates			

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2025

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		1 135 358	1 107 283	2 242 626	
General earnings inflation rate	+1%	1 221 928	1 182 739	2 404 667	7.63%
	- 1%	1 057 210	1 038 500	2 095 710	-6.88%
Discount rate	+1%	1 060 627	1 041 522	2 102 149	6.58%
	- 1%	1 219 336	1 180 490	2 399 779	7.40%
Average retirement age	- 2 yrs	1 206 779	1 193 000	2 399 779	6.29%
	+2 yrs	1 038 004	999 213	2 037 217	8.57%
Withdrawal rate	-50%	1 369 413	1 286 260	2 655 673	20.62%

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2026

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		1 135 353	1 107 283	2 242 636	
General earnings inflation rate	+1%	1 378 171	1 184 723	2 562 894	7.62%
	- 1%	1 192 455	1 041 271	2 233 726	6.88%
Discount rate	+1%	1 196 395	1 044 348	2 240 743	-6.57%
	-1%	1 375 164	1 182 521	2 557 685	7.39%
Average retirement age	+2 yrs	1 366 808	1 195 173	2 561 981	6.27%
	- 2 yrs	1 168 182	1 002 128	2 170 310	8.78%
Withdrawal rate	-50%	1 531 313	1 278 642	2 809 955	19.58%

Figures in Rand	2025	2024
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**10. Employee benefit obligations (continued)**

**Post employment medical aid subsidy**

The members of the post-employment health care benefit plan are made up as follows:

In-service (employee) members	359	319
In-service (employee) non members	106	110
Continuation )retiree or widow members	<u>22</u>	<u>23</u>
	<b><u>487</u></b>	<b><u>452</u></b>

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	31 121 765	29 589 518
Contributions by plan participants	<u>1 672 478</u>	<u>1 532 247</u>
	<b><u>32 794 243</u></b>	<b><u>31 121 765</u></b>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	3 382 160	2 258 137
Interest cost	4 591 143	4 016 484
Actuarial (gains)/losses	1 974 611	307 011
Settlement	<u>(1 672 478)</u>	<u>(1 532 247)</u>
	<b><u>8 275 436</u></b>	<b><u>5 049 385</u></b>

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	12,48%	13,46%
Health care cost inflation	8,43%	9,34%
Net-of health-care-cost-inflation discount rate	3,73%	3,77%
Maximum subsidy inflation rate	6,93%	7,84%
Medical cost trend rates	-%	6,40%
Expected increase in salaries	75,00%	75,00%
Expected pension increases	75,00%	75,00%
Proportion of employees opting for early retirement	15,00%	15,00%
Average retirement age	65	65

Figures in Rand 2025 2024

**10. Employee benefit obligations (continued)**

Mortality during employment SA 85-90

The basis used to determine the overall expected rate of return on assets is as follows

A discount rate of 12.42% per annum has been used. The corresponding index-linked yield at this term is 5.19%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

These rates were calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

**Health Care Cost Inflation Rate:**

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilization patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 14.20% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.93%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.74% which derives from  $([1 + 12.48\%] / [1 + 8.43\%] - 1)$ .

The healthcare cost inflation rate of 8.43% was assumed. It is 1.50% above the expected inflation over the expected term of the liability. The maximum subsidy cap inflation rate came to 6.93% which is 75% of the salary inflation assumption (expected inflation of 8.43%+1.00%).

The next contribution increase was assumed to occur with effect from 1 January 2025.

**Sensitivity Analysis**

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

	2025	2024	2023	2022	2021
	R	R	R	R	R
Defined benefit obligation	42 914 340	34 638 903	29 589 518	29 945 000	28 407 000
Surplus (deficit)	(42 914 340)	(34 636 903)	(29 589 518)	(29 945 000)	(28 407 000)
Experience adjustments on plan liabilities	-	-	-	-	-

Figures in Rand	2025	2024
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## 10. Employee benefit obligations (continued)

### Sensitivity Analysis on Accrued Liability

Assumption	Change	Liability	Change
Central assumptions			
General earnings inflation rate	+1%	40 684 304	17.45%
	- 1%	29 759 631	-14.09%
Discount rate	+1%	30 010 987	-13.36%
	- 1%	40 431 128	16.72%

### Sensitivity Analysis on current service and interest costs for the year ending 30 June 2025

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		3 382 160	4 591 143	7 973 303	
Health care inflation rate	+1%	4 139 293	5 404 272	9 543 565	22.39%
	- 1%	2 786 436	5 126 377	7 912 813	-17.61%
Discount rate	+1%	2 836 028	4 077 730	6 913 758	15.91%
	- 1%	4 263 354	4 971 396	9 234 750	- 6.81%
Post-employment mortality	+1 yrs	3 382 160	4 591 143	7 973 303	2.77%
	+1 yrs	3 475 780	4 732 335	8 208 115	3.08%

### Sensitivity Analysis on current service and interest costs for the year ending 30 June 2026

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		3 382 160	4 591 143		
Health care inflation rate	+1%	6 474 122	6 331 317	9 949 232	20.23%
	- 1%	4 586 834	4 922 869	9 509 703	17.75%
Discount rate	+1%	6 381 612	5 018 309	11 399 921	-14.76%
	- 1%	5 689 064	5 787 149	11 476 213	18.60%
Post-employment mortality	+1 yrs	5 531 003	5 441 108	10 972 111	2.79%
	- 1 yrs	5 380 818	5 279 843	10 660 661	

## 11. Inventories

Consumable stores	2 220 513	2 264 548
Water	518 411	548 083
Unsold Properties Held for Resale (Land)	14 040 841	16 134 041
	<b>16 779 765</b>	<b>18 946 672</b>

## 12. Receivables from non-exchange transactions

Fines	13 187 993	13 996 234
Property rates	38 407 004	22 742 276
	<b>51 594 997</b>	<b>36 738 510</b>

### Property rates receivable included in receivables from non-exchange transactions above are as follows:

Current (0-30 Days)	7 324 288	4 466 069
31-60 Days	2 317 966	2 517 102
61-90 Days	2 131 017	2 120 466
91-120 Days	1 978 953	1 964 532
121-365 Days	13 652 647	13 095 286
+365 Days	41 059 025	27 178 759
	<b>68 463 896</b>	<b>51 342 214</b>
Allowance for impairment	(30 056 891)	(28 599 938)
<b>Net Balance</b>	<b>38 407 004</b>	<b>22 742 276</b>

Figures in Rand	2025	2024
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**12. Receivables from non-exchange transactions (continued)**

**Traffic fines receivable included in receivables from non-exchange transactions above are as follows:**

Current (0-30 Days)	7 278 729	457 150
31-60 Days	555 150	532 350
61-90 Days	592 150	788 650
91-120 Days	842 550	489 450
121-365 Days	4 490 679	5 287 200
+365 Days	15 252 630	15 216 466
Allowance for impairment	(15 823 894)	(8 775 032)
<b>Net balance</b>	<b>13 187 994</b>	<b>13 996 234</b>
	-	-

<b>Total receivables from non-exchange transactions</b>	<b>51 594 997</b>	<b>36 738 510</b>
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**Statutory receivables general information**

**Reconciliation of provision for impairment for non-exchange receivables**

Opening balance	35 719 988	34 190 862
Provision for impairment	11 737 082	1 529 126
	<b>47 457 070</b>	<b>35 719 988</b>

**Credit quality of receivables from non-exchange transactions**

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Based in the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

**13. Statutory receivables**

VAT Receivable from SARS	8 120 130	5 207 739
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**14. Receivables from exchange transactions**

**Gross balances**

Electricity	28 304 165	23 503 089
Water	25 295 886	19 967 822
Sewerage	34 173 264	23 261 797
Refuse	18 379 300	12 419 335
Sundry Debtors	13 304 470	10 619 504
Service provider debt	3 553 206	-
VAT Input Accrual	33 891 337	40 925 562
Interest accrued	385 306	264 626
	<b>157 286 934</b>	<b>130 961 735</b>

**Less: Allowance for impairment**

Allowance for impairment	(50 866 441)	(53 702 701)
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**Net balance**

	<b>106 420 493</b>	<b>77 259 034</b>
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Figures in Rand

2025

2024

**14. Receivables from exchange transactions (continued)**

**Electricity**

Current (0 -30 days)	10 881 050	7 304 764
31 - 60 days	1 962 726	2 517 487
61 - 90 days	2 184 135	2 716 587
91 - 120 days	1 659 924	1 217 758
121 - 365 days	5 866 947	4 885 409
> 365 days	5 749 383	4 861 086

**28 304 165 23 503 091**

**Water**

Current (0 -30 days)	6 084 216	3 990 108
31 - 60 days	1 497 916	2 135 795
61 - 90 days	2 284 725	1 980 698
91 - 120 days	1 651 625	1 542 832
121 - 365 days	6 775 350	5 176 785
> 365 days	7 002 054	5 141 603

**25 295 886 19 967 821**

**Waste water**

Current (0 -30 days)	4 526 638	2 617 066
31 - 60 days	1 617 608	1 655 485
61 - 90 days	1 966 059	1 680 781
91 - 120 days	1 599 374	1 515 422
121 - 365 days	9 426 648	6 756 447
> 365 days	15 036 938	9 036 595

**34 173 265 23 261 796**

**Refuse**

Current (0 -30 days)	2 303 628	1 371 058
31 - 60 days	858 626	803 846
61 - 90 days	823 568	673 199
91 - 120 days	751 595	570 157
121 - 365 days	5 030 450	3 715 813
> 365 days	8 611 516	5 285 262

**18 379 383 12 419 335**

**Sundry debtors**

Current (0 -30 days)	2 136 932	11 092 485
31 - 60 days	250 516	448 861
61 - 90 days	102 257	50 568
91 - 120 days	61 208	879
121 - 365 days	1 891 701	6 452
> 365 days	8 861 848	(979 742)

**13 304 462 10 619 503**

**Service provider debt**

Current (0 -30 days)	3 553 206	-
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**Merchandising**

Current (0 -30 days)	385 306	264 790
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Figures in Rand	2025	2024
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#### 14. Receivables from exchange transactions (continued)

##### Reconciliation of allowance for impairment of consumer debtors

Opening balance	53 702 701	55 656 936
Allowance for impairment	(2 836 260)	(1 954 235)
	<b>50 866 441</b>	<b>53 702 701</b>

#### 15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		2 150	1 874
Bank balances	7 333 620		36 944 468
Short-term deposits		4	4
	<b>7 335 774</b>		<b>36 946 346</b>

##### Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for DBSA	50 723	50 723
Terms and conditions		

##### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Cheque Account - 4103242034	88 668	159 900	733 878	137 713	164 112	771 941
ABSA Primary Account - 4103241868	6 851 971	16 494 977	7 849 815	6 848 235	16 527 805	7 956 447
ABSA Deposit - 2080540793	-	-	468 771	-	-	468 771
ABSA Fixed Deposit - 2080540963	-	-	799 341	-	-	799 341
ABSA Deposit Plus - 9371420627	128 686	20 252 551	28 210 102	347 673	20 252 551	28 210 102
ABSA - 4060204391	-	-	-	-	4	4
<b>Total</b>	<b>7 069 325</b>	<b>36 907 428</b>	<b>38 061 907</b>	<b>7 333 621</b>	<b>36 944 472</b>	<b>38 206 606</b>

#### 16. Finance lease obligation

##### Minimum lease payments due

- within one year	1 146 352	1 146 352
- in second to fifth year inclusive	286 148	1 432 940
	1 432 500	2 579 292
less: future finance charges	(239 647)	(692 376)
<b>Present value of minimum lease payments</b>	<b>1 192 853</b>	<b>1 886 916</b>

It is municipality policy to lease certain office equipment under finance leases.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Figures in Rand	2025	2024
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**17. Unspent conditional grants and receipts**

**Unspent conditional grants and receipts comprises of:**

**Unspent conditional grants and receipts**

Municipal Infrastructure Grant (MIG)	108	-
Financial Management Grant	(58)	(44)
Expanded Public Works Programme (EPWP)	86	-
Integrated National Electrification Programme	2 249	1 977
Neighbourhood Development Partnership	3 721	86
Water Services Infrastructure Grant (WSIG)	(71)	1 515 873
	<b>5 948</b>	<b>1 517 893</b>

**Movement during the year**

Balance at the beginning of the year	1 517 770	14 857 078
Additions during the year	171 824 000	390 323 000
Income recognition during the year	(173 335 822)	(403 662 308)
	<b>5 948</b>	<b>1 517 770</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

**18. Other financial liabilities At**

**amortised cost**

DBSA Bank loan	1 768 279	3 875 153
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The Borrower shall cede to the DBSA, security in the form of a cession over its income stream, covering the installments outstanding, plus interest and collection charges]outstanding, at any time during the term of the loan. The borrower hereby agrees to create and deposit at a recognised commercial bank, an amount equal to two installments over a period of one year of the respective loan period. This amount is to be ceded to the DBSA as security for the loan.

**Non-current liabilities**

At amortised cost	296 073	1 768 415
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**Current liabilities**

At amortised cost	1 472 206	2 106 738
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**18. Other financial liabilities (continued)**

As at 30 June 2025, the Municipality had the following concessionary loans from DBSA:

<b>Contract number date</b>	<b>Loan Number</b>	<b>Start date</b>	<b>Planned end</b>	<b>Loan term(years)</b>	<b>Loan amount</b>	<b>Nominal Value 30 June 2025</b>	<b>Interest p.a</b>
61000038	100234/1	2003/08/07	2023/12/31	20	4 341 243.00	-	11.50%
61000357	101738/2	2005/03/24	2025/06/30	20	7 183 596.00	-	9.34%
61000505	102274/2	2006/06/30	2026/02/28	20	12 109 500.00	1 190 422.	8.46%
61000632	102568/2	2007/11/19	2027/12/31	20	3 512 071.00	577 993.	5.00%
						<b>1 768 415</b>	<b>.</b>

Contract number: 102568/2  
- Grace period: 1 year

Contract number: 101738/2  
- Grace period: 0 years

Contract number:102274/2  
- Grace period: 0 years

Contract number:100234/1  
- Grace period: 0 years

**Maturity analysis**

<b>At June 30,2025</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
DBSA Bank Loan	1 472 206	296 073	-	-
<b>At June 30,2024</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
DBSA Bank Loan	2 106 738	1 472 206	296 073	-

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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## 19. Provisions

### Reconciliation of provisions - 2025

	Opening Balance	28	Increase during the year	4 441 123	Change in discount factor	2 986 982	Total	35 891 817
Environmental rehabilitation	463 712							

### Reconciliation of provisions - 2024

	Opening Balance	25	Increase during the year	183 634	Change in discount factor	2 784 523	Total	28 463 712
Environmental rehabilitation	495 555							

### Environmental rehabilitation provision

The municipality has a present obligation to rehabilitate and close the Kuruman landfill site in line with the requirements of the national environmental management act (NEMA) and associated waste management regulations. This obligation arises from the need to undertake final closure activities and ensure post-closure environmental monitoring.

The valuation of the provision was performed by Environmental and Sustainability Solutions cc (ESS). ESS has conducted 1000 valuations of closure cost provisions for 224 landfill sites and quarries for 76 municipalities across South Africa and Namibia. It has also conducted 68 audits of landfills. Some of the municipalities include Steve Tswete (2015-2016 and 2017- 2021), Thabazimbi (2011-2024), Bela Bela (2011-2019 and 2024-2025) and Polokwane (2016-2025).

The estimated remaining useful life of the landfill is 3 years, after which closure costs will be incurred. In addition, post-closure monitoring and maintenance activities are expected to continue for a period of 30 years. There are significant uncertainties regarding the timing and amount of the required outflows.

These uncertainties relate to:

- The impact of inflation and changes in interest rates on future costs;
- Potential changes in the regulatory framework; and
- The extent and cost of closure activities (including capping, top-soiling, vegetation, and leachate control), as well as post-closure activities (including groundwater and gas monitoring).

The landfill has not yet fully implemented environmental monitoring systems, which increases the uncertainty of future cost estimates.

The provision has been calculated using the following key assumptions:

- Consumer Price Index (CPI) has been applied to estimate future cost escalations;
- A discount rate of 8.3878% has been applied to determine the present value of the obligation.

No reimbursement or external funding is expected in relation to this obligation. Accordingly, no related asset has been recognised. All costs associated with closure and post-closure rehabilitation are expected to be borne by the municipality.

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## 20. Revenue

Sale of stands	5 754 328	5 288 063
Service charges	267 738 871	233 479 436
Rental of facilities and equipment	1 716 491	1 344 794
Interest received	6 973 754	7 295 148
Licences and permits	3 637 399	3 964 437
Other income	6 618 743	6 205 840
Interest received - investment	8 787 890	9 902 423
Property rates	62 497 798	58 324 939
Government grants & subsidies	426 975 944	403 662 308
Public contributions and donations	17 724 055	26 613 585
Fines, Penalties and Forfeits	8 457 068	8 247 791
Interest received - non exchange	5 175 195	4 155 689
	<b>822 057 536</b>	<b>768 484 453</b>

### The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of stands	5 754 328	5 288 063
Service charges	267 738 871	233 479 436
Rental of facilities and equipment	1 716 491	1 344 794
Interest received (trading)	6 973 754	7 295 148
Licences and permits	3 637 399	3 964 437
Other income	6 618 743	6 205 840
Interest received - investment	8 787 890	9 902 423
	<b>301 227 476</b>	<b>267 480 141</b>

### The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	62 497 798	58 324 939
<b>Transfer revenue</b>		
Government grants & subsidies	426 975 944	403 662 308
Public contributions and donations	17 724 055	26 613 585
Fines, Penalties and Forfeits	8 457 068	8 247 791
Interest received - non exchange	5 175 195	4 155 689
	<b>520 830 060</b>	<b>501 004 312</b>

## 21. Sale of stands

Revenue recognised on fully paid and transferred stands ( <b>Revenue</b> )	5 754 328	5 288 063
Instalment sales not yet recognised as revenue ( <b>Liability</b> )	3 342 563	-

**Total Sales of stands activity** **9 096 891** **5 288 063**

(Note: Only the first line is recognised as revenue; the second is a liability)

## 22. Sale of goods/inventory

### Sale of goods

Land held for sale	1 405 000	919 000
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### 23. Debt relief

During the financial year, Vaal Central water granted the municipality a debt relief of R11 640 233 in respect of outstanding debt.

The debt relief represents a waiver of obligations by the bulk water service provider and was recognised as revenue from non-exchange transactions in accordance with GRAP 23: Revenue from non-exchange transactions.

The transaction does not give rise to any future repayment obligations and represents a once-off adjustment agreed with Vaal central water to support the municipality's financial recovery. The debt relief has improved the municipality's net financial position for the year under review.

### 24. Service charges

Sale of electricity	172 485 277	148 600 327
Sale of water	45 944 552	42 821 983
Solid waste	18 142 011	15 829 037
Sewerage and sanitation charges	31 167 031	26 228 089
	<u>267 738 871</u>	<u>233 479 436</u>

### Principal-Agent agreement

#### Collection Agents :

Prepaid electricity and water

The municipality engages external service providers to act as agents in the facilitation of third-party sales of prepaid electricity and water.

- MBL/Phepheng JV served as the appointed agent for the period 1 July 2024 to 15 May 2025.
- Ontec was appointed as the new agent with effect from 16 May 2025, replacing MBL/Phepheng JV.

In line with GRAP 109 – Accounting by Principals and Agents, the municipality is identified as the principal, as it:

- Retains the right to all significant benefits from prepaid electricity and water sales;
- Bears the responsibility for service delivery to consumers; and
- Determines the pricing of prepaid sales.

The appointed service providers act solely as agents, facilitating collections on behalf of the municipality.

All collections from consumers are deposited directly into the municipality's bank account in accordance with section 64(2)(e) of the Municipal Finance Management Act (MFMA).

The service provider then invoices the municipality for commission due (exclusive of VAT) as per the terms of the service-level agreement. The commission represents the fee for agency services rendered and is recognised as an operating expenditure in the Statement of Financial Performance.

2025: R4 351 740  
2024: R3 900 251  
2023: R2 840 715

### 25. Rental of facilities and equipment

#### Facilities and equipment

Rental of facilities	<u>1 716 491</u>	<u>1 344 794</u>
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Figures in Rand	2025	2024
<b>26. Fines, Penalties and Forfeits</b>		
Building Fines	692 649	44 696
Illegal Connections Fines	542 855	94 494
Overdue Books Fines	300	70
Pound Fees Fines	44 066	47 473
Municipal Traffic Fines	7 066 129	8 014 250
Disconnection Fees Penalties	111 069	46 808
	<b>8 457 068</b>	<b>8 247 791</b>
<b>27. Licences and permits</b>		
Trading	33 930	21 252
Road and Transport	3 603 469	3 943 185
	<b>3 637 399</b>	<b>3 964 437</b>
<b>28. Lease rentals on operating lease</b>		
<b>Lease rentals - Furniture and Office equipment</b>		
Contractual amounts	948 000	581 815
<b>Lease rentals on operating lease - Fleet</b>		
Contractual amounts	16 227 078	16 621 571
	<b>17 175 078</b>	<b>17 203 386</b>
<b>29. Interest on receivables</b>		
Interest on exchange receivables	6 973 754	7 295 148
Interest on non-exchange receivables	5 175 195	4 155 689
	<b>12 148 949</b>	<b>11 450 837</b>
<b>30. Other revenue</b>		
Other income	6 618 743	6 205 840

Figures in Rand	2025	2024
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### 31. Other income

Encroachment fees	684	684
Collection charges	1 000	1 548
Bad debts recovered	1 199 818	403 923
Breakages and losses recovered	83	195
Incidental cash surplus	-	(490)
Insurance refund	-	50 696
Faxes and telephone	19 750	8 713
Sales of goods (tender documents)	12 174	3 757
Valuation services	3 890	575
Decrease in Landfill rehabilitation	-	(183 634)
Building plan approval	793 826	1 245 111
Skills development levy refund	994 616	1 150 839
Movement in employee benefit obligation	2 204 931	2 127 670
Staff recoveries	430 786	410 657
Developmental charges	87 183	212 458
Inspection fees	43 592	35 041
Advertisements	268 668	158 816
Cemetery and burial	50 341	51 331
Entrance fees	110 539	117 518
Application for land usage	258 584	348 072
Clearance certificates	85 890	62 360
Escort fees	52 388	-
	<b>6 618 743</b>	<b>6 205 840</b>

### 32. Investment revenue

#### Interest revenue

Bank	8 787 890	9 902 423
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### 33. Property rates

#### Rates received

Property rates	62 497 798 58 324 939
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#### Valuations

Residential	3 185 380 400 3 245 446 200
Industrial	272 699 320 255 469 320
Government buildings	192 818 000 174 893 000
Municipal properties	538 903 900 545 402 900
Government farms	2 008 110 000 2 017 090 000
Business	1 395 196 000 1 264 935 000
Farms	7 260 000 7 484 000
Vacant land	5 453 000 5 371 000
Churches	79 364 000 80 039 000
	<b>7 685 184 620 7 596 130 420</b>

Valuations on land and buildings are performed every 3 years. The last general valuation came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2027.

Figures in Rand	2025	2024
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### 34. Government grants & subsidies

#### Operating grants

Equitable share	244 849 000	230 911 000
Expanded Public Works Programme (EPWP)	1 270 914	1 111 008
Financial Management Grant (FMG)	3 000 014	3 100 035
Library Grant	1 300 087	1 252 000
	<b>250 420 015</b>	<b>236 374 043</b>

#### Capital grants

Integrated National Electrification Programme (INEP)	53 182 728	43 025 000
Municipal Infrastructure Grant (MIG)	69 136 892	73 532 165
Neighbourhood Development Partnership Grant	24 000 365	9 999 914
EEDMG Electricity Consumption Reduction	4 000 000	-
Water Services Infrastructure Grant (WSIG)	26 235 944	40 731 186
	<b>176 555 929</b>	<b>167 288 265</b>
	<b>426 975 944</b>	<b>403 662 308</b>

#### Equitable Share

In terms of Section 227 of the Constitution, the grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	14 858 167
Current-year receipts	69 137 000	59 159 000
Conditions met - transferred to revenue	(69 136 892)	(73 532 167)
Other	-	(485 000)
	<b>108</b>	<b>-</b>

The grant is mainly used to fund infrastructure related projects (mainly part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

#### EEDMG Electricity Consumption Reduction

Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(4 000 000)	-
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation. No allocation was given to the municipality in the current year.

#### Library Grant

Current-year receipts	1 300 000	1 252 000
Conditions met - transferred to revenue	(1 300 087)	(1 252 000)
	<b>(87)</b>	<b>-</b>

The purpose of this grant is to fund capital projects and maintenance of library facilities to community.

Figures in Rand	2025	2024
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### 34. Government grants & subsidies (continued)

#### Financial Management Grant

Balance unspent at beginning of year		(43)	(8)
Current-year receipts	3 000 000		3 100 000
Conditions met - transferred to revenue		(3 000 014)	(3 100 035)
		<u>(57)</u>	<u>(43)</u>

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

#### Expanded Public Works Program (EPWP)

Current-year receipts	1 271 000		1 111 000
Conditions met - transferred to revenue		(1 270 914)	(1 111 000)
		<u>86</u>	<u>-</u>

The purpose of the grant is to incentives municipalities to expand work creation efforts through the use of labour extensive delivery methods in the identified focus areas in compliance with EPWP regulations

#### Integrated National Electrification Programme

Balance unspent at beginning of year		1 977	1 977
Current-year receipts	53 183 000		43 025 000
Conditions met - transferred to revenue		(53 182 728)	(43 025 000)
		<u>2 249</u>	<u>1 977</u>

The purpose of this grant is to provide capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructures.

#### Neighbourhood Development Partnership

Balance unspent at beginning of year		86	86
Current-year receipts	24 004 000		9 999 914
Conditions met - transferred to revenue		(24 000 365)	(9 999 914)
		<u>3 721</u>	<u>86</u>

The purpose of the grant is to plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation that will improve the quality of life and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, townships and rural areas.

#### Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	1 515 873		(2 941)
Current-year receipts	24 800 000		42 250 000
Conditions met - transferred to revenue		(26 235 944)	(40 731 186)
Other		(80 000)	-
		<u>(71)</u>	<u>1 515 873</u>

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community

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Figures in Rand	2025	2024
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**35. Public contributions and donations**

Public contributions and donations 1	17 724 055	26 613 585
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Conditions still to be met - remain liabilities (see note 17)

Provide explanations of conditions still to be met and other relevant information

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2025                      2024

**36. Employee related costs**

Basic	179 818 199	158 348 410
Bonus	13 870 294	12 925 628
Medical aid - company contributions	13 620 754	11 022 210
UIF	1 111 738	1 027 411
Industrial Council Contributions	66 144	57 845
Leave pay provision charge	(958 595)	2 373 364
Defined contribution plans	30 565 975	27 187 499
Travel, motor car, accommodation, subsistence and other allowances	6 214 559	5 990 839
Overtime payments	6 673 243	7 218 339
Long-service awards	532 454	595 422
Acting allowances	1 121 398	789 667
Housing benefits and allowances	6 175 119	5 396 988
Cellphone allowance	691 503	665 505
Standby Allowance	1 488 449	1 404 851
Skills Development Levy	2 323 229	2 073 857
Night Shift allowance	1 131 640	838 148
Employee benefit obligation - current service cost	4 517 512	3 096 601
Group Life Insurance	4 840 990	4 238 542
	<b>273 804 605</b>	<b>245 251 126</b>

**Remuneration of municipal manager : MM Tsatsimpe**

Annual Remuneration	1 695 982	1 646 476
Car Allowance	181 146	181 146
Contributions to UIF, Medical and Pension Funds	18 091	16 971
Cellphone Allowance	44 569	43 155
Contribution to Bagaining Council	143	137
	<b>1 939 931</b>	<b>1 887 885</b>

**Remuneration of Acting Municipal Manager**

**RC Pule**

Acting period 18 September 2024 - 23 September 2024	<b>54 177</b>	<b>71 063</b>
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**FK Baloyi**

Acting period 11 June 2025 - 13 June 2025	<b>80 087</b>	<b>114 253</b>
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**BM Kgosieng**

Acting period 07 October 2024 - 11 October 2024	<b>66 739</b>	-
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**Remuneration of chief finance officer: L Mashiane**

Annual Remuneration	1 290 512	989 436
Car Allowance	240 000	200 000
Cellphone allowance	31 757	25 000
Contributions to UIF, Medical and Pension Funds	13 666	13 515
Contribution to Bagaining Council	143	114
	<b>1 576 078</b>	<b>1 228 065</b>

Figures in Rand	2025	2024
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**36. Employee related costs (continued)**

**Remuneration of chief financial officer: BKS Noke**

Annual remuneration	128 346	
Travel allowance	16 253	
Performance bonus	- 177	
Contribution to UIF		
Cellphone allowance	2 500	
Other contributions	1 500	
Covid - 19 allowance		
	<u>148 726</u>	

**Remuneration of Acting chief financial officer: T Jarvis**

Acting allowance	<u>41 051</u>	<u>75 112</u>
Acting period 02 December 2024 - 13 December 2024		

**Remuneration of Acting chief financial officer: N Keswa**

Acting allowance	<u>41 055</u>	
Acting period 12 February 2024 - 23 February 2024		

**Remuneration of Director of Community Services: FK Baloyi**

Annual Remuneration	1 140 062	997 996
Car Allowance	97 413	292 240
Contributions to UIF, Medical and Pension Funds	2 125	2 125
Cellphone Allowance	30 226	31 618
Other contributions	15 016	12 770
	<u>1 284 842</u>	<u>1 336 749</u>

**Remuneration or acting Director Community Services: MA Keetile**

Acting allowance	<u>108 431</u>	<u>39 364</u>
Acting period 01 May 2025 - 30 June 2025		

**Remuneration or acting Director Community Services: FK Baloyi**

Acting allowance	<u>160 164</u>	-
Acting period 03 February 2025 - 30 April 2025		
Acting period 01 November 2024 - 31 January 2025		

**Remuneration of Director Corporate Services: R Pule**

Annual Remuneration	736 823	1 397 214
Car Allowance	-	154 200
Acting Allowance	54 177	71 063
Cellphone Allowance	16 319	31 618
Contributions to UIF	1 063	2 125
Other contributions	8 145	14 145
	<u>816 527</u>	<u>1 670 365</u>

**Remuneration or acting Director Corporate Support Services: M Molale**

Acting allowance	<u>340 297</u>	-
Acting period 03 February 2025 - 30 June 2025		

**Remuneration of Director of Infrastructure and Technical Services: BM Kgosieng**

Annual Remuneration	1 254 808	1 146 278
Car Allowance	144 000	144 000

Figures in Rand	2025	2024
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**36. Employee related costs (continued)**

Cellphone allowance	32 824	30 000
Contribution to UIF	2 125	2 125
Other contributions	13 053	11 364
	<b>1 446 810</b>	<b>1 333 767</b>

**37. Remuneration of councillors**

Mayor	1 093 808	1 040 254
Chief Whip	832 869	1 097 876
Speaker	884 455	842 114
Councillors	12 126 830	11 829 557
	<b>14 937 961</b>	<b>14 809 800</b>

**In-kind benefits**

The Mayor and Speaker are both full-time councillors of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker each have the use of separate Council owned vehicles for official duties.

**38. Depreciation and amortisation**

Property, plant and equipment	98 008 034	88 286 356
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**39. Finance costs**

Interest on Finance leases	452 729	453 979
Interest on Non-current borrowings	260 117	441 727
Interest on overdue accounts	57 443	318 259
Interest on provision for rehabilitation of land	2 965 425	2 784 523
Interest on Employee benefit obligation	5 698 427	4 814 915
	<b>9 434 141</b>	<b>8 813 403</b>

**40. Auditors' remuneration**

Fees	6 273 369	5 473 594
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**41. Debt impairment and write off**

Debt impairment	3 715 828	1 230 924
Bad Debts written off	7 333 454	32 672 630
	<b>11 049 282</b>	<b>33 903 554</b>

2025                      2024

**42. General expenses**

Advertising	218 185	114 327
Auditors remuneration	6 273 369	5 473 594
Bank charges	987 916	729 802
Cleaning	132 807	122 816
Computer expenses	4 629 475	503 144
Consumables	21 062 144	23 866 419
Public claims/compensation	287 691	-
Entertainment	1 572 887	1 654 914
Poverty relief	55 050	30 770
Hire	356 676	284 358
Insurance	12 820 343	15 889 621
Community development and training	10 616	9 746
Motor vehicle expenses	213 044	421 311
Fuel and oil	-	162 477
Postage and courier	5 473	7 378
Printing and stationery	1 079 055	602 183
Protective clothing	353 521	787 366
Repairs and maintenance	13 022 348	4 047 239
Subscriptions and membership fees	2 781 531	2 400 021
Telephone and fax	218 697	2 379 780
Travel - local	3 599 191	3 373 270
Title deed search fees	15 221	170 961
Electricity	2 774 107	2 352 614
Learnships and Internships	761 565	637 909
Remuneration to Ward Committees	1 674 000	1 619 000
Staff Incentives	120	2 120
EPWP	4 280 400	3 050 339
Workmen's compensation fund	21 737	1 900 000
Indigent relief	2 351 193	1 360 814
Provision for landfill site	-	183 634
Staff recruitment	6 265	-
	<b>81 564 627</b>	<b>74 137 927</b>

**43. Bulk purchases**

Electricity - Eskom	174 089 692	152 962 060
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**44. Contracted services**

**Outsourced Services**

Administrative and Support Staff	779 221	354 861
Business and Advisory	1 571 350	2 006 893
Medical Services [Medical Health Services & Support]	87 593	128 460
Mini Dumping Sites	2 749 493	3 258 724
Security Services	13 101 804	11 389 140
Transport Services	141 967	241 135
Drivers Licence Cards	465 500	503 309
Water Takers	36 309 838	37 068 309

**Consultants and Professional Services**

Business and Advisory	39 503 605	41 430 251
Legal Cost	5 234 216	6 673 877

**Contractors**

Building	-	12 534 388
Maintenance - other	273 000	220 500

Figures in Rand	2025	2024
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**44. Contracted services (continued)**

	<b>100 217 587</b>	<b>115 809 847</b>
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**45. Cash generated from operations**

Surplus	95 844 459	12 553 191
<b>Adjustments for:</b>		
Depreciation and amortisation	98 008 034	88 286 356
Loss on disposal of non current assets	1 067 100	1 727 970
Debt relief	(11 640 234)	-
Fair value adjustments	(47 557 545)	(527 000)
Finance costs - Finance leases	452 729	424 195
Interest income	(8 787 890)	-
Interest income accrued - investments	385 306	-
Library grants adjustments	-	(60 000)
Sale of goods	1 405 000	919 000
Increase/decrease in employee costs	(10 763 830)	(13 973 421)
Add back unused electricity	3 135 338	-
Debt impairment	3 715 828	(424 058)
Bad debts written off	7 333 454	32 749 009
Movements in provisions	-	-
Interest received from investments	-	(9 902 423)
Inventory losses or write-downs	707 117	-
Non-cash donations and other in-kind benefits	(5 528 958)	(26 436 226)
non-cash portion of sale of stands	(779 830)	(272 174)
Non-cash other income	(2 205 014)	(2 060 231)
Other non-cash interest expense	8 663 852	7 599 438
Provision for landfillsite-General Expenses	-	183 634
non-cash Actuarial losses	1 950 632	2 140 637
<b>Changes in working capital:</b>		
Inventories	2 166 907	847 399
Movement in Interest on Receivables	(51 052 008)	(15 325 498)
Movement in Provisions	7 428 105	2 994 636
Movement in Employee benefit obligation - non current	9 961 640	11 875 793
Movement in Employee benefit obligation	-	(141 289)
Movement in Operating lease	(2 931 891)	2 677 872
Movement in Prepayments	(1 078 855)	(12 896 941)
Movement in Payables from exchange transactions	(7 807 243)	47 025 203
Movement in VAT	45 768 051	43 589 763
	<b>137 860 254</b>	<b>173 574 835</b>

**46. Operating surplus**

Operating surplus for the year is stated after accounting for the following:

**Operating lease charges**

Lease rentals - Furniture and office equipment		
• Contractual amounts	948 000	581 815
Lease rentals on operating lease - Fleet		
• Contractual amounts	16 227 078	16 621 571
	<b>17 175 078</b>	<b>17 203 386</b>

Loss on disposal of asset	1 067 100	1 727 970
Depreciation on property, plant and equipment	98 008 034	88 286 356
Employee costs	288 742 567	260 060 926

Figures in Rand	2025	2024
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**47. Fair value adjustments**

Investment property (Fair value model)	47 557 545	527 000
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**48. Financial instruments disclosure**

**Categories of financial instruments**

**2025**

**Financial assets**

	At amortised cost	Total
Trade and other receivables from exchange transactions	68 590 644	68 590 644
Other receivables from non-exchange transactions	57 350 226	57 350 226
Cash and cash equivalents	7 721 081	7 721 081
	<b>133 661 951</b>	<b>133 661 951</b>

**Financial liabilities**

	At amortised cost	Total
Other financial liabilities	296 073	296 073
Trade and other payables from exchange transactions	110 628 397	110 628 397
Consumer Deposits	7 276 039	7 276 039
Finance Lease Obligation	1 192 853	1 192 853
	<b>119 393 362</b>	<b>119 393 362</b>

**2024**

**49. Commitments**

**Authorised capital expenditure**

**Already contracted for but not provided for**

• Property, plant and equipment	3 092 440	58 368 245
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**Total capital commitments**

Already contracted for but not provided for	3 092 440	58 368 245
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**Total commitments**

**Total commitments**

Authorised capital expenditure	3 092 440	58 368 245
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Figures in Rand	2025	2024
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**50. Contingencies**

**Contingencies**

The municipality had the litigation cases that resulted in the following contingent liabilities/assets as at year end:

CONTINGENT LIABILITIES	-	-
Motor vehicle accident due to a pothole Timing: Uncertain Likelihood: High	-	200 000
IMATO OBO Chere - Unfair labour practice Timing: Uncertain Likelihood: High	578 676 450 000	578 676 83 177
Seleka - Pothole claim Timing: Uncertain Likelihood: Low	24 472	24 473
Moshoenyane - Third part claim as a result of the accident Timing: Uncertain Likelihood: Low	264 800	264 800
MAAPE & Others - Deduction of monies from salaries for attending unauthorised course Timing: Uncertain Likelihood: Low	99 992	99 992
Solatt Building contractors - Enroachment on ERF Timing: Uncertain Likelihood: Low	60 000	60 000
Spoilation Remedy as a result of electricity disconnection Timing: Uncertain Likelihood: High	91 140	-
CONTINGENT ASSETS		
Failure to pay municipality funds generated from water and electricity sales via vending system Timing: Uncertain Likelihood: High	1 406 754	-
Debt for rates, taxes and services Timing: Uncertain Likelihood: High	413 017	413 017
Claim of monies paid without service to municipality Timing: Uncertain Likelihood: Medium	972 637	972 637
Debt collection Timing: Uncertain Likelihood: High	2 369 983	2 369 983
Unlawful occupation Timing: Uncertain Likelihood: Medium	1 620 000	-

**51. Related parties**

**Relationships**

Members of key management with significant influence  
 Key management and council interest in other companies  
 Director Community Services: FK Baloyi  
 Director Infrastructure: B Kgosieng  
 Councillor: K B Madikiza  
 Tlotlanang Catering Director  
 Bomme-Sejo Services and Cooperative Limited Director  
 Obitseng Trading- Director  
 Councillor: M.G Reetsang  
 Councillor: A Van Der Westhuisen  
 Councillor: C.O Mojaki  
 Director- MR Connexions  
 Director-Leniforce  
 Councillor: C Philips  
 Councillor: T Merementsi  
 Councillor: S.I Kok  
 Councillor: L Moagi  
 Councillor: N.G Masegela  
 Tiou Mining Resources  
 Councillor: J.W Marumo  
 primary co-operative Ltd  
 Councillor: J Letebele  
 Councillor: S.K Lesley  
 Councillor: K.D Gaonathebe  
 Councillor: M.F Disang  
 Phuduhutswana  
 Councillor: M.B Mosiapo  
 Bruce electrical engineering and consulting  
 Councillor: G.E Mothobi  
 Cluster  
 Councillor ON Hantise  
 Ditswammung Mineral Resources Consortium

Refer to note 36

La Coup Trading Enterprises  
 REBA Electrical  
 Batharos Sound Hire- Director

Oneway Maruping Recycling Project Primary Co  
 Director- Acsb Reaction and PI Services  
 Director- Renyaditswe Mining and Multi Projects

Wrenchville United Youth Club  
 Merementsi General Trading and Projects  
 Peo E Weste Primary Co-operative Limited  
 Celeste Arts Production  
 Kuru Cross Resources

Postmansburg motor vehicle services and trading

Nomerias Holdings  
 Tsoga O Itirele General Trading  
 Boo Marumo Primary Co-Operative Ltd  
 Kopano Ya Bathlaping Ba Ga Mamai OO

Kungoyarona

John Taolo Gaetswe Community Development

Hantise Chicken

**Related party transactions**

For account balances of related parties refer to note 59.

**Remuneration of management**

**Key management**

Figures in Rand

**51. Related parties (continued) 2025**

Basic salary	Travel	Cellphone allowance	Contribution to SDL	Contribution to UIF	Contribution to bargain council	Acting allowance	Total
<b>Name</b>							
M Tsatsimpe	1 695 982	181 146	44 569	15 966	2 125	143	1 939 931
L Mashiane	1 290 512	240 000	31 757	11 541	2 125	143	1 576 078
R Pule	736 823	-	16 319	8 073	1 063	72	816 527
FK Baloyi	1 140 062	97 413	30 226	14 885	2 125	131	1 525 093
BM Kgosieng	1 321 548	144 000	32 824	12 909	2 125	143	1 513 549
MG Molale	-	-	-	-	-	-	340 297
MA Keetile	-	-	-	-	-	-	108 431
TB Jarvis	-	-	-	-	-	-	41 051
	<b>6 184 927</b>	<b>662 559</b>	<b>155 695</b>	<b>63 374</b>	<b>9 563</b>	<b>632</b>	<b>7 860 957</b>

**2024**

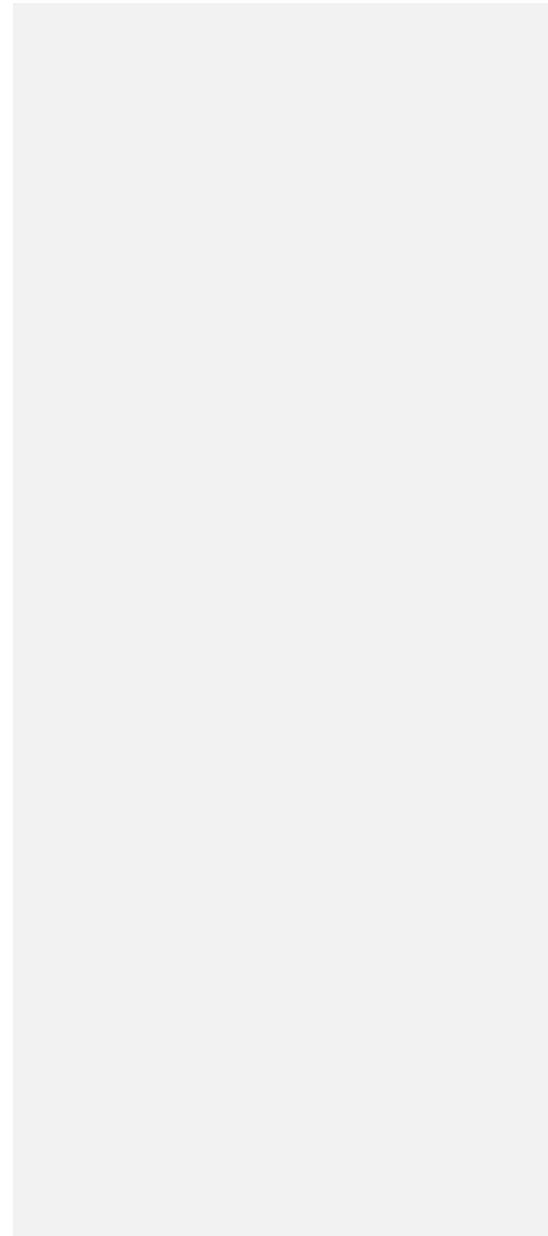
Basic salary	Travel	Cellphone allowance	Contribution to SDL	Contribution to UIF	Contribution to bargain council	Acting allowance	Total
<b>Name</b>							
M Tsatsimpe	1 646 476	181 146	43 155	14 845	2 125	137	1 887 884
L. Mashiane	989 436	200 000	25 000	11 744	1 771	114	1 228 065
K.Noke	128 346	16 253	2 500	1 438	177	11	148 725
T Jarvis	-	-	-	-	-	-	75 112
N Keswa	-	-	-	-	-	-	41 055
R Pule	1 397 214	154 200	31 618	14 008	2 125	137	1 670 365
FK Baloyi	997 996	292 240	31 618	12 634	2 125	137	1 451 003
MA Keetile	-	-	-	-	-	-	39 365
BM Kgosieng	1 146 278	144 000	30 000	11 227	2 125	137	1 333 767
	<b>6 305 746</b>	<b>987 839</b>	<b>163 891</b>	<b>65 896</b>	<b>10 448</b>	<b>673</b>	<b>7 875 341</b>

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**Councillors**

**2025**

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Figures in Rand

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**51. Related parties (continued)**

Name	Basic salary	Travel	Data	Cellphone allowance	Total
CLLR BRAAM VAN DER WESTHUIZEN	785 865	-	3 804	43 200	832 869
CLLR LESANGKGANG MOAGI	785 865	-	3 804	43 200	832 869
CLLR MOSAMIEMANG REETSANG	673 469	96 302	3 804	43 200	816 775
CLLR KEALOGA MATLHOLE	689 563	96 302	3 804	43 200	832 869
CLLR THABISO MEREMENTSI	668 603	93 477	3 804	43 200	809 084
CLLR PIET MOEPENG	258 440	72 839	3 804	43 200	378 283
CLLR LORATO MOLUSI	331 537	-	3 804	43 200	378 541
CLLR OLDRIDGE MATHIBE	258 440	204 070	3 804	43 200	378 283
CLLR MARIA TAENG	331 279	-	3 804	43 200	378 283
CLLR MTHUTHUZELI VALELA	258 440	72 839	3 804	43 200	378 283
CLLR KAGISO MOLOKWE	258 440	72 839	3 804	43 200	378 283
CLLR INGRID KOK	331 279	-	3 804	43 200	378 283
CLLR GOMOLEMO CHERE	331 279	-	3 804	43 200	378 283
CLLR SARAH RAYN	331 279	-	3 804	43 200	378 283
CLLR KEBOLELANG SETLHODI	331 279	-	3 804	43 200	378 283
CLLR MOSADIWAMAROPE LEBEREGANE	331 279	-	3 804	43 200	378 283
CLLR NAMETSENG MEREOTLHE	258 440	72 839	3 804	43 200	378 283
CLLR TEBOGO NYATI	331 279	-	3 804	43 200	378 283
CLLR TSHOGANYETSO DIPHATSE	258 440	72 839	3 804	43 200	378 283
CLLR REUBEN MAKHUBO	258 440	72 839	3 804	43 200	378 283
CLLR BRUCE MOSIAPOA	329 804	-	3 804	43 200	376 808
CLLR WILFRED MARUMO	343 691	-	3 804	43 200	390 695
CLLR SELINA LESLEY	333 082	-	3 804	43 200	380 086
CLLR EPHRAIM MOTHOB I	317 166	-	3 804	43 200	364 170
CLLR DAPHNEY GAONATHEBE	291 277	-	3 804	43 200	334 364
CLLR MS MOKAOSE	60 776	-	634	7 200	68 610
CLLR J LETEBELE	325 257	-	3 804	43 200	372 261
Mr NG MASEGELA(Mayor)	746 804	300 000	3 804	43 200	1 093 809
Ms KB MADIKIZA(speaker)	717 451	120 000	3 804	43 200	884 455
Mr CV PHILLIPS(chief whip)	717 757	68 108	155 695	63 374	832 869
KH CHWEU	6 049	-	-	-	6 049
ET ELIS	6 049	-	-	-	6 049
MP MAMAPULA	9 073	-	-	-	9 073

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Figures in Rand

**51. Related parties (continued)**

CO MOJAKI	1 512	-	-	-	1 512
MF DISANG	1 512	-	-	-	1 512
ON HANTISE	16 671	-	-	-	16 671
	<b>12 286 866</b>	<b>1 415 293</b>	<b>262 841</b>	<b>1 280 174</b>	<b>14 937 962</b>

**2024**

Name	Basic salary	Travel	Data	Cellphone Allowance	Total
Mr AWP VAN DER WESTHUIZEN	746 140	-	3 736	42 400	792 276
Mr OD MATHIBE	244 133	72 839	3 736	42 400	363 108
Mrs SM RAYN	316 972	-	3 736	42 400	363 108
Mr TL DIPHATSE	244 133	72 839	3 736	42 400	363 108
Mr MG REETSANG	649 838	96 302	3 736	42 400	792 276
Mrs KG MOLOKWE	244 133	72 839	3 736	42 400	363 108
Mrs MK TAENG	316 972	-	3 736	42 400	363 108
Ms LS Molusi	316 924	-	3 736	42 400	363 060
Mr ST NYATI	316 972	-	3 736	42 400	363 108
Mr L Moagi	746 140	-	3 736	42 400	792 276
Mrs GM Chere	316 971	-	3 736	42 400	363 108
Mrs KS Sethodi	316 972	-	3 736	42 400	363 108
Mr ME Valela	244 133	72 839	3 736	42 400	363 108
Mrs KJ Matthole	649 838	244 133	3 736	42 400	792 276
Mrs N Mereothle	244 133	72 839	3 736	42 400	363 108
Mrs Ms Mokaose	316 972	-	3 736	42 400	363 108
Mrs ME Leberegane	316 972	-	3 736	42 400	363 108
Mrs SI Kok	316 972	-	3 736	42 400	363 108
Mr KR Makhubo	244 133	72 839	3 736	42 400	363 108
Mr T Merementsi	927 511	93 477	3 736	42 400	1 068 164
Mr KP Moepeng	244 132	72 839	3 736	42 400	363 107
Mr ON Hantise	278 543	-	3 436	39 000	320 979
Mr MB Mosiapoa	275 829	-	3 436	39 000	318 265
Mr JW Marumo	201 619	-	2 536	28 800	232 955
Mr J Letebele	201 619	-	2 536	28 800	232 955
Ms SK Lesley	126 012	-	1 585	18 000	145 597

Figures in Rand

**51. Related parties (continued)**

Mr KH Chweu	115 353	-	1 200	13 600	130 153
Mr ET Elias	115 353	-	1 200	13 600	130 153
Mrs MP Mamapula	174 226	-	2 151	24 400	200 777
Mr CO Mojaki	33 025	6 070	300	3 400	42 795
Mrs MF Disang	24 280	-	300	3 400	27 980
Mr NG Masegela	726 075	268 043	3 736	42 400	1 040 254
Ms KB Madikiza	675 978	120 000	3 736	42 400	842 114
Mr CV Phillips	983 632	68 108	3 736	42 400	1 097 876
	<b>12 212 640</b>	<b>1 406 006</b>	<b>108 344</b>	<b>1 229 600</b>	<b>14 809 800</b>

**Key Management Accruals**

**2025**

<b>Name</b>	Leave accrual	Bonus Accrual	Total
M Tsatsimpe	201 358	-	201 358
L. Mashiane	116 310	-	116 310
BM Kgosieng	101 067	-	101 067
MG Molale	103 325	31 655	134 980
MA Keetile	52 168	55 346	107 514
T Jarvis	34 217	29 701	63 918
	<b>608 445</b>	<b>116 702</b>	<b>725 147</b>

**2024**

<b>Name</b>	Leave accrual	Bonus Accrual	Total
M Tsatsimpe	159 867	-	159 867
L. Mashiane	85 998	-	85 998
T Jarvis	38 711	28 002	66 713
N Keswa	86 738	34 002	120 740
R Pule	191 918	-	191 918
FK Baloyi	138 511	-	138 511
MA Keetile	61 374	50 957	112 331

Figures in Rand

**51. Related parties (continued)**

BM Kgosieng	94 157	-	94 157
	<b>857 274</b>	<b>112 961</b>	<b>970 235</b>

**52. Prior-year adjustments**

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

**Statement of financial position 2023**

Note reported	As previously reported	Correction of error	Restated
Inventories		46 937 514	(19 488 450) 27 449 064
Property plant and equipment	1 763 142 170		(9 743 509) 1 753 398 661
Net assets	(1 754 931 811)		8 394 086 (1 746 537 725)
Unspent conditional grants		(14 857 202)	2 248 525 (12 608 677)
VAT		(8 081 616)	4 300 987 (3 780 629)
Operating lease liability		-	(4 074 159) (4 074 159)
		<b>32 209 055</b>	<b>(18 362 520) 13 846 535</b>

**2024**

Note	As previously reported	Correction of error	Re-classification	Restated
Employee Benefits Obligation - current	2 115 143	(26 479)	-	2 088 664
Employee Benefits Obligation - non current	45 483 535	(1 891 771)	-	43 591 764
Receivable from exchange transactions	36 068 846	264 626	40 925 562	77 259 034
VAT payable	47 370 393	-	(47 370 393)	-
Receivables from non - exchange transaction	38 393 492	(1 654 982)	-	36 738 510
Payables from exchange transactions	122 172 925	-	93 503 695	215 676 620
VAT receivable	-	-	5 207 739	5 207 739
	<b>291 604 334</b>	<b>(3 308 606)</b>	<b>92 266 603</b>	<b>380 562 331</b>

Figures in Rand 2025 2024

**52. Prior-year adjustments (continued)**

**Statement of financial performance**

**2023**

	Note	As previously reported 90	Correction of error	Re-classification	Restated
Depreciation		876 471	277 394	-	91 153 865
Loss on assets disposal		2 574 551	4 785 655	-	7 360 206
Operating leases		-	4 074 159	13 790 773	17 864 932
Inventory losses/write down		-	19 488 450	13 779 136	33 267 586
General expenditure		122 406 150	-	(27 569 909)	94 569 704
<b>Surplus for the year</b>		<b>215 857 172</b>	<b>28 625 658</b>	<b>-</b>	<b>244 216 293</b>

**2024**

	Note	As previously reported	Correction of error	Restated
Other income		6 334 602	(128 762)	6 205 840
Actuarial losses		(4 187 649)	2 047 012	(2 140 637)
Interest received - Investments		9 637 797	264 626	9 902 587
Debt impairment		424 058	(1 654 982)	(1 230 924)
<b>Surplus for the year</b>		<b>12 208 808</b>	<b>527 894</b>	<b>12 736 866</b>

**Error - Employee benefit obligation**

**Employee benefit obligation**

During the year, the municipality identified a prior period error relating to the employee benefit obligation. The error arose from an incorrect number of employees being disclosed in the prior year's actuarial valuation. A total of 432 employees had previously been reported instead of the correct number of 429, resulting in an overstatement of three employees.

The correction of this error resulted in a decrease of R1 891 771 in non-current employee benefit liabilities, an increase of R128 762 in expected benefits vesting, a decrease of R2 047 012 in actuarial losses, and a decrease of R26 479 in current employee benefit liabilities. The municipality has corrected this error in the current financial year.

**Error - Contingent assets**

**Contingent assets**

The correction to the contingent assets note relates to a prior period error resulting from the omission of a contingent assets amounting to R3 755 637.40 in the previous financial year. The contingent assets has now been appropriately disclosed in the current year to correct this omission.

**Error - Traffic fines impairment**

During the year; it was noted that traffic fines less than three years were not impaired by the municipality. Only fines older than three years were impaired. The error has been corrected retrospectively. As a result Traffic fines impairment increased by R1 654 982 for the 2024 financial year

**Error - Interest accrued**

During the year, it was noted that accrued interest was incorrectly accounted for in the 2025 financial year. The interest was not accrued in the 2024 financial year. As result the interest of R264 626 was accrued for and revenue was derecognised in the 2025 financial year and recognised in the 2024 financial year.

Figures in Rand	2025	2024
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## 52. Prior-year adjustments (continued)

### Irregular expenditure

Opening balance	69 139 810	-
Adjustments made	613 500	-
<b>Restated opening balance</b>	<b>69 753 310</b>	<b>-</b>

Adjustment made to opening balance of irregular expenditure relates to a prior period error arising from the incorrect calculation of senior management overpayments.

## 53. Risk management

### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2025		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	year				
Finance lease obligation		1 192 853	-	-	-
DBSA Loan		1 472 206	296 073	-	-
Consumer deposits		7 276 039	-	-	-
Payables from exchange transactions		110 628 397	-	-	-
At 30 June 2024		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	year				
Finance lease obligation		1 886 916	-	-	-
DBSA Loan		2 106 738	1 768 416	-	-
Consumer deposits		6 842 949	-	-	-
Payables from exchange transactions		122 172 925	-	-	-

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	68 590 644	36 068 846
Receivables from non-exchange transactions	57 350 226	38 393 492
Cash and cash equivalents	7 721 081	36 946 346

Financial instruments are carried at amortized cost.

Figures in Rand	2025	2024
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### 53. Risk management (continued)

#### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

### 54. 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 (the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers) 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 following indicators have a negative outlook on the going concern of the municipality:

- Material electricity losses to the amount of R41 150 325 (2024: R26 952 950.65) was incurred which represents 23% (2024: 19.94%) of total bulk electricity purchased.
- Material water losses to the amount of R6 745 161 was incurred which represents 12.82% of total water produced.
- Bad debts written off amount to R7 333 454 (2024: R32 749 009)
- Impairment of receivables amounts to R3 715 828 (2024:R1 230 924)
- Impairment of Property plant & Equipment amount to R5 555 108 (2024: R3 521 436)

The following ratio analysis were performed and as a result the following was assessed:

- Profitability: The municipality improved its surplus margin ratio significantly from 1.56% in 2024 to 8.92% in 2025. ROA also improved, indicating better efficiency in generating surplus from assets.
- Efficiency: The cost to revenue ration decreased by 3.15% to 91.08% from 98.44%, suggesting slightly less cost control. While the revenue per employee remained relatively constant in 2025.
- Budgetary Performance: The Operating ratio reduced, Indicating an increase in operational costs relative to total revenue
- Liquidity: The current ratio and quick ratio have increased from 2024 to 2025, indicating a slight decline in short-term liquidity
- Solvency: The municipality's debt -to-equity ratio has increased overall , suggesting a higher reliance on debt for financing. However, the equity ratio remains high, Indicating strong equity financing.
- Leverage: The debt ratio and long -term debt to equity ratio have both increased slightly, indicating a small rise in overall leverage

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Figures in Rand

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#### 54. Going concern (continued)

Management performed an assessment of the municipality's ability to continue operating as a going concern for the next 12 months following the date of approval of these financial statements. The assessment identified several adverse conditions that may cast doubt on the municipality's ability to continue as a going concern. In response to the identified risks, management has also implemented and continues to strengthen several measures:

##### **Debtors impairment provision at year-end as a percentage of total accounts receivable.**

- The % of Debtors impairment provision at year-end as a percentage of total accounts receivable is sitting at 85% in the current year. This is considered adverse as it is above 10%.
- Conduct a detailed debtors' age analysis; implement robust credit control and debt collection strategies; review indigent register to ensure accurate classification; improve billing accuracy; engage communities on payment education; align impairment calculation with GRAP 104.

##### **Current liabilities (excluding unspent conditional grants) as a percentage of next year's budgeted resources**

- The % Current liabilities (excluding unspent conditional grants) as a percentage of next year's budgeted resources is 46.2%. This is considered adverse as it is above 10%
- Undertake a comprehensive financial ratio analysis and develop a funding strategy to reduce current liabilities; review supplier contracts and renegotiate payment terms; strengthen expenditure controls; prioritise settlement of high-impact liabilities; monitor budget implementation to avoid future overcommitments; ensure funding mix aligns with GRAP and MFMA requirements.

##### **Creditors days**

- The creditor days are currently at 52.9 days which over 30 days.
- Implement a supplier payment tracking system; prioritise processing of valid invoices within legislative timelines; review and streamline internal approval workflows; ensure adequate cash flow forecasting to align payments; monitor compliance monthly and report delays to council.

##### **Number of months PAYE deductions outstanding**

- Number of months PAYE deduction is outstanding is 12 months
- Urgently engage SARS to arrange a payment plan and avoid enforcement action; prioritise PAYE in the municipal payment hierarchy; include PAYE in the monthly cash flow forecasting process; ensure all future deductions are paid on time before settling other non-statutory liabilities; investigate root causes of non-payment and strengthen internal controls over payroll and payment processing.

##### **Debtors days - other receivables**

- Debtor days outstanding is 145,1 days which is more than 30 days.
- Conduct a comprehensive debtor age analysis and segment by risk; implement an aggressive debt recovery strategy, including issuing final notices, engaging legal support for high-value debts, and offering structured payment plans; review and enhance billing accuracy and timing; improve customer data quality; ensure consistent enforcement of the credit control and debt collection policy; report on debt recovery progress monthly.

##### **Distribution losses - Electricity**

- The distribution loss for electricity is 23.6%
- Conduct a technical audit to identify high-loss zones and network faults; implement energy balancing and metering at key points in the distribution system; strengthen monitoring of high-loss areas through smart metering or meter audits; intensify disconnection of illegal connections and enforce by-laws; improve maintenance of transformers and substations; ; report on technical vs. non-technical loss monthly.

##### **Repairs and maintenance expenditure level**

- The expenditure level of repairs and maintenance is 0,7%
- Review and update the Infrastructure Asset Management Plan (IAMP); re-prioritise budget allocations to ensure at least 5–8% of asset value is spent on repairs and maintenance; implement a preventative maintenance programme with scheduled inspections; ringfence funding for critical asset classes (e.g. water, sanitation, roads); conduct quarterly infrastructure condition assessments and align with lifecycle costing principles; incorporate maintenance targets in SDBIP.

##### **Existing assets renewal and rehabilitation expenditure as percentage of capital expenditure**

- No expenditure has been incurred for this line item.
  - Develop a multi-year asset renewal and rehabilitation strategy as part of the Infrastructure Asset Management Plan (IAMP); identify priority infrastructure based on condition assessments and risk of failure; allocate funding within the capital budget for asset renewal projects starting in the next budget cycle; integrate asset renewal targets into the IDP and SDBIP; apply lifecycle
-

Figures in Rand

2025

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**54. Going concern (continued)**

costing principles in long-term planning; report progress to Council and National Treasury via mSCOA project segments.

**Existing assets renewal and rehabilitation expenditure as percentage of depreciation and asset impairment**

- No expenditure was incurred regarding the renewal and rehabilitation expenditure
- Develop a multi-year asset renewal and rehabilitation strategy as part of the Infrastructure Asset Management Plan (IAMP); identify priority infrastructure based on condition assessments and risk of failure; allocate funding within the capital budget for asset renewal projects starting in the next budget cycle; integrate asset renewal targets into the IDP and SDBIP; apply lifecycle costing principles in long-term planning; report progress to Council and National Treasury via mSCOA project segments.

**Net current assets / (liabilities) [total current liabilities exceeded total current assets]**

- The total current liabilities exceeded total current assets
- Perform a detailed cash flow forecast over the next 12 months; revise the budget to reprioritise spending and reduce non-essential items; develop a current liabilities repayment plan with prioritised creditor payments; negotiate extended payment terms with major suppliers; implement daily cash position monitoring; submit monthly Section 71 reports highlighting liquidity trends; assess and disclose going concern assumptions in compliance with GRAP 1.

**Current ratio**

- The current ratio is 0.69
- Analyse the underlying causes of the low current ratio through a detailed working capital review; implement measures to increase current assets by improving cash collections and reducing debtor days; reduce current liabilities by negotiating extended payment terms and reprioritising payments; consider short-term financing options for liquidity support where appropriate; monitor current ratio monthly and incorporate into Section 71 reports and cash flow dashboards.

**Liquidity ratio (cash ratio)**

- The liquidity ratio is a ratio of less than 1
- Conduct a detailed liquidity analysis and identify key pressure points in cash flow; prioritise debt collection to improve cash holdings; enforce credit control policy and reduce debtor days; delay non-essential capital or operating expenditures; ringfence funds for statutory and critical payments; explore structured short-term financing facilities where permitted; develop a cash recovery plan linked to realistic collection assumptions; ensure daily bank reconciliation and cash tracking.

**Cash plus investments less applications**

- There is a negative cash deficit.
- Perform a cash and investment reconciliation, identifying statutory and ringfenced commitments; develop and implement a cash recovery plan prioritising statutory and grant-funded commitments; implement strict controls on new spending, especially non-essential projects; apply for rollover or extension on unspent grants with valid commitments; enhance collection efforts and fast-track billing processes; submit weekly cash reports to management and monthly reports to Council and Provincial Treasury.

**Cash coverage (excluding unspent conditional grants)**

- The cash ratio falls below 1
- Strengthen cash flow forecasting and daily cash monitoring to improve short-term financial planning; ringfence and protect available cash for critical monthly operating expenses; implement expenditure controls and limit non-priority spending; review cash position weekly and align with planned commitments; improve revenue collection, and apply any available surplus toward restoring cash reserves; engage Provincial Treasury for technical support where necessary.

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution

**55. Unauthorised expenditure**

Opening balance as previously reported	-	35 728 132
Add: Unauthorised expenditure - current	62 125 550	89 357 605
Less: Amount authorised - current	(62 125 550)	(89 357 605)
Less: Amount authorised - prior period	-	(35 728 132)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

Figures in Rand	2025	2024
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**56. Fruitless and wasteful expenditure**

Add: Fruitless and wasteful expenditure identified - current	31 782	268 333
Less: Amount written off - current	(31 782)	(268 333)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

The fruitless and wasteful expenditure relates to interest charged on overdue accounts. The Fruitless and wasteful expenditure in the Note are exclusive of Vat

**57. Irregular expenditure**

Opening balance as previously reported	69 139 810	240 061
Add: Irregular expenditure - current	6 735 330	5 242 316
Add: Irregular expenditure - audit	15 863 499	-
Less: Amount recovered - current	-	69 139 810
Less: Amount written off - current	(6 145 765)	(5 242 316)
Less: Amount written off - prior period	(68 385 569)	(11 603 317)
Add: Irregular expenditure identified in current year - related to prior year	613 500	11 363 256
<b>Closing balance</b>	<b>17 820 805</b>	<b>69 139 810</b>

## GA-SEGONYANA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 57. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

##### Disciplinary steps taken/criminal proceedings

False Declaration MBD 4 form	-	5 242 316
Regulation 62	-	693 438
Supplier who did not score the highest points selected	-	36 477 972
Legal services procured without following SCM process	-	6 461 297
Preferential Procurement Policy not in line with PPR 2022	6 145 765	8 208 266
Key managers not remunerated at the correct grading level	2 385 679	754 241
Unjustifiable contract extentions	-	17 238 034
Suppliers appointed with non compliant tax status	15 435 126	-
	<b>23 966 570</b>	<b>75 075 564</b>

Figures in Rand 2025 2024

**58. Additional disclosure in terms of Municipal Finance Management Act**

**Contributions to organised local government**

Bulk electricity and water losses in terms of section 125 (2)(d)(i) of the MFMA

<b>30 June 2025</b>	<b>Lost units</b>	<b>Tariff</b>	<b>Value</b>	
Unaccounted electricity losses	20 252 321	2.03	41 112 212	
<b>30 June 2024</b>	<b>Lost units</b>	<b>Tariff</b>	<b>Value</b>	
Unaccounted electricity losses	15 948 492	1.69	26 952 951	
<b>Volume in Kwh/year</b>			<b>30 June 2025</b>	<b>30 June 2024</b>
System Input Volume			85 678 451	79 976 376
Billed Consumption			65 426 130	64 027 884
Distribution Loss			20 252 321	15 948 492
Percentage Distribution Loss (%)			23.64%	19.94%
<b>30 June 2025</b>	<b>Lost units</b>	<b>Tariff</b>	<b>Value</b>	
Unaccounted water losses	654 870	10.3	6 745 161	
<b>30 June 2024</b>	<b>Lost units</b>	<b>Tariff</b>	<b>Value</b>	
Unaccounted water losses	-	-	-	
<b>Volume in Kwh/year</b>			<b>30 June 2025</b>	<b>30 June 2024</b>
System Input Volume			5 106 895	4 226 006
Billed Consumption (incl closing stock)			4 452 025	4 425 605
Distribution Loss			654 870	- 199 598
Percentage Distribution Loss (%)			12.82%	- 4.72%

Figures in Rand	2025	2024
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**58. Additional disclosure in terms of Municipal Finance Management Act (continued)**

**Audit fees**

Current year subscription / fee	6 255 205	5 473 594
Amount paid - current year	(6 255 205)	(5 473 594)
	-	-

**PAYE and UIF**

Current year subscription / fee	44 453 662	37 569 413
Amount paid - current year	(44 453 662)	(37 569 413)
	-	-

**Pension and Medical Aid Deductions**

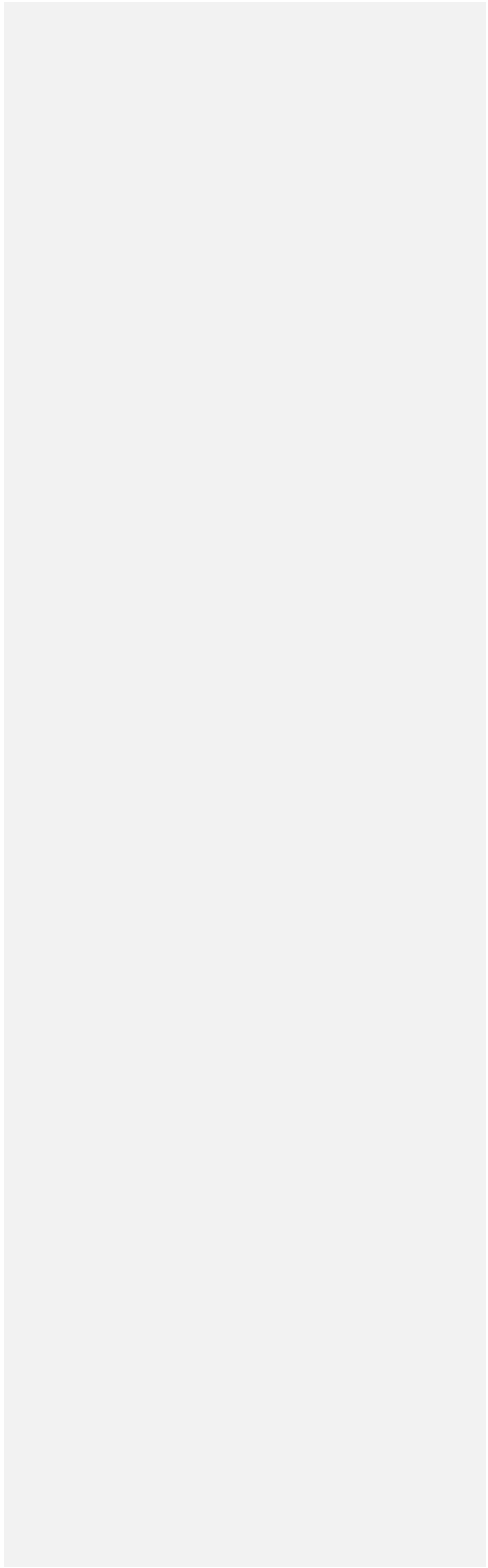
Current year subscription / fee	42 379 912	38 209 709
Amount paid - current year	(42 379 912)	(38 209 709)
	-	-

**VAT**

VAT receivable	8 120 130	5 207 739

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.



Figures in Rand 2025 2024

**58. Additional disclosure in terms of Municipal Finance Management Act (continued)**

**Key management and Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers and residents.

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
AWP Van Der Westhuizen	9 727	59 482	69 209
NG Masegela	17 329	-	17 329
ON Hantise	10 343	70 326	80 669
MM Tsatsimpe	31 085	10 818	41 903
RC Pule	9 542	4 234	13 776
BM Kgosieng	2 730	-	2 730
MA Keetile	458	2 058	2 516
TB Jarvis	3 882	-	3 882
	<b>85 096</b>	<b>146 918</b>	<b>232 014</b>

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
AWP Van Der Westhuizen	3 979	38 224	42 203
NG Masegela	53 693	81 139	134 832
ON Hantise	4 808	88 801	93 609
FK Baloyi	391	-	391
BM Kgosieng	4 236	-	4 236
RC Pule	1 624	58	1 682
MM Tsatsimpe	6 220	-	6 220
	<b>74 951</b>	<b>208 222</b>	<b>283 173</b>

**Supply chain management regulations**

Regulation 45 - Awards to Close Family Members of Persons in Service of the Municipality.

Company Name		
Barolong	1 356 633	-
Azatilog	81 683	-
Mosanako	259 440	-
Fillies	13 547	-
	<b>1 711 303</b>	<b>-</b>

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**59. 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.

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**59. Deviation from supply chain management regulations (continued)**

<b>Reason</b>	<b>Date</b>	<b>Supplier</b>	<b>Amount</b>	<b>Description</b>
Sole provider- Service provider was appointed by National Department of Public Safety	16 Jul 24	Probida	36 498	License disc
Sole provider - The only institution that conducts audits from Cradd	13 Aug 24	Leadership Academy	15 232	Audit
Sole provider- The municipality identified City Press as the preferred publication media	16 Aug 24	Media24	49 680	Media
Sole provider- Service provider was appointed by Department of Public Safety	22 Aug 24	Probida	53 720	License disc
Stripe and Quote- Supplier had to find the fault underground	03 Sep 24	Elegant Line trading 785	179 471	Service and Maintenance
Sole provider- Service provider was appointed by Department of public safety	16 Sep 24	Probida	46 689	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	08 Oct 24	Probida	23 858	License disc
Sole Provider- Machine service by manufacturer	09 Oct 24	Workshop Electronics	38 052	Service and Maintenance
Strip and Quote- Mileage service	09 Oct 24	Gariop Motors	46 117	Service
Strip and Quote- Mileage service	14 Oct 24	Marce Projects	165 213	Service and Maintenance
Strip and Quote- Cable fault detection	14 Oct 24	Tri-Lectro Elektriese	38 806	Maintenance
Strip and Quote- Fault detection	18 Oct 24	C-Pac Pumps & Valves	123 612	Service
Sole provider- Service provider was appointed by National Department of Public Safety	29 Oct 24	Probida	31 205	License disc
Strip and Quote- Mileage service	29 Oct 24	Almighty Equipment	7 938	Service
Sole provider- Service provider was appointed by National Department of Public Safety	31 Oct 24	Probida	8 058	License disc
Sole Provider- Machine service by manufacturer	07 Nov 24	Workshop Electronics	56 153	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	29 Nov 24	Probida	14 536	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	05 Dec 24	Probida	20 698	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	13 Dec 24	Probida	19 150	License disc
Stripe and Quote- Supplier had to find the fault	19 Dec 24	000TVM's	160 138	Maintenance

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**59. Deviation from supply chain management regulations (continued)**

Strip and Quote- Fault detection	19 Dec 24	C-Pac Pumps & Valves	104 790	Service
Sole provider- Service provider was appointed by National Department of Public Safety	09 Jan 25	Probida	10 902	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	21 Jan 25	Probida	7 426	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	31 Jan 25	Probida	25 517	License disc
Emergency- emergency procurement	14 Feb 25	Motheo Tech & Business	166 842	Emergency procurement
Sole provider- Service provider was appointed by National Department of Public Safety	25 Feb 25	Probida	23 700	License disc
Strip and Quote- Mileage service	26 Feb 25	Garden City Motors Bloem	6 913	Service
Emergency- emergency procurement	27 Feb 25	Camjet	173 823	Emergency procurement
Emergency- emergency procurement	27 Feb 25	Camjet	170 948	Emergency procurement
Sole provider- Service provider was appointed by National Department of Public Safety	27 Feb 25	Probida	12 403	License disc
Stripe and Quote- Supplier had to find the fault	03 Mar 25	Bojala Kgomo construction	6 800	Maintenance
Stripe and Quote- Supplier had to find the fault	05 Mar 25	000TVM's	24 530	Maintenance
Stripe and Quote- Supplier had to find the fault	05 Mar 25	000TVM's	17 916	Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	11 Mar 25	Probida	19 118	License disc
Sole Provider- Machine service by manufacturer	27 Mar 25	Workshop Electronics	27 903	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	27 Mar 25	Probida	32 469	License disc
Emergency- emergency procurement	02 Apr 25	Camjet	170 948	Emergency procurement
Sole Provider- service by manufacturer	22 Apr 25	Mercedes Benz	32 200	Service and Maintenance
Strip and Quote- Mileage service	25 Apr 25	Almighty Equipment	9 237	Service
Sole Provider- Machine service by manufacturer	25 Apr 25	Workshop Electronics	29 993	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	09 May 25	Probida	6 241	License disc

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**59. Deviation from supply chain management regulations (continued)**

Sole provider- Service provider was appointed by National Department of Public Safety	16 May 25	Probida	33 259	License disc
Sole Provider- Landfill site license	22 May 25	Massamatic	6 170	Renewal
Strip and Quote- Mileage service	14 Jun 25	Midas - Motus Group	7 249	Service
Sole Provider- service by manufacturer	30 Jun 25	BMW SA	54 450	Service

**60. Segment information****General information****Identification of segments**

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments issued by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

**Types of goods and/or services by segment**

The Municipality has several departments/functional areas for reporting purposes as set out below:

**Reportable segment**

Municipal governance and administration services, support services to the executive and finance & administration services  
Finance and administration segments of the municipality  
Public Safety, Community and Social Services  
Services, Emergency Services, Environmental and Health Services, Community Safety and Road Traffic Management  
Sports and Recreation  
recreation, Fast-tracking the revival of sport, Talent identification and optimization of talent, Empowerment programmes  
Planning and Development  
procedures. Co-ordination work relating to the preparation of the Annual Development Programme and its review  
Road Transport owned by the municipality  
Environmental Protection  
planning & development, environmental protection and roads & storm water  
Energy Sources  
the community  
Trading Services  
waste water, water, refuse, electricity, in the municipal area

**Goods and/or services**

This segment consists of services such as executive  
Provision of financial and administrative services to other  
Provision of public safety, an acceptable standard of Social  
Community Safety and Road Traffic Management  
Provision of advancement of participation in sport and  
and optimization of talent, Empowerment programmes  
Provision of planning and development including policy and  
Annual Development Programme and its review  
Construction and maintenance of roads and infrastructure  
This segment consists of environmental services such as  
storm water  
This segment consists of all services for energy supply to  
This segment consists of all services for the management of

60. Segment information (continued)

Segment surplus or deficit, assets and liabilities 2025

	Executive and Council	Finance and Administration community and social services	Public Safety, community and recreation	Sports and recreation	Planning and development	Road transport	Environmental protection	Energy Sources	Trading Services	Total
<b>Revenue</b>										
Property rates	-	62 497 798	-	-	-	-	-	-	-	62 497 798
Interest on outstanding receivables-non exchange transactions	-	5 175 195	-	-	-	-	-	-	-	5 175 195
Grants and subsidies	8 340 673	31 262 050	13 589 953	3 355 702	13 184 400	71 745 040	314 598	122 549 936	162 633 592	426 975 944
Public contributions and donations	-	2 150	-	-	-	12 417 795	-	1 249 347	4 054 763	17 724 055
Fines, penalties and forfeits	-	111 069	7 066 429	-	692 649	-	44 066	424 172	118 683	8 457 068
Sale of stands	-	-	-	-	5 754 328	-	-	-	-	5 754 328
Service charges	-	-	-	-	-	-	-	169 395 532	98 343 339	267 738 871
Rental of facilities	-	-	76 315	488 245	1 151 653	-	-	-	278	1 716 491
Interest on outstanding receivables-exchange transaction	-	6 973 755	-	-	-	-	-	-	-	6 973 755
Debt relief	-	11 640 234	-	-	-	-	-	-	-	11 640 234
Licences and permits	-	-	3 603 469	-	33 930	-	-	-	-	3 637 399
Other revenue	-	4 933 856	166 071	110 539	1 321 761	-	-	41 823	44 693	6 618 743
Interest on Investment	-	8 787 890	-	-	-	-	-	-	-	8 787 890
Fair value adjustment	-	47 557 545	-	-	-	-	-	-	-	47 557 545
<b>Total segment revenue</b>	<b>8 340 673</b>	<b>178 941 542</b>	<b>24 502 237</b>	<b>3 954 486</b>	<b>22 138 721</b>	<b>84 162 835</b>	<b>358 664</b>	<b>293 660 810</b>	<b>265 195 348</b>	<b>881 255 316</b>
<b>Entity's revenue</b>										<b>881 255 316</b>

	Executive and Finance and Council	Public Safety, Sports and Administration community and recreation social services	Planning and development	Road transport protection	Environmental	Energy	Trading Sources	Total
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**60. Segment information (continued)**

**Expenditure**

Employee related costs	(6 996 651)	(116 477 484)	(50 344 843)	(17 259 939)	(28 167 277)	(6 470 117)	(257 293)	(10 111 041)	(37 719 960)	(273 804 605)
Remuneration of councillors	(14 937 961)	-	-	-	-	-	-	-	-	(14 937 961)
Depreciation, amortisation and impairment loss	-	(3 647 090)	-	-	(8 461 334)	(30 665 760)	-	(11 437 811)	(43 796 040)	(98 008 035)
Finance costs	-	(6 151 496)	(9 653)	(13 742)	(6 120)	(52 896)	-	(3 132 383)	(67 851)	(9 434 141)
Debt impairment	-	(5 081 938)	(2 948 616)	-	-	-	-	1 809 579	2 505 147	(3 715 828)
Bad debts	-	(2 752 522)	-	-	-	-	-	(237 010)	(4 343 922)	(7 333 454)
Cost of land sold	-	-	-	-	(1 405 000)	-	-	-	-	(1 405 000)
Operating leases	-	(17 175 078)	-	-	-	-	-	-	-	(17 175 078)
General expenses	(2 438 519)	(32 321 507)	(5 378 149)	(1 375 302)	(3 872 419)	(7 019 238)	(18 727)	(21 105 044)	(8 035 720)	(81 564 625)
Contracted services	-	(54 369 528)	(465 500)	(102 007)	(5 948 222)	-	-	-	(39 332 332)	(100 217 589)
Bulk purchases	-	-	-	-	-	-	-	(174 089 692)	-	(174 089 692)
Inventory losses/write down	-	(707 117)	-	-	-	-	-	-	-	(707 117)
Loss on disposal of assets	-	(1 067 100)	-	-	-	-	-	-	-	(1 067 100)
Actuarial gains/(losses)	-	(1 950 632)	-	-	-	-	-	-	-	(1 950 632)
<b>Total segment expenditure</b>	<b>(24 373 131)</b>	<b>(241 701 492)</b>	<b>(59 146 761)</b>	<b>(18 750 990)</b>	<b>(47 860 372)</b>	<b>(44 208 011)</b>	<b>(276 020)</b>	<b>(218 303 402)</b>	<b>(130 790 678)</b>	<b>(785 410 857)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(16 032 458)</b>	<b>(62 759 950)</b>	<b>(34 644 524)</b>	<b>(14 796 504)</b>	<b>(25 721 651)</b>	<b>39 954 824</b>	<b>82 644</b>	<b>78 419 679</b>	<b>134 477 737</b>	<b>95 844 459</b>

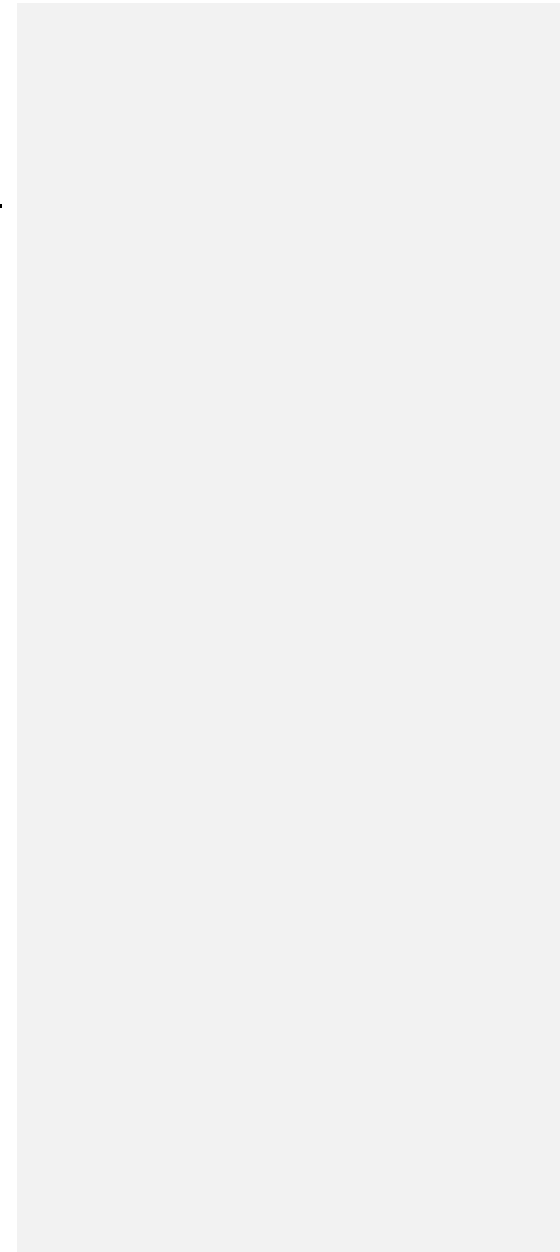
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Executive and Finance and Council	Administration	Public safety, community and recreation social services	Sports and	Planning and development	Road Transport	Environmental Protection	Energy sources	Trading Services	Total
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**60. Segment information (continued)**

<b>Revenue</b>											
- Property rates		58 324 939									58 324 939
- Interest on outstanding receivables- non-exchange transactions		-	-	-	-	-	-	-	-	-	-
- Grants and subsidies	9 652 683	22 259 707	9 099 784	15 252 649	12 593 154	32 643 405	299 370	121 593 891	180 267 667		403 662 310
- Public contributions and donations		-	-	-	-	15 365 500	-	3 050 000	8 198 085		26 613 585
- Fines, penalties and forfeits		46 808	8 015 370	-	44 696	-	47 473	93 444	-		8 247 791
- Sale of stands		-	-	-	5 288 063	-	-	-	-		5 288 063
- Service charges		-	-	-	-	-	-	148 881 729	84 615 647		233 497 376
- Rental of facilities		1 480	31 214	391 884	891 242	-	-	-	11 034		1 326 854
- Interest on outstanding receivables- exchange transactions		7 295 148	-	-	-	-	-	-	-		7 295 148
- Interest on outstanding receivables- non exchange transactions		4 155 689	-	-	-	-	-	-	-		4 155 689
- Licences and permits		-	3 943 185	-	21 252	-	-	-	-		3 964 437
- Other revenue		4 211 535	95 085	117 518	1 752 683	-	-	111 193	(82 174)		6 205 840
- Interest on investment		9 902 423	-	-	-	-	-	-	-		9 902 423
- Actuarial gains(losses)		527 000	-	-	-	-	-	-	-		527 000
<b>Total segment revenue</b>	<b>9 652 683</b>	<b>106 724 729</b>	<b>21 184 638</b>	<b>15 762 051</b>	<b>20 591 090</b>	<b>48 008 905</b>	<b>346 843</b>	<b>273 730 257</b>	<b>273 010 259</b>		<b>769 011 455</b>



61. Other 1  
**Ga Segonyana Local Municipality**

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62. Other 2

