2024/2025



LEKWA LOCAL MUNICIPALITY

ANNUAL REPORT
YEAR ENDED
30 JUNE 2025
Volume I

FINAL

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this Annual Report is to provide for improved, consolidated content and quality of Municipal Annual Reports, which gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government towards improving local 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. This document provides an overview of municipal affairs by combining the annual performance report data required in terms of section 46 of the Municipal Systems Act, with annual report requirements as also referred to in the Municipal Finance Management Act (MFMA), 56 of 2003.

This Annual Report makes its contribution by attempting to forge linkages and reporting on information from the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP), Budget Reform Regulations, In-year Reports, Annual Financial Statements and Performance Management information of a municipality. It relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; the cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual information as set out in Chapters 3, 4 & 5. It also provides information on good management practices in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5. It also 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.

This document must provide information on probity, including anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants from external parties and disclosure of loans and grants by municipalities. The appendices provide more detail including disaggregated information on municipal wards, and capital projects per ward among others.

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

- Year -1: The previous financial year: **2023/2024**
- Year 0: The financial year of reporting: **2024/2025**
- Year 1: The following year, mostly requires future targets: **2025/2026**

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD

History is full of defining moments that continues to change the world, the way we see it and how we respond to it. Change demands much from us, requiring us to break from our regular routines and forcing us to rethink what and how we do things. Within the context of local government, it has become even more evident for the world in general and Lekwa Local Municipality in particular that change has become the order of the day.

The 2024/2025 financial year and beyond brought about changes that has again required that we stay true to the mandate received from our constituencies, constantly striving to do better for the communities we serve.

This is an opportunity for us to take responsibility and give an account to our communities and stakeholders on the progress made thus far and the state of affairs of the Municipality, for the period 1st July 2024 to 30 June 2025, noting that the Auditor-General has completed its audit.

As torch bearers to our electorate, we must remain vigilant when managing and spending the public purse in a transparent and accountable manner. We remain accountable to our principals and electorate, who have bestowed on us the responsibility to be the custodians for effective service delivery.

I herewith take the opportunity to present the 2024/2025 Annual Report to give account of the state of affairs of the Municipality.

The challenges faced by the Municipality, will not detract us from continuing to strive towards being a leading, people centred Municipality excelling in economic growth and governance, and continues to demand amongst other things, the following from us:

(a) Accelerated infrastructure renewal and upgrades
(b) Improved service provision with a reduction in water, electricity and refuse collection interruptions;
(c) Improved maintenance of cemeteries, parks, the CBD and all areas in general;
(d) A change in organisational culture where everyone strives towards ethical and professional conduct;
(e) The continued monitoring of the implementation of the Financial Recovery Plan.

For the year under review, the Municipality set strategic goals and objectives, contained in the Integrated Development Plan (IDP). Investment in infrastructure upgrades for improved service delivery remains critical. The following are the capital projects that were undertaken during the 2024/2025 financial year:

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- Installation of boreholes
- Refurbishment of boreholes
- Installation VIP toilets
- Desludging of VIP toilets
- Construction of switching station in Rooikoppen – Phase 1
- Construction of 6km 11kv line – Phase 1
- Installation of High mast lights
- Retrofitting of street and highmast lights with energy efficient lights
- Rehabilitation of 1km of Vry Street
- Progress on the construction of a cemetery

The following projects have also been implemented on an agency basis by the Gert Sibande District Municipality, with funding from the Department of Water and Sanitation and ministerial intervention programme:

- Upgrade of Rooikoppen internal sewer reticulation
- Refurbishment of Standerton Water treatment works
- Upgrading of Johan, Steyn, Vaal and Muller pump stations
- Construction of 5ml underground clearwater tank at Standerton Water treatment works
- Construction and remedial work of internal sewer services in Standerton Extension 8
- Upgrade of Rooikoppen
- under the Municipality also managed to complete upgrading of the Standerton landfill site, noting the court order issued directing the Municipality to improve the health hazard conditions that were prevalent at the landfill site.

The intervention through the RBIG (Regional Bulk Infrastructure Grant) and WSIG (Water Services Infrastructure Gtant) as implemented by the Gert Sibande District Municipality as the implementing agency, have seen a number of projects being undertaken to amongst others address the service delivery matters through:

- Upgrading of Rooikoppen internal sewer reticulation
- Upgrading of TLC and Rooikoppen main sewer pump stations and pumping mains to the Standerton waste water treatment plant

These interventions are underway and is to be completed in the 2025/26 financial year.

The continued efforts through partnerships across all spheres of government has been instrumental in addressing our service delivery challenges. As we continue with our efforts to improve service delivery, making sure that all allocated grant funding is used where it is most needed. A major challenge remains the inconsistent water supply to some areas due to the water treatment plant infrastructure not working optimally, its design capacity no longer meeting demand and ageing infrastructure, resulting in pipe bursts and water supply interruptions. We need to especially address the challenge of certain areas in Sakhile not receiving water, which has been a matter that has been going on for far too long. In respect of sanitation

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services, the immediate challenge is that the Standerton waste water treatment plant capacity no longer meets effluent demand, with sewer spillages only being attended to within resource and capacity constraints.

It must be noted that the financial health of Lekwa Local Municipality for the year ending 30 June 2025 showed improvement despite facing substantial financial challenges. Key highlights include a transition from a deficit in the previous year to a surplus, achieved through strategic interventions and relief measures.

Total operating revenue reached R1,282 433 841, a 20% decrease from the previous year is driven by reduction in public contributions and a new revenue stream in the 2023/2024 financial year from the Debt Relief and Incentives program. This programs contributed R211.9 million, including Eskom writing off R136.5 million in interest and the Provincial Department of Transport writing off R75.3 million as irrecoverable debt.

Grants receipts contributed R244 million (19%) of the total revenue, while revenue generated from property rates and service charges accounted for R 832 594 710 (65%) of the total revenue mix. Although there are no specific norms and standards to measure grant dependency, this revenue mix indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations.

However, further improvements in own revenue generation are necessary. To address this, the Municipality is actively implementing various revenue enhancement programs aimed at reducing the operating deficit over the multi-year period.

Operating expenditure rose to R1 663 824 306, with major costs stemming from bulk purchases (39%), employee costs (20%), and debt impairment (11%). Despite this, the Municipality reduced debt impairment costs by R24 million through improved collections and refined methodologies. Cost-curtailment measures, including reducing overheads, renegotiating contracts, and prioritizing essential service delivery, are actively being implemented to manage expenditures.

The Municipality recorded a deficit of R358 million, ending the year with R16.2 million in cash and cash equivalents. While challenges remain, the notable revenue growth and strategic cost management efforts signal progress in the Municipality's financial recovery and its commitment to sustainable operations and improved service delivery.

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance,

improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The Municipality maintained its audit outcome of a qualification, noting that the Municipality adequately implemented key activities as part of the post audit action plan which addressed findings raised by the Auditor General in the 2023/2024 financial year. The Municipality is committed to progressively improve its audit outcome, with the ultimate objective of obtaining a clean audit. This process will be closely monitored through the developed post audit action plan to address the all findings. The following key findings will be addressed in the 2025/2026 financial year:

- Irregular expenditure
- Receivables from exchange transactions
- Bad debt written off
- Contracted services
- VAT input and output accrual
- Cashflow statement

The Municipality remains committed to maintain the highest standards of governance and accountability which is fundamental for the effective management of public finances and resources. It remains the municipality's commitment as the executive, governance and oversight structures to monitor and safeguard that all municipal resources are utilised effectively, efficiently and economically.

I also wish to thank the political leadership and administration for their continued efforts, hard work and dedication. Lastly, to the employees and the community at large let us continue to be vigilant in our efforts to work towards a municipality that we can be proud to be part of.

We remain committed to ensuring that service delivery remains at the forefront of our commitment to all constituencies for a better life for all.

I thank you

Signed by:
Executive Mayor
S. Mngemezulu

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The 2024/2025 Annual Report is herewith presented in order to give an account to our communities and

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stakeholders on the overall performance of the Municipality for the period 1st July 2024 to 30th June 2025.

Lekwa Local Municipality, being a Category B municipality situated within the Gert Sibande District in the Mpumalanga Province, is one of seven municipalities within the district. The Municipality exercises its powers and functions towards administrative and operational efficiency, having put checks and balances in place, in line with its constitutional mandate and other legislative requirements, policies and procedures, including a system of delegations as espoused in terms of section 59 of the Municipal Systems Act 32 of 2000.

The municipality does not have any entities under its control and also has not entered into any public private partnerships for the year under review. Shared powers and functions relate to environmental health inspections undertaken by the Gert Sibande District Municipality. Sector department functions that are shared with the municipality includes library services. Traffic law enforcement in respect of vehicle and drivers licence services is being provided by the Mpumalanga Department of Community Safety, Security and Liaison.

Noting the continued challenges faced by the Municipality for the year under review, there has also been very positive developments, within the current resource constraints.

For the reporting period, the Auditor General SA commenced as per schedule after the unaudited annual financial statements and annual performance report was submitted on 31st August 2025.

It must be noted that the financial health of Lekwa Local Municipality for the year ending 30 June 2025 showed improvement despite facing substantial financial challenges. Key highlights include a transition from a deficit in the previous year to a surplus, achieved through strategic interventions and relief measures.

Total operating revenue reached R1,282 433 841, a 20% decrease from the previous year is driven by reduction in public contributions and a new revenue stream in the 2023/2024 financial year from the Debt Relief and Incentives program. This programs contributed R211.9 million, including Eskom writing off R136.5 million in interest and the Provincial Department of Transport writing off R75.3 million as irrecoverable debt.

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The Municipality recorded a deficit of R358 million, ending the year with R16.2 million in cash and cash equivalents. While challenges remain, the notable revenue growth and strategic cost management efforts signal progress in the Municipality's financial recovery and its commitment to sustainable operations and improved service delivery.

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

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- Irregular expenditure
- Receivables from exchange and non-exchange transactions
- Bad debt written off

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- Contracted services
- VAT input and output accrual
- Cashflow statement

The total revenue of the Municipality at the end of June 2025 has reduced by R 298 million (19%) when compared to the reporting period ended 30 June 2025.

The main sources of revenue excluding Grants and Subsidies for the 2024/25 financial year were as follows:

Electricity R 459 million (35.8%)

Property Rates R 201 million (15.6%)

Water R 83 million (6.4%)

Sanitation R 68 million (5.3%)

Refuse R 20 million (1.5%)

The revenue generated from sales of electricity contributed 26.5% (R 459 million) of the total revenue mix, thus indicating that the electricity business unit should be nurtured and operated efficiently to ensure increased revenue from this service. This includes ensuring revenue protection by removing illegal connections, replacing bridged and tampered meters, ensuring accuracy of billing by effecting correct tariffs that are billed on time and accurate meter readings being taken.

The Municipality had a total operating expenditure for the reporting period ending 30 June 2025 amounting to R 1 663 824 306. There was an increase in expenditure which amounted to R 131 967 786 when compared to the period ended 30 June 2024. The main contributors to this increase are the increase in bulk purchases of R126 984 522, contracted services of R27 494 294 and employee related costs of R48 404 803. The Municipality was able to reduce Debt impairment by R24 596 961, this can be attributed to an improvement in collection rate and a change in impairment calculation methodology.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:

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Bulk purchases R 651 million (39%)

Employee related costs R 327 million (19.6%)

Debt impairment R 182 million (10.9%)

Depreciation R 63 million (3.7%)

Finance costs R 144 million (8.6%)

Contracted services R 156 million (9.3%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The municipality had a deficit for the year of R358 911 294 for the period ending June 2025. The Municipality had cash and cash equivalents amounting to R16 240 927 at the end of June 2025.

The audit action plan will be monitored on a monthly basis, with quarterly reports being submitted to the various executive and governance structures as part of remaining accountable to sustain the current momentum of the qualified audit opinion.

The implementation and reporting on the approved Financial Recovery Plan (FRP) is the responsibility of the entire management team in order to steadily improve the financial sustainability of the Municipality. Reports are submitted on a monthly basis and quarterly War Room meetings are held, facilitated by National Treasury, to track progress. Inroads have been made towards exiting the rescue phase of the FRP.

It must also be noted that for the year under review, with two vacant senior management positions, the appointed managers who filled these positions in an acting capacity, was equal to the task, which greatly assisted in creating senior management and administrative stability and the team is commended for their hard work and dedication.

The Municipality's risk management function, under direction of the accounting officer is critical in

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planning and implementing measures to manage and mitigate risks. The 2024/2025 financial year strategic risk assessment was conducted and all risks were identified at maximum, high and medium risks. With a functional Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAFACC), risks were managed and mitigated and reported on to the Audit Committee and Council on a quarterly basis.

The year under review had its fair share of challenges and with it falling squarely on my shoulders as the accounting officer, maintained audit outcome also means that we are far from being out of the woods, we need to work much harder, crossing all the t's and dotting all the i's so that we do not drop the ball for the next audit season.

I would like to take the opportunity to express my gratitude to the political leadership, the management team and employees that against all odds and putting differences aside, doing what needed to be done within our current resource constraints and challenges to have completed the audit. The commitment remains to continue putting our shoulder to the wheel, noting the very pervasive challenges faced by the Municipality. It is only through working as a team and making sure that we get the basics right that we will ensure sustainable service delivery, that will improve the lives of our communities.

M. Jiyane
Acting Municipal Manager

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Lekwa Local Municipality is a Category B municipality situated within the Gert Sibande District in the Mpumalanga Province. It is one of seven municipalities in the district. It was established on the 5th of December 2000 after the amalgamation of three former Transitional Local Councils, namely Standerton, Sakhile and Morgenzon. It is located in the south-west of the district, with immediate entrances to KwaZulu-Natal, Gauteng and Free State Provinces. Newcastle, Heidelberg and Vrede are respective immediate entrances. Standerton serves as an urban node, whilst Morgenzon, which is 45km northeast of Standerton, serves as a satellite node. Lekwa, with an area of 4 557km² lies on the large open plains of the Highveld region, which is characterised by tall grass, and it is transversed by the Vaal River, which flows in a western direction. The municipality, named after the Vaal River is commonly known as Lekwa (the Sesotho name for the Vaal River).

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The data contained in this section, extracted from StatsSA's 2021 midyear population estimates report, and the latest Socio-Economic Review and Outlook (SERO) reports. In addition, data obtained from the Mpumalanga Department of Finance's economic development division as well as data collected by the Municipality has also been used to provide the statistical data. Wherever possible, comparative data has been provided in respect of contributions made by the Municipality towards satisfying the basic requirements for water, sanitation, electricity, solid waste removal, housing, local economic development, roads, stormwater and town planning. *T 1.2.1*

Demographics and Statistical Overview

Population		Households	
Population Number: 119 669 **(Stats SA – Census 2022)**		Households: 38 583 **(Stats SA – Census 2022)**	
Education		**Poverty**	
Matric Pass Rate	75.6% **(2023 NSC Results)**	Population below the Lower Bound Poverty Line (LBPL)	47.5%
Admission to B Degree studies	28.7% **(2023 NSC Results)**	Number of poor households in 2023 as estimated by National Treasury	23 187
Access to Basic Service Delivery			

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	Access to piped water in the dwelling 69.1%		**Flush toilets connected to sewerage** 91.4%		**Electricity for lighting** 94.8%
	Weekly refuse disposal service 77.7%				**Formal Dwellings** 88.5%

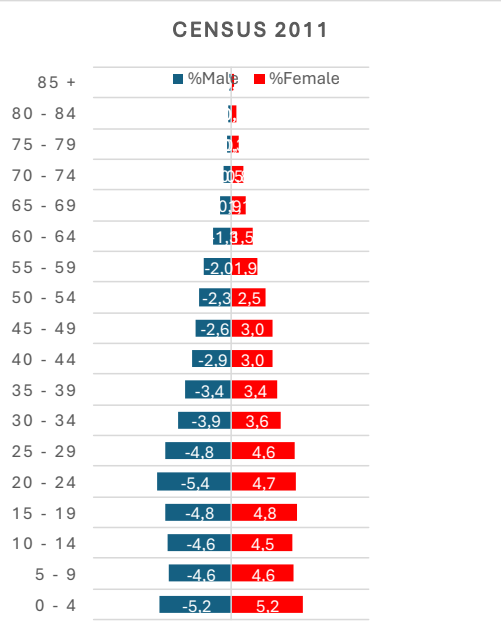
Labour and Economic Indicators					
Estimated number of job losses in 2021	**3 968**	Official/ strict unemployment rate 2022	**23.9%**	Average annual economic growth 1996 - 2022	**1.5%**
Number of job gains in 2022	**5 512**	Official youth (15-34yr) unemployment rate 2022	**37.7%**	Average annual economic growth 2023 – 2027	**3.2%**

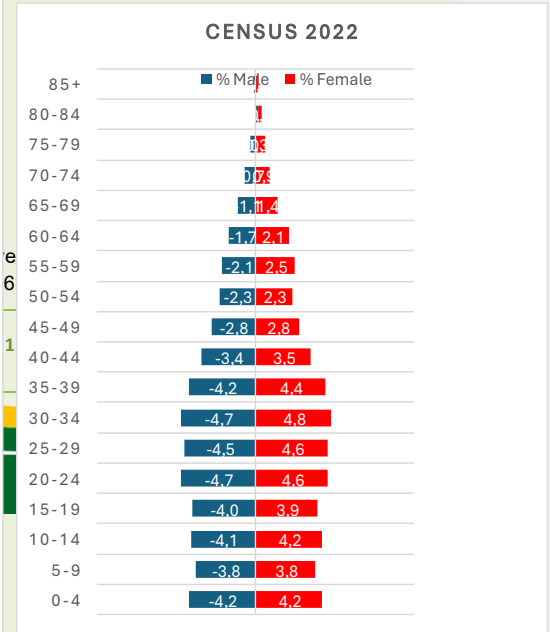
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Chapter 1

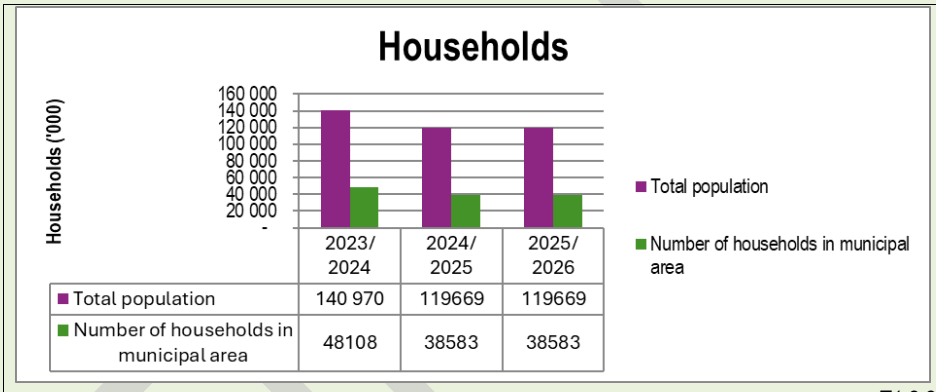
Structure of Lekwa's Economy in constant 2015 – prices								
Agricul-ture **11.1**	Mining **11.4%**	Manufac-turing **12.2%**	Construc-tion **1.8%**	Trade **13.7%**	Transport **5.2%**	Finan ce **14.5%**	Community Services **21.4%**	Utilities **8.6%**

Health Indicators					
	HIV Prevalence amongst 15-24 year olds	April 2021 – March 2022 **195**		Teenage Pregnancy	Teenage deliveries 2020/2021 **472**
		April 2020- March 2021 **157**			Teenage deliveries 2021/2022 **378**





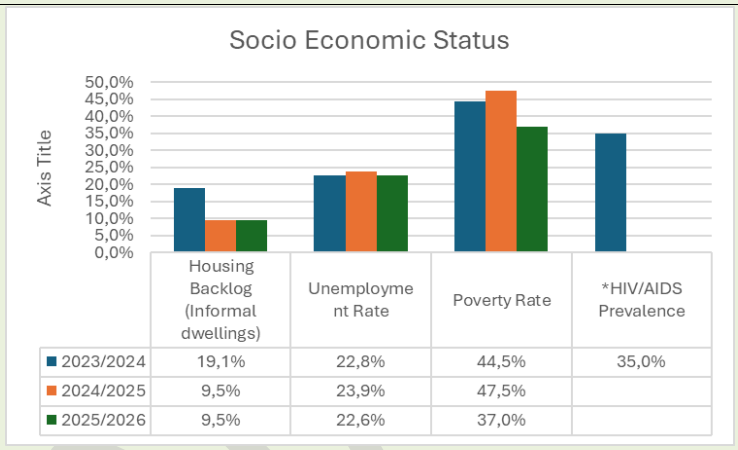
51.3% and that of males 48.7%. The age profile characteristic of the Lekwa LM skews more towards a decreasing population pyramid. It can be observed from the above pyramids that the population of Lekwa LM is slowly growing and that there is a relatively large portion of young individuals. This could have implications on future demographic trends, such as changes in workforce, demands on social services, and overall economic development. It also evident that in 2011, the bulk of the population fell within the 20-24 age group. In 2022, the female 30-34 age group is the largest. The 2022 pyramid also indicates that the municipality has a large base of working age population groups.



	2023/ 2024	2024/ 2025	2025/ 2026
Total population	140 970	119669	119669
Number of households in municipal area	48108	38583	38583

T1.2.3

Chapter 1



Natural Resources	
Major Natural Resource	**Relevance to Community**
Grootdraai Dam	10th largest dam in South Africa. Can contribute significantly to tourism development which can create job opportunities
Municipal and state-owned land	Land availability for economic development
	T 1.2.7

COMMENT ON BACKGROUND DATA:

From the 2022 Census, the youth population (0-34 years) formed 60.1% of the local municipal area's population and the elderly population (60+ years) 9.6%. In 2022, the female population's share was 51.3% and that of males 48.7%. The age profile characteristic of the Lekwa LM skews more towards a decreasing population pyramid. It can be observed that the population of Lekwa steadily growing, with a relatively large youth population. This could have implications on future demographic trends, such as changes in workforce, demands on social services, and overall economic development. It also evident that in 2011, the bulk of the population fell within the 20-24 age group. In 2022, the female 30-

34 age group was the largest. The 2022 pyramid also indicates that the municipality has a large base of working age population group.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

In terms of water, sanitation, electricity and roads infrastructure as well as refuse removal services, the Municipality has been unable to cope with the demand for these basic services. Over a number of years, the situation has been compounded by inadequate infrastructure maintenance and has gradually deteriorated, subjecting communities to inconsistent water and electricity supply. The failing infrastructure may potentially expose communities to health and safety hazards. The current situation regarding water, sanitation, electricity and roads infrastructure is due to the following challenges:

- Inadequate maintenance of existing infrastructure
- Insufficient budget to adequately fund ongoing operations and maintenance
- Slow refurbishment and upgrade of aged infrastructure
- Lack of a comprehensive infrastructure master and maintenance plans
- Skills shortages in critical areas

It is of utmost importance to note that profitable local economies are driven by an efficient and functional infrastructure system of water, sanitation, electricity and roads management infrastructural services. In short, good infrastructure improves the quality of life and has economic spin-offs.

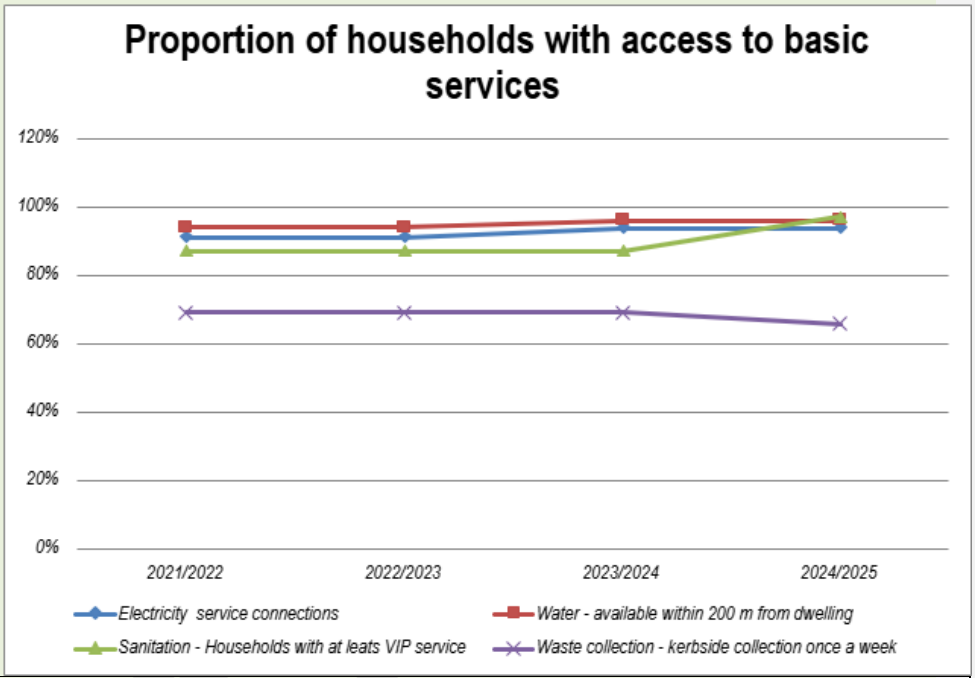
The Municipality will be receiving assistance through the Department of Water and Sanitation's (DWS) Water Services Infrastructure Grant (WSIG) and Regional Bulk Infrastructure Grant (RBIG) and Seriti to refurbish and upgrade water and sanitation infrastructure. The Municipality will also be procuring service providers to assist with the repairs and maintenance of water and sanitation infrastructure.

T 1.3.1

Proportion of Households with minimum level of Basic services

	2021/2022	2022/2023	2023/2024	2024/2025
Electricity service connections	91%	91%	94%	94%
Water - available within 200 m from dwelling	94%	94%	96%	96%
Sanitation - Households with at least VIP service	87%	87%	87%	97%
Waste collection - kerbside collection once a week	69%	69%	69%	66%

Chapter 1



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

It is important to note that profitable local economic activities require efficient, optimally functioning systems of water, sanitation, electricity and roads management infrastructure services are available, including regular refuse removal services. In short, good infrastructure improves the quality of life of the residents of a municipality and creates opportunities for local economic growth.

Chapter 1

The major challenges relating to water provision includes the inconsistent water supply to some areas due to the water treatment plant infrastructure not working optimally and with the design capacity no longer meeting demand, as well as ageing infrastructure thus leading to pipe bursts and water supply interruptions. The backlogs and non-functional water infrastructure in the rural wards also results in water supply challenges.

In respect of sanitation services, the immediate challenge is that the Standerton waste water treatment plant capacity no longer meet effluent demand, with sewer spillages attended to within resource and capacity constraints. The Department of Water and Sanitation's 2023 Blue Drop Report indicates that the Lekwa Local Municipality received a "high" Blue Drop Risk Rating (BDRR). This rating reflects concerns about the quality of drinking water services in the municipality. Regarding wastewater management, the 2023 Green Drop Report reveals that 34% of wastewater systems nationally are in a critical state, the Standerton Wastewater Treatment Plant in Lekwa specifically is operating at 164% over capacity and received an overall score of 17%, placing it in the critical risk category. This overcapacity poses significant environmental and public health risks. While specific "No Drop" data for Lekwa Local Municipality is not available, the 2023 No Drop Watch Report highlights that non-revenue water (NRW) increased from 37% in 2014 to 47% in 2023 nationally. NRW includes water losses due to leaks, unauthorized consumption, and metering inaccuracies, indicating inefficiencies in water distribution systems. These findings underscore the need for urgent interventions to improve water and wastewater management in Lekwa Local Municipality.

The backlogs and the ablution facilities that need to be emptied in the rural wards results in sanitation challenges. The current sewer spillages into the Vaal River have been receiving attention, but efforts will be stepped up to find permanent and lasting solutions to these challenges as the extent of its negative environmental impact is significant. The risk rating for the municipality's Waste Water Treatment Plants are high as the plant capacities are overloaded and exceeded, thus requires upgrades, which the RBIG and WSIG funding seeks to begin addressing.

Electricity supply has experienced challenges relating to electricity supply including the exceeding of the notified maximum demand of 55MVA provided by Eskom, when current actual demand is at 67MVA. Electricity tariffs are still not fully cost reflective, which poses a challenge for the Municipality to service the Eskom account as well as to generate additional income for other service delivery matters. Illegal electricity connections and theft of electricity also negatively affects revenue generation from electricity sales. The current crisis remains that the Municipality has been unable to service its Eskom debt as per the repayment plan and the court order. Payments of about R2 million per week are made towards reducing the Eskom debt. 15% of the equitable share is also paid to Eskom with every tranche received.

Refuse removal services are provided to households but current challenges includes that the Morgenzon Landfill site has reached its design capacity lifespan and the Standerton landfill site is not

managed in terms of the its permit requirements. Insufficient refuse removal trucks and the occasional breakdown of these vehicles has also negatively impacted the delivery of refuse removal services on a weekly basis. Plans are afoot to procure additional refuse removal trucks in the 2022/2023 financial year.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The financial health of Lekwa Local Municipality for the year ending 30 June 2025 shows significant improvement despite facing substantial financial challenges. Key highlights include a transition from a deficit in the previous year to a surplus, achieved through strategic interventions and relief measures.

Total operating revenue reached R1,282 433 841, a 20% decrease from the previous year is driven by reduction in public contributions and a new revenue stream in the 2023/2024 financial year from the Debt Relief and Incentives program. This programs contributed R211.9 million, including Eskom writing off R136.5 million in interest and the Provincial Department of Transport writing off R75.3 million as irrecoverable debt.

Grants receipts contributed R244 million (19%) of the total revenue, while revenue generated from property rates and service charges accounted for R832 594 710(65%) of the total revenue mix. Although there are no specific norms and standards to measure grant dependency, this revenue mix indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations.

However, further improvements in own revenue generation are necessary. To address this, the Municipality is actively implementing various revenue enhancement programs aimed at reducing the operating deficit over the multi-year period.

Operating expenditure rose to R1 663 824 306, with major costs stemming from bulk purchases (39%), employee costs (20%), and debt impairment (11%). Despite this, the Municipality reduced debt impairment costs by R24 million through improved collections and refined methodologies. Cost-curtailment measures, including reducing overheads, renegotiating contracts, and prioritizing essential service delivery, are actively being implemented to manage expenditures.

Chapter 1

The Municipality recorded a deficit of R358 million, ending the year with R16.2 million in cash and cash equivalents. While challenges remain, the notable revenue growth and strategic cost management efforts signal progress in the Municipality's financial recovery and its commitment to sustainable operations and improved service delivery.

T 1.4.1

Financial Overview: 2024/2025

R' 000

Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	245 740 729	244 346 729	244 346 729
Taxes, Levies and tariffs	930 568 011	831 415 741	832 594 710
Other	121 134 028	234 786 426	205 492 402
Sub Total	1 297 342 768	1 310 548 896	1 282 433 841
Less: Expenditure	1 621 918 620	1 625 032 395	1 663 824 306
Net Total*	**(324 575 852)**	**(314 483 499)**	**(381 390 465)**

** Note: surplus/(deficit)* *T 1.4.2*

Operating Ratios

Detail	%
Employee Costs	1%
Repairs & Maintenance	4.7%
Finance Charges & Impairment	19.6%

T 1.4.3

COMMENT ON OPERATING RATIOS

Employee-related costs accounted for **20%** of the total operating expenses, which remains within the accepted norm of **25-40%**. However, the Municipality faces a high vacancy rate, primarily due to delays in filling positions caused by inadequate cash flow. This high vacancy rate has significantly contributed to increased standby and overtime costs. To address this, the Municipality has reviewed its

organizational structure, prioritizing the filling of critical positions that will have an immediate impact on service delivery.
Spending on repairs and maintenance amounted to **4. 7%** of the total operating costs for the reporting period, which is below the average norm of **8%**. The inadequate investment in this area is attributed to the unfunded position of the budget. To address this, the Municipality is developing a comprehensive maintenance plan to manage repairs and maintenance activities in a more structured manner.
The ratio for finance charges and impairment costs increased during the period, driven by the need to raise provisions for debt impairment due to insufficient cash flow and low revenue collection. Additionally, the rise in finance charges is linked to the interest incurred on Eskom debt. These factors underscore the importance of improving cash flow management and enhancing revenue collection to stabilize financial performance.

T 1.4.3

Total Capital Expenditure: 2022/2023- 2024/2025

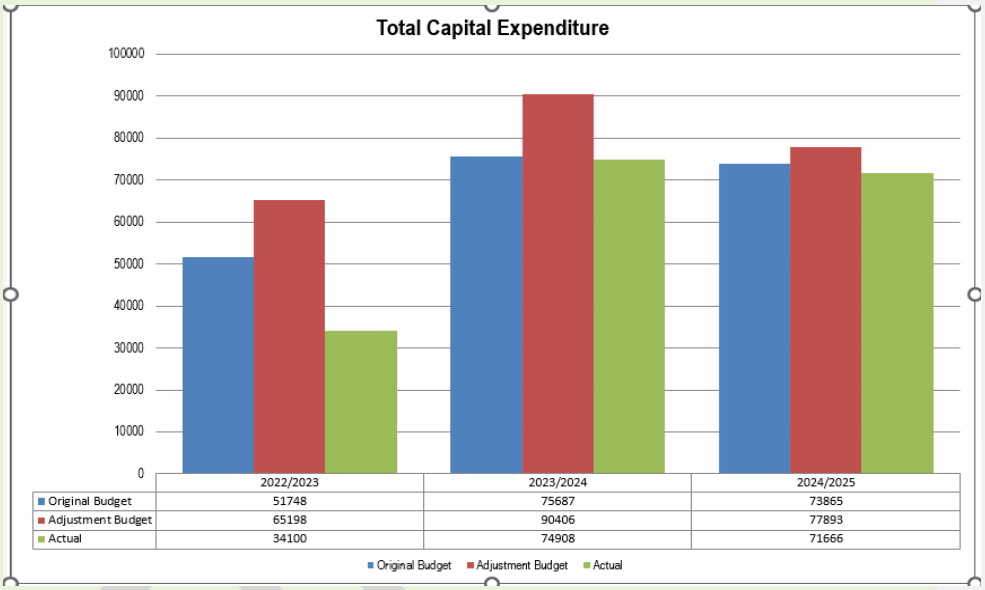
R'000

Detail	2022/2023	2023/2024	2024/2025
Original Budget	51 748	75 687	73 865
Adjustment Budget	65 198	90 406	77 893
Actual	34 100	74908	71 66

T 1.4.4

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Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

The Municipal has significantly improved on the capital expenditure from 83% in the 2023/2024 financial year to 92% in the 2024/2025 financial year. The Municipality has spent 100% of conditional grants however, could not implement projects that are internally funded due to cash flow constraints. Additionally, the Municipality has enhanced its turnaround time for finalising the appointment of service providers for capital project implementation, further contributing to increased grant expenditure.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Chapter 1

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The human resource management of the municipality comprises of activities relating to the rendering of a comprehensive human resource management function to Council by ensuring an efficient personnel administration system, recruitment and selection, sound labour relations, human resources development, implementation of affirmative action measures, occupational health and safety of employees and compliance with all relevant labour legislation.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2024/2025 FINANCIAL YEAR

Report of the auditor-general to the Mpumalanga Provincial and the council on the Lekwa Local Municipality

QUALIFIED OPINION

1. I have audited the financial statements of the Lekwa Local Municipality set out on pages 456 to 561, 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 statement of comparison of budget and actuals 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, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Lekwa Local Municipality as at 30 June 2025, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) the Division of Revenue Act 24 of 2024 (Dora).

Chapter 1

BASIS FOR QUALIFIED OPINION

IRREGULAR EXPENDITURE

3. The municipality did not include all instances of irregular expenditure in the financial statements, as required by section 125(2)(d) of the MFMA, as the municipality did not have adequate systems to identify all prior year's irregular expenditure. I was unable to determine whether any further adjustments were necessary to the closing balance of irregular expenditure for the current and prior year. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure stated at R1,07 billion (2023-24: R1,04 billion) in note 56 to the financial statements, as it was impracticable to do so.

Receivables from exchange transactions

4. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, *Financial Instruments.* A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. Additionally, the data used to calculate the impairment included accounts belonging to the municipality. Consequently, I was unable to determine the impact on debt impairment stated at R182,18 million (2023-24: R206,78 million) in note 35 to the financial statements and receivable from exchange transactions R579,58 million (2023-24: R459,33 million) in note 3 to the financial statements, as it was impracticable to do so.

Receivables from non-exchange transactions

5. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, *Financial Instruments.* A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. Additionally, the data used to calculate the impairment included accounts belonging to the municipality. Consequently, I was unable to determine the impact on debt impairment stated at R182,18 million (2023-24: R206,78 million) in

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note 35 and receivable from non-exchange transactions R301,46 million (2023-24: R289,53 million) in note 4, as it was impracticable to do so.

BAD DEBT WRITTEN

6. The municipality did not account for bad debt written off in accordance with GRAP 1, *Presentation of financial statements*. The bad debt written off in the current and previous year was not accounted for and disclosed in the financial statement. As a result, the expenditure was understated by R19, 44 million (2023-24: R 123,96 million), and I was unable to determine the full extent of receivables from exchange and non-exchange transactions as it was impractical to do so. Additionally, there was an impact on the deficit for the period and the accumulated surplus.

Contracted services

7. The municipality did not have adequate systems to account for contracted services in accordance with GRAP 1, *Presentation of financial statements*, as contracted services was not recorded in correct accounting period. This resulted in contracted services being overstated by R22,28 million. Additionally, there was an impact on the deficit for the period.

VAT output accrual

8. The municipality did not have adequate systems to account for vat output accrual in accordance with GRAP 104, *Financial Instrument*. The municipality control accounts for the effects of receipts received and debt write-offs. Consequently, I was unable to determine the full extent of the overstatement of VAT output accrual stated at R 749, 20 million (2023-24: R 660, 98 million) in note 14 to the financial statements, as it was impracticable to do so.

VAT input accrual

9. The municipality did not have adequate systems to account for vat input accrual in accordance with GRAP 104, *Financial Instrument*. The municipality did not account for the effects of payments made. Consequently, I was unable to determine the full extent of the overstatement of VAT input accrual stated at R 905, 81 million (2023-24: R 777, 79 million) in note 6 to the financial statements, as it was impracticable to do so.

Cash flow statement

SERVICE CHARGES AND PROPERTY RATES, OTHER SERVICES

10. The municipality's service charges and property rates, other services in the current and prior year were not correctly prepared and disclosed as required Standards of *GRAP 2, Cash flow statements.* This was due to multiple errors in the calculations. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

INTEREST RECEIVED FROM CURRENT AND NON-CURRENT ASSET

11. The municipality's interest received from current and non-current assets in the current and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Employee costs

12. The municipality's employee costs were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. Consequently, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Suppliers

13. The municipality's suppliers in the current year and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. Consequently, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Purchase of property plant and equipment

14. The municipality's purchase of property plant and equipment in the current year and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from GRAP 2, Cash flow statement. Consequently, I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impracticable to do so.

Cash generated from operations

15. Cash generated from operations, note 43 to the financial statement was not correctly disclosed as various movements were not correct accounted for in the current year and prior year due to multiple errors in the calculations, which constitute a departure from GRAP 2, *Cash flow statement.* Consequently, I was not able to determine the full extent of the errors in the cash generated from operations, as it was impracticable to do so.

CONTEXT FOR OPINION

16. 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.

17. 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.

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18. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

20. As disclosed in note 52 in the financial statements, which indicates that the municipality incurred a deficit of R358,90 million (2023-24: surplus of R72.63 million) during the year ended 30 June 2025, as of that date, the municipality's liabilities exceeded its assets by R 531,94 million (2023-24: R170,26 million). The municipality plans to address the cash flow shortages through enhanced revenue collection and a resultant consistency in the payment of creditors when they become due.

EMPHASIS OF MATTERS

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

MATERIAL LOSSES – ELECTRICITY

22. As disclosed in note 39 to the financial statements, material electricity losses of R144, 07 million (2023-24: R88, 35 million) was incurred.

MATERIAL LOSSES – WATER

23. As disclosed in note 39 to the financial statements, material water losses of R19.52 million (2023-24: R8,87 million) was incurred.

OTHER MATTER

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

UNAUDITED DISCLOSURE NOTES

25. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. 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

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

27. 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

28. 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.

29. 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 pages 399 - 402, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

30. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

31. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected 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 service delivery and infrastructure development	230 – 254	Provision of basic services (water 100%, sanitation 100%, electricity 100%, solid waste and roads 100%)

32. I evaluated the reported performance information for the 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.

33. 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 measures taken to improve performance.

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

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

Basic service delivery and infrastructure

Various indicators

36. I could not determine the accuracy of various reported achievements, as the indicators were not well defined and I could not verify the methods and processes used to measure

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the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Key performance indicators	Planned targets	Reported achievement
Percentage construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	50% completed designs on 11 KV line	Achieved. Construction @85%.
Number of streetlights repaired	400 streetlights repaired	353 streetlights repaired
Number of high mast lights repaired	20 high mast lights repaired	22 High Mast Lights repaired
Percentage households with refuse removal services	100% households with access to refuse removal service	100% households with access to refuse removal service
Percentage businesses with refuse removal services	100% of businesses with access to refuse removal service	100% of businesses with access to refuse removal service
Percentage construction of switching station at Rooikoppen - Phase 1	50% Construction of Switching Station at Rooikoppen. – Phase 1	Construction @ 55%.
Number of high mast lights installed	10 high mast lights installed	26 High mast lights installed
Number of lights on high masts and streetlights retrofitted with energy efficient lights	243 fittings replaced on high mast lights; 227 light fittings replaced on streetlights	243 fittings replaced on high mast lights; 227 light fittings replaced on streetlights
Percentage construction of 1 Cemetery	75% Cemetery constructed	Construction @ 79%.
% Emergency, fire and rescue services attended	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended

Number of illegal dumping sites cleaned

37. An achievement of 12 illegal sites cleaned was reported against a target of 12 illegal sites cleaned. However, the audit evidence showed the actual achievement to be only 4 illegal dumping sites cleaned. Consequently, the target was not achieved.

Various indicators

38. Based on the audit evidence, the actual achievements for the below indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported.

Key performance indicators	Planned targets	Reported achievement
Number of water leaks repaired	1000 water leaks repaired	1151 water leaks repaired
Number of VIP toilets installed	150 VIP toilets installed	165 VIP toilets installed

Various indicators

39. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Key performance indicators	Planned targets	Reported achievement	Reported measure
Square meters of potholes patched	10000 square meters of potholes patching	6820 square meters of potholes patched	Remaining m² will be included in the 2025/2026 FY targets, due to financial constraints and ageing roads infrastructure network, the municipality will also strengthen relations with other stakeholders such as (SANRAL, NDOT, PWR&T, GSDM) to assist with pothole patching
Number of water meters replaced	90 water meters replaced	88 water meters replaced	Management will establish a metering section that will focus on water

			metering and installation that is adequately resourced
Number of boreholes installed	3 boreholes installed 2 boreholes installed	3 boreholes installed 2 boreholes installed	Identify alternative site for drilling of new borehole

Missing indicator

40. In terms of the Water Service Act 108 of 1997, the municipality is responsible for complying with drinking Water Quality Standards to ensure that all consumers or potential consumers in its area of jurisdiction to progressively gain efficient, affordable, economical and sustainable access to water services. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The municipality indicated that the reason for the omission was due to inadequate coordination between the technical water services unit, the Integrated Development Planning and the performance management units during the planning phase. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on mandate.

OTHER MATTERS

41. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

42. 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.

43. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual

performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE

Targets achieved: 79%

Budget spent: 108.5%

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of water meters replaced	90 water meters replaced	88 water meters replaced
Number of boreholes installed	3 boreholes installed	2 boreholes installed
Number of streetlights repaired	400 streetlights repaired	353 streetlights repaired
Square meters of pothole patched	10 000 square meters of pothole patching	6820 square meters potholes patched
Percentage municipal fleet maintained	100% municipal fleet maintained	31% municipal fleet maintained

MATERIAL MISSTATEMENTS

44. 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. Management did not correct all of the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

45. 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.

46. 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.

47. 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.

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

Annual financial statements

49. 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 non-current assets, current liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

50. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) prescripts.

51. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R168,24 million, as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payments to suppliers.

52. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R156,23 million, as disclosed in note 54 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 certain votes on the approved budget.

53. Reasonable steps were taken to ensure that money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

54. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

CONSEQUENCE MANAGEMENT

55. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

56. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Strategic planning and performance management

57. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and

FINAL

improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Asset management

58. An adequate management, accounting and information system which accounts for assets was in place, as required by section 63(2)(a) of the MFMA.

59. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

60. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.

61. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

62. My responsibility is to read this other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

63. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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.

Chapter 1

INTERNAL CONTROL DEFICIENCIES

64. 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.

65. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

66. The accounting officer and senior managers did not implement adequate processes and controls for recording, reviewing, and reporting to ensure credible, complete, and accurate financial and performance information. This resulted in recurring material misstatements in the financial statements and performance reports.

67. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be organised and managed to ensure valid, accurate and complete performance reporting for some of the key performance indicators.

68. Non-compliance with legislation could have been mitigated if the municipality had adequate resources and capacity to monitor compliance effectively and ensure regular review by senior management. The lack of these controls contributed to the compliance matters noted, as well as instances of unauthorised, irregular, and fruitless and wasteful expenditure.

MATERIAL IRREGULARITIES

69. In accordance with the PAA and the material irregularity (MI) regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

MATERIAL IRREGULARITY IN PROGRESS

70. I identified other material irregularity during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in next year's auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

POLLUTION OF WATER RESOURCE NOT PREVENTED – STANDERTON WASTEWATER TREATMENT WORKS

71. The Standerton Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including groundwater and the Vaal River. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resource.

72. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity.

73. I referred the material irregularity to the Department of Water and Sanitation (DWS) on 14 April 2025 for investigation, as provided for in section 5(1A) of the PAA. The referral was accepted by the DWS on the same day, and the investigation is currently in progress.

POOR MANAGEMENT OF THE MORGENZON WASTE LANDFILL SITE

74. The municipality has been operating the Morgenzon waste landfill site without a valid licence or permit. A closure licence was issued to the municipality in the year 2016 to

restore and rehabilitate the site and surrounds. The Municipality has been operating the landfill site in a manner that is not in compliance with license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control, Illegal waste dumping , uncontrolled / informal recyclers and animals roam the sites – with indication of daily living including housing structures and other makeshift facilities, no monitoring and sampling of surface / groundwater / gas monitoring, no control over water runoff or leachate management, no compacting/ covering of waste - windblown waste, burning of waste causing air pollution.

75. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health, or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The municipality also did not ensure that any other situation exists, which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing, or recurring as required by section 19(1) of the NWA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site, the water resource and the communities adjacent to the landfill site.

76. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity.

77. I referred the material irregularity to the Department of Forestry, Fisheries and the Environment (DFFE) on 14 April 2025 for investigation as provided for in section 5(1A) of the PAA. On 21 May 2025, DFFE sub-referred the material irregularity to the Mpumalanga Department of Agriculture, Rural Development, Land & Environmental Affairs (DARDLEA) for further investigation. The referral was accepted by DARDLEA on 30 July 2025, and the investigation is currently in progress.

Chapter 1

AUDITOR GENERAL

Mbombela

30 November 2025

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	Quarterly
2	Finalise the 4th quarter Report for 2024/2025 financial year	July 2025
3	Municipal entities submit draft annual reports to MM	N/A
4	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	August 2025
5	Submit draft 2024/2025 Annual Performance Report to Internal Audit	August 2025
6	Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant)	August 2025
7	Mayor tables the unaudited Annual Performance Report	31 August 2025
8	Municipality submits draft Annual Performance Report including consolidated annual financial statements to Auditor General	31 August 2025
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	November 2025
10	Auditor General audits Annual Performance Report including consolidated Annual Financial Statements	September – November 2025

Chapter 1

11	Municipalities receive and start to address the Auditor General's comments	January – February 2026
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	31st January 2026
13	Audited Annual Report is made public and representation is invited	February 2026
14	Oversight Committee (MPAC) assesses Annual Report	February - March 2026
15	Council adopts Oversight report	31st March 2026
16	Oversight report is made public	April 2026
17	Oversight report is submitted to relevant provincial councils	April 2026
18	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input into next planning phase	March/April 2026
		T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

Adherence to the above timelines remains critical towards ensuring sufficient time is allocated for achieving key milestones within the cyclical nature of municipal performance planning, reporting, analysis and review processes. This continuous loop is important to ensure that it allows for a process of reflection, by looking at the year under review as it then creates the space to inform planning for the next financial year's cycle of planning and budgeting processes. The alignment between the IDP, Budget and the Performance Management System for reporting and monitoring against predetermined objectives as dealt with in terms of the approved process plan is critical. An annual report project implementation plan is developed with clear deadlines and responsible persons assigned to ensure the timely completion of the 1st draft of the annual performance report to be submitted with the unaudited AFS by the end August annually. For the year under review, the unaudited annual financial statements and the annual performance report was submitted on time. The audit was completed and the final management report and audit report was presented to management and also to the Audit Committee on 28th November 2025, whereafter other processes unfolded in respect of the drafting of the audit action plan and the annual report with audited financial and performance information.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

This Chapter is composed of the following four components:

Component A: Political and Administrative Governance
Component B: Intergovernmental Relations
Component C: Public Accountability and Participation
Component D: Corporate Governance

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. This component reflects on both the political and administrative structures of the Municipality.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

For the year under review, the Municipality had a number of key committees in place. The highest decision-making structure, being the municipal council held meetings throughout the year toward the facilitation of the administrative process of implementing programmes and projects as set out for the year in its IDP and SDBIP.

For the year under review, the executive leadership of the Municipality were comprised as follows:
(a) Members of the Mayoral Committee
- Councillor S. Mngemezulu (Executive Mayor)
- Councillor T. Motaung (MMC: Finance)
- Councillor S. W Masondo (MMC: Planning and Economic Development)
- Councillor D. Marago (MMC: Technical Services)
- Councillor M. Mthimkhulu (MMC: Corporate Services)

- Councillor M. Molaba (MMC: Community Services and Safety)

(b) The municipal council was under the leadership of Councillor P. C. Mahlaba as Speaker of Council. Councillor M. R. Motloung was the Whip of Council.

The Municipal Council also established both section 80 and 79 Committees to assist with the exercise of both executive and legislatively mandated functions and responsibilities. Council nominated Councillors to serve on the following committees of Council as listed below:

Councillors and Committees Allocated

Council Members	Full Time / Part Time FT/PT	Committees Allocated
Municipal Public Account Committee (MPAC)		
D R Manana	FT	Chairperson
W Venter	PT	Member
J C Stoltz	PT	Member
N Selepe	PT	Member
D Bekker	PT	Member
S M Modise	PT	Member
M Radebe	PT	Member
S Ngqulunga	PT	Member
Rules, Ethics and Local Geographical Names Committee		
D J Nkutha	PT	Chairperson
S A Majozi	PT	Member
J C Stoltz	PT	Member
D Bekker	PT	Member
D J Msibi	PT	Member
Planning & Economic Development Oversight Committee		
S Ngqulunga	PT	Chairperson
M D Rakitla	PT	Member
D L Thabethe	PT	Member
P M Radebe	PT	Member

G J Xulu	PT	Member
Technical Services Oversight Committee		
SA Tshabalala	PT	Chairperson
JD Nkutha	PT	Member
GJ Xulu	PT	Member
NC Nhlapo	PT	Member
DL Thabethe	PT	Member
Budget and Treasury Committee		
PM Radebe	PT	Chairperson
CAO Franco	PT	Member
SA Tshabalala	PT	Member
RS Tsotetsi	PT	Member
W Venter	PT	Member
By-laws & Policies		
W Venter	PT	Chairperson
SP Ngwenya	PT	Member
JD Nkutha	PT	Member
Tshabalala	PT	Member
D Msibi	PT	Member
Multi-party Women's Caucus		
Cllr M D Rakitla	PT	Chairperson
Cllr N Selepe	PT	Member
Cllr NC Nhlapo	PT	Member
Cllr SM Modise	PT	Member
Community Services and Safety oversight Committee		
Cllr SM Modise	PT	Chairperson
Cllr JC Stoltz	PT	Member
Cllr COA Franco	PT	Member
Cllr SA Silosini	PT	Member
Cllr DJ Msibi	PT	Member

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Cllr MD Rakitla	PT	Member
Corporate Services oversight Committee		
Cllr SP Ngwenya	PT	Chairperson
Cllr SA Majozi	PT	Member
Cllr MD Rakitla	PT	Member
Cllr D Bekker	PT	Member
Cllr DJ Nkutha	PT	Member

The political situation within the municipality has become more stable, with the established committees having been functional for the period under review.

The Municipality also has a functional Audit Committee (AC) that provides guidance throughout the year on recommendations on the financial processes and performance of the Municipality. The Audit Committee, also serves as the Performance Audit Committee (PAC) which acts as an independent oversight structure of Council.
T2.1.1

COUNCILLORS

The Lekwa Municipal Council consists of 30 Councillors, made up of 15 ward councillors and 15 proportional representative (PR) councillors. For the 2023/2024 financial year, the following was the composition of the municipal council:

	Male	Female
ANC	9	4
DA	3	1
EFF	1	2
LCF	5	1
FF Plus	1	1
ATM	0	1
Independent	1	0

Appendix A consists of the complete list of Councillors, which distinguishes between ward councillors and those appointed on a proportional representation basis, including the status as either full time or part time as councillors.

Chapter 2

Appendix B sets out the various established committees and their functions, which were established for the year under review.

T2.1.1

POLITICAL DECISION-TAKING

Decisions making took place at Mayoral Committee and Council sittings. For the period under review, it must be noted that with the newly elected Council in place, the functionality of the Municipal Council had stabilized with council meetings sitting as per schedule to fully exercise its legislative and oversight responsibilities as required. Council had 10 sittings for the year under review.
In order to further strengthen the reporting on and tracking of the implementation of Council resolutions, council resolution implementation and tracking is a standing item on the agenda of ordinary council sittings.

T 2.1.3

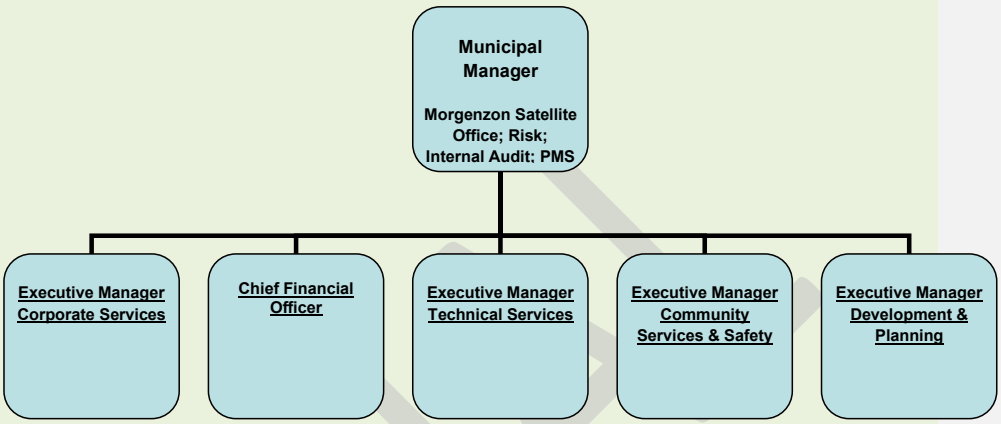
2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the MFMA stipulates that the Municipal Manager of a municipality is the accounting officer of the municipality, and for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality. This chapter deals with the highest levels of administrative leadership.
For the year under review, all senior management positions were filled which has assisted in creating greater administrative stability.

T 2.2.1

Chapter 2



Key Performance Areas

- Legal Services
- Secretariat Services
- Human Resources
- Intergovernmental Relations
- Communications
- Information Technology
- Political Offices

Key Performance Areas

- Budget & Financial Reporting
- Income
- Expenditure
- Debt Collection
- Supply Chain

Key Performance Areas

- Electricity
- Water & Sanitation
- Roads & Works
- Project Management Unit

Key Performance Areas

- Traffic Law Enforcement & Safety
- Licensing
- Fire and Disaster Management
- Parks, Environment, Sport,
- Recreation, Arts & Culture
- Environmental Health Services
- Libraries

Key Performance Areas

- Land Development & Town Planning
- Human Settlement
- Local Economic Development (LED)
- Integrated Development Planning (IDP)

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Section 3 of the MSA requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance as envisaged in section 41 of the Constitution. This requires municipalities to establish and foster cooperative relations across all spheres of government, noting its interrelated yet independent nature.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA).
The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.
At national level, each department has an Inter-Governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programmes at national and provincial level.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Premier of the Province co-ordinate relationships between national, provincial and local government in the province through a Premier's Inter-governmental Forum (PIF) which consists of the Premier, the local government MEC, other MECs, Metro and District Mayors and other Mayors where necessary.
The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation, such as
(i) The Mpumalanga Provincial Aids Council (MPAC);

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(ii) The Mpumalanga Socio- Economic Consultation Council that seek to produce Socio Economic Review Outlook (SERO) Report for the province;
(iii) The Mpumalanga Arts and Culture Council (MACC);
(iv) Provincial Geographical Name Change Committee (PGNC)

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

For the year under review, the Municipality did not have any municipal entities under its control.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The mechanism used at district level is through a number of district forums that includes the following:

- The Executive Mayor's Forum;
- The Municipal Manager's Forum;
- The District Aids Council;
- The District Communication Forum;
- The District Disability Forum;
- The District Sports Council; and
- The District Arts and Culture Forum
- The District Elderly People Forum
- The District Women Forum

LOCAL INTERGOVERNMENTAL STRUCTURES

The local forums include the following:

- The Local Aids Council
- The Local Disability Forum
- The Local Sports Council
- The Local Arts and Culture Forum
- The Local Elderly Forum
- The Local Women Forum

Chapter 2

A multisectoral approach remains an effective mechanism in ensuring a coordinated approach to address social ills confronted by the community championed by civil society sectors, the private sector and government departments.
More emphasis has been put on Gender Based Violence campaigns to fight this endemic scourge. The Local Aids Councils have now incorporated GBVF as a permanent agenda item with pledges being made by all stakeholders on the commitment to fight GBVF.

T 2.3.4

FINAL

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 17 (2) of the MSA requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1) also states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance, whilst section 18 (a) - (d) requires a municipality to supply its community with information concerning municipal governance, management and development. In line with the above, the Municipality has developed a system of participatory governance, management and development through the establishment of the following:

a) **Ward Committees** – establishment of ward committees with the purpose to enhancing participatory democracy in local government;

(b) **Community meetings** to discuss ward issues and report on matters raised;

As a legislative and democratic requirement at local level, ward committees are central to the effective community participation process. It should enhance the involvement in the affairs of the municipality in a collective and structured manner. Furthermore, to objectively achieve its public mandate and fulfil it in an inclusive manner, ward committees must work towards ensuring that community involvement in different development aspects within their locality to better the lives of its community in a non-partisan way is achieved. Community Development Workers (CDWs) are also deployed in the wards which can also assist in bringing other government services closer to the community.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Community participation is a fundamental principle that underpins the actions of democratic governance. According to the objects of local government as contained in Chapter 7, Section 152(e) of the Constitution, it is based on the understanding that communities must participate in all decision-making processes within local government on matters that affects them. It is for this reason that communities are encouraged to assist in building a sound and active partnership with the Municipality in order to fulfil the requirements of Section 152. This is done through the following:

a) Ward Committees and CDWs;
b) Mayoral Izimbizo (IDP and Budget consultation) and
c) Holding community meetings.

Communities are mobilised through the use of a loud hailing system, door-to-door distribution of notices, flyers and pamphlets to encourage their involvement during consultation and information sharing sessions. *T 2.4.1*

WARD COMMITTEES

The Municipal Structures Act of 1998 and the Municipal Systems Act of 2000 provides the legislative framework for the establishment of Ward Committees to enhance participatory governance. Ward Committees were established in all 15 wards with the objectives to:

(a) Create formal communication channels and co-operative partnership between the Municipality and the communities within a Ward.
(b) Facilitate public participation in the process of development, review and implementation of the Integrated Development Plan of the Municipality.
(c) Acting as advisory bodies on Council policies and matters affecting communities in wards.
(d) Facilitate Council Programmes and make recommendations on matters affecting wards to the Ward Councillor;
(e) Express the needs and concerns of the residents within Wards.
(f) Identify development priorities within Wards through the involvement of ward residents and promoting accountability of the Municipality to the residents of every ward;

Ward Operational Plans were developed and approved by Council with all activities and programme of the wards implemented accordingly. A stipend is paid on a monthly basis to Ward Committee members, subject to the submission of monthly reports to the office of the Speaker, with issues identified in the wards, for further discussion at the Ward Councillors Forum. Quarterly reports are also submitted to Council on these activities as undertaken. Ward Committees were functional for the period under review.

T 2.4.2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public and community meetings generally convened to keep communities informed regarding service delivery matters and to provide a platform for the community to raise issues and give inputs for the development of the Municipality. This consultation and engagement process assists the Municipality to plan and budget according to identified and prioritized needs. In community meetings, the Municipality also uses the platform to continuously encourage the community to pay for services and to actively participate in the affairs of the municipality.

The community benefits by submitting their development needs to be catered for within a specific financial year in the IDP and budget. It also provides an opportunity to directly interact with municipal administration on issues affecting service delivery. Ward Committee Meetings took place during the year under review although there was a delay with the induction of the ward committee members. Meetings were convened according to times that suited particular communities. In respect of the numbers of people attending meetings, it differs from ward to ward due to venues that are not central, sometimes lack of transport and the public opting not to attend due to one or other reason. T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Partially. Impact and outcome indicators are captured in the IDP strategic goals and objectives. Annually, the SDBIP includes input and output indicators
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Partially. Alignment is in respect of outcomes relevant to local government mandate
** Section 26 Municipal Systems Act 2000*	*T 2.5.1*

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance broadly refers to the mechanisms, processes and relations by which institutions and corporations are controlled, managed and directed. Governance structures and principles identify the distribution of rights and responsibilities among different participants in an organization and includes the rules and procedures for making decisions in corporate affairs.
All the governance structures individually and collectively must cultivate characteristics such as integrity, competence, responsibility, accountability, fairness, transparency and exhibit them in their conduct to advance ethical leadership and corporate citizenship.

T 2.6.0

2.6 RISK MANAGEMENT

Chapter 2

RISK MANAGEMENT

In terms of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, section 62(1)(c) states that the Accounting Officer must ensure that the municipality has and maintains an effective, efficient, and transparent system of risk management. In compliance with this requirement, the Municipal Manager has appointed a Risk Management, Anti-Fraud and Anti-corruption Committee (RMAFACC) to advise the Municipality on risks that can affect the achievement of the strategic (IDP) and operational (SDBIP) objectives for the Municipality.

The Committee constitutes of section 56 senior managers that are directly accountable to the Municipal Manager. Furthermore, the RMAFACC is chaired by an external independent Chairperson. Meetings are convened every quarter, the reports compiled are submitted to the Municipal Manager, Audit Committee and Municipal Council with quarterly progress on risk, compliance, and fraud management. Moreover, Risk Champions are appointed as departmental representatives to assume the responsibility of assisting with the implementation of risk management, compliance, and fraud management activities in their respective departments. The Risk Champions hold monthly meetings, chaired by the Chief Risk Officer and report quarterly to the RMAFACC.

The following strategic risk documents were in place and approved by Council during the year under review:
Risk Management Policy
Risk Management Strategy
Risk Management Implementation Plan
Fraud Prevention Policy
Fraud Prevention Plan
Whistleblowing Policy
Private Work and Declaration of Interest Policy

Based on the constitutional mandate of the Municipality and the applicable regulatory requirements, the following risk registers were developed, implemented, monitored, and reported on to relevant oversight committees on a quarterly basis:
- Strategic Risk Register
- ICT Risk Register
- Fraud Risk Register

The Risk management process is comprehensive and meetings are held as per the approved schedule. The effectiveness of the RMAFACC is evaluated annually against predetermined objectives for risk management, noting that attempts are being made towards a more matured level as far as risk management best practices are concerned.

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For the year under review, the Municipality conducted its assessments with Departments from the 2nd to the 10th May 2024. The draft Strategic Risk register was tabled to Top Management Manco on the 3rd June 2024. It was also tabled at the RMAFACC on 19th July 2024 and presented to Audit Committee on 26th July 2024.

The following were the identified strategic risks:

SR 1: Failure to sustain the current infrastructure and to provide additional required infrastructure (Maximum risk)
SR 2: Failure to provide needs for basic social, health and security services to the community (Medium risk)
SR 3: Municipal information lost and being misused (Maximum risk)
SR 4: Unskilled and insufficient human resources to achieve the municipality's operational and strategic objectives (High risk)
SR 5: Increased informal settlement and failure to provide land for business & recreational needs of the community (High risk)
SR 6: Misalignment between national and provincial housing allocation guidelines ((High risk)
SR 7: Increased levels of unemployment (High risk)
SR 8: Disruptions of the IDP budget consultations (High risk)
SR 9: Governance failure resulting in non-compliance to laws, policies, standards, best practices, and maladministration practices (Medium risk)
SR 10: Natural / Manmade /epidemics Disasters are not anticipated and planned for by the municipality (High risk)
SR 11: Expenditure commitment exceed available revenue (Maximum risk)
SR 12: Insufficient collections from revenue streams (Maximum risk)
SR 13: Receiving unfavourable audit opinion from AGSA (High risk)
SR 14: Inefficient contract management (Medium risk)
SR 15: Property vandalised, misuse of fleet, loss of assets (Medium risk)

In addition, the ICT and Fraud risk registers were reviewed, implemented, and monitored on a regular basis for the year.

In reality, the process of managing risks is inseparable from that of managing for success and within this context it is therefore not surprising that risk management is a central part of any organization's performance improvement initiatives. The 2024/2025 strategic risk assessment revealed the following risk levels:

Risk Magnitude	No of Risk per Magnitude	Percentage

Maximum Risk	4	27%
High Risk	7	46%
Medium Risk	4	27%
Low Risk	0	0%
Minimum Risk	0	0%
Total number of risks	15	100%



The above graph depicts the magnitude of risks identified from the strategic risk assessment conducted. From the strategic objectives identified as contained in the Municipality's IDP, risks classified as maximum were at 27%, areas of high risk were at 46%, with 27% risks identified at medium and zero low and minimum risk magnitude. Maximum and high risks are unacceptable and cannot be tolerated, therefore, action needs to be taken to reduce their impact. Management prioritized all the risks, especially those falling within the unacceptable risk appetite of Lekwa Local Municipality. Quarterly Risk Management meetings were held to report on and deal with the implementation of risk mitigation strategies. For the year under review, the risk mitigation plan has adequately reduced the risks that were identified as maximum and high. Some risks relating to service delivery were not reduced, mainly due to budgetary constraints.

It must be noted that with the appointment of senior managers, the effective management and reporting on risk mitigation has improved. The RMAFCC chaired by an independent, external Chairperson managed to attend to risk matters. The Internal Audit Unit used its professional judgment when evaluating and auditing the systems of internal controls for identified risks to ensure that such

controls are effectively implemented, which also informed their three-year rolling risk-based internal audit plan.

T 2.6.1

2.7 ANTI-FRAUD AND ANTI-CORRUPTION

ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

The primary responsibility for preventing and detecting fraud rests with management and those charged with governance. The MFMA and its regulations clearly stipulate that matters such as incurring unauthorized, irregular as well as fruitless and wasteful expenditure; the possible abuse of the SCM system (including fraud and improper conduct); and allegations of financial misconduct should be investigated and that disciplinary steps should be taken based on the results of the investigations.
As part of the anti-fraud and anti-corruption plan, awareness, workshops were conducted on an ongoing basis as part of raising awareness among employees and Councillors on matters relating to fraud and corruption. The availability of the Fraud Hotline is also communicated for the public to also have an opportunity to report any fraud or corruption.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

In terms of MFMA section 110 – 119 and the SCM Regulations of 2005 and other relevant MFMA circulars, its sets out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. Section 217 of the Constitution and 112 of MFMA requires that a procurement system which is transparent ensures cost effectiveness equity, that must be competitive and fair.
The challenges in the supply chain management include broadly the high historical irregular expenditure that have not been concluded after the matter had been tabled to Council for further investigation. The expenditure has been reported to Council and is awaiting its outcome after the matter had been delegated to a committee of Council, the Municipal Public Accounts Committee (MPAC) for further investigation.

The Constitutional Court Judgement of the 16th February 2022 regarding the Preferential Procurement Regulations of 2017 had an adverse effect on the procurement process as some of the bids that were not responsive had to be readvertised. The Municipality could not proceed until such time that a

request for exemption was approved in terms of PPFA 3 c and Section 2 (1) a, b and c and its regulations. This further delayed the implementation of some capital projects.

The Municipality introduced various systems to curb the increase in irregular expenditure. This includes but is not limited to the following:
1) Restructuring the Supply Chain Management Unit to be in line with the SCM Pillars
2) Introduction of Standard Operating Procedures (SoPs) and checklists to ensure adherence to SCM policies & Regulations
3) Establishment and appointment of Bid Committees in line with SCM Regulations
4) Introduction of Request for Quotes register
5) Introduction of contract management policy.

In respect of building capacity within the supply chain management unit, one official has enrolled for a SCM Higher Certificate with MANCOSA. In addition, Provincial Treasury has also committed to assist the municipality with training of BID Committee members including the SCM staff. It is also a requirement that SCM staff also on an annual basis complete financial disclosure forms.
The Municipality has developed Unauthorised Irregular Fruitless and Wasteful expenditure reduction strategy. The centralisation of the supply chain management function will further strengthen the managing of service providers as well as the procurement of goods and services.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during 2024/2025				
Developed	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
Municipal by-law relating to streets, public places and prevention of noise nuisance	Yes	18-24 June 2025	No	
Integrated Waste Management by-law	Yes	18-24 June 2025	No	
Integrated Waste Management Plan	Yes	18-24 June 2025	No	
Fire & Rescue by-law	Yes	18-24 June 2025	No	
Traffic by-law	Yes	18-24 June 2025	No	

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*Note: See MSA section 13. T 2.9.1

COMMENT ON BY-LAWS:

In line with section 11 (3) of the Municipal Systems Act 2000, municipal councils are given the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. The Municipality has developed various by-laws with a view to regulate and administer all affairs in the Municipality.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Annual and adjustments budgets and all budget-related documents	Yes	30 May 2025
All 2024/2025 budget-related policies	Yes	30 May 2025
The 2023/2024 Annual Report	Yes	02 April 2025
The 2024/2025 Annual Report	Still to be published	After Council approval
All service delivery agreements for 2024/2025	Yes	02 July 2024
All 2024/2025 performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes	04 September 2024
All long-term borrowing contracts valid during 2024/2025	N/A	N/A
All supply chain management contracts above a prescribed value for 2024/2025	N/A	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during	No	N/A
Contracts agreed in 2024/2025 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 done during 2024/2025	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2024/2025	Yes	Quarterly
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipality website has its own website as contemplated in section 21(b) of the Municipal Systems Act and all the documents mentioned in the table above have been uploaded on the website as directed by the Municipal Systems Act as well as the Municipal Finance Management Act.

The official website can be accessed on www.lekwalm.gov.za.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

Public satisfaction surveys have not been conducted as a means to monitor the level of service provision by the Municipality to its communities. It must however be noted that over the past year, complaints and negative publicity received via the local newspaper, the Lekwa Facebook page and other social media platforms, it is evident that communities are dissatisfied with the level of services rendered. In order to ensure that the various service departments render effective and efficient services to the communities, Ward Committees through their ward operational plans, remain in touch with issues on the ground and with current community participation programmes further strengthening it. Interactions with communities through the Mayoral Izimbizo programme was resuscitated and both Ward Committees and Community Development Workers and community interactions has been ongoing.

T 2.11.1

COMMENT OF SATISFACTION SURVEYS

To support service delivery and promotion of access to our communities, the Municipality has procured the services of MUNSOFT which is responsible for deployment of Document Management System which contain various modules which includes amongst others the Customer Care System. Training has been conducted to the Supervisors at Technical Services including the frontline staff at Call-Centre which operates 24/7. In the spirit of co-operative governance, COGSTA has made a commitment to assist Municipalities in Mpumalanga in conducting community satisfaction surveys through the use of the GOVCHAT(iLivi Lemphakatsi Provincial Application) which is the complaints management tool designed to improve access and enhance service delivery. The Application contains functions to conduct the survey once the awareness campaigns are finalized, Provincial COGHSTA will provide support to Municipalities to automate and customize their surveys. The application can be downloaded on any cellphone network.

T 2.11.2.1

Chapter 2

COMMENT ON PUBLIC SATISFACTION LEVELS:

The Municipal Service Standards and Charter as well as the Customer Care Policy is in the process of being reviewed, and to be finalized in the 2025/2026 financial year. In order to create a platform where communities can voice their suggestions and complaints, suggestion boxes have been procured and placed at strategic points throughout the municipality and are e utilized for receiving suggestion and complaints from our consumers. Upon receipt they are then dispatched promptly to the relevant Departments and daily monitor their speedy resolution and provide feedback to customers.

T 2.11.2.2

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Chapter 3

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

INTRODUCTION

The population of Lekwa has increased from 115 268 in 2011 to 140 970, according to StatsSA as further outlined in the Socio-Economic Review Outlook (SERO) report. It also indicates a decrease in informal settlement dwellings from 23.9% (7 414 in 2011) to 19.1% (7 129 in 2016). Noting the following levels of basic service provision for households, it is a clear indication that with the growing population, services must be upgraded and maintained commensurate with the said growth rate.

Proportion of Households with minimum level of Basic services

Service Delivery Area	2021/2022	2022/2023	2023/2024	2024/2025
Electricity service connections	91%	91%	93,8%	93,8%
Water - available within 200 m from dwelling	90%	94%	96%	93,7%
Sanitation - Households with at least VIP service	87%	87%	97%	97%
Waste collection - kerbside collection once a week	69%	69%	65,8%	77,7%

The challenges faced by the Municipality in respect of continuous, uninterrupted supply of water, electricity and refuse collection has been compounded by the current population growth and the further deterioration of infrastructure, without the commensurate regular repairs and maintenance being undertaken. With a clear mandate to focus on the priority areas of water, sanitation and electricity provision, the focus remained on trying to improve the provision of these services.
The following capital projects were completed in the year under review in order to address some of the basic service delivery challenges:

- Refurbishment of Standerton Water Treatment Plant
- Installation of boreholes
- Refurbishment of boreholes
- Upgrade of Standerton Water treatment works

This Chapter provides information per department and functional service delivery areas ranging from roads and transport, local economic development, town planning, human settlements, solid waste

management, environmental health, safety and security and emergency services. A brief reference to service delivery performance in respect of the largest capital projects undertaken is included in **Appendix E**.
Critical to effective and sustainable service delivery is the need for a capacitated and skilled work force. With critical skills gaps having been identified, the workplace skills plan and relevant training programmes will be critical to deal with staff and skills shortages.

T 3.0.1

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 2024/2025 financial year continued to focus attention attending to service delivery challenges relating to infrastructure refurbishment and upgrade, by undertaking capital projects relating to water, sanitation, and electricity. It must however be noted that it included the conclusion of projects that were commenced in the 2023/2024 financial year.

The continued pressure on existing infrastructure as most of the bulk infrastructure is functioning at beyond its maximum capacity due to the expansion of especially residential developments without the commensurate upgrade and regular maintenance of existing infrastructure over the past few years, has placed additional strain on the infrastructure capacity.

The policy objectives as outlined in Chapter 3 is based on the service delivery targets set for the 2024/2025 financial year, in line with the approved SDBIP. The information as outlined, provide additional operational information as well as information that is in line with information contained in the chapter and Component K on organisational performance Report, in line with the Annual Performance Report (APR) which was prepared in terms of section 46 of the MSA, and submitted to the Auditor-General for auditing. Full details on the audited APR, is contained under Component K.
The Municipality does not have any entities under its management and a full list of functions of the Municipality are included in **Appendix C**.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The Municipality has identified and implemented the projects of the refurbishment of the Standerton and Morgenzon Water Treatment Plants in order to improve water supply to the community.

The following is the current status in respect of the water treatment plants within Lekwa:

AREA	STANDERTON AND SAKHILE	MORGENZON AND SIVUKILE
WATER DEMAND	45ML/day	3.9 ML/day
PREVIOUS DESIGN CAPACITY	37 ML/day	2.2ML/day
CURRENT DESIGN CAPACITY	37ML/day	2.2 ML/day
EXCESS/DEFICIT	Deficit of 5 ML/day	Deficit of 1.7ML/day

The following challenges has been identified in respect of water supply:

* Inconsistent water supply to high lying areas of Sivukile, Sakhile, Standerton Extensions 6, 7 and 8;
* The existing configuration of the Standerton water supply system is affecting the efficient and equitable supply of water due to low pressure in supplyinhigh lying areas.
* The bulk pumping mains from the Standerton Water Treatment Works to the 3 reservoirs are connected directly to the water reticulation network which supplies Standerton town areas resulting in the reservoirs not filling up during peak periods of sufficient water supply from the water treatment works. Newer areas which are connected to the reservoirs and are only supplied from the reservoirs do not always get water during peak periods and when the reservoirs are low.
* During the 2024/2025 financial year, the following water services related projects were implemented:
    - Installation of boreholes
    - Construction of Kieser Reservoir
    - upgrading of Standerton water treatement works

The backlog on a constant supply of piped water in the rural wards 9, 12, and 13 remains and continues to be serviced through water tankers. The Municipality depends on grants for the refurbishment and upgrade of water services and funds are insufficient to adequately address all such backlogs, thus the ministerial interventions and funding through the Department of Water and Sanitation.

The water demand of the Municipality is higher than the design capacity of the Standerton Water Treatment Plant. As a mitigation measure Goldi has applied and has been granted a water use license which will enable them to abstract water from the Vaal River. This will then ease the water demand from the Standerton Water Treatment Plant. The Municipality has been delivering water to the community in the high lying areas, informal settlements rural which do not have access to water utilising six water trucks. The Municipality through the assisstance of GSDM and DWS has commenced the upgrade of the Standerton Water Treatment Plants and related bulk infrastructure in

order to address the water supply challenges. The Municipality also undertook the refurbishment of boreholes in the rural wards.

T3.1.1

Total Use of Water		
	Rand Value	**Unaccounted water losses**
2022/2023	37, 409, 075	69%
2023/2024	8, 866, 240	45%
2024/2025	19,520,000	58%

T 3.1.2

COMMENT ON WATER USE:

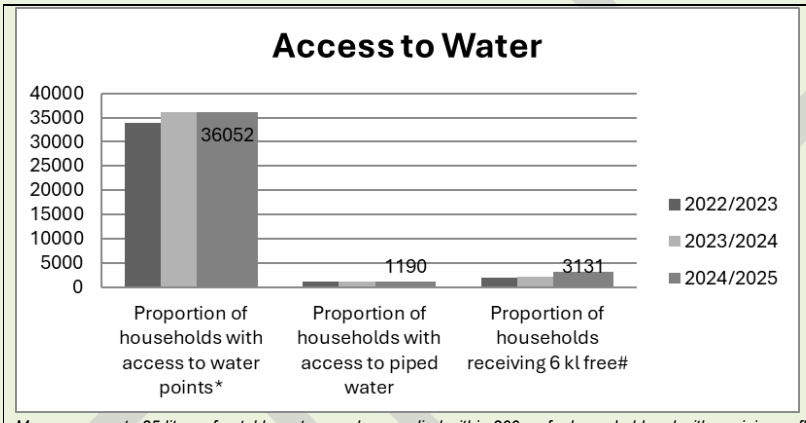
The extent of water losses are significant, noting the aging water infrastructure and insufficient maintenance of such infrastructure which has a direct impact on the increase in both technical and non-technical water losses. Another contributing factor is the supply of water through water tankers. The water tankers obtains water from municipal water sources, which forms part of indirect water losses.

T 3.1.2.2

Water Service Delivery Levels				Households
Description	**2020/2021**	**2021/2022**	**2022/2023**	**2024/2025**
	Actual No.	**Actual No.**	**Actual No.**	**Actual No.**
Water: **(above min level)**				
Piped water inside dwelling	33 833	33 833	33 833	36 052
Piped water inside yard (but not in dwelling)	0	0	0	0
Using public tap (within 200m from dwelling)	1 154	1 154	1 154	1 190
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	34 987	34 987	34 987	37 242
Minimum Service Level and Above Percentage	94%	94%	94%	97%
Water: **(below min level)**				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	1 687	1 687	1 687	1 687
No water supply	660	660	660	660
Below Minimum Service Level sub-total	2 347	2 347	2 347	2 347
Below Minimum Service Level Percentage	6%	6%	6%	6%

Total number of households*	**37 334**	**37 334**	**37 334**	**38 583**

** - To include informal settlements* *T 3.1.3*



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 *T 3.1.5*

Access to Water			
	Proportion of households with access to water points*	**Proportion of households with access to piped water**	**Proportion of households receiving 6 kl free#**
2022/2023	33947	1154	1884
2023/2024	36052	1190	2156
2024/2025	36052	1190	3131
			T 3.1.5

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
1	Number of water leaks repaired		1140 water leaks repaired (+140 variance)	Achieved	1000 water leaks repaired	1000 water leaks repaired	1151	Achieved		Progress reports
2	Number of water meters replaced		New KPI	New KPI	120 water meters replaced	90 water meters replaced	88	Not Achieved	Management will establish a metering section that will focus on water metering and installation that is adequately resourced	Progress reports
3	Number of boreholes installed		2 Boreholes installed	Achieved	3 boreholes installed	3 boreholes installed	2 boreholes installed	Not Achieved	Identify alternative site for drilling of new borehole	Progress Reports; Completion certificate; Signed Beneficiary happy letters

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
4	Number of boreholes refurbished		New KPI		6 boreholes refurbished	6 boreholes refurbished	16 boreholes refurbished	Achieved		Progress Reports; Completion certificate; Signed Beneficiary happy letters
5	Number of boreholes refurbished		New KPI		6 boreholes refurbished	6 boreholes refurbished	7 boreholes refurbished	Achieved		Progress Reports; Completion certificate; Signed Beneficiary happy letters

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Employees: Water Services					
Job Level	2023/2024	Year 2024/2025			
	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.*
T3.1.7

Capital Expenditure Year 2024/2025: Water Services					R' 000
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3233	3234	3234	0%	
Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	406	165	165	-146%	36384
Refurbishment/Installation of boreholes in rural/farm areas	2827	3069	3069	8%	18367

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.
T 3.1.9

Chapter 3

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The backlog remains on the supply of piped water in the informal. rural wards 9, 12, and 13 and sufficient budget was not available to address all backlogs, however there is an ongoing programme for the refurbishment of boreholes, other rural areas are also provided with water on an ongoing basis using water tankers.
The Municipality is the Water Services Authority, who depends on grants for the extension and provision of water services, but such funds are not adequate in addressing all backlogs and the complete refurbishment of existing water infrastructure.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Providing adequate sanitation facilities remains one of the major challenges towards basic service delivery, especially among poor and rural communities. Households that do not have access to adequate sanitation facilities may be using a bucket system or unimproved pit toilets. In addition, poorly designed or operated water-borne sewerage systems, especially in urban areas, if it fails or if it is inadequate, impacts on the health of communities. The negative impact on the environment can also be extremely serious, especially when raw sewage begins to spill into rivers and streams. Concerted efforts have been made to address these challenges as it can adversely affect communities and the environment at large. The provision of a basic level of household sanitation to mainly rural communities and informal settlements, as areas with the greatest need must be attended to and requires an environmentally sound approach to providing sanitation services and addressing the need to protect surface and ground water resources from sanitation pollution through integrated environmental management practices. Inadequate sanitation facilities and infrastructure combined with unhygienic practices represent South Africa's sanitation problem that must be addressed.
In addressing these challenges, the following sanitation projects were undertaken during the 2024/2025 financial year:

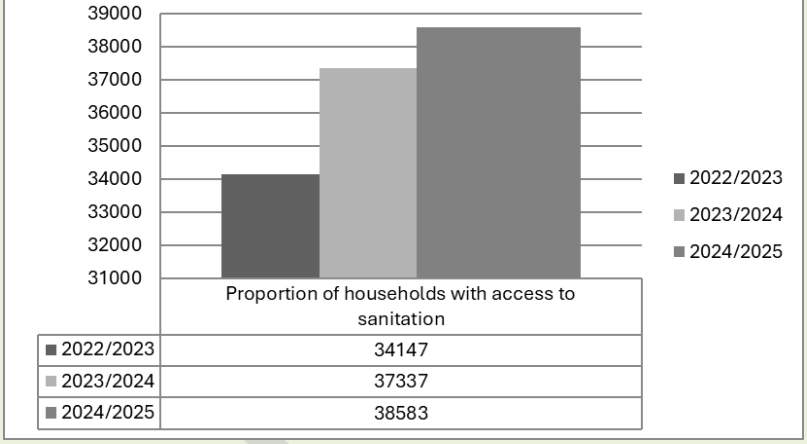
- Installation of VIP toilets
- Desludging of rural VIP toilets
- Upgrading of Rooikoppen internal sewer reticulation
- Upgrading of Johan, Stey, Vall and Muller pump stations
- Upgrading and remedial work of internal sewer services in Standerton Extension 8

T 3.2.1

Sanitation Service Delivery Levels *Households					
Description	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	Outcome	Outcome	Actual	Actual	
	No.	No.	No.	No.	
Sanitation/sewerage: **(above minimum level)**					
Flush toilet (connected to sewerage)	32 001	32 001	32 00	35 257	35 257
Flush toilet (with septic tank)	293	293	293	493	493
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	1 853	1 853	1 853	1587	1752
Other toilet provisions (above min.service level)	0	0	0		0
Minimum Service Level and Above sub-total	34 147	34 147	34 147	37 337	37 502
Minimum Service Level and Above Percentage	91%	91%	91%	**96%.**	
Sanitation/sewerage: **(below minimum level)**					
Bucket toilet	–	–	–	0	0
Other toilet provisions (below min.service level)			1 864	622	

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No toilet provisions	1 864 1 323	1 864 1 323	1 323	**624**	
Below Minimum Service Level sub-total	0	0	0		
Below Minimum Service Level Percentage	9%	9%	9%	4%	
Total households	**37 334**	**37 334**	**37 334**	**38 583**	**38 583**
Total number of households including informal settlements				*T 3.2.3*	



	Proportion of households with access to sanitation
2022/2023	34147
2023/2024	37337
2024/2025	38583

T 3.2.5

Access to Sanitation	
	Proportion of households with access to sanitation
2022/2023	34147
2023/2024	37337
2024/2025	38583

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Chapter 3

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
6	Number of VIP toilets installed		100 VIP Toilets installed	Achieved	150 VIP toilets installed	150 VIP toilets installed	165 VIP toilets installed	Achieved		Progress Reports; Completion certificate; Signed Beneficiary happy letters
7	Number of VIP toilets desludged		New KPI		150 VIP toilets desludged	150 VIP toilets desludged	150	Achieved		Progress Reports; Completion certificate; Signed Beneficiary happy letters

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
8	Percentage sewer spillages attended		New KPI		100% sewer spillages attended	100% sewer spillages attended	100%	Achieved		Progress reports
9	Number of sewer pump stations inspected and maintained	KPI removed	New KPI		13 sewer pump station inspected and maintained	KPI Removed	KPI Removed	KPI Removed		Progress reports

Employees: Sanitation Services					
Job Level	2023/2024	Year 2024/2025			
	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 3.2.7*

Capital Expenditure Year 2024/2025: Sanitation Services					
R' 000					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2500	2500	2500	0%	
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	2500	2500	2500	0%	30210

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T 3.2.9*

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Challenges relating to efficient sanitation service delivery can be addressed by means of the following strategic interventions:

- facilitating the participation of communities to be fully involved in projects that relate to their health and well being;
- promoting health and hygiene awareness and practices;
- development and use of local resources
- upgrading of existing facilities
- adopting an integrated environmental management approach;
- developing a common approach to implementation; and
- undertaking specific programmes to clear the backlog.

The projects as implemented during the 2024/2025 financial year has not dealt with the extent of the backlogs, but has been critical towards beginning to address these challenges. Understanding that sanitation provides dignity to human life, will also require that more sustainable solutions to sanitation services be considered, especially within rural areas, where septic tanks should be considered in future instead of the current VIP toilet systems.

T 3.2.10

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Challenges relating to efficient sanitation service delivery can be addressed by means of the following strategic interventions:

* facilitating the participation of communities to be fully involved in projects that relate to their health and well being;
* promoting health and hygiene awareness and practices;
* development and use of local resources
* upgrading of existing facilities
* adopting an integrated environmental management approach;
* developing a common approach to implementation; and
* undertaking specific programmes to clear the backlog.

The projects as implemented during the 2024/2025 financial year has not dealt with the extent of the backlogs, but has been critical towards to address these challenges, noting the intervention by the Department of Water and Sanitation.

T 3.2.10

Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Notified Maximum Demand (NMD) remains a challenge within the Municipality, which means that once the 55MVA maximum has been exceeded during any period, Eskom imposes penalties. The upgrading of the existing electricity network is a major priority since the network is ageing. The major challenges are distribution losses, illegal connections, meter bridging, breakdowns, service interruptions and limited capacity with the increased electricity demand. The upgrading of the entire electricity network still requires attention, noting especially the potential that it has to attract investors if consistent electricity supply can be provided.

T 3.3.1

Electricity Service Delivery Levels

Households

Description	2021/2022	2022/2023	2023/2024	2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: **(above minimum level)**				
Electricity (at least min.service level)	34,491	34,619	34,645	34,645
Electricity - prepaid (min.service level)	–	–	–	–
Minimum Service Level and Above sub-total	34,491	34,619	34,645	34,645
Minimum Service Level and Above Percentage	92%	93%	93%	93%
Energy: **(below minimum level)**				
Electricity (< min.service level)	2,843	2,715	2,689	2,689
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	–	–
Below Minimum Service Level sub-total	2,843	2,715	2,689	2,689
Below Minimum Service Level Percentage	7,6%	7,3%	7,2%	7,2%
Total number of households	37,334	37,334	37,334	37,334

T 3.3.3

Total Use of Electricity		
	Rand Value	Unaccounted electricity losses
2022/2023	105,341,890	25%
2023/2024	88,350,878	17%
2024/2025	144,070,000	22%
		T 3.3.2

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
10	Percentage construction of switching station at Rooikoppen - Phase 1		New KPI		50% Construction of Switching Station at Rooikoppen. – Phase 1	50% Construction of Switching Station at Rooikoppen. – Phase 1	Construction @ 55%.	Achieved		Progress Reports; Completion certificate; Signed Beneficiary happy letters
11	Percentage construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1		100% completed designs on 11 KV line	Achieved	50% Construction of 6km, 11kV line between A Substation and Rooikoppen.- Phase 1	50% Construction of 6km, 11kV line between A Substation and Rooikoppen.- Phase 1	Achieved. Construction @85%.	Achieved		Progress reports

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
12	Number of progress reports on application to Eskom for Notified Maximum Demand (NMD) upgrade		KPI Removed: 2023/24 FY	KPI Removed: 2023/24 FY	4 Progress reports of application to Eskom for NMD upgrade	4 Progress reports of application to Eskom for NMD upgrade	2 Progress reports submitted on application to Eskom for NMD upgrade	Not Achieved	Defer KPI for completion in 2025/26 financial year	Progress reports
13	Number of high mast lights installed		100% design and tender documentation for installation of high mast lights concluded	Achieved	10 high mast lights installed	10 high mast lights installed	26 High mast lights installed	Achieved		Progress reports

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
14	Number of street lights repaired		977 Street lights repaired (+577 variance)	Achieved	400 street lights repaired	400 street lights repaired	353 streetlights repaired	Not Achieved	Procurement of materials for street lights repairs for the 2025/26 FY	Progress reports
15	Number of high mast lights repaired		114 Highmast lights repaired (+94 variance)	Achieved	20 high mast lights repaired	20 high mast lights repaired	22 High Mast Lights repaired	Achieved		Progress reports

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
16	% high mast and street lights retrofitted with energy efficient lights	Number of lights on highmasts and street lights retrofitted with energy efficient lights	New KPI	New KPI	100% high mast lights and street lights retrofitted with energy efficient lights	243 fittings replaced on highmast lights; 227 light fittings replaced on street lights	243 lights on high masts retrofitted with energy efficient lights 227 lights on street lights retrofitted with energy efficient lights	Achieved		Progress reports; Completion certificate

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
17	Number of electricity meters installed		3128 Electricity meters installed (+3028 variance)	Achieved	100 electricity meters installed	100 electricity meters installed	534 electricity meters installed	Achieved		Progress reports

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
18	Number of EDMS strategy interventions implemented		Energy Efficiency and Demand Side Management (EEDSM) Strategy developed	Achieved	4 EEDMS strategy interventions implemented	4 EEDMS strategy interventions implemented	School competition awareness campaign on energy saving	Not Achieved	Defer KPI for completion in 2025/26 financial year	Quarterly report

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
19	Number of electricity infrastructure rehabilitation interventions implemented		Electricity Maintenance Plan developed	Achieved	4 Electricity infrastructure rehabilitation interventions implemented	4 Electricity infrastructure rehabilitation interventions implemented	Electrical protection system at C SUB rehabilitated in Q1	Not Achieved	Fast track procurement processes to undertake repairs in 25/26 FY	Quarterly report

FINAL

Employees: Electricity Services					
Job Level	2023/2024	Year 2024/2025			
	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 3.3.6*

Capital Expenditure Year 2024/2025: Electricity Services					R' 000
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26184	41648	41648	37%	
Construction of switching station at Rooikoppen - Phase 1	10000	10688	10688	6%	17642
Construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	4620	10325	10325	55%	12543
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	7564	16635	16635	55%	19127
Retrofitting of High mast lights and street lights with energy efficient lights	4000	4000	4000	0%	4000

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

T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The capital project implemented was the phase 1 upgrade of A sub. Managing Eskom loadshedding received attention through the ongoing engagement with Eskom regarding the application on increased NMD.

T 3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

The waste management division renders waste management services within the municipality. The services rendered are waste collection (household and business), street cleaning, maintenance and operation of landfill sites, and clearing illegal dumping spots. Waste is collected in ten (10) wards, and the remaining three wards do not have the service due to insufficient resources.

Waste collection is divided into six zones: five zones for residential areas and one zone for businesses.
According to the 2022 census, Lekwa municipality has 38583 households, of which 31320 have access to the weekly waste collection schedule. Due to insufficient resources, waste is collected on weekends to provide residents equal access to services. Currently, the municipality has six waste collection trucks, which are insufficient to cover all areas during the week and extend the service to unserviced areas. Rural areas have no access to waste collection services.

On a daily basis, street-cleaning services are rendered within the Central Business District (CBD), open spaces and main entrances/exits through town. Due to resource and capacity constraints, street-cleaning services cannot currently be extended to all areas within Lekwa. The Community Works programme has also been utilised to clean identified areas.

The municipality has two landfill sites: Standerton, which is operational, and Morgenzon, which is closed and due for rehabilitation.

The following are critical challenges faced by the solid waste management division:

- Insufficient personnel in respect of solid waste management and street cleaning services;
- Inaccessibility of roads by refuse collection vehicles due to bad road conditions especially during rainy season;
- Refuse vehicles being used excessively due to limited number of vehicles, which shortens the lifespan of the vehicles, yet vehicles are insufficient to render services in all areas;
- The municipality is operating with six refuse collection trucks, while eleven refuse trucks are required to service all registered households and businesses.
- The extending of waste management services has not been realised due to limited resources;
- Littering and illegal dumping in all sections of Lekwa remains a challenge as the result of inconsistence waste removal;

T 3.4.1

Solid Waste Service Delivery Levels

Households

Description	2020/2021	2021/2022	2023/2024	2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week	25946	25946	31320	29980
Minimum Service Level and Above sub-total	25946	25946	31320	29980
Minimum Service Level and Above percentage	84,0%	85,4%	81.74%	77,7%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week	0	0	0	542
Using communal refuse dump	0	0	0	1550
Using own refuse dump	0	0	0	3218
Other rubbish disposal	0	0	0	114
No rubbish disposal	4419	4419	11388	2382
Below Minimum Service Level sub-total	4419	4419	11388	6816
Below Minimum Service Level percentage	18,5%	16,0%	14,6%	30,5%
Total number of households	**27761**	**27631**	**30365**	**37334**

T 3.4.2

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
26	Percentage of households with access to refuse removal		99% (-1 variance)	Not Achieved	100% households with access to refuse removal service	100% households with access to refuse removal service	100% households with access to refuse removal service	Achieved		Refuse removal report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
27	Percentage of businesses with access to refuse removal		99,5% (-0,50 variance)	Not Achieved	100% of businesses with access to refuse removal service	100% of businesses with access to refuse removal service	100% of businesses with access to refuse removal service	Achieved		Refuse removal report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
28	% Completed designs for Morgenzon landfill site rehabilitation		8% progress toward Morgenzon landfill site designs. Consultant appointed for designs.	Not Achieved	100% Completed designs for Morgenzon landfill site rehabilitation	100% Completed designs for Morgenzon landfill site rehabilitation	100% Completed designs for Morgenzon landfill site rehabilitation	Achieved		Advert, Tender document; Appointment letter; designs
29	Percentage construction of 1 Cemetery		New KPI	New KPI	75% Cemetery constructed	75% Cemetery constructed	Construction @ 79%	Achieved		Advert, Tender document; Appointment letter; designs

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
30	Number of illegal dumping sites cleaned		48 Illegal dumping sites cleaned (+42 variance)	Achieved	12 Illegal dumping sites cleaned	12 Illegal dumping sites cleaned	12 Illegal dumping sites cleaned	Achieved		Dumping site cleaning schedule; Quarterly report; Dated pictures

Chapter 3

Employees: Solid Waste Management Services					
Job Level	2023/2024	2024/2025			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	0	0	0%
4 - 6	38	77	50	27	35%
7 - 9	8	13	10	3	23%
10 - 12	1	5	1	4	80 0%
13 - 15	1	2	1	1	50%
16 - 18	1	1	1	1	100%
19 - 20	0		0	0	0%
Total	62	98	62	36	36.7%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
T3.4.5

FINAL

Capital Expenditure Year 2024/2025: Waste Management Services R' 000					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9395	745	745	-1161%	
Rehabilitation of Morgenzon Landfill site	9395	745	745	-1161%	9395
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.4.9*

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The upgrading of the Standerton landfill site has been completed. The following were part of the upgrading scope:
1.Installation of 4221 metres clear view fence, access control, two high mast lights with solar panels for alternative energy
2.Construction of office block and ablution facilities
3.Supply and installation of 30-ton weighbridge
4.Drilling and equipping of two boreholes
5.Supply of water (jojo) tank and a metal stand

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

The need for integrated residential housing programmes is evident in the ever-increasing number of informal settlements mushrooming especially along the periphery of Lekwa's residential areas within Sakhile and its extensions.

There is also still a noticeable increase in the number of residents who are in need of serviced residential stands. The need to acquire residential properties is in order to build houses for their families. There are also residents who fall within what is often referred to as the "gap housing market". These are residents who do not qualify to receive low-cost government subsidised houses (RDP) and often find it difficult to receive housing finance from financial institutions. The municipality has requested the Department of Human Settlements to service 500 residential stands in Standerton Ext.8 which some of them can be made available to people who may want to build houses for their families.

The Mpumalanga Department of Human Settlements did not allocate any new projects to the municipality for the 2024/2025 financial year, noting the outstanding completion of the residential (walk-ups) in Standerton Ext.8.

The project of transfer of ownership of RDP houses built in Standerton Ext.8 was successfully concluded with title deeds being handed over. Application has also been to made to receive outstanding title dees in order to be handed over to the owners.

The need for integrated residential housing programmes is evident from the ever-increasing mushrooming of informal settlements, especially along the periphery of Lekwa's residential areas within Sakhile and its extensions.

There is also still a noticeable increase in the number of residents who are in need of serviced residential stands. The need to acquire residential properties for individual development. There are also residents who fall within what is often referred to as the "gap housing market". These are residents who do not qualify to receive low cost government subsidised houses (RDP) and often find it difficult to receive housing finance from financial institutions. The municipality has requested the Department of Human Settlements to service 500 residential stands in Standerton Ext.8 which can also be made available for this purpose.

T 3.5.1

Percentage of households with access to basic housing

Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021/2022	37334	32695	87.1%
2022/2023	38583	34145	88.0%
2023/2024	38583	34145	88.0%
2024/2025	38583	34385	89,1%
			T 3.5.2

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
66	Number of housing beneficiaries registered(NHNR)		4 Reports (6523 beneficiaries)registered	Achieved	2500 beneficiaries registered	2500 beneficiaries registered	5422 Beneficiries registered	Achieved	N/A	Progress report and Data report (Excel)
67	Number of reports on title deeds issued to the rightful owners		3 Progress reports on 200 Title deeds transferred	Not Achieved	300 title deeds issued to rightful owners	300 title deeds issued to rightful owners	300 title deeds issued	Achieved	N/A	Progress Report and Happy letters
68	Number of beneficiaries educated on human settlements programmes		4 Human Settlements Awareness Campaigns	Achieved	1000 beneficiaries	1000 beneficiaries	1426	Achieved	N/A	Attendance register and report

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
69	Number of reports on human settlements projects implemented		4 Reports	Achieved	4 Reports on human settlements projects implemented	4 Reports on human settlements projects implemented	4 reports submitted	Achieved	N/A	Progress reports
70	Number of reports on Land Invasion cases.		3 Land Invasion Reports	Not Achieved	4 progress reports on land invasion cases	4 progress reports on land invasion cases	4 reports submitted	Achieved	N/A	Reports on land invasion cases
71	Number of reports on informal settlements profiled		New KPI		4 informal settlements profiled	4 informal settlements profiled	4 Reports on informal settlements profiled	Achieved	N/A	Progress report and profiling of informal settlements

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FINAL

Employees: Housing Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	6	3	3	50%
4 - 6	1	2	1	2	100%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20					#DIV/0!
Total	9	13	9	5	38%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.5.4*

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The mandate in respect of the delivery of houses resides with the National and Provincial departments of Human Settlements, while the Municipality only plays a facilitating role by making land available and identifying potential beneficiaries as well as to ensure that necessary infrastructure is installed. The township of Standerton Ext.8 is facing a myriad of challenges. In as much the 1650 housing units that have been built are appreciated since they have provided a secured accommodation to 1650 families, the issue of the shoddy infrastructure and workmanship has become a blight to these projects. The inadequate water supply as well as sewer spillages are negatively affecting the residents. This is coupled with the unstable electricity supply due to inadequate electrical infrastructure.

Great effort has gone into ensuring that some of these matters are attended to. The Mpumalanga Department of Human Settlements has erected two sewer pumping units in this township. This will go a long way in alleviating the sanitation challenges. The Department of Energy has, through the INEP electrified all the RDP housing units in Standerton Ext.8. A switching station has also been erected.

The above gives hope that indeed a genuine effort is being made to attend to the matters that are of serious concern to the residents of this township.

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Due to the level of unemployment and resultant inequality and high levels of poverty within the municipal area, there are households that are unable to pay for their municipal services. The Municipality therefore adopted an indigent management policy to ensure that these households have access to at least a basic level of municipal services. For the 2024/2025 financial year, 3131 households registered for indigent support. The Municipality held public awareness campaigns to encourage consumers to register for indigent support.

Qualifying indigent households with an earning threshold capped at R4400 per month was eligible to apply and qualify for an indigent subsidy that is funded for the equitable share as provided and allocated through the annual Division of Revenue Act (DORA).

An indigent household is defined, as a household where the total combined monthly household income does not exceed a predetermined amount per month, equivalent to two old age pensions' income. This is determined annually for pensioners by the Department of Social Development. The allowance for free usage of electricity services is limited to 50 kilowatt unit hours per month and for water services of 6 kilolitres per month. Such qualifying indigent households must also have at least a 20 ampere circuit breaker with pre-paid electricity metering installed.
T 3.6.1

Free Basic Services To Low Income Households

	Number of households									
	Total	Households earning less than R4,401 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2021/2022	37 334	33 334	1 884	6%	1 884	6%	1 884	6%	1 884	6%
2022/2023	48 108	48 108	2 156	4%	2 156	4%	2 156	4%	2 156	4%
2024/2025	48 108	48 108	3 131	7%	3 131	7%	3 131	7%	3 131	7%

T 3.6.3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality provide basic services to indigent household within the municipal area. The total quantum for qualification for indigent support is R4400 total gross per household income per month. This is based on 50 KWA free electricity per month, 6 kilolitres free water per month. A rebate on the basic charge for refuse removal, sewerage and assessment rates per household, at the applicable rate per month is granted to qualifying and approved households.

There has been an increase in the number of registered indigents, but efforts will be stepped redoubled to increase the indigent registration process, considering the dire statistics of the unemployment and inequality rates within the Municipality. The indigent grant is a means to assist communities and consumers who cannot afford to pay for their municipal services, subsidised from the equitable share allocation.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

Urban road transport infrastructure is facing many problems in South Africa. The Government acknowledges the challenges facing road transport and infrastructure. To this end, the drafting of new policy is underway which will eliminate or at least alleviate many of the problems being experienced. The Land Transport Act of 2000, the Land Transport Bill of 2008 and the 3 “way win” Strategy of 2006 which saw all three spheres of government working together to improve road infrastructure. Currently the South African Department of Transport is drawing up a National Transport Master Plan (NATMAP) intended to guide government policy up to 2050, some of the issues to be addressed by NATMAP includes the development of suitable facilities and road infrastructure to facilitate efficient transport services.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

Implementation of the Pavement Management System for maintenance and upgrading of streets, and through the intervention of Gert Sibande District Municipality on the development of RAMS "Road Asset Management System", indicates that the Municipality has 422.9km of roads of which 237.6km is gravel and 157.7km paved or asphalt. The Municipality strives to eliminate all gravel roads, although with the assistance from other sectors department, such as Public Works Roads and Transport (DPWR&T) and SANRAL, main arterial roads were upgraded. This includes the Secunda (R546), Bethal Rd (R39), and the Standerton to Leandra (R50) road, including the R23 towards Greylingstad and Volkstrust. This will improve accessibility and drivability of these major routes through Standerton. The routes function as urban connectors for the various national roads passing through Standerton town. The scope of work entails repair and resurfacing of the existing pavement to restore the streets' structural and functional condition. With SANRAL's assistance, existing tar roads were resheeted, which involved removing the top layer of the existing tar road and replacing it with a new asphalt layer. It is a more intensive process than re-tarring because it ensures a completely new surface is laid down. This is done when the road has more significant wear and tear, but the base layer is still intact, which has extended the lifespan of the roads. Maintenance was done on the following road sections:

- Beyers Naude Street
- R546 (Walter Sisulu Drive)
- Krogh Street
- R546 (Vrede)
- R50 (Viljoen Road)
- R39 (Viljoen Road
- R38 (R39 intersection)

Although the Municipality is faced with many challenges on road maintenance due to budget constraints, ageing road infrastructure, an obsolete road maintenance fleet and constrained human resource capacity as vacant positions are not being filled. The Municipality undertook maintenance and blading of roads, assisted by the Gert Sibande District for pothole patching.

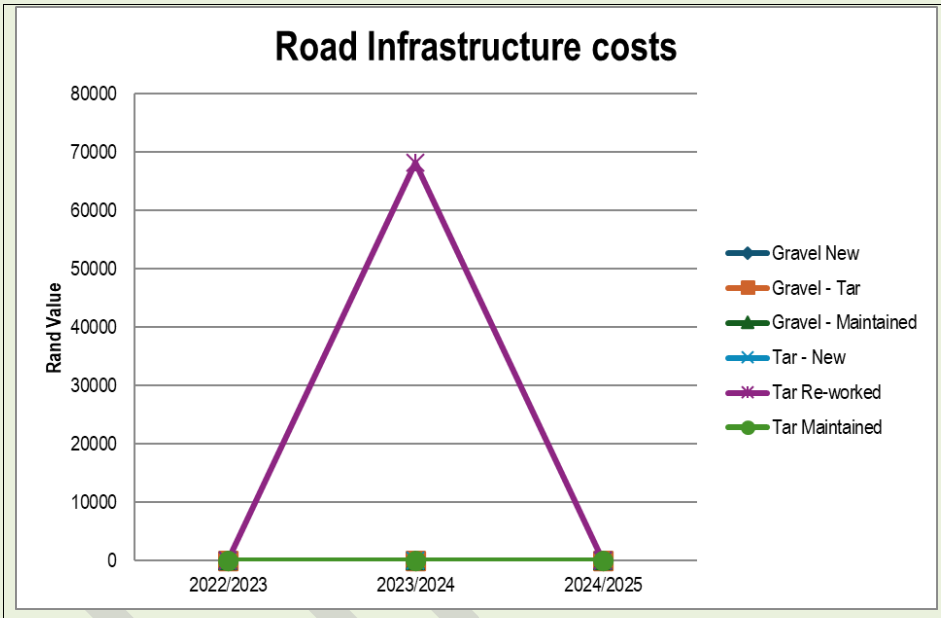
T 3.7.1

Tarred Road Infrastructure

Kilometers

	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2022/2023	180	0	0	12 592m²	0
2023/2024	187	0	0	2	0
2024/2025	187	0	0	12	0

T 3.7.3


Road Infrastructure costs
Rand Value
80000
70000
60000
50000
40000
30000
20000
10000
0
2022/2023
2023/2024
2024/2025
Gravel New
Gravel - Tar
Gravel - Maintained
Tar - New
Tar Re-worked
Tar Maintained

T 3.7.5

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
20	Percentage rehabilitation of 1km of Vry Street	Meters of Vry Street rehabilitated	New KPI		100% rehabilitation of 1km of Vry Street	1000m of Vry Street rehabilitated	1000m of Vry Street rehabilitated	Achieved		Progress reports; Completion certificate
21	Number of progress reports for sourcing funds for rehabilitation of roads		New KPI		4 Progress reports on sourcing funds for rehabilitation of roads	4 Progress reports on sourcing funds for rehabilitation of roads	4 Progress reports on sourcing funds for rehabilitation of roads submitted	Achieved		Progress reports
22	Square meters of pothole patched		New KPI		10 000 square meters of pothole patching	10 000 square meters of pothole patching	6820 square meters potholes patched	Not Achieved	Remaining m² will included in the 2025/2026 FY targets, due to financial constraints and ageing roads infrastructure	Progress reports

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
									network, the municipality will also strengthen relations with other stakeholders such as (SANRAL, NDOT, PWR&T, GSDM) to assist with pothole patching	

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Chapter 3

Employees: Road Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	40	90	23	67	74%
13 - 15	10	16	0	16	100%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	51	107	24	83	78%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T3.7.7*

Capital Expenditure Year 2024/2025: Road Services R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11000	11000	11000	0%	
Rehabilitation of 1km Vry Street	11000	11000	11000	0%	11000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T 3.7.9*

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Due to budgetary constraints and the reprioritisation of water and sanitation projects, the Municipality could not sufficiently maintain its roads infrastructure. This is evident in the gradual decline in spending on road infrastructure over the past years. In the 2023/24 financial year, with SANRAL's assistance, existing tar roads were resheeted. For the 2024/25 financial year 1km of Vry Street was reconstructed, It is a more intensive process than re-tarring because it ensures a completely new surface is laid down. This is done when the road has more significant wear and tear, but the base layer is still intact, which has extended the lifespan of the roads.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO LICENSING AND TRANSPORT

The Licensing section's main functions previously included the registering and licensing of vehicles and drivers for the purpose of maintaining order and legality on the road and to promote road safety in general. The section has been faced with challenges which include the following:

With the revenue generated from licensing not being paid over by the Municipality on a 20:80 basis to the Department of Safety, Security and Liaison as per the MoU, the service reverted back to the Department during the 2017/2018 financial year. This was preceded by extensive engagements at both provincial and municipal level. The Department is currently operating from the municipal premises and certain employees opted to be transferred whilst others preferred to remain with the Municipality and were accordingly placed.

With the service being transferred, no services under the component was rendered.

T 3.8.1

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

For the year under review, no capital projects were undertaken in respect of licensing and road transport as this activity was handed over to the Provincial Department. With the service having reverted back to the Department of Security, Safety and Liaison, the Municipality will no longer be reporting in respect of this component.
T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The implementation of the Municipality's Stormwater Master Plan by upgrading all natural streams and wetlands and maintenance of 170km of stormwater structures including catch pits has been hindered as a result of budgetary constraints the Municipality is facing, thus it is unable to meet its targets on the implementation of the Stormwater Master Plan.
T 3.9.1

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2022/2023	0	0	0
2023/2024	0	0	0
2024/2025	0	0	0
			T 3.9.3

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COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

No capital funding was directed for upgrading of storm water structures in the 2024/2025 financial year and only operational activities were implemented which included the maintenance and cleaning of stormwater channels with the assistance of the Community Works Programme initiative.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The Town Planning, building regulation and enforcement unit deals with all matters relating to improved spatial planning. There were no major service delivery priorities undertaken for the year under review.

The Land & Planning Department deliver the following services to the community:

•**Building Control and Regulation** – All building plans are submitted to the unit and circulated to the Town Planning Unit & Fire Department. If compliant with the National Building Regulations & Land Use Scheme & Fire Regulations, it is approved by the Head of the Department. Regular inspections are carried out on all construction sites and where there are contraventions, the necessary letters are issued. The control over the Built environment, record keeping and inspections on construction sites is an ongoing key activity within the unit.

•**Outdoor Advertising** – All outdoor advertising is managed by this department. This includes temporary advertising signs such as auctions and real estate boards. All other outdoor advertising has been contracted out on a 3 year basis

Geomatics – This section deals with issues of land encroachment and the identification of stand boundaries as per the relevant Surveyor-General diagrams. Stands are re-pegged where required to avoid boundary disputes.

•**GIS -** This Department is also responsible for the Geographic Information System (GIS) which is the custodian of all the municipalities spatial data.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

INTRODUCTION TO PLANNING AND DEVELOPMENT

The Town Planning unit together with Land and Planning Unit deals with all matters concerning Spatial Planning and land use Management.

The Town Planning Unit and the Land and Planning Unit delivers the Following Services to the community.

- **Building Control and Regulation** – All building plans are submitted to the unit and if compliant with the National Building Regulations, it is approved. Regular inspections are carried out on all construction sites and where there are contraventions, necessary letters are issued. Building plans and inspections on construction sites is an ongoing key activity within the unit.
- **Town Planning –** The Town Planning unit is responsible for the implementation of the SDF in and ensuring compliance of the land use scheme to realise the municipal spatial vision. This includes all land use changes and transgressions as well as the enforcement thereof. The unit also guides current and future development in Lekwa through the SDF in line with the National Development Plan SPLUMA. Currently a moratorium has been placed by council on land use change/ Rezoning applications that may have an impact on bulk infrastructure
- **Geomatics** – This section deals with issues of land encroachment and the identification of stand boundaries as per the relevant Surveyor-General diagrams and stands are repegged where required to avoid boundary disputes.
- **Geographic Information Systems** (GIS)- this function provides geographic data in terms of locations/space and tools used to analyse and visualise spatial data. The function was established recently and thus requires capacity.

T 3.10.1

Applications for Land Use Development

Detail	Formalisation of Townships/township establishments		Rezoning		Other LUD applications	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Active matters in our applications register	2	2	21	5	19	19
Determination made in year of receipt	0	0	3	1	7	7
Determination made in following year	0	0	6	4	9	3
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	12	12	18	15
						T 3.10.2

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
72	Number of reports on township establishment		4 Reports	Achieved	4 Progress reports on 3 townships established (Morgenzon Ext 5, Sakhile Ext 7, Standerton Ext 11)	4 Progress reports on 3 townships established (Morgenzon Ext 5, Sakhile Ext 7, Standerton Ext 11)	Morgenzon Extension 5 Has been approved by MPT, Standerton Ext 11 is still on hold and Sakhile Extension 7 is still in progress.	Achieved	None	Quarterly report
73	Number of reports on development applications processed		4 Reports	Achieved	4 Reports on development applications processed	4 Reports on development applications processed	Applications are proceesed and approved as and when submitted	Achieved	None	Quarterly report

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
74	Number of reports on implementation of Bulk Contribution Policy		4 Reports	Achieved	4 Reports on Implementation of Bulk Contribution Policy.	4 Reports on Implementation of Bulk Contribution Policy.	Bulk contribution is collected inline with signed agreements	Achieved	None	Quarterly report
75	Number of progress reports on review of Spatial Development Framework		4 Reports	Achieved	Review of Spatial Development Framework	Review of Spatial Development Framework	Service Provider has been appointed for the review of the SDF and Project has rolled over 25/26	Achieved	The project is at inception phase and is expected to run for a period of 10months	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
76	Number of reports on registration with Deeds Office of subdivided properties		New KPI		4 progress reports on registration with Deeds Office of subdivided properties	4 progress reports on registration with Deeds Office of subdivided properties	0 properties have registered with deeds	Not Achieved	Appoint service provider with relevant skills to undertake the project	Quarterly report
77	Number of progress reports on precinct plans developed		4 Reports	Achieved	4 Progress reports on development of 2 precinct plans for Sakhile - Tsotetsi Str &Hlongwane Drive	4 Progress reports on development of 2 precinct plans for Sakhile - Tsotetsi Str &Hlongwane Drive	Service provider has not been appointed	Not Achieved	Appointment of service provider and budget must be availed to allow for project commencement	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
78	Number of reports of properties disposed		3 Reports	Not Achieved	4 Progress reports on 15 properties identified for disposal	4 Progress reports on 15 properties identified for disposal	33 Municipal properties were earmarked for disposal via a public tender, advertised 2024-09-01 and closed 2024-10-28.	Achieved	N/A	Quarterly report
79	Number of reports on lease agreements concluded		4 Reports	Achieved	4 Progress Reports on Leased Properties	4 Progress Reports on Leased Properties	45 Municipal properties leased with a total income generated in 2024-25 of R2 880 000	Achieved	N/A	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
80	Number of reports on regional cemeteries established		4 Reports	Achieved	4 progress reports on the establishment of 1 regional cemetery - Standerton	4 progress reports on the establishment of 1 regional cemetery - Standerton	4 progress reports on the establishment of 1 regional cemetery - Standerton	Achieved	Resolve objection, then project will conclude and budget spent	Quarterly report
81	Number of reports on building plans approved within 30 days		75 Building Plans approved	Achieved	50 Building Plans Approved within 30 Days	50 Building Plans Approved within 30 Days	95 Building plans approved within 30 days	Achieved	N/A	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
82	Number of reports on managing outdoor advertising		Outdoor advertising managed	Achieved	Management of outdoor advertising	Management of outdoor advertising	4 Reports on managing outdoor advertising	Achieved	N/A	Quarterly report
83	Number of reports relocation of informal settlements		4 Reports	Achieved	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village	Achieved	This project is being delayed by the slow progress made at the Surveyor-General's Offices in Nelspruit. The service provider is engaging them on the approval of the diagrams on a weekly basis. Once approval	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
									from Surveyor-General has been granted, the application will be lodged with the Registrar of Deeds for conclusion.	

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Employees: Planning Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
TG16	5	5	4	1	25%
TG14	2	3	3	0	0%
TG13	4	10	4	6	60%
TG12	2	2	2	0	0%
TG11	4	4	3	1	25%
TG10	1	1	1	1	0%
TG09	1	1	1	1	0%
TG08	0	0	0	0	0%
TG07	3	6	1	5	83%
Total	22	32	19	15	46.9%

*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 3.10.4*

Capital Expenditure 2024/2025: Planning Services					R'
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,433,696	3,433,696	1,201,792	-186%	
Thuthukani regional cemetery	858,424	858,424	300,448	-186%	858,424

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T 3.10.6*

Chapter 3

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

With the ever-increasing demand for land required for both residential, commercial and mixed used residential development, there has been a dramatic increase over the last few years. The densification of urban areas has put a strain on available bulk infrastructure supply and this must be balanced against the investment and local economic growth opportunities that can be created through such developments. With the Spatial Development Framework in place and with the Land Use Management System, the future spatial planning and integrated development planning will see much more integrated well-structured development nodes.

Since the Lekwa SDF was adopted. Spatial Planning and Land Use Management Act (SPLUMA), the following actions listed in the Implementation Framework has been achieved:

1) Approval of SDF
2) The SDF was incorporated into the Lekwa IDP
3) A Land Use Management System has been compiled by National Government and was adopted in November 2020
4) Council has introduced a Performance Management System as required by the Municipal Systems Act of 2000
5) Standerton Extension 8 was established and will be the first mixed income housing development in Lekwa.
6) The following by-laws are in draft format and has been distributed for comments: Open Space Plan, Urban Edge Policy and Encroachment Policy
7) In line with SPLUMA, a Spatial Planning and Land Use Management by-law was developed and adopted by Council
8) At district level, a Joint Municipal Planning Tribunal (JMPT) has been established to deal with the land use and development applications classified under Category B in terms of SPLUMA
9) The Municipality conducted a Land Audit to guide Council regarding the alienation of properties under the area of jurisdiction within Lekwa.

The following are challenges faced by the unit:

1) The enforcement of the Town Planning Scheme, National Building Regulations and dealing with such related transgressions are not effective. This is mainly due to the minimal fines that are currently in place that may be imposed. It is suggested that the penalties for transgressions be of such a magnitude that it will discourage anyone from not complying with all legislation. The said penalties were approved by Council
2) Council informed the public, in the past via the local papers, regarding all legislation related to building control and land uses. This exercise of educating the community should be done on a regular basis.
3) Town Planning and Land & Planning unit should also be in equipped with of a “Law Enforcement Officers”/ land use inspectors accreditation status to assist them with their daily duties to deal with transgressions.

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4) The fact that this Department is not prioritised when capital funds are allocated via the budget makes it impossible to address issues mentioned in the implementation framework of the Lekwa SDF.
5) Currently the Municipality does not have a fully functional GIS in operation. It is currently being addressed via the SLA between Council and the Gert Sibande District Municipality.
6) With the implementation of SPLUMA and the wall-to-wall land use scheme for Lekwa, the need of land use inspectors will become critical. There is some improvement with the capacitating the unit. A fully function has enabled the unit to attend to land use management as well as to reduce illegal land invasions and pressure on overloaded infrastructure.
7) There is a huge demand for stands for Residential, Business and Church stands.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) within Municipality, is established to fulfil the constitutional as required by section 152 (c) of the constitution of Republic of South Africa Act 108 of 1996, this section compels Local Government to promote Social and economic development, The Municipality is expect to create a conducive environment for economic Growth. The Collaboration between Lekwa and other social Partners had made a difference in creating a conducive environment, however it worth mentioning that a lot need to be done in order attract new investment and support the existing investors to support Local economic Growth.

T 3.11.1

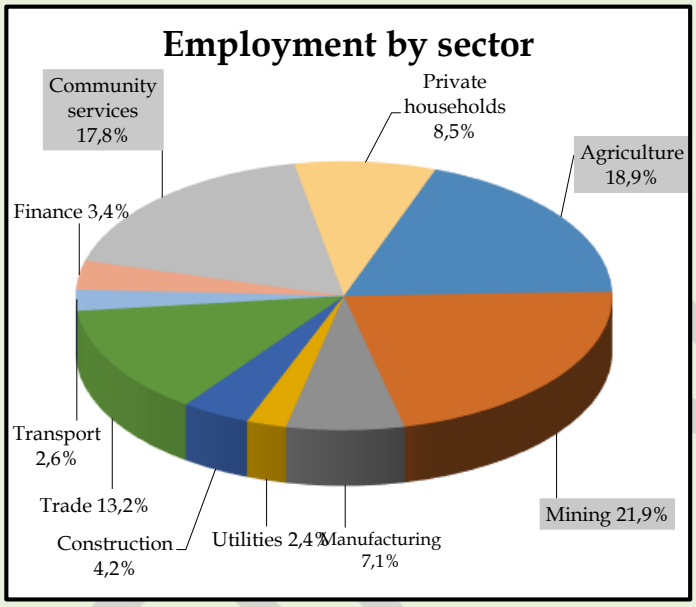
Census 2011		**Community survey by Stats SA 2016**	
Poverty Headcount	Intensity of Poverty	Poverty Headcount	Intensity of Poverty
4,5%	41,5%	5,0%	42,8%
UNEMPLOYMENT RATE AS PER STATS SA CENSUS 2011			
• Unemployment rate 25.7%			
• Youth unemployment rate 38.8%			
UNEMPLOYMENT RATE HOUSEHOLD SURVEY 2016			
• Unemployment rate 27.5%			
• Youth unemployment rate 57.8%			

Economic Activity by Sector		
Sector	**2023/2024**	**2024/2025**
Agriculture	23.3%	24.1%
Mining	16.1%	11.4%
Manufacturing	9.3%	10.2%
Utilities	28.9%	28.9%
Construction	12.2%	12.5%
Trade	13.6%	14.4%
Transport	12.1%	12.7%
Finance	14.1%	14.4%
Community services	13.3%	13.8%

The municipality's dominant contributions to Gert Sibande's economy includes utilities (28.9%) (mainly electricity), & agriculture industries (24.1%), with substantial contributions to finance (14.4%), trade (14.1%), & community services (13.8%).

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- Lekwa holds comparative advantages in agriculture, mining, and utilities



COMMENT ON LOCAL JOB OPPORTUNITIES

Unemployment remains a serious concern for South Africa as a whole as well as for Lekwa Municipality, creation of job opportunities is a priority for the Municipality and all other social partners, the Municipality had facilitated creation of job opportunities, the construction of R23 road within Lekwa contribute on job creation, the implementation of Community Works project (CWP) and Siyathuthuka Project also made an impact on job creation for the community of Lekwa.

In 2021, 25.7% of the employed worked in the trade industry. According to Stats SA, the trade industry comprises of wholesale, motor, accommodation, food, and beverages (i.e., restaurants and catering), and retail. This means that most economic activity within the municipality is related to goods rather than services. The mining industry only employs approximately 2.3% of people in Lekwa LM.

The Implementation of Social labour Plan (SLP) projects by both Seriti Coal and Sasol Mining contributed on job opportunities; the on-going Maintenance of Tutuka Power Station and Sasol had created temporary work opportunities for the Community of Lekwa .

T 3.11.4

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
84	Number of reports on implementation of agricultural development strategy		4 Reports	Achieved	4 Reports on implementation of agricultural development strategy.	4 Reports on implementation of agricultural development strategy.	4 Reports on implementation of agricultural development strategy.	Achieved		Quarterly report
85	Number of reports on implementation of tourism development strategy		3 Reports	Not Achieved	4 Reports on implementation of tourism development strategy.	4 Reports on implementation of tourism development strategy.	4 Reports on implementation of tourism development strategy.	Achieved		Quarterly report
86	Number of SMMEs supported through with training interventions		50 SMMEs supported	Achieved	50 SMMEs supported through training interventions	50 SMMEs supported through training interventions	86 SMMEs supported through training interventions	Achieved	N/A	Progress Reports; Attendance Registers

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
87	Number of LED Forums convened	Number of reports on LED Forum activities	0 LED Forum meetings	Not Achieved	4 LED Forums convened	2 Reports on LED Forum activities	1 LED Forum convened	Not Achieved	LED Forums will be held per sector to avoid disruptions	LED Forum Agenda; Minutes; Attendance registers
88	Economic Development Summit held by 30 June 2025		Economic Summit not held	Not Achieved	1 Economic Development Summit.	1 Economic Development Summit.	1 Executive Mayoral Unemployment Dialogue held in Q4	Achieved		Economic Development Summit Close-out report; Minutes; Attendance register

Chapter 3

Employees: Local Economic Development Services					
Job Level	2023/2024	2024/2025			
	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	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	2	2	2	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.11.8*

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Lekwa Local Municipality was able to achieve the following:

- Local Business indaba was held successfully
- Business licensing policy was developed and implemented
- Agricultural development strategy was developed
- Tourism Development Strategy was develop
- Training intervention were provided to local SMMEs
- Local Economic Development forum was launched
- Enterprise Development was provided to local SMME through Siyathuthuka enterprise development programme.
- Various Social Labour Projects were implemented by the two mining companies(Sasol & Seriti)
- Work opportunities were created through Community works project (CWP) and Siyathuthuka

T 3.11.11

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

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

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

Lekwa Local Municipality through an Affiliation Agreement entered into with Mpumalanga Department of Culture, Sports and Recreation provides library and information services. The aim of the public library services is to provide an opportunity for a lifelong reading, education and development of individuals and groups within the community.

This service is provided by Lekwa Local Municipality through five Public Libraries namely:Standerton Public Library, Sakhile Public Library, Morgenzon Public Library, Stanwest Public Library and Thuthukani Public Library

Lekwa Public Libraries bridge the gap in the community between the rich and the poor by providing free access to computers, free internet connectivity through (WI-FI), and free access to digital resources.
This access to information and technology ensures that everyone has the opportunity to benefit from the Fourth Industrial Revolution.

Lekwa Public Libraries are strategically positioned to bring service near the community and are visible and easily accessible to all members of the public.
Sakhile Public Library has a Mini-Lib for the Blind that ensures that library services are available and accessible to the blind and visually impaired members of the community.
The floor in the library is divided according to book shelves and books are classified into fiction and non-fiction to cater for the Children and Adult members of the community.
In order to improve access and create library awareness we carry out numbers of library promotions as per the calendar of events such as South African Library Week, World Book Day, International Literacy Day etc.

T3.12.1

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
36	Number of library promotions conducted		4 Library promotions conducted	Achieved	4 library promotions conducted	4 library promotions conducted	4 Library promotions conducted	Achieved		Dated pictures; Attendance registers

FINAL

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2023/2024	2024/2025			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	0	0	0	0	0%
4 – 6	1	1	1	0	0%
7 – 9	2	2	2	1	13%
10 – 12	4	4	4	1	7%
13 – 15	22	22	22	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	31	31	31	3	3%

*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*

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

Performance of the library and information services of Lekwa Local Municipality has continued to impact the lives of the community during the year 2024/25. The use of libraries is relevant in the 4th Industrial Revolution (4IR), libraries are in a position to cater for all users according to their needs which include those who are more interested in eBooks and usage of search engines where libraries provide Free WIFI and Computer access for the users to access those services. Library awareness campaigns and exhibitions are conducted to promote libraries especially targeting calendar of events where members are reminded of the meaning and importance of such events. The Provincial Department of Culture, Sport and Recreation has also added a Mini-Lib for the Blind at Sakhile Public Library to assist those who are living with disabilities to access library services. The support is in accordance with the Affiliation Agreement entered into between Lekwa Local Municipality and Mpumalanga Department of Culture, Sports and Recreation.

The book clubs and friends of the library are gradually introduced in all our public libraries. Local primary and high schools are participating in reading, book reviews and spelling bee competitions. The aim is to instill a culture of reading and improved literacy, while also promoting South Africa's language diversity to encourages citizens to read, write, converse and value ideas and thoughts of others. Department of Culture, Sport and Recreation has also added a Mini-Lib for the Blind at Sakhile Public Library to assist those who are living with disabilities to access library services. The support is in accordance with the Affiliation Agreement entered into between Lekwa Local Municipality and Mpumalanga Department of Culture, Sports and Recreation.

T 3.12.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

Lekwa Local Municipality (MP305) provides cemetery services to the communities of Standerton, Sakhile, Morgenzon and Thuthukani. The municipality is focused on enhancing maintenance standards and ensuring long-term burial capacity across its facilities.

South Africa's growing urbanization is having a negative influence on local municipalities' ability to deliver appropriate social services to all inhabitants. Lekwa Local Municipality, with its location and mineral wealth, is no exception to these migration tendencies. The town's population is predicted to be expanding at a rate of about 2% each year. The competing demand for human settlements significantly outweighs the requirement and urgency to supply burial grounds within the municipal urban limit. The municipality has developed 1.5-hectare cemetery in Thuthukani.Lekwa Municipality has 13 cemeteries, two of which are active and eleven of which are inactive. One crematorium is not operating. This will boost available capacity by providing extra burial locations. Each year, around 288 persons are buried in all municipal cemeteries. The municipality must investigate the potential of obtaining investment in a crematorium and locating land for a regional cemetery. There are hints that cultural constraints are disappearing as people become increasingly urbanized and open-minded about cremation. Walter Sisulu cemetery is running out of burial space, alternative burial site is needed to augment the Walter Sisulu cemetery.

T 3.13.1

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
29	Percentage construction of 1 Cemetery		New KPI	New KPI	75% Cemetery constructed	75% Cemetery constructed	Construction @ 79%	Achieved		Advert, Tender document; Appointment letter; designs
34	Number of cemeteries maintained		7 Cemeteries maintained (+3 variance)	Achieved	12 Cemeteries maintained	12 Cemeteries maintained	12 Cemeteries	Achieved	None	Quarterly report

Employees: Cemeteries and Crematoriums					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	15	1	15	1	6.25%
7 - 9	6	8	5	3	50%
10 - 12	1	2	1	1	50%
13 - 15	1	2	1	1	1%
16 - 18	1	1	1	1	100%
19 - 20	0	0	0	0	0%
Total	55	49	7	9	10%

*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*

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

The burial space currently available within the Municipality is depleting at a rate much faster than anticipated and projected. The current crisis of limited burial space will require the identification of additional burial space which will be finalized in the 2025/2026 financial year, with progress well underway towards establishing additional burial space. The Municipality is facing resistance from the members of the community in using the new cemetery in Sakhile Extension 4, Rooikoppen that have been fenced and made ready for operation.

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

FINAL

Within the Community Services and Safety Department, the Transversal unit has been responsible for implementing social programmes focusing on children, the aged and persons with disabilities. These social programmes are aimed at specific target groups, through a number of projects throughout the year. Another focus area is also to embark on the gender-based violence programme through awareness. The section has developed the quarterly targets aiming at reaching the various focus groups.

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
122	Number of Gender Based Violence Campaigns conducted		4 Anti gender-based Violence Campaigns conducted	Achieved	4 GBV Campaigns conducted	4 GBV Campaigns conducted	4 GBV Campaigns conducted	Achieved		Notice; Agenda; Minutes & Attendance register
123	Number of Local Anti-Drug Action Committee meetings		New KPI		4 Local Anti-Drug Action Committee meetings	4 Local Anti-Drug Action Committee meetings	4 Local Anti-Drug Action Committee meetings	Achieved		Notice; Agenda; Minutes & Attendance register
124	Number of HIV/AIDS Campaigns conducted		4 Reports on implementation of HIV/Aids plan	Achieved	4 HIV/AIDS Campaigns conducted	4 HIV/AIDS Campaigns conducted	4 HIV/AIDS Campaigns conducted	Achieved		Notice; Agenda; Minutes & Attendance register
125	Number of Women Forum meetings held		4 Women's forum meetings held	Achieved	4 Women Forum Meetings held	4 Women Forum Meetings held	4 Women Forum Meetings held	Achieved		Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
126	Number of disability Forum meetings held		4 Forum meetings of People Living with Disabilities forum meetings held	Achieved	4 Disability Forum meetings held	4 Disability Forum meetings held	3 Disability Forum meetings held	Not Achieved		Notice; Agenda; Minutes & Attendance register

FINAL

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental health is the science and practice of preventing human injury and illness, promoting well-being by identifying and evaluating environmental sources and hazardous agents, limiting exposures to hazardous physical, chemical, and biological agents in air, water, soil, food, and other environmental media or settings that may adversely affect human health.
Environmental Health Services within the Province is being rendered at District level. The Provincial Environmental Health Practitioners provide support mostly were a challenge still remains in the devolution of the function to Municipalities due to human resource constraints. The District is responsible for environmental pollution control through municipal health and environmental services and provide support to sector departments in terms of biodiversity and landscape.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The Gert Sibande District Municipality is responsible for monitoring water quality on a monthly basis, within the Municipality. Compliance to SANS 241 standards for drinking water is tested. Surveillance of surface water and sampling of boreholes for possible pollution by heavy metals or other chemical or biological contaminants is conducted. The District, as a licensing authority manages air pollution through regulatory services and compliance monitoring services, including environmental pollution control, incident management and pollution prevention through awareness campaigns. The impact of the service has seen increased awareness and community participation in pollution prevention.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Lekwa Local Municipality addresses biodiversity and landscape management including open spaces as part of its environmental protection function.Biodiversity and landscape are fundamentally interconnected; the variety of life in a habitat shapes the physical landscape, while the landscape's structure its topography, vegetation, and land use determines which species can survive and thrive.

Within the South African context, ecological infrastructure refers to naturally functioning ecosystems that deliver valuable services to people, such as healthy mountain catchments, rivers, wetlands, coastal dunes, and nodes and corridors of natural habitat, which together form a network of interconnected structural elements in the landscape. Investing in ecological infrastructure has its foundation in simultaneously identifying critical services flowing from naturally functioning ecosystems, and identifying those organisations that would benefit from or have a key responsibility for investing in these naturally functioning systems. The ecosystem services that are primarily being focused on for attracting investment in South African are largely related to water and disaster risk reduction, with climate change adaptation elements in both of these. The primary stakeholders that would be interested in these services are government related, although this should not discount the potential for private sector stakeholder involvement.

The entire economy relies to some extent on services flowing from ecological infrastructure – clean water flowing from healthy catchments being one obvious example. Unless this infrastructure is secured, the economy will suffer. Investing in ecological infrastructure should be seen as a means of risk reduction.

Water is South Africa's most critical natural resource, and is a vital element for sustainable economic growth - supporting agriculture, energy generation, industry and forestry, as well as domestic use. The effects of climate change are expected to place additional pressures on the country's already stretched water resources. South Africa is a developing country facing a number of challenges relating to poverty, unemployment and inequality. Investing in ecological infrastructure has the potential to contribute to national development goals, including job creation, poverty alleviation and rural development.

Mainstreaming biodiversity into land-use planning and decision-making, resource management and biodiversity stewardship is critical. The mandate for managing ecological infrastructure is shared between all three spheres of government in South Africa. For example, land use decisions made at the municipal level affect the existence and state of ecological infrastructure, such as the maintenance of healthy wetlands that provide a disaster risk reduction role for human settlements, while the enforcement of buffers along river stretches on agricultural land by provincial agricultural departments has a direct impact on river health and water quality.

The private sector also has a critical role to play in investing in ecological infrastructure both as an investor, and as a landowner. There are a number of motivations for private sector investment in ecological infrastructure, and one of the main motivators is to manage risk. Within the Municipality, not enough has been done to date to mainstream this critical element towards sustainable environmental health.

Invasive alien plant control will form part of the EPWP programme, with teams focusing on clearing waterways and municipal owned land with dense growth of invasive plants. The Department of Forestry, Fisheries and Environment will also be approached for assistance with cleaning and greening programmes. In respect of environmental education, interventions will also be undertaken, involving the local communities with themes that will include, dealing with invasive alien plants, biodiversity, conservation and animal well-being.

T 3.16.1

COMPONENT F: HEALTH

INTRODUCTION TO HEALTH

This component includes clinics, ambulance services and health inspections, which are all functions that are not directly provided by the Municipality. These services are rendered by the Department of Health and the District respectively.

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

Clinic services and primary health care is no longer under the control of the Municipality. This service is provided by the Department of Health. The following table provides some critical statistics in respect of clinic services within the Municipality and as a proportion of clinic services within the District.

T 3.17.1

PUBLIC HEALTH FACILITIES	2024/2025
Number of clinics	27
Number of community health centres (CHC)	1
Number of hospitals	1

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

Emergency Medical Services (EMS) or ambulance services consists of teams of healthcare professionals who are responsible for providing pre-hospital emergency care and transportation of the sick and injured. Medical care is usually provided within three components, namely operations, specialised standby services and hospital inter-facility transfers. Within Lekwa, this service is provided by the Department of Health and thus the Municipality does not have any competence in rendering this service. *T 3.18.1*

Chapter 3

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Municipal Health Services has been extended by the District through compliance inspections for the following services, namely food control, environmental pollution control, water quality monitoring, health surveillance including premises. Monthly inspections to premises, including targeted food and water sampling is conducted. Through training and awareness campaigns, communities and stakeholders are capacitated. There is a continuous campaigning to do licensing of all food premises with regular and continuous compliance monitoring and enforcement.

The District, being mandated to provide municipal health services, has extended compliance inspection in the areas of food control, environmental pollution control, water quality monitoring and health surveillance of business premises. A significant number of inspections are done on a monthly basis, targeting food and water sampling. Awareness and training campaigns are done to capacitate communities and stakeholders. There is a continuous campaigning to do licensing of all food premises with continuous compliance monitoring and enforcement. It being a District function, it has managed to increase its monitoring and licensing regime and programme, including the number of awareness programmes to capacitate communities and stakeholders and be actively involved in municipalities within the District.

T 3.19.1

FINAL

Chapter 3

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

This component includes: traffic law enforcement; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

T 3.20

3.20 TRAFFIC LAW ENFORCEMENT

INTRODUCTION TO TRAFFIC LAW ENFORCEMENT

The function of the municipal traffic department is to ensure the safety of all road users within the Lekwa Local Municipal area by, the policing of all moving violations, speed management by means of cameras and the inspection of vehicles in terms of roadworthiness and vehicle safety. During this period, the Traffic Department increased visibility in all areas. Additional roadblocks were held during this period.

Some of the safety & security challenges experienced by the community of Lekwa include the following:

- Limited visible policing
- Inadequate resources for effective and efficient combatting of crime
- Limited partnerships between SAPS and municipal stakeholders
- Poor lighting in certain areas

Shortage of equipment to conduct special road blocks for the collection of outstanding fines

Shortage of personnel specially on funeral escorts over weekends.

T 3.20.1

Traffic Law Enforcement Service Data

	Details	2022/2023	2022/2023		2024/2025
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	633	0	633	1093
2	Number of by-law infringements attended	0	0	0	0
3	Number of police officers in the field on an average day	7	7	7	8
4	Number of police officers on duty on an average day	7	7	7	8

T 3.20.2

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
33	Number of roadblocks conducted		18 roadblocks conducted (-30 variance)	Not Achieved	48 Roadblocks conducted	48 Roadblocks conducted	48 Roadblocks conducted	Achieved		Quarterly report

FINAL

Employees: Police Officers					
Job Level	2023/2024	2024/2025			
Police Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Police Officer & Deputy					
Other Police/Traffic Officers					
0 - 3	0	0	0	0	0%
4 - 6	4	7	3	5	80%
7 - 9	0	1	1	0	0%
10 - 12	6	18	8	10	55%
13 - 15	4	0	4	0	100%
16 - 18	1	0	1	0	100%
19 - 20	0	0	0	0	0%
Total	55	26	17	15	57.69%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
T 3.20.4

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Fire and Disaster Management Services are an important public service. It forms part of the social fabric of all our communities. The services provided is critical to preventing fires and responding quickly and effectively to incidents. In terms of the Fire Brigade Services Act, No. 9 of 1987, the service is responsible for: a) preventing the outbreak or spread of a fire; b) fighting or extinguishing a fire; c) the protection of life or property against a fire or other threating danger; d) the rescue of life or property from a fire or other danger; and subject to the provisions of the Health Act, 1997, the rendering of an ambulance service as an integral part of the fire brigade service.

Within the Municipality, fire and disaster management falls within the same unit. Disaster management is a service that is run on an agency basis by the Municipality on behalf of the Gert

Sibande District Municipality. There are critical challenges within the unit especially in respect of adequate staff, safety gear, equipment and the requisite fleet to effectively and efficiently perform its functions. The Fire, Rescue and Disaster Management service is operating on a four-shift system, 24/7, with a minimum of 8 Senior Fire Fighters, 45 Fire Fighters and 6 Control Room Attendants which is still far less than the required standard for manning a fire station. In addition, there is also vehicle shortages as most of the fire fighting vehicles have been scrapped due to being beyond its reasonable life expectancy. These vehicles require replacing and those that are still operational, suffer breakdowns and remains out of service for extended periods of time at the workshop for repairs due to its use beyond its reasonable lifespan. Service delivery is also hampered, and the lives of the fire fighters are at risk in instances when work is performed where smoke or chemicals is inhaled, due to lack of proper equipment. For the year under review, the component has responded to all reported emergency calls. Fire hydrant inspections are also undertaken on a regular basis with the total number of fire hydrants being 318, 40 are non-operational due to stolen and damaged heads.

T 3.21.1

Municipal Fire Service Data

	Details	2023/2024	2024/2025
1	Total house/building fires attended in the year	66	96
2	Total veld/grass fires attended in the year	134	115
3	Total motor vehicle accidents attended in the year	116	141
4	Total fire safety inspections conducted on business premises in the year	245	425
5	Total fire hydrant inspections conducted in the year	157	175
6	Fire fighters in post at year end	44	52
7	Vehicle fires attended	24	17

T 3.21.2

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
31	Percentage emergency, fire and rescue incidents attended		100% Emergency, fire and rescue services rendered	Achieved	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended	Achieved		Quarterly report
32	Number of safety awareness campaigns conducted		10 safety awareness campaigns conducted (-2 variance)	Not Achieved	12 Safety awareness campaigns conducted	12 Safety awareness campaigns conducted	17 Safety awareness campaigns conducted	Achieved		Notice; Agenda; Minutes & Attendance register

FINAL

Chapter 3

Employees: Fire Officers					
Job Level	**2023/2024**	**2024/2025**			
Police Administrators	**Employees No.**	**Posts No.**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) %**
Chief Fire Officer & Deputy	0	1	1	0	0
Other Fire Officers / Fire Fighters					
0 - 3	1	0	0	0	0%
4 - 6	3	0	0	0	0%
7 – 9	6	91	42	53	51.6%
10 - 12	7	23	16	7	30.4%
13 - 15	9	3	0	0	0%
16 - 18	11	1	1	0	0%
19 - 20	18	0	0	0	0%
Total	55	118	59	60	82.0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
T 3.20.4

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The Fire, Rescue and Disaster Management unit operates on a two-shift system and four shift rotation, 24 hours a day and seven days a week. Each shift operates with a minimum of three Fire Fighters and a Control Room Attendant which is far less than the required standard for effectively manning a fire station per shift.

The problem is also compounded by the fact that most of the fire fighting vehicles have been scrapped due to it being beyond its useful lifespan, while other vehicles have not been repaired either from involvement in accidents or due to maintenance and repairs. Maintenance and repairs to these vehicles have become a very costly exercise due to the age of these vehicles.

The Morgenzon Fire Station does not meet minimum requirement standards. Noting that disaster management is a district shared service, future plans must include the upgrade of the existing premises.

Service delivery is hampered and the lives of fire fighters are at times at risk due to protective clothing not being replaced on a regular basis as it becomes damaged.

The above has a negative impact in the ability to ensure that in all instances the average turnaround time to respond to incidents in both urban and rural is not always within the specified acceptable standard to reach an emergency incident. The unit however always strives to respond to their call of duty with utmost dedication and commitment.

T 3.21.2.1

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 mandated by the Disaster Management Act (57 of 2002) and other supporting legislation has been devolved as a District function. Measures aimed at preventing or reducing risks associated with hazards prevailing within the district is being implemented. It is a continuous and integrated multi-sectoral, multi-disciplinary process of planning and implementation of projects and programmes aimed at improving capacity to deal with disasters and emergencies.
The District supports local municipalities and other stakeholders with firefighting training in order to improve their capacity to prevent, reduce and or respond to the fire incidents and emergencies. The Municipality relies on the District for assistance in rendering Disaster management services.

T 3.22.1

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

The GSDM has a functional Disaster Management Advisory Forum, which holds quarterly meetings. The Forum consists of stakeholders from diverse sectors to advise and assist the District in the planning and implementation of programmes that are aimed at prevention and reduction the risk of disasters, mitigating the severity of disasters, preparedness, responding to incidents and post disaster recovery and rehabilitation. The Municipality participates in District and Provincial Disaster

Management Advisory Forums and other Disaster and Emergency Services Technical Committees and Structures within the district and the province.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites. The main objective of this section within the Community Services and Safety are the following:

The Division strives to maintain and keep environment, parks and gardens clean, tidy and organised.
- The Division cleans and maintains sport facilities in suitable conditions.
- The Division cleans and maintain recreational facilities to the acceptable standards.

SERVICE DELIVERY OBJECTIVES
- To clean and maintain environment, parks and gardens
- To clean and preparation of sports and recreational facilities

CHALLENGES
- Old and redundant machinery and equipment
- Lack of additional and up to date machinery and equipment
- Additional land for burial purposes
- Insufficient personnel staff members to cater for three sections in the division

ACHIEVEMENTS
- Ability to clean and maintain facilities as per weekly programme

T 3.23

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Portfolio of Evidence
35	Number of parks and amenities maintained		12 Parks maintained	Achieved	12 Parks and amenities maintained	12 Parks and amenities maintained	47 Parks and amenities maintained	Achieved		Quarterly report

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Employees: Sport and Recreation					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	0	0	0%
4 - 6	15	0	15	0	100%
7 - 9	3	2	3	2	80%
10 - 12	2	1	2	1	50%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	100%
19 - 20	0	0	0	0	0%
Total	15	15	15	3	18%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.23.3*

COMPONENT I: 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

Key stakeholders responsible for oversight, governance, and the communication of assurance matters include the Council, the Executive Mayor, and the Municipal Manager. Leadership and those charged with governance continuously contribute to the credibility of financial and performance information, as well as compliance with applicable legislation, by ensuring that adequate internal controls are established, implemented, and effectively monitored.

The establishment of Council Committees in terms of Sections 79 and 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), has strengthened oversight mechanisms within

the municipality. These committees are specifically established to oversee the implementation of measures, policies, and strategies, ensure that these are implemented as intended, and confirm that key risks are identified, monitored, and mitigated. Council committees provide a platform for accountability and create an enabling environment for good governance by promoting accountability through the oversight role of political structures.

Council committees further monitor and ensure compliance with assigned duties and objectives, and investigate matters affecting service delivery and socio-economic development, including making recommendations on addressing underlying causes of socio-economic inequality within the municipality. In the previous reporting period, the municipality reported challenges relating to the poor functionality of Section 79 Committees, largely due to lack of attendance by members. This resulted in weakened oversight, limited accountability, and continued non-compliance with key local government legislation, thereby hampering effective administrative oversight.

During the period under review, these challenges were addressed by the Office of the Speaker. As a result, Section 79 and 79A Committees have attained an improved level of functionality, with oversight activities being conducted as intended. This improvement has contributed positively to enhanced governance and accountability within the municipality.

With regard to executive oversight, the Executive Mayor, supported by Members of the Mayoral Committee, oversees the administration of the municipality to ensure effectiveness and efficiency in service delivery. The Municipal Manager, as the Head of the municipal administration, has ensured that appropriate administrative internal controls are in place to promote accountability. This includes the establishment of proper administrative reporting arrangements and the development of a system of delegations aimed at enhancing administrative and operational efficiency

T 3.24

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

The following highlights key findings in respect of leadership, financial and performance management and governance that can only be addressed and corrected as a collective:

a) Effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity

b) Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

c) Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored and that policies and internal controls are in place
d) Establish information technology governance framework that supports and enables the Municipality to deliver value and improves performance
e) Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible to support financial and performance information
f) Review and monitor compliance with applicable legislation and design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information;
g) implement appropriate risk management activities to ensure that regular risk assessments, are conducted and that the risk strategy is implemented and monitored through an adequately resourced and functional internal audit unit;
h) ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

In exercising its executive and legislative mandate, the institution, through collective leadership, financial and performance management, and governance structures, has ensured effective oversight and accountability by considering and reviewing all legislated reporting requirements within the various Council committees to support the provision of services

T 3.69.2

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
89	Date for approval of Schedule of Council and sub-committee meetings		1 approved Schedule of Council and Sub-Committees	Achieved	1 approved Schedule of Council and Sub-Committee meetings	1 approved Schedule of Council and Sub-Committee meetings	Schedule of Council and sub-committee meetings approved on 2025-06-27	Achieved		Council resolution; Schedule of Council and sub-committee meetings
90	Percentage implementation of Council Resolutions		4 Council Resolutions implementation tracking register	Achieved	100% implementation of council resolutions	100% implementation of council resolutions	75% implementation of Council resolutions	Not Achieved		Quarterly report
91	Number of Mayoral Committee sittings held		4 Mayoral Committee sittings	Achieved	4 Mayoral Committee sittings	4 Mayoral Committee sittings	10 Mayoral committee meetings	Achieved		Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
92	Number of section 79 meetings held		18 Section 79 meetings	Achieved	24 Section 79 meetings to be held	24 Section 79 meetings to be held	32 Section 79 committee meetings	Achieved		Notice; Agenda; Minutes & Attendance register
93	Number of section 80 meetings held		12 Section 80 Meetings	Not Achieved	20 Section 80 meetings to be held	20 Section 80 meetings to be held	31 Section 80 committee meetings	Achieved		Notice; Agenda; Minutes & Attendance register

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
94	Percentage of legislated documents and notices placed on municipal website and advertised in local newspaper		100% legislated documents and notices placed on municipal website and advertised in local newspaper	Achieved	100% of legislated documents and notices placed on municipal website and advertised in local newspaper	100% of legislated documents and notices placed on municipal website and advertised in local newspaper	100% legislated notices placed on the municipal website and advertised on local newspaper	Achieved	None	Website screen shots; Newspaper tear sheets
95	Percentage reduction in litigious matters against the Municipality		10%	Not Achieved	100% reduction in litigious matters against the Municipality	100% reduction in litigious matters against the Municipality	28%	Not Achieved	Continuous observation of court directives	Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
98	Date for review and approval of Public Participation Strategy		Public participation strategy not reviewed for approval	Not Achieved	1 reviewed and approved Public Participation Strategy	1 reviewed and approved Public Participation Strategy		Achieved		Council resolution; Public Participation Strategy
99	Number of Ward Councillors Forum meetings convened		New KPI		4 ward Councillors Forum	4 ward Councillors Forum		Achieved		Notice; Agenda; Minutes & Attendance register
100	Number of Ward Committee meetings held		180 Ward Committee meetings held	Achieved	180 Ward Committee meetings to be held	180 Ward Committee meetings to be held		Not Achieved		Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
101	Number of ward community consultations conducted		180 Ward Committee meetings held	Achieved	60 Ward Community Consultation Meetings	60 Ward Community Consultation Meetings		Not Achieved		Notice; Agenda; Minutes & Attendance register
102	Number of community outreach programmes conducted		60 Ward community meetings	Achieved	4 Community outreach programmes conducted	4 Community outreach programmes conducted		Achieved		Notice; Agenda; Minutes & Attendance register
103	Percentage of community issues resolved		40% issues resolved	Not Achieved	100% of issues resolved	100% of issues resolved		Not Achieved		Quarterly report

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
104	Number of programmes by Office of the Speaker		4 Community outreach programmes	Achieved	4 Programmes	4 Programmes		Achieved		Quarterly report
105	Date for review of OPMS Framework		OPMS Policy reviewed. Not approved by Council	Not Achieved	1 Review and Approval of OPMS Framework	1 Review and Approval of OPMS Framework	2024/2025 OPMS Policy approved by Council 2024-07-31 CRA96	Achieved		Council resolution; OPMS Policy

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
106	Date for approval of SDBIP		2023/24 SDBIP approved by 2023-07-14 after budget approved on 2023-06-15	Achieved	1 SDBIP	1 SDBIP	2024/2025 SDBIP approved 2024-07-02	Achieved		Approved SDBIP
107	Number of SDBIP quarterly reports		4 Reports	Achieved	4 SDBIP reports	4 SDBIP reports	4 SDBIP reports	Achieved		SDBIP report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
108	Annual Performance Report prepared		1 Annual Performance Report prepared	Achieved	1 Annual Performance Report prepared	1 Annual Performance Report prepared	1 Annual Performance Report prepared and submitted to AG by 2024-08-31	Achieved		Annual Performance Report; Proof of submission to AGSA
109	Annual Report tabled		Annual Report tabled on 2024-01-31	Achieved	1 Annual Report tabled by 31 January 2025	1 Annual Report tabled by 31 January 2025	2023/24 Annual Report tabled to Council 2025-01-31	Achieved		Annual Report; Council Resolution

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
110	Oversight report tabled		2022/23 Oversight report not adoped on time, Adopted 2024-07-02	Not Achieved	1 Oversight Report adopted by 31 March 2025	1 Oversight Report adopted by 31 March 2025	2023/24 Oversight Report adopted by Council on 2025-03-27	Achieved		Oversight Report; Council Resolution
111	Strategic risk assessment conducted		1 strategic risk register developed	Achieved	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted	Achieved		Strategic Risk Assessment Report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
112	Number of reports on strategic risk mitigating action plan implementation		4 Progress report on risk mitigation plan implementation	Achieved	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation	Achieved	N/A	Quarterly report
113	Number of RMAFACC meetings		4 RMAFACC meetings held	Achieved	4 RMAFACC meetings	4 RMAFACC meetings	4 RMAFACC meetings	Achieved	N/A	Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
114	Number of Anti-fraud and anti-corruption workshops/ awareness campaigns conducted		4 anti-fraud and anti-corruption workshops / awareness	Achieved	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	Achieved	N/A	Workshop/ Awareness campaign material; Attendance registers
115	1 Audit committee charter		Approved Audit Committee Charter on 2023-08-29	Achieved	1 Audit committee charter	1 Audit committee charter	Audit committee charter reviewed	Not Achieved	Audit committee charter will be reported to council in the first quarter	Audit Committee Charter; Council Resolution
116	Number of Audit committee meetings held		4 Audit Committee meetings	Achieved	4 Audit committee meetings held	4 Audit committee meetings held	4 Audit committee meetings held	Achieved		Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
117	1 Three year rolling internal audit plan developed		Approved Internal Audit Charter (Audit Committee 2023-07-20)	Achieved	1 Three year rolling internal audit plan developed	1 Three year rolling internal audit plan developed	1 Three year rolling internal audit plan developed	Achieved		Internal Audit Plan
118	Number of reports on implementation of annual audit action plan submitted to Audit Committee		4 Reports	Achieved	4 Reports on implementation of annual audit action plan submitted to Audit Committee	4 Reports on implementation of annual audit action plan submitted to Audit Committee	4 Reports on implementation of annual audit action plan submitted to Audit Committee	Achieved		Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
119	Number of progress reports on AGSA audit action plan implementation		4 Progress reports on AGSA action plan implementation	Achieved	4 Progress reports on AGSA audit action plan implementation	4 Progress reports on AGSA audit action plan implementation	4 Progress reports on AGSA audit action plan implementation	Achieved		Quarterly report
120	Number of progress reports on internal audit action plan implementation		4 Progress reports on internal audit action plan implementation	Achieved	4 Progress reports on internal audit action plan implementation	4 Progress reports on internal audit action plan implementation	4 Progress reports on internal audit action plan implementation	Achieved		Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
121	Number of reports on Circular 88 updates submitted		New KPI		4 Reports on quarterly Circular 88 updates submitted	4 Reports on quarterly Circular 88 updates submitted	4 Reports on quarterly Circular 88 updates submitted	Achieved		Circular 88 updates

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Employees: The Executive and Council					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	13	2	200%
4 - 6	3	3	8	7	233%
7 - 9	6	8	12	10	125%
10 - 12	7	15	8	8	53%
13 - 15	9	15	0	0	0%
16 - 18	11	21	18	7	33%
19 - 20	18	30	0	0	0%
Total	55	93	59	34	37%

*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

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COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

As highlighted above, and taking into account the findings of the Auditor-General, particularly those relating to the provision of assurance and the political-administrative will to effectively implement consequence management, clear corrective measures will be implemented through the Audit Action Plan to address these matters. In addition, relevant National Treasury guidelines and circulars will be utilised to strengthen the implementation, monitoring, and reporting processes relating to assurance and consequence management.

In exercising its executive and legislative mandate, the institution has, through collective leadership and effective financial and performance management and governance structures, ensured effective oversight and accountability. This has been achieved through the consideration and review of all legislated reporting requirements within the various Council committees, in support of service delivery and in addressing socio-economic inequalities and developmental challenges within the municipality.

Various projects, as outlined in the Integrated Development Plan (IDP), aimed at addressing service delivery backlogs in water, sanitation, electricity, roads, human settlements, and human capital development, have been undertaken to ensure the sustainable provision of services. Water and sanitation projects were, in the main, funded by the Department of Water and Sanitation, with the Gert Sibande District Municipality appointed as the implementing agent. During the year under review, the Department of Roads and the South African National Roads Agency (SANRAL) supported the Municipality through the upgrading of critical road infrastructure and, in some instances, assumed ownership of certain roads through proclamation

T 3.24.7

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Chapter 3

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The established Budget and Treasury office's main focus is to provide accounting services for all directorates in the Municipality. Key functions include revenue management, credit control, debt collection, supply chain and asset management. Revenue management deals with debtors' management, which includes billing and the collection of consumer debt. The average collection rate was 67% for the year under review. The asset management section deals with movable and immovable assets in terms of various GRAP standards. Creditors and payroll management deals with the payment of creditors through procurement processes and direct payment. In addition, it deals with the remuneration of salaries and councillors allowances. At the reporting date, there were no issues in terms of salaries and allowances. Matters raised by the Auditor General were in terms of major creditors such as Eskom, Department of Transport, and the Department of Water and Sanitation. The supply chain management section deals with the storage of goods and stock for use by various departments. This among others include fuel and oil, material for water, electrical, refuse, sewerage and stationary. This section also deals with procurement processes that deals with competitive bidding as well as quotations. The component of accounting management services deals with budget management and reporting to various structures as required in terms of inter alia MFMA sections 71,72, 52, 121, 122, 123,124,125 126, 131 and 132.

The challenges that needs to cleared out are procurement maters dealing with irregular, unauthorised, fruitless and wasteful expenditure. The other matter that in most instances complicate budget management is that the budget is not realistic and not cash backed. An audit recovery action plan had been developed to address matters raised by the Auditor General.

T 3.25.1

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
127	Reduction of UIFWE		The fruitless for the quarter amounts to R317 464 940 , Irregular amounts to R239 977.038 which was submitted to council in the 4th quarter	Achieved	Reduce UIFWE to by R600 million	Reduce UIFWE to by R600 million		Not Achieved		Quarterly reports
128	Approved annual procurement plan		New KPI		Annual procurement plan approved	Annual procurement plan approved	Annual procurement plan approved	Achieved		Approved procurement plan
129	Number of reports on service provider performance monitoring		4 Reports on service provider performance	Achieved	4 Reports on service provider performance monitoring	4 Reports on service provider performance monitoring	4 Reports on service provider performance monitoring	Achieved		Contract register report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
130	Reduced outstanding creditors		The municipality is under financial distress and unable to pay all creditors within 30 days. Eskom debt still increasing	Not Achieved	Reduce outstanding creditors by R 100 Million	Reduce outstanding creditors by R 100 Million		Not Achieved		Quarterly reports
131	Increased collection rate		56%	Not Achieved	Collection rate increased to 80%	Collection rate increased to 80%		Not Achieved		Quarterly reports

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
132	Data cleansing and analysis undertaken		New KPI		10 000 households with data cleaning and analysis undertaken	10 000 households with data cleaning and analysis undertaken		Not Achieved		Quarterly reports
133	Number of reviews of tariffs for correct implementation on the financial system		New KPI		2 Reviews of tariffs for correct implementation on the financial system	2 Reviews of tariffs for correct implementation on the financial system	2 Reviews of tariffs for correct implementation on the financial system	Achieved		Tariff Report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
134	Reduction in electricity trading service operating deficit		Tariffs were reviewed, submitted to council and approved with the Budget on the 4th June 2024 (see attacched council resolution)	Achieved	Reduction in electricity trading service operating deficit through cost of supply study	Reduction in electricity trading service operating deficit through cost of supply study	Reduction in electricity trading service operating deficit through cost of supply study	Achieved		Cost of Supply Report
135	Reduction in insolvent late estate in debtors book		New KPI		30% of insolvent late estates in debtors book written off	30% of insolvent late estates in debtors book written off		Not Achieved		Quarterly reports

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
136	Monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during a month		0,5 month	Not Achieved	2 months cost coverage	2 months cost coverage		Not Achieved		Quarterly reports

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
137	Number of reports on implementation of budget funding plan and effective cash flow management		New KPI		4 Reports on implementation of budget funding plan	4 Reports on implementation of budget funding plan	1 Report on implementation of budget funding plan	Not Achieved		Budget funding plan; Quarterly reports
138	Development of a Long term financial plan		New KPI		Approved Long term financial plan	Approved Long term financial plan	Approved Long term financial plan	Achieved		

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
139	Improved 2023/24 audit outcome		New KPI		Unqualified Audit Opinion	Unqualified Audit Opinion	2023/24 Qualified opinion	Not Achieved		AGSA Audit report
140	Number of reports on FRP implementation		12 FRP reports	Achieved	12 Reports on FRP Implementation	12 Reports on FRP Implementation	12 Reports on FRP Implementation	Achieved		Monthly FRP Report
141	Number of Budget Steering committee meetings		New KPI		4 Budget Steering committee meetings	4 Budget Steering committee meetings	2 Budget Steering committee meetings	Not Achieved		Notice; Agenda; Minutes & Attendance register

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
142	Number of reports on verification and reconciliation of Fixed Asset Register (FAR)		The FAR prepared in accordance to GRAP and MSCOA	Achieved	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)	Achieved		Quarterly reports; GRAP Compliant asset register

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
143	Number of reports on Eskom current account monthly as part of adherence to Eskom debt relief programme		New KPI		12 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme	12 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme	6 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme	Not Achieved		Monthly proof of payment of Eskom current account

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Chapter 3

Employees: Financial Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	4	3	75%
4 - 6	3	10	10	5	50%
7 - 9	6	12	12	9	75%
10 - 12	7	22	22	29	132%
13 - 15	9	0	0	0	#DIV/0!
16 - 18	11	6	6	4	67%
19 - 20	18	0	0	0	#DIV/0!
Total	55	54	54	50	93%

*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 3.25.4

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Chapter 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

Revenue management, and particularly revenue assurance, should be high up on the list of priorities. Debt owed to municipality was R 2 295 581 524 with R 182 180 385 impaired as a result of non-payment of services. In addition, the municipality had payables from exchange transactions amounting to R 3 792 572 551. Effective revenue assurance could rescue the municipality and underpin improved financial management, especially at a time where more challenges are forecast for the South African economy, already caught in the grip of stagnant economic growth. As the economy continues to decline, the municipality will face even bigger challenges in generating revenue. The continued restructuring and closure of businesses, which lead to job losses, would have far reaching effects for the municipality.
Revenue generated from rates, taxes, and service charges will also dwindle and the ratio of indigents compared to paying customers is likely to increase.

The Municipality had a total operating revenue for the reporting period ending 30 June 2025 which amounted to R 1 282 433 841 which shows an decrease of R 339 468 978 when compared to the operating revenue for the period ended 30 June 2024 where the operating revenue amounted to R1 621 902 819 (Restated). The decrease was mainly due to a decrease in Public Contributions and donations of R 221 989 737. The municipality applied to participate in the DWS Municipal debt relief programme and was approved on 14 August 2025.

Grants receipts contributed R 244 million (19%) of the total revenue while revenue generated from property rates as well as service charges contributed R 832 594 710 million (64.9%) to the total revenue mix.

Although there are no specific norms and standards set to measure grant dependency, given the revenue mix outcome, this indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations, but more can be done to improve own revenue generation. The municipality is implementing various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The total revenue of the Municipality at the end of June 2025 has reduced by R 298 million (19%) when compared to the reporting period ended 30 June 2025.

The main sources of revenue excluding Grants and Subsidies for the 2024/25 financial year were as follows:
Electricity R 459 million (35.8%)
Property Rates R 201 million (15.6%)
Water R 83 million (6.4%)
Sanitation R 68 million (5.3%)

Refuse R 20 million (1.5%)

The revenue generated from sales of electricity contributed 26.5% (R 459 million) of the total revenue mix, thus indicating that the electricity business unit should be nurtured and operated efficiently to ensure increased revenue from this service. This includes ensuring revenue protection by removing illegal connections, replacing bridged and tampered meters, ensuring accuracy of billing by effecting correct tariffs that are billed on time and accurate meter readings being taken.

The Municipality had a total operating expenditure for the reporting period ending 30 June 2025 amounting to R 1 663 824 306. There was an increase in expenditure which amounted to R 131 967 786 when compared to the period ended 30 June 2024. The main contributors to this increase are the increase in bulk purchases of R126 984 522, contracted services of R27 494 294 and employee related costs of R48 404 803. The Municipality was able to reduce Debt impairment by R24 596 961, this can be attributed to an improvement in collection rate and a change in impairment calculation methodology.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:
Bulk purchases R 651 million (39%)
Employee related costs R 327 million (19.6%)
Debt impairment R 182 million (10.9%)
Depreciation R 63 million (3.7%)
Finance costs R 144 million (8.6%)
Contracted services R 156 million (9.3%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The municipality had a deficit for the year of R358 911 294 for the period ending June 2025. The Municipality had cash and cash equivalents amounting to R16 240 927 at the end of June 2025.

T 3.25.7

Chapter 3

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The impact of Human Resource Services on the Municipality is evident in the initiatives undertaken to ensure that both Councillors and officials are adequately skilled through various learning and skills development programmes. These initiatives contribute to the development of a well-capacitated leadership and management cohort, thereby enhancing institutional capability and improving service delivery outcomes.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Support services to the following departments have been rendered to ensure a capable administration in prudent utilisation of minimal resources:
Office of the Municipal Manager
Budget and Treasury
Corporate Services
Community Services and Safety
Technical Services
Planning and Economic Development
Services:
Recruitment and Selection
Training and Development
Employee Administration
Leave Administration and Management
Employee Health and wellness
Occupational Health and Safety

T 3.26.2

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
37	100% senior management with signed performance agreements		100%	Achieved	100%	100%	100% of appointed senior managers with signed performance agreements in place	Achieved		Signed performance agreements
38	100% senior management performance assessments conducted		0%	Not Achieved	100%	100%	40% senior management performance assessments conducted	Not Achieved	Adherence to to schedue of performance review	Performance assessments per senior manager

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
39	Number of Top Management formal (minuted) meetings attended by senior managers		New KPI	New KPI	12 Top Management meetings held	12 Top Management meetings held		Achieved		Notice; Agenda; Minutes & Attendance register
40	Annually reviewed organogram		Organogram reviewed	Achieved	Organogram reviewed by 30 June 2025	Organogram reviewed by 30 June 2025	Organogram approved on 2025-06-27	Achieved		Organogram & Council Resolution

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
41	Annually approved and implemented recruitment plan		Recruitment plan approved and implemented	Achieved	Recruitment plan developed and implemented	Recruitment plan developed and implemented	Approved and implemented recruitment plan	Achieved		Recruitment Plan; Quarterly reports on implemented Recruitment Plan
42	Approved HRD Strategy		HRD Strategy developed	Achieved	HRD Strategy approved by 30 September 2024	HRD Strategy approved by 30 June 2025	HRD strategy not approved as per the annual target	Not Achieved		Approved HRD Strategy; Council Resolution

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
43	Date for submission of Workplace Skills Plan (WSP) to LGSeta		WSP developed	Achieved	Workplace Skills Plan submitted by 30 April 2025	Workplace Skills Plan submitted by 30 April 2025	WSP submitted on 2025-04-29	Achieved		Letter of proof of submission; Workplace Skills Plan
44	Date for submission of Employment Equity Plan to Department of Labour		1 EE plan submitted	Achieved	Employment Equity Report for 2024 submitted to Dept. of Employment and Labour by 15 January 2025	Employment Equity Report for 2024 submitted to Dept. of Employment and Labour by 15 January 2025	EER submitted to DOEL on 2025-01-15	Achieved		Letter of proof of submission; Employment Equity Plan

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
45	Number of HRD and Employment Equity Committee meetings held		New KPI	New KPI	4 HRD and Employment Equity Committee (HRD & EE) meetings held	4 HRD and Employment Equity Committee (HRD & EE) meetings held	3 HRD and Employment Equity Committee meetings held	Not Achieved		Agenda; Minutes; Attendance registers
46	Number of reports on implementation of leave management		4 Reports	Achieved	4 Reports on implementation of leave management	4 Reports on implementation of leave management	4 Reports on implementation of leave management	Achieved		Leave Management automation report; leave system screenshot

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
47	Number of reports on implementation of IPMS		4 Reports	Achieved	4 Reports on implementation of IPMS	4 Reports on implementation of IPMS	4 Reports on implementation of IPMS	Achieved		Quarterly report
48	Percentage employees with signed performance agreements		21% employees with signed performance agreements	Not Achieved	100% employees with signed performance agreements	100% employees with signed performance agreements	100% Employees with signed performance agreements	Achieved		Report on progress of signed performance agreements
49	Number of reports on document management system implementation		4 Reports	Achieved	4 Reports on document management system	4 Reports on document management system		Achieved		Quarterly report

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
50	Percentage of job descriptions updated		20% job descriptions reviewed	Achieved	20% of job descriptions updated	20% of job descriptions updated	97% job descriptions updated	Achieved		Quarterly report
51	Report on verified qualifications		1 Report	Achieved	1 Report on qualifications verified	1 Report on qualifications verified	1 Report on qualifications verified	Achieved		Report on Verification of Qualifications
52	Number of reports on skills audit conducted		100% skills audit conducted	Achieved	Number of reports on skills audit conducted	Number of reports on skills audit conducted	1 Report on skills audit conducted	Achieved		Skills audit report
53	Number of LLF meetings held		12 LLF Meetings held	Achieved	12 LLF Meetings held	12 LLF Meetings held	11 LLF Meetings held	Not Achieved		Notice; Agenda; Minutes & Attendance register

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
54	Number of workshops conducted on prosecuting and presiding disciplinary cases		2 Workshops conducted	Achieved	2 Workshops on prosecuting and presiding disciplinary cases conducted	2 Workshops on prosecuting and presiding disciplinary cases conducted	2 Workshops conducted on prosecuting and presiding disciplinary cases	Achieved		Invitation; Attendance register
55	Number of reports on disciplinary matters attended to		4 Reports	Achieved	4 Reports	4 Reports	4 Reports on disciplinary matters attended to	Achieved		Quarterly report

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
56	Number of reports on customer care service center operations		4 Reports	Achieved	4 Reports	4 Reports	4 Reports on customer care service center operations	Achieved		Quarterly report
57	Number of reports on ICT infrastructure upgrade		15%	Not Achieved	4 Reports on ICT infrastructure upgrade	4 Reports on ICT infrastructure upgrade		Achieved		Quarterly report
58	Number of OHS Committee meetings held		New KPI		4 quarterly OHS Committee meetings	4 quarterly OHS Committee meetings	4 OHS Committee meetings held	Achieved		Invitation, minutes attendance registers
59	Number of Wellness Campaigns implemented		New KPI		4 Employee Health and Wellness Campaign per year	4 Employee Health and Wellness Campaign per year	3 Wellness Campaigns implemented	Not Achieved		Invitation, minutes attendance registers

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Chapter 3

Employees: Human Resource Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
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	54	93	54	39	42%

*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*

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COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The priority within Human Resource Services remains to ensure that the organisational structure of the Municipality is appropriately aligned to the Integrated Development Plan (IDP) in order to effectively achieve the Municipality's strategic objectives. This includes the continuous review of the staff establishment to ensure that it is responsive to service delivery priorities, adequately resourced, and compliant with applicable legislative and regulatory frameworks.

In addition, Human Resource Services plays a critical role in facilitating the placement of suitably qualified and competent personnel in key positions, supporting succession planning, and strengthening institutional capacity to deliver on the Municipality's developmental mandate.

Sound employee relations remain fundamental to organisational stability and performance. Constructive engagement with organised labour, effective management of workplace disputes, adherence to collective agreements, and the promotion of fair labour practices contribute to a stable working environment. This, in turn, enables employees to perform optimally and supports the achievement of organisational objectives, improved service delivery, and good governance

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

Information and Communications Technology (ICT) is an extended term for Information Technology (IT) that emphasises the role of unified communications and the integration of telecommunications (including fixed-line and wireless connectivity), computer systems, and the necessary enterprise software, middleware, data storage, and audio-visual systems. These components collectively enable users to access, store, transmit, process, and manage information in support of organisational operations and service delivery.

To strengthen ICT governance, the Municipality has approved an ICT Framework and related ICT policies through Council. These instruments provide strategic direction and guide the governance, management, and utilisation of ICT resources in line with legislative requirements, best practice standards, and the Municipality's service delivery objectives. The approved framework further promotes information security, business continuity, data integrity, and compliance with relevant regulatory prescripts.

The Municipality has appointed two service providers to implement and maintain internet connectivity and telephony systems across municipal operations. These services are critical in supporting administrative efficiency, internal and external communication, financial and performance reporting,

and stakeholder engagement. The improved ICT infrastructure enhances access to digital platforms, supports the implementation of e-government initiatives, and contributes to improved turnaround times and service delivery responsiveness. *T 3.27.1*

SERVICE STATISTICS FOR ICT SERVICES

The following ICT services are aimed at enhancing IT connectivity and were provided to ensure continuous and effective organisational performance.

Communication – Emails, Teams, Zoom, and Telephone system
Security – Updated Anti-virus & Firewall (Network security).
The installation of software and hardware.
Upgrades to current systems – VIP System, Munsoft and Mun-Admin.
IT Governance – ICT Steering Committee
The following ICT policies and procedures were also approved for the period under review: 7 Policies were reviewed and approved by Council on the 29 April 2024.
* Lekwa Local Municipality ICT Policy Framework
* Virus and Malware Policy
* Firewall Policy
* Information Security Policy
* Electronic Communication Policy
* Physical and Environmental Security Policy
* Change Management Procedure

Internet connectivity at all municipal administrative offices has been completed, as well as telephones. This will in future also assist in work efficiency, especially once an intranet service is activated, which is in the future plans of the Municipality.

T 3.27.2

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
57	Number of reports on ICT infrastructure upgrade		15%	Not Achieved	4 Reports on ICT infrastructure upgrade	4 Reports on ICT infrastructure upgrade		Achieved		Quarterly report

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Employees: ICT Services					
Job Level	2023/2024	2024/2025			
	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	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	3	3	3	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T3.27.4*

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Financial Performance 2023/2024: ICT Services					R
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	R2,260,727	R2,653,845		R2,260,727	R393,118
Repairs and Maintenance	R9,684,711	R11,552,211	R2,647,789	R9,684,711	R1,867,500
Other	0	0	0	0	0%
Total Operational Expenditure	R11,945,438	R14,206,056	R2,647,789	R11,945,438	R2,260,618
Net Operational Expenditure					
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*

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The performance of ICT services has improved through increased alignment with the Municipality's business needs, particularly in response to the evolving demands of the Fourth Industrial Revolution (4IR). Telephone and internet connectivity across all municipal buildings has been completed, thereby strengthening communication and operational efficiency.
In addition, the Municipality has commenced the process of implementing fibre connectivity to stabilise internet access across all municipal offices. The municipal website has been resuscitated and it functions optimally, and enhanced public access to information.
ICT services have further completed digitising key administrative functions through the introduction of Employee Self-Service (ESS) for leave management and the implementation of an electronic document and records management system. These initiatives aim to streamline administrative processes, improve turnaround times, enhance records management, and reduce reliance on paper-based systems, resulting in cost efficiencies

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Chapter 3

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Within the Municipality, the components of property, legal, risk management and procurement services falls under Corporate Services, office of the Municipal Manager and Budget and Treasury respectively. Noting that the Municipality is required to establish and maintain effective, efficient and transparent systems of financial and risk management, internal controls and internal audit operating procedures in accordance with any prescribed norms and standards, the Auditor General's findings relating to these requires attention. It is evident from the findings that these areas are interrelated and internal controls must be strengthened in order to ensure improved compliance to regulatory frameworks.
Dealing with litigation matters is ongoing as there has been a number of cases brought against the Municipality that has escalated the contingent liability provision.

T3.28.1

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

In respect of service statistics for legal, risk management and procurement services, the Municipality strives to provide these services in accordance with applicable legislative and regulatory frameworks.

T 3.28.2

FINAL

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
95	Percentage reduction in litigious matters against the Municipality		10%	Not Achieved	100% reduction in litigious matters against the Municipality	100% reduction in litigious matters against the Municipality	28%	Not Achieved	Continuous observation of court directives	Quarterly report
96	Percentage increase in litigation in favour of the Municipality		New KPI		100% increase in litigation in favour of the Municipality	100% increase in litigation in favour of the Municipality	0%	Not Achieved	Constant follow-up on the IGRF processes	Quarterly report
97	Percentage processing of transfers for land purchases		New KPI		100% processing of transfers for land purchases	100% processing of transfers for land purchases		Not Achieved		Quarterly report

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
111	Strategic risk assessment conducted		1 strategic risk register developed	Achieved	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted	Achieved		Strategic Risk Assessment Report
112	Number of reports on strategic risk mitigating action plan implementation		4 Progress report on risk mitigation plan implementation	Achieved	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation	Achieved	N/A	Quarterly report
113	Number of RMAFACC meetings		4 RMAFACC meetings held	Achieved	4 RMAFACC meetings	4 RMAFACC meetings	4 RMAFACC meetings	Achieved	N/A	Notice; Agenda; Minutes & Attendance register

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Portfolio of Evidence
114	Number of Anti-fraud and anti-corruption workshops/ awareness campaigns conducted		4 anti-fraud and anti-corruption workshops / awareness	Achieved	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	Achieved	N/A	Workshop/ Awareness campaign material; Attendance registers

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Chapter 3

Capital Expenditure 2024/2025 Property; Legal; Risk Management and Procurement Services R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital expenditure relating to property, risk management and procurement services were undertaken					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.28.6*

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Property services is divided into property administration through the development of leases, deeds of sale, etc under the auspices of the Manager Legal Services within the Corporate Services department. The component dealing with the alienation of property falls within the ambit of the Municipality's Planning and Economic Development's Department under the human settlements unit. Capital projects undertaken relies largely on external grant funding as the Municipality does not have sufficient cash reserves to undertake property development. Partnerships have been created for both residential and commercial property development.

T 3.28.7

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COMPONENT J: MISCELLANEOUS

INTRODUCTION TO MISCELLANEOUS

This component includes the provision of airports, abattoirs, municipal courts and forestry as municipal enterprises. The Municipality does not provide any of these services within its area of jurisdiction.

COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

The 202/202 Annual Performance Report was compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act of 2000.

The purpose of this report is to provide feedback regarding the performance of Lekwa Local Municipality, noting that the information included in this report is based on the IDP and the approved Adjusted SDBIP for the 2024/2025 financial year. The annual performance report is based on the overall cumulative performance for the period 1 July 2024 to 30 June 2025.

It is against this backdrop that the 2024/2025 Annual Performance Report of Lekwa Local Municipality was prepared and submitted in terms of the Municipal Systems Act of 2003. This report covers the performance information and focuses on the operationalization and implementation of the approved Service Delivery Budget and Implementation Plan (SDBIP) objectives as encapsulated in the Municipality's 2024/2025 Integrated Development Plan (IDP), as approved by the Municipal Council on 4th June 2024. The report seeks to reflect on actual performance of the Municipality as measured against the performance indicators and targets, in line with the six (6) Key Performance Areas (KPAs) which are:

- ✓ Service Delivery and Infrastructure Development
- ✓ Municipal and Institutional Development and Transformation
- ✓ Financial Viability and Management
- ✓ Good Governance and Public Participation
- ✓ Local Economic Development
- ✓ Spatial Rationale

Each KPA has a strategic goal and objectives which were developed to help focus the Municipality on its developmental role in a more coherent manner. The IDP was developed and approved for the 2022-2027 term and was reviewed approved for the 2024/2025 financial year.

The 2024/2025 Annual Performance Report (APR) is presented in terms of section 46 (1) and (2) of the Municipal Systems Act (MSA), Act 32 of 2000, read together with the MFMA Circular 63 on annual reporting and sections 121 (3) (c) and 127(2) of the Local Government: Municipal Finance Management (MFMA) Act 56 of 2003. Every municipality and municipal entity must prepare and adopt an annual report for each financial year in accordance with the MFMA. Section 46 of the MSA

provides that an annual performance report must be submitted to the municipal council, which will eventually form part of and be included in the final annual report to be prepared in terms of the MFMA.

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates the following:

"(1) A municipality must prepare for each financial year a performance report reflecting—
(a) the performance of the Municipality and each external service provider during that financial year;
(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
(c) measures taken to improve performance. "

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed within the organisation and external service providers. The Performance Management System (PMS) Framework, which was adopted on by Council under Resolution A96 on 30 July 2024 by the Municipality inter alia, reflects the linkage between the IDP, Budget, the organisational SDBIP and individual performance.

This report serves as the Annual Performance Report for the 2024/2025 financial year ended 30 June 2025, also taking into account the adjusted SDBIP which was approved by Council under Resolution A45 on 27 March 2025. In the case of underperformance and deviations from meeting set targets, challenges to achieving targets and details pertaining to the relevant measures taken to address these challenges, are also provided. The overall cumulative organisational performance achieved for the period 2024/2025, is at 75% compared to the 2023/24 financial year performance which was at 78%.

For the period under review, the Municipality was still under the mandatory section 139 intervention. On a monthly basis, progress on implementation of the FRP is submitted to National Treasury and on a quarterly basis, progress is tracked and implementation discussed in War Room meetings. The continued effective implementation of the FRP is critical towards the turnaround in the financial and service delivery challenges faced by the Municipality.

Key successes under very trying and challenging circumstances include a senior management team which key towards ensuring that every Department is fully accountable towards the achievement of performance targets. This, supported by a more stable political environment enhances strategic decision making towards service delivery and an improved financial position.

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Sincere gratitude and appreciation is herewith extended to the Honourable Executive Mayor, Mayoral Committee, MPAC, Section 79 and 80 Committees, the Audit and Performance Audit Committee and Council for their strategic direction and leadership during the financial year and our extended management team who remains hands on and take responsibility and accountability towards the preparation of the APR.

According to the provisions of chapter 6 of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly, mid-year and annual performance reports. These quarterly and mid-year reports make up the municipality's section 46 annual performance report, which is submitted to the Auditor-General South Africa (AGSA), along with the annual financial statements and annual report for auditing. This report is based on information received from each department for assessment of their performance for the cumulative annual performance for the 2024/2025 financial year which ended on 30 June 2025. This is a high-level report based on actual performance per key performance area (KPA), key performance indicators (KPIs) and annual targets in line with the adjusted and approved 2024/2025 SDBIP. The Organisational Performance is evaluated at an organisational level through the Top-layer SDBIP as informed by Departmental targets cutting across the following six KPAs:

- ✓ KPA: Service Delivery and Infrastructure Development
- ✓ KPA: Financial Viability and Management
- ✓ KPA: Local Economic Development
- ✓ KPA: Municipal Institutional Development and Transformation
- ✓ KPA: Good Governance and Community Participation
- ✓ KPA: Spatial Rationale

For the period under review, the Municipality had to address the following key disclaimer audit findings as it related to the 2023/2024 audit of performance objectives:

AUDIT FINDING	CORRECTIVE ACTION TAKEN
Various indicators which are not measurable (Finding 85 COMAF 25)	Management revised indicator definitions, business processes, including data sources and the means of verification. With the assistance of Chapu Chartered Accountants, submitted information has been reviewed to test consistency of the verifiability and measurability to support reported annual performance.
Municipal council did not adopt the oversight annual report within two (2) months after the date in which the annual report for the 2022/2023 financial year-end was tabled in municipal	The Municipal council has adopted without reservation the 2023/2024 Oversight Report by 27th March 2025.

council in terms of Section 129(1) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003).	
During the audit of performance information, the auditor identified that the Municipality did not disclose and present the annual performance report as required by Municipal System Act 46(1), the actual performance for the indicators below is not compared to prior year performance in the APR.	Consolidated quarterly reports used to prepare APR. Review of consolidated draft APR includes comparative 2023/24 and 2024/25 actual performance. This finding was cleared during the 2023/24 audit. The 2024/2025 APR also includes comparative performance.

On a quarterly basis, the SDBIP performance report was prepared and reviewed by the Performance Management System (PMS) unit, prior to the report being submitted to Internal Audit for auditing. The assessment of performance reports and supporting portfolios of evidence by the PMS-unit provides an initial review processes, whereafter the final quality assurance is provided by the Internal Audit unit. These audited performance reports are subsequently submitted at the various platforms which include Top Management Committee and the Mayoral Committee. These reports are ultimately presented through the Audit Committee Chairperson to Council.

The overall performance of Lekwa Local Municipality is based on the Departmental Performance scorecards which is aligned to the IDP and approved Adjusted SDBIP KPI's applicable to each department in terms of their respective contribution thereto. The departmental scorecard information is, for the purpose of annual performance reporting reconfigured into reporting per KPA, in line with the approved and adjusted 2024/2025 SDBIP. Results are presented in the form of an audited score of whether a target was achieved or not achieved. The total number of targets that are achieved and not achieved are counted and a total is allocated to determine the overall level of performance.

For the 2024/2025 period under review, both administrative and governance structures were in place. In respect of the Audit Committee, as per the provisions of the Municipal Planning and Performance Management Regulation 14(2)(c), the Municipality utilised its established Audit Committee as its Performance Audit Committee. The following are the members and invited representatives who served on the Audit Committee for the year under review:

- Mr. P. Rambuda (Audit Committee Chairperson)
- Mr. S Dube (Audit Committee member)
- Mr. I Motala (Audit Committee member)

The Audit Committee held meetings on the following dates:

- 2024-07-26
- 2024-08-23
- 2024-10-24
- 2025-01-24
- 2025-04-25

Under the guidance and leadership of the Municipal Manager, Mr M.J. Lamola, the senior management team was constituted as follows:

(a) Executive Manager Community Services & Safety: T Mtshiselwa

(b) Executive Manager Technical Services: MS Jiyane

(c) Chief Financial Officer: Ms. V Nkatha

(d) The positions of Executive Manager Corporate Services and Executive Manager Planning and Economic Development was vacant during the period under review, with these position being filled in acting capacities for the remainder of the financial year. The appointed senior managers all signed their performance agreements within the required 30 days of the commencement of the financial year.

The Local Government: Municipal Staff Regulations promulgated in 2020 which objectives inter alia provides for a local public administration that is fair, effective and transparent and to create a development oriented local administration that is governed by accountable and ethical standards, the cascading of individual performance reviews have been implemented within the Municipality. An implementation plan has been put in place towards fully implementing the said Regulations.

This Annual Performance Report provides an overview of performance information, based on progress made against predetermined objectives towards meeting set targets in line with the approved SDBIP. Every effort has been made to ensure that the Annual Performance Report (APR) reflects accurate non-financial performance information that provides a reflection on achievements against predetermined objectives and KPIs, in line with the SDBIP targets for the year under review. Through the reporting on and auditing of performance information governance and oversight structures are afforded an opportunity to account to communities and stakeholders on organisational municipal performance, from an independent source, the Auditor General of South Africa.

The audit of predetermined objectives is regarded as an annual procedure for reporting on actual performance against set predetermined objectives of the Municipality to provide assurance to Council, members of the public and other relevant stakeholders that the “actual performance reported” is useful, reliable and accurate. The objective of an audit of predetermined objectives is to enable AGSA to conclude whether the reported performance against predetermined objectives is useful and reliable, in

all material respects, based on predetermined audit criteria. This audit is executed as an integral part of the annual regularity audit, to confirm compliance with applicable laws and regulations as well as the usefulness and reliability of the reported performance information to be published in the annual report of the Municipality. Through the independent auditing of predetermined objectives, quality assurance is aimed at giving effect to the economical procurement and efficient and effective utilisation of resources. To this end the following key concepts are critical in this regard:

1. Economy: for the procurement of resources of the right quality in the right quantities at the right time and place at the lowest possible cost;
2. Efficiency: To achieve the optimal relationship between the output of goods, services or results and the resources used to produce them;
3. Effectiveness: To achieve policy objectives, operational goals and other intended outcomes.

Through the audit of predetermined objectives, democracy is strengthened by enabling oversight, accountability and good governance in the public sector following which such findings are reported accordingly.

The AGSA had the responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for a selected development priority presented in the annual performance report. Procedures were performed to identify material findings. The usefulness and reliability of the reported performance information was evaluated in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2024. From the audit of performance information, the accuracy of various reported achievements could not be determined, as indicators were not well defined, and could thus not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Development priorities	Opinion	Movement
Basic Service Delivery	Qualification	Improved

The following was noted in respect of the material findings on the audit of performance information:

(a) The accuracy of 10 indicators could not be determined as the indicators were not well-defined and the methods and processes used to measure reported achievements could not be verified;
(b) Four indicators, reported achievement did not agree to actual achievement reported;
(c) Three indicators, measured provided aimed at improving underperformance, adequate supporting evidence was not provided
(d) In respect of material misstatements, in the annual performance report, were not all corrected and thus reported as material findings in the management report.

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The 2024/2025 annual performance report was prepared based on the institutional Performance Scorecard (SDBIP) of the Municipality. The report was submitted in line with section 126 (1) (a) of the MFMA, within two months after the end of the financial year to which the financial statements relate, to the Audit Committee, Mayoral Committee and Council. The Annual Performance Report was submitted to the Auditor-General for auditing together with the unaudited 2024/2025 Annual Financial Statements.

The 2024/2025 annual performance report, as audited is incorporated into the 2024/2025 Annual Report, as provided for by section 121 (3) (c) of the MFMA which stipulates that the annual report must inter alia include the audited Annual Performance Report of the Municipality as prepared in terms of section 46 of the MSA.

The organisational performance report relates to achievements for the financial year under review as well as corrective measures to be taken to improve areas of under achievement. This section of the Annual Performance Report will reflect the Municipality's actual performance against the planned targets as contained in the Municipality's SDBIP as per the six (6) KPA's based on the approved SDBIP.

7.1 The following table below is a breakdown of performance per KPA in line with its KPIs:

KEY PERFORMANCE AREA	2023/2024				2024/2025			
	Achieved	% Achieved	Not Achieved	% Not Achieved	Achieved	% Achieved	Not Achieved	% Not Achieved
Basic Service Delivery and Infrastructure Development	27	77	8	23	29	83	6	17
Municipal Transformation and Institutional Development	16	80	4	20	18	78	5	22
Spatial Rational	18	86	3	14	19	79	5	21
Local Economic Development	5	63	3	37	4	80	1	20
Good Governance and Public Participation	30	79	8	21	29	76	9	24
Financial Viability and Management	7	70	3	30	7	41	10	59
TOTALS	**103**	**78%**	**29**	**22%**	**106**	**75%**	**36**	**25%**

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KEY PERFORMANCE AREA	2023/2024				2024/2025			
	Achieved	% Achieved	Not Achieved	% Not Achieved	Achieved	% Achieved	Not Achieved	% Not Achieved
Total KPIs	**132**							

7.1 The graphs below depict the level of performance per KPA for the 2023/24 and 2024/25 financial years as outlined above:

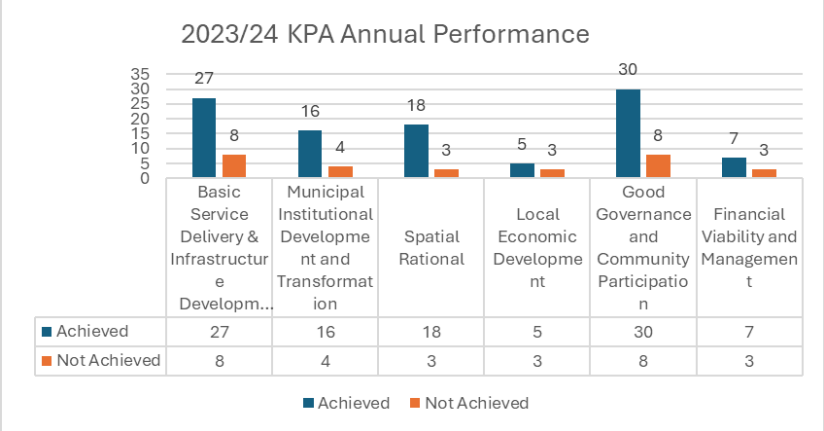


Figure 1: 2023/2024 Performance per KPA

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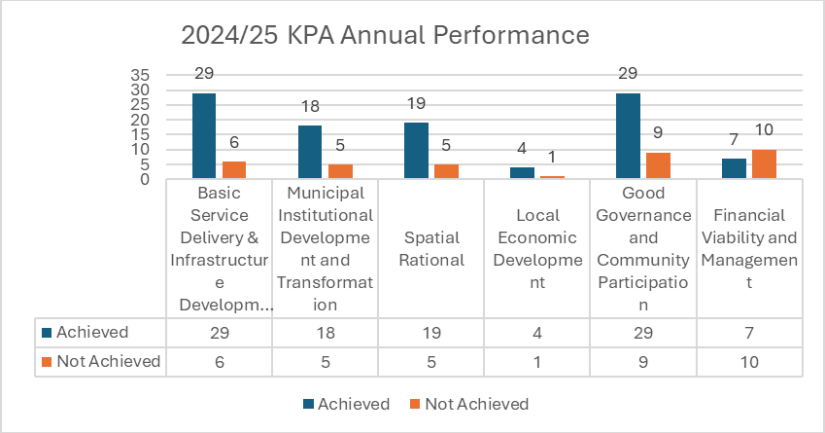


Figure 2: 2024/2025 Performance per KPA

7.2 The following provides a general summary of performance achievements and areas for improvement per KPA:

Key Performance Areas	Significant Highlights	Areas of underperformance
Basic Service Delivery and Infrastructure Development	Capital project implementation and expenditure was on track, with projects complete in line with planned targets. Operation and maintenance plans, which were long outstanding have been developed for sanitation services; electricity, an energy efficiency and demand management strategy as well as a fleet maintenance plan	Some operational activities were not implemented as planned.
Municipal Transformation and Institutional Development	The implementation of individual performance management is being implemented and has been cascaded to all levels below senior managers	The overall implementation and conducting of performance reviews still requires attention for improved individual accountability towards

Key Performance Areas	Significant Highlights	Areas of underperformance
	Automation of the leave management and document management systems for improved administrative efficiency	overall improved organisational performance
Spatial Rational	Implementation of spatial development framework for approval of land use applications	Slow progress has been made on the implementation of human settlements projects, considering the dire need for low-income residential developments
Local Economic Development	The municipality is actively involved in CSI and SLP projects	The non-functionality of the LED Forum also impacted the planned Economic development summit
Good Governance and Public Participation	Governance structures, both the Risk Management and Audit Committee are fully functional and is a great value add towards organisational accountability	Council and committees of council not convening meetings according to the approved schedule impacts on legislative compliance
Financial Viability and Management	Improved contract management to reduce UIFW expenditure	Low cost coverage and revenue collection remains a concern towards the long term financial sustainability of the Municipality

7.8 Comparative 2022/2023 and 2023/2024 Annual Report

As part of strengthening governance, accountability and oversight, Council delegated the Municipal Public Accounts Committee (MPAC) to exercise an oversight role in respect of the annual report. The 2022/2023 Annual Report was tabled by MPAC to Council at a sitting on 2 July 2024 under Council Resolution A68, where the report was adopted without reservation. The late tabling of the Oversight Report resulted in a legislative non-compliance finding. In respect of the 2023/2024 Oversight Report, MPAC tabled the report, which was adopted without reservation under Council Resolution A47 on 27 March 2025. In comparison, Council has steadily improved and gained political stability in the 2024/25 period.

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The performance of service providers is monitored through a signed Service Level Agreement (SLA). It remains the responsibility of a department, to ensure that the necessary SLA is in place and the performance of a service provider is monitored. In addition, the end user department provides monthly reports to the Supply Chain Management (SCM) unit. Appointed service providers who fail to perform are reported to SCM and the necessary remedial action follows, including, but not limited to, the termination of the contract.

In view of the fact that the previous year's APR did not include information on external service provider performance, the following provides a general reflection in respect thereof, based on the assessment by user departments, as follows:

(a) Service provider performance was found to be acceptable across the board;
(b) Instances where the service was not at a satisfactory level, was largely due to key timelines not being met;
(c) Certain suppliers were appointed on an as and when required basis for operational reasons. The aforementioned service providers' performance will therefore be assessed when such service is utilised.

The reporting on credible performance information plays a significant role in good governance and accountability within any organisation.
The greater the focus therefore is on the quality and timely auditing of performance information to provide assurance that the performance information is reliable, relevant and accurate.
Performance information and reporting focuses the attention of the public and oversight bodies on whether public institutions such as municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans. It is also intended to alert managers to areas where corrective action is required. The most important reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks and perform them well. This can greatly enhance the level of public confidence that communities and other stakeholders can once again have in the Municipality.

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The organisational performance report relates to achievements for the financial year under review as well as reflecting corrective measures taken to improve areas of under achievement, as contained below:

Municipal KPA: Basic Service Delivery and Infrastructure Development

Municipal Priority:

Improve water and sanitation provision

Provide reliable electricity supply

Provision of safe and dependable roads

Provision of efficient and effective fleet services

Strategic Objective:

Provision of basic services (water 100%, sanitation 100%, electricity 100% and roads 100%)

Provision of basic services (solid waste removal by 100%, emergency fire, traffic control, disaster management, parks and recreational facilities and libraries

Impact Statement:

Improved quality of life and safe living

MTSF Target:

Improved access to basic services (water 100%, sanitation 100%, electricity 100% and roads 207km of Roads paved/tarred)

Improved access to basic services such as waste 100% emergency fire, traffic control, disaster management, parks and recreational facilities and libraries

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
1	Number of water leaks repaired		1140 water leaks repaired (+140 variance)	Achieved	1000 water leaks repaired	1000 water leaks repaired	1151		Achieved		OPEX	
2	Number of water meters replaced		New KPI	New KPI	120 water meters replaced	90 water meters replaced	88		Not Achieved	Management will establish a metering section that will focus on water metering and installation that is adequately resourced	OPEX	Limited stores stock availablity of water meters

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
3	Number of boreholes installed		2 Boreholes installed	Achieved	3 boreholes installed	3 boreholes installed	2 boreholes installed		Not Achieved	Identify alternative site for drilling of new borehole	OPEX	Correct funding source
4	Number of boreholes refurbished		New KPI		6 boreholes refurbished	6 boreholes refurbished	16 boreholes refurbished		Achieved		OPEX	Correct funding source

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
5	Number of boreholes refurbished		New KPI		6 boreholes refurbished	6 boreholes refurbished	7 boreholes refurbished		Achieved		OPEX	
6	Number of VIP toilets installed		100 VIP Toilets installed	Achieved	150 VIP toilets installed	150 VIP toilets installed	165 VIP toilets installed		Achieved		MIG	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
7	Number of VIP toilets desludged		New KPI		150 VIP toilets desludged	150 VIP toilets desludged	150		Achieved		MIG	
8	Percentage sewer spillages attended		New KPI		100% sewer spillages attended	100% sewer spillages attended	100%		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
9	Number of sewer pump stations inspected and maintained	KPI removed	New KPI		13 sewer pump station inspected and maintained	KPI Removed			KPI Removed		OPEX	Maintenance of pump stations will commence once the appointed contractor has completed the current upgrades and refurbishment of pump

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
												stations
10	Percentage construction of switching station at Rooikoppen - Phase 1		New KPI		50% Construction of Switching Station at Rooikoppen. – Phase 1	50% Construction of Switching Station at Rooikoppen. – Phase 1	Construction @ 55%.		Achieved		INEP	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
11	Percentage construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1		100% completed designs on 11 KV line	Achieved	50% Construction of 6km, 11kV line between A Substation and Rooikoppen.- Phase 1	50% Construction of 6km, 11kV line between A Substation and Rooikoppen.- Phase 1	Achieved. Construction @85%.		Achieved		INEP	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
12	Number of progress reports on application to Eskom for Notified Maximum Demand (NMD) upgrade		KPI Removed: 2023/24 FY	KPI Removed: 2023/24 FY	4 Progress reports of application to Eskom for NMD upgrade	4 Progress reports of application to Eskom for NMD upgrade	2 Progress reports submitted an application to Eskom for NMD upgrade		Not Achieved		N/A	
13	Number of high mast lights installed		100% design and tender documentation for installation of high mast lights concluded	Achieved	10 high mast lights installed	10 high mast lights installed	26 High mast lights installed		Achieved		MIG	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
14	Number of street lights repaired		977 Street lights repaired (+577 variance)	Achieved	400 street lights repaired	400 street lights repaired	353 streetlights repaired		Not Achieved	Procurement of materials for street lights repairs for the 202526 FY	OPEX	
15	Number of high mast lights repaired		114 High mast lights repaired (+94 variance)	Achieved	20 high mast lights repaired	20 high mast lights repaired	22 High Mast Lights repaired		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
16	% high mast and street lights retrofitted with energy efficient lights	Number of lights on highmasts and street lights retrofitted with energy efficient lights	New KPI	New KPI	100% high mast lights and street lights retrofitted with energy efficient lights	243 fittings replaced on highmast lights; 227 light fittings replaced on street lights	243 lights on high masts retrofitted with energy efficient lights 227 lights on street lights retrofitted with energy efficient lights		Achieved		EEDSM	KPI & Target adjusted to a number instead of percentage

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
17	Number of electricity meters installed		3128 Electricity meters installed (+3028 variance)	Achieved	100 electricity meters installed	100 electricity meters installed	534 electricity meters installed		Achieved		OPEX	

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
18	Number of EDMS strategy interventions implemented		Energy Efficiency and Demand Side Management (EEDSM) Strategy developed	Achieved	4 EEDMS strategy interventions implemented	4 EEDMS strategy interventions implemented	School competition awareness campaign on energy saving		Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
19	Number of electricity infrastructure rehabilitation interventions implemented		Electricity Maintenance Plan developed	Achieved	4 Electricity infrastructure rehabilitation interventions implemented	4 Electricity infrastructure rehabilitation interventions implemented	Electrical protection system at C SUB rehabilitated in Q1		Not Achieved	Tast track procurement processes to undertake repairs in 25/26 FY	OPEX	
20	Percentage rehabilitation of 1km of Vry Street	Meters of Vry Street rehabilitated	New KPI		100% rehabilitation of 1km of Vry Street	1000m of Vry Street rehabilitated	1000m of Vry Street rehabilitated		Achieved		Municipal Disaster Recovery Grant	KPI & Target adjusted to km instead of percentage

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
21	Number of progress reports for sourcing funds for rehabilitation of roads		New KPI		4 Progress reports on sourcing funds for rehabilitation of roads application to Eskom for NMD upgrade	4 Progress reports on sourcing funds for rehabilitation of roads application to Eskom for NMD upgrade	4 Progress reports on sourcing funds for rehabilitation of roads submitted		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
22	Square meters of pothole patched		New KPI		10 000 square meters of pothole patching	10 000 square meters of pothole patching	5860 square meters potholes patched	6820 square meters potholes patched	Not Achieved	Remaining m² will included in the 2025/2026 FY targets, due to financial constraints and ageing roads infrastructure network, the municipality will also strengthe	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
										n relations with other stakeholders such as (SANRAL, NDOT, PWR&T, GSDM) to assist with pothole patching		

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
23	Number of vehicles procured		7 Vehicles procured (Variance of +3 due to additional finding set aside to procure vehicles)	Achieved	4 Vehicles procured	4 Vehicles procured	4 Vehicles procured		Achieved		OPEX	
24	Number of vehicles disposed		0 Vehicles disposed	Not Achieved	8 vehicles disposed	8 vehicles disposed	8 vehicles disposed		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
25	Percentage municipal fleet maintained		Fleet maintenance plan developed	Achieved	100% municipal fleet maintained	100% municipal fleet maintained	100% municipal fleet maintained	31% municipal fleet maintained	Not Achieved	Management is in the process of printing book format in duplicate format to improve record keeping of material / services of vehicles outsourced , to be requisitioned through Stores or Supply Chain. Job card books will also be developed for internal works to be done on vehicles.	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
26	Percentage of households with access to refuse removal		99% (-1 variance)	Not Achieved	100% households with access to refuse removal service	100% households with access to refuse removal service	100% households with access to refuse removal service		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
27	Percentage of businesses with access to refuse removal		99,5% (-0,50 variance)	Not Achieved	100% of businesses with access to refuse removal service	100% of businesses with access to refuse removal service	% of businesses with access to refuse removal service		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
28	% Completed designs for Morgenzon landfill site rehabilitation		8% progress toward Morgenzon landfill site designs. Consultant appointed for designs.	Not Achieved	100% Completed designs for Morgenzon landfill site rehabilitation	100% Completed designs for Morgenzon landfill site rehabilitation	100% Completed designs for Morgenzon landfill site rehabilitation		Achieved		MIG	Ensure completion of tender documents for appointment of contractor in 25/26 FY
29	Percentage construction of 1 Cemetery		New KPI	New KPI	75% Cemetery constructed	75% Cemetery constructed	Construction @ 79%.		Achieved		MIG	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
30	Number of illegal dumping sites cleaned		48 Illegal dumping sites cleaned (+42 variance)	Achieved	12 Illegal dumping sites cleaned	12 Illegal dumping sites cleaned	12 Illegal dumping sites cleaned		Achieved		OPEX	
31	Percentage emergency, fire and rescue incidents attended		100% Emergency, fire and rescue services rendered	Achieved	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
32	Number of safety awareness campaigns conducted		10 safety awareness campaigns conducted (-2 variance)	Not Achieved	12 Safety awareness campaigns conducted	12 Safety awareness campaigns conducted	17 Safety awareness campaigns conducted		Achieved		OPEX	
33	Number of roadblocks conducted		18 roadblocks conducted (-30 variance)	Not Achieved	48 Roadblocks conducted	48 Roadblocks conducted	48 Roadblocks conducted		Achieved		OPEX	
34	Number of cemeteries maintained		7 Cemeteries maintained (+3 variance)	Achieved	12 Cemeteries maintained	12 Cemeteries maintained	12 Cemeteries		Achieved	None	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
35	Number of parks and amenities maintained		12 Parks maintained	Achieved	12 Parks and amenities maintained	12 Parks and amenities maintained	47 Parks and amenities maintained		Achieved		OPEX	
36	Number of library promotions conducted		4 Library promotions conducted	Achieved	4 library promotions conducted	4 library promotions conducted	4 Library promotions conducted		Achieved		OPEX	

Municipal KPA: Municipal Transformation and Institutional Development
Municipal Priority:
Improved and capable institution
Customer Care
Improved individual and organizational performance

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment

Strategic Objective:

Improved organisational performance

Impact Statement:

Improved organizational performance and administrative capabilities

MTSF Target:

A capable, ethical and developmental state

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Revenue/Funding Source	Reason for Adjustment

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
37	100% senior management with signed performance agreements		100%	Achieved	100%	100%	100% of appointed senior managers with signed performance agreements in place		Achieved		N/A	Performance agreements finalised within 30 days of beginning of financial year. Anticipated filling of vacant senior manager position

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
												s not yet finalised
38	100% senior management performance assessments conducted		0%	Not Achieved	100%	100%	40% senior management performance assessments conducted		Not Achieved	Adherence to schedule of performance review	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
39	Number of Top Management formal (minuted) meetings attended by senior managers		New KPI	New KPI	12 Top Management meetings held	12 Top Management meetings held			Achieved		N/A	
40	Annually reviewed organogram		Organgram reviewed	Achieved	Organogram reviewed by 30 June 2025	Organogram reviewed by 30 June 2025	Oganogram approved on 2025-06-27		Achieved		N/A	

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
41	Annually approved and implemented recruitment plan		Recruitment plan approved and implemented	Achieved	Recruitment plan developed and implemented	Recruitment plan developed and implemented	Approved and implemented recruitment plan		Achieved		N/A	
42	Approved HRD Strategy		HRD Strategy developed	Achieved	HRD Strategy approved by 30 September 2024	HRD Strategy approved by 30 June 2025	HRD strategy not approved as per the annual target		Not Achieved		N/A	Target not achieved as planned. Deferred to Q4

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
43	Date for submission of Workplace Skills Plan (WSP) to LGSeta		WSP developed	Achieved	Workplace Skills Plan submitted by 30 April 2025	Workplace Skills Plan submitted by 30 April 2025	WSP submitted on 2025-04-29		Achieved		N/A	
44	Date for submission of Employment Equity Plan to Department of Labour		1 EE plan submitted	Achieved	Employment Equity Report for 2024 submitted to Dept. of Employment and Labour by 15 January	Employment Equity Report for 2024 submitted to Dept. of Employment and Labour by 15 January	EER submitted to DOEL on 2025-01-15		Achieved		N/A	

Chapter 3

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
					2025	2025						

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
45	Number of HRD and Employment Equity Committee meetings held		New KPI	New KPI	4 HRD and Employment Equity Committee (HRD & EE) meetings held	4 HRD and Employment Equity Committee (HRD & EE) meetings held	3 HRD and Employment Equity Committee meetings held		Not Achieved		N/A	
46	Number of reports on implementation of leave management		4 Reports	Achieved	4 Reports on implementation of leave management	4 Reports on implementation of leave management	4 Reports on implementation of leave management		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
47	Number of reports on implementation of IPMS		4 Reports	Achieved	4 Reports on implementation of IPMS	4 Reports on implementation of IPMS	4 Reports on implementation of IPMS		Achieved		N/A	
48	Percentage employees with signed performance agreements		21% employees with signed performance agreements	Not Achieved	100% employees with signed performance agreements	100% employees with signed performance agreements	100% Employees with signed performance agreements		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
49	Number of reports on document management system implementation		4 Reports	Achieved	4 Reports on document management system	4 Reports on document management system			Achieved		N/A	
50	Percentage of job descriptions updated		20% job descriptions reviewed	Achieved	20% of job descriptions updated	20% of job descriptions updated	97% job descriptions updated		Achieved		N/A	
51	Report on verified qualifications		1 Report	Achieved	1 Report on qualifications verified	1 Report on qualifications verified	1 Report on qualifications verified		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
52	Number of reports on skills audit conducted		100% skills audit conducted	Achieved	Number of reports on skills audit conducted	Number of reports on skills audit conducted	1 Report on skills audit conducted		Achieved		N/A	
53	Number of LLF meetings held		12 LLF Meetings held	Achieved	12 LLF Meetings held	12 LLF Meetings held	11 LLF Meetings held		Not Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
54	Number of workshops conducted on prosecuting and presiding disciplinary cases		2 Workshops conducted	Achieved	2 Workshops on prosecuting and presiding disciplinary cases conducted	2 Workshops on prosecuting and presiding disciplinary cases conducted	2 Workshops conducted on prosecuting and presiding disciplinary cases		Achieved		N/A	
55	Number of reports on disciplinary matters attended to		4 Reports	Achieved	4 Reports	4 Reports	4 Reports on disciplinary matters attended to		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
56	Number of reports on customer care service centre operations		4 Reports	Achieved	4 Reports	4 Reports	4 Reports on customer care service centre operations		Achieved		N/A	
57	Number of reports on ICT infrastructure upgrade		15%	Not Achieved	4 Reports on ICT infrastructure upgrade	4 Reports on ICT infrastructure upgrade			Achieved		OPEX	
58	Number of OHS Committee meetings held		New KPI		4 quarterly OHS Committee meetings	4 quarterly OHS Committee meetings	4 OHS Committee meetings held		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
59	Number of Wellness Campaigns implemented		New KPI		4 Employee Health and Wellness Campaign per year	4 Employee Health and Wellness Campaign per year	3 Wellness Campaigns implemented		Not Achieved		OPEX	

Municipal KPA: Spatial Rationale
Municipal Priority:
Integrated human settlements
Strategic Objective:
Viable communities
Impact Statement:
Reduced unemployment and poverty
MTSF Target:
Spatial integration, human settlements and local government

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Revenue/Funding Source	Reason for Adjustment

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
60	Number of IDP reviewal and approval		Q1: Situational Analysis Report developed, Q2: Strategic Development Report developed, Q3: Draft IDP approved 02 April 2024 , Q4: Final IDP approved 04 June 2024	Achieved	2024/25 IDP approved	2024/25 IDP approved	2025/2026 IDP reviewed and approved 29 May 2025		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
61	Number of IDP/Budget /PMS process plans approved		Process Plan adopted by Council on 2023-08-29	Achieved	Council adopted IDP, Budget and PMS process plan	Council adopted IDP, Budget and PMS process plan	Process Plan adopted 30 August 2024		Achieved	N/A	N/A	
62	Number of strategic planning sessions convened		Strategic Planning session convened 4-5 March 2024 @ Waterfront Lodge	Achieved	1 Strategic Planning Session	1 Strategic Planning Session	Strategic Planning session held 11-13 February 2025		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
63	Number of IDP Representative Forum Meetings convened		4 IDP Representative Forum meetings convened	Achieved	4 IDP Representative Forum meetings	4 IDP Representative Forum meetings	4 IDP Representative Forum meetings convened		Achieved	N/A	OPEX	
64	Number of IDP/Budget /PMS Steering Committee meetings convened		New KPI		4 IDP/ Budget/ PMS Steering Committee meetings	4 IDP/ Budget/ PMS Steering Committee meetings	4 IDP/Budget/ PMS Steering committee meetings held however, 1 held outside planned quarter		Not Achieved	2 meetings scheduled in one quarter	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
65	Number of community IDP consultations convened		New KPI		60 IDP Community Consultations convened	60 IDP Community Consultations convened	60 community consultation meetings held		Achieved	N/A	OPEX	
66	Number of housing beneficiaries registered(NHNR)		4 Reports (6523 beneficiaries)registered	Achieved	2500 beneficiaries registered	2500 beneficiaries registered	5422 Beneficiaries registered		Achieved	N/A	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
67	Number of reports on title deeds issued to the rightful owners		3 Progress reports on 200 Title deeds transferred	Not Achieved	300 title deeds issued to rightful owners	300 title deeds issued to rightful owners	300 title deeds issued		Achieved	N/A	DoHS	
68	Number of beneficiaries educated on human settlements programmes		4 Human Settlements Awareness Campaigns	Achieved	1000 beneficiaries	1000 beneficiaries	1426		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
69	Number of reports on human settlements projects implemented		4 Reports	Achieved	4 Reports on human settlements projects implemented	4 Reports on human settlements projects implemented	4 reports submitted		Achieved	N/A	DoHS	
70	Number of reports on Land Invasion cases.		3 Land Invasion Reports	Not Achieved	4 progress reports on land invasion cases	4 progress reports on land invasion cases	4 reports submitted		Achieved	N/A	OPEX	
71	Number of reports on informal settlements profiled		New KPI		4 informal settlements profiled	4 informal settlements profiled	4 Reports on informal settlements profiled		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
72	Number of reports on township establishment		4 Reports	Achieved	4 Progress reports on 3 townships established (Morgenzon Ext 5, Sakhile Ext 7, Standerton Ext 11)	4 Progress reports on 3 townships established (Morgenzon Ext 5, Sakhile Ext 7, Standerton Ext 11)	Morgenzon Extension 5 Has been approved by MPT, Standerton Ext 11 is still on hold and Sakhile Extension 7 is still in progress.		Achieved	None	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
73	Number of reports on development applications processed		4 Reports	Achieved	4 Reports on development applications processed	4 Reports on development applications processed	Applications are processed and approved as and when submitted		Achieved	None	N/A	
74	Number of reports on implementation of Bulk Contribution Policy		4 Reports	Achieved	4 Reports on Implementation of Bulk Contribution Policy.	4 Reports on Implementation of Bulk Contribution Policy.	Bulk contribution is collected in line with signed agreements		Achieved	None	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
75	Number of progress reports on review of Spatial Development Framework		4 Reports	Achieved	Review of Spatial Development Framework	Review of Spatial Development Framework	Service Provider has been appointed for the review of the SDF and Project has rolled over 25/26		Achieved	The project is at inception phase and is expected to run for a period of 10months	OPEX	
76	Number of reports on registration with Deeds Office of subdivided properties		New KPI		4 progress reports on registration with Deeds Office of	4 progress reports on registration with Deeds Office of	0 properties have registered with deeds		Not Achieved	Appoint service provider with relevant skills to undertake the	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
					subdivided properties	subdivided properties				project		
77	Number of progress reports on precinct plans developed		4 Reports	Achieved	4 Progress reports on development of 2 precinct plans for Sakhile - Tsotetsi Str &Hlongw	4 Progress reports on development of 2 precinct plans for Sakhile - Tsotetsi Str &Hlongw	Service provider has not been appointed		Not Achieved	Appointment of service provider and budget must be availed to allow for project commencement	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
78	Number of reports of properties disposed		3 Reports	Not Achieved	4 Progress reports on 15 properties identified for disposal	4 Progress reports on 15 properties identified for disposal	33 Municipal properties were earmarked for disposal via a public tender, advertised 2024-09-01 and closed 2024-10-28.		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
79	Number of reports on lease agreements concluded		4 Reports	Achieved	4 Progress Reports on Leased Properties	4 Progress Reports on Leased Properties	45 Municipal properties leased with a total income generated in 2024-25 of R2 880 000		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
80	Number of reports on regional cemeteries established		4 Reports	Achieved	4 progress reports on the establishment of 1 regional cemetery - Standerton	4 progress reports on the establishment of 1 regional cemetery - Standerton	4 progress reports on the establishment of 1 regional cemetery - Standerton		Achieved	Resolve objection, then project will conclude and budget spent	N/A	
81	Number of reports on building plans approved within 30 days		75 Building Plans approved	Achieved	50 Building Plans Approved within 30 Days	50 Building Plans Approved within 30 Days	95 Building plans approved within 30 days		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
82	Number of reports on managing outdoor advertising		Outdoor advertising managed	Achieved	Management of outdoor advertising	Management of outdoor advertising	4 Reports on managing outdoor advertising		Achieved	N/A	OPEX	
83	Number of reports relocation of informal settlements		4 Reports	Achieved	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village	4 Progress reports on 1 informal settlement relocated from Enkanini Camp; Mamsy Village		Achieved	This project is being delayed by the slow progress made at the Surveyor-General's Offices in Nelspruit. The	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
										service provider is engaging them on the approval of the diagrams on a weekly basis. Once approval from Surveyor-General has been granted, the		

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
										application will be lodged with the Registrar of Deeds for conclusion.		

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
Municipal KPA: Local Economic Development **Municipal Priority:** Economic growth Reduced unemployment and grow economic growth **Strategic Objective:** Promote inclusive and sustainable economic growth and investment **Impact Statement:** Reduced unemployment and poverty **MTSF Target:** Spatial integration, human settlements, and local government												

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KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Revenue/Funding Source	Reason for Adjustment
84	Number of reports on implementation of agricultural development strategy		4 Reports	Achieved	4 Reports on implementation of agricultural development strategy.	4 Reports on implementation of agricultural development strategy.	4 Reports on implementation of agricultural development strategy.		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
85	Number of reports on implementation of tourism development strategy		3 Reports	Not Achieved	4 Reports on implementation of tourism development strategy.	4 Reports on implementation of tourism development strategy.	4 Reports on implementation of tourism development strategy.		Achieved		OPEX	
86	Number of SMMEs supported through with training interventions		50 SMMEs supported	Achieved	50 SMMEs supported through training interventions	50 SMMEs supported through training interventions	86 SMMEs supported through training interventions		Achieved	n/a	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
87	Number of LED Forums convened	Number of reports on LED Forum activities	0 LED Forum meetings	Not Achieved	4 LED Forums convened	2 Reports on LED Forum activities	1 LED Forum convened		Not Achieved	LED Forums will be held per sector to avoid disruptions	OPEX	Provide reports on reviving LED.
88	Economic Development Summit held by 30 June 2025		Economic Summit not held	Not Achieved	1 Economic Development Summit.	1 Economic Development Summit.	1 Executive Mayoral Unemployment Dialogue held in Q4		Achieved		OPEX	

Municipal KPA: Good governance and public participation

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment

Municipal Priority:

Improved audit outcome

Community participation

Strategic Objective:

Sustain good corporate governance through effective and accountable administration

Impact Statement:

Enhanced and strengthened community participation

MTSF Target:

Accountable governance and public participation

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not	Corrective measures	Revenue/Funding Source	Reason for Adjustment

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
		KPI							Achieved)			
89	Date for approval of Schedule of Council and sub-committee meetings		1 approved Schedule of Council and Sub-Committees	Achieved	1 approved Schedule of Council and Sub-Committee meetings	1 approved Schedule of Council and Sub-Committee meetings	Schedule of Council and sub-committee meetings approved on 2025-06-27		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
90	Percentage implementation of Council Resolutions		4 Council Resolutions implementation tracking register	Achieved	100% implementation of council resolutions	100% implementation of council resolutions	75% implementation of Council resolutions		Not Achieved		N/A	
91	Number of Mayoral Committee sittings held		4 Mayoral Committee sittings	Achieved	4 Mayoral Committee sittings	4 Mayoral Committee sittings	10 Mayoral committee meetings		Achieved		N/A	
92	Number of section 79 meetings held		18 Section 79 meetings	Achieved	24 Section 79 meetings to be held	24 Section 79 meetings to be held	32 Section 79 committee meetings		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
93	Number of section 80 meetings held		12 Section 80 Meetings	Not Achieved	20 Section 80 meetings to be held	20 Section 80 meetings to be held	31 Section 80 committee meetings		Achieved		N/A	
94	Percentage of legislated documents and notices placed on municipal website and advertised in local newspaper		100% legislated documents and notices placed on municipal website and advertised in local newspaper	Achieved	100% of legislated documents and notices placed on municipal website and advertised in local newspaper	100% of legislated documents and notices placed on municipal website and advertised in local newspaper	100% legislated notices placed on the municipal website and advertised on local newspaper		Achieved	None	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
95	Percentage reduction in litigious matters against the Municipality		10%	Not Achieved	100% reduction in litigious matters against the Municipality	100% reduction in litigious matters against the Municipality	28%		Not Achieved	Continuous observation of court directives	OPEX	
96	Percentage increase in litigation in favour of the Municipality		New KPI		100% increase in litigation in favour of the Municipality	100% increase in litigation in favour of the Municipality	0%		Not Achieved	Constant follow-up on the IGRF processes	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
97	Percentage processing of transfers for land purchases		New KPI		100% processing of transfers for land purchases	100% processing of transfers for land purchases			Not Achieved		OPEX	
98	Date for review and approval of Public Participation Strategy		Public participation strategy not reviewed for approval	Not Achieved	1 reviewed and approved Public Participation Strategy	1 reviewed and approved Public Participation Strategy			Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
99	Number of Ward Councillors Forum meetings convened		New KPI		4 ward Councillors Forum	4 ward Councillors Forum			Achieved		N/A	
100	Number of Ward Committee meetings held		180 Ward Committee meetings held	Achieved	180 Ward Committee meetings to be held	180 Ward Committee meetings to be held			Not Achieved		OPEX	
101	Number of ward community consultations conducted		180 Ward Committee meetings held	Achieved	60 Ward Community Consultation Meetings	60 Ward Community Consultation Meetings			Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
102	Number of community outreach programmes conducted		60 Ward community meetings	Achieved	4 Community outreach programmes conducted	4 Community outreach programmes conducted			Achieved		OPEX	
103	Percentage of community issues resolved		40% issues resolved	Not Achieved	100% of issues resolved	100% of issues resolved			Not Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
104	Number of programmes by Office of the Speaker		4 Community outreach programmes	Achieved	4 Programmes	4 Programmes			Achieved		OPEX	
105	Date for review of OPMS Framework		OPMS Policy reviewed. Not approved by Council	Not Achieved	1 Review and Approval of OPMS Framework	1 Review and Approval of OPMS Framework	2024/2025 OPMS Policy approved by Council 2024-07-31		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
							CRA96					
106	Date for approval of SDBIP		2023/24 SDBIP approved by 2023-07-14 after budget approved on 2023-06-15	Achieved	1 SDBIP	1 SDBIP	2024/2025 SDBIP approved 2024-07-02		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
107	Number of SDBIP quarterly reports		4 Reports	Achieved	4 SDBIP reports	4 SDBIP reports	4 SDBIP reports		Achieved		N/A	
108	Annual Performance Report prepared		1 Annual Performance Report prepared	Achieved	1 Annual Performance Report prepared	1 Annual Performance Report prepared	1 Annual Performance Report prepared and submitted to AG by 2024-08-31		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
109	Annual Report tabled		Annual Report tabled on 2024-01-31	Achieved	1 Annual Report tabled by 31 January 2025	1 Annual Report tabled by 31 January 2025	2023/24 Annual Report tabled to Council 2025-01-31		Achieved		N/A	
110	Oversight report tabled		2022/23 Oversight report not adopted on time, Adopted 2024-07-02	Not Achieved	1 Oversight Report adopted by 31 March 2025	1 Oversight Report adopted by 31 March 2025	2023/24 Oversight Report adopted by Council on 2025-03-27		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
111	Strategic risk assessment conducted		1 strategic risk register developed	Achieved	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted	1 Strategic risk assessment conducted		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
112	Number of reports on strategic risk mitigating action plan implementation		4 Progress report on risk mitigation plan implementation	Achieved	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation	4 reports on strategic risk mitigating action plan implementation		Achieved	N/A	N/A	
113	Number of RMAFACC meetings		4 RMAFACC meetings held	Achieved	4 RMAFACC meetings	4 RMAFACC meetings	4 RMAFACC meetings		Achieved	N/A	OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
114	Number of Anti-fraud and anti-corruption workshops/ awareness campaigns conducted		4 anti-fraud and anti-corruption workshops / awareness	Achieved	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted	4 Anti-fraud and anti-corruption workshops/ awareness campaigns conducted		Achieved	N/A	OPEX	
115	1 Audit committee charter		Approved Audit Committee Charter on 2023-08-29	Achieved	1 Audit committee charter	1 Audit committee charter	Audit committee charter reviewed		Not Achieved	Audit committee charter will be reported to council in the first	N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
										quarter		
116	Number of Audit committee meetings held		4 Audit Committee meetings	Achieved	4 Audit committee meetings held	4 Audit committee meetings held	4 Audit committee meetings held		Achieved		OPEX	
117	1 Three year rolling internal audit plan developed		Approved Internal Audit Charter (Audit Committee 2023-07-20)	Achieved	1 Three year rolling internal audit plan developed	1 Three year rolling internal audit plan developed	1 Three year rolling internal audit plan developed		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
118	Number of reports on implementation of annual audit action plan submitted to Audit Committee		4 Reports	Achieved	4 Reports on implementation of annual audit action plan submitted to Audit Committee	4 Reports on implementation of annual audit action plan submitted to Audit Committee	4 Reports on implementation of annual audit action plan submitted to Audit Committee		Achieved		N/A	
119	Number of progress reports on AGSA audit action plan implementation		4 Progress reports on AGSA action plan implementation	Achieved	4 Progress reports on AGSA audit action plan implemen	4 Progress reports on AGSA audit action plan implemen	4 Progress reports on AGSA audit action plan implemen		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
					tation	tation	tation					
120	Number of progress reports on internal audit action plan implementation		4 Progress reports on internal audit action plan implementation	Achieved	4 Progress reports on internal audit action plan implementation	4 Progress reports on internal audit action plan implementation	4 Progress reports on internal audit action plan implementation		Achieved		N/A	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
121	Number of reports on Circular 88 updates submitted		New KPI		4 Reports on quarterly Circular 88 updates submitted	4 Reports on quarterly Circular 88 updates submitted	4 Reports on quarterly Circular 88 updates submitted		Achieved		N/A	
122	Number of Gender Based Violence Campaigns conducted		4 Anti gender-based Violence Campaigns conducted	Achieved	4 GBV Campaigns conducted	4 GBV Campaigns conducted	4 GBV Campaigns conducted		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
123	Number of Local Anti-Drug Action Committee meetings		New KPI		4 Local Anti-Drug Action Committee meetings	4 Local Anti-Drug Action Committee meetings	4 Local Anti-Drug Action Committee meetings		Achieved		OPEX	
124	Number of HIV/AIDS Campaigns conducted		4 Reports on implementation of HIV/Aids plan	Achieved	4 HIV/AIDS Campaigns conducted	4 HIV/AIDS Campaigns conducted	4 HIV/AIDS Campaigns conducted		Achieved		OPEX	
125	Number of Women Forum meetings held		4 Women's forum meetings held	Achieved	4 Women Forum Meetings held	4 Women Forum Meetings held	4 Women Forum Meetings held		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
126	Number of disability Forum meetings held		4 Forum meetings of People Living with Disabilities forum meetings held	Achieved	4 Disability Forum meetings held	4 Disability Forum meetings held	3 Disability Forum meetings held		Not Achieved		OPEX	

Municipal KPA: Financial viability and management

Municipal Priority:

Improve financial viability of the Municipality through the implementation of the Financial Recovery Plan & Financial Long-Term Plan

A capable, ethical and developmental State

Impact Statement:

Improved financial sustainability

MTSF Target:

Accountable governance and public participation

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective measures	Revenue/Funding Source	Reason for Adjustment

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
127	Reduction of UIFWE		The fruitless for the quarter amounts to R317 464 940 , Irregular amounts to R239 977.038 which was submitted to council in the 4th quarter	Achieved	Reduce UIFWE to by R600 million	Reduce UIFWE to by R600 million			Not Achieved		OPEX	
128	Approved annual procurement plan		New KPI		Annual procurement plan approved	Annual procurement plan approved	Annual procurement plan approved		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
129	Number of reports on service provider performance monitoring		4 Reports on service provider performance	Achieved	4 Reports on service provider performance monitoring	4 Reports on service provider performance monitoring	4 Reports on service provider performance monitoring		Achieved		OPEX	
130	Reduced outstanding creditors		The municipality is under financial distress and unable to pay all creditors within 30 days. Eskom debt still increasing	Not Achieved	Reduce outstanding creditors by R 100 Million	Reduce outstanding creditors by R 100 Million			Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
131	Increased collection rate		56%	Not Achieved	Collection rate increased to 80%	Collection rate increased to 80%			Not Achieved		OPEX	
132	Data cleansing and analysis undertaken		New KPI		10 000 households with data cleaning and analysis undertaken	10 000 households with data cleaning and analysis undertaken			Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
133	Number of reviews of tariffs for correct implementation on the financial system		New KPI		2 Reviews of tariffs for correct implementation on the financial system	2 Reviews of tariffs for correct implementation on the financial system	2 Reviews of tariffs for correct implementation on the financial system		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
134	Reduction in electricity trading service operating deficit		Tariffs were reviewed, submitted to council and approved with the Budget on the 4th June 2024 (see attacched council resolution)	Achieved	Reduction in electricity trading service operating deficit through cost of supply study	Reduction in electricity trading service operating deficit through cost of supply study	Reduction in electricity trading service operating deficit through cost of supply study		Achieved		OPEX	
135	Reduction in insolvent late estate in debtors book		New KPI		30% of insolvent late estates in debtors book written off	30% of insolvent late estates in debtors book written off			Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
136	Monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during a month		0,5 month	Not Achieved	2 months cost coverage	2 months cost coverage			Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
137	Number of reports on implementation of budget funding plan and effective cash flow management		New KPI		4 Reports on implementation of budget funding plan	4 Reports on implementation of budget funding plan	1 Report on implementation of budget funding plan		Not Achieved		OPEX	
138	Development of a Long term financial plan		New KPI		Approved Long term financial plan	Approved Long term financial plan	Approved Long term financial plan		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
139	Improved 2023/24 audit outcome		New KPI		Unqualified Audit Opinion	Unqualified Audit Opinion	2023/24 Qualified opinion		Not Achieved		OPEX	
140	Number of reports on FRP implementation		12 FRP reports	Achieved	12 Reports on FRP Implementation	12 Reports on FRP Implementation	12 Reports on FRP Implementation		Achieved		OPEX	
141	Number of Budget Steering committee meetings		New KPI		4 Budget Steering committee meetings	4 Budget Steering committee meetings	2 Budget Steering committee meetings		Not Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
142	Number of reports on verification and reconciliation of Fixed Asset Register (FAR)		The FAR prepared in accordance to GRAP and MSCOA	Achieved	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)	4 Reports on verification and reconciliation of Fixed Asset Register (FAR)		Achieved		OPEX	

KPI NO	2024/2025 SDBIP KPI	Approved Adjusted 2024/2025 SDBIP KPI	2023/2024 Overall Audited Actual Performance	2023/2024 Audited Achievement Status	2024/25 Annual Target	2024/25 Approved Adjusted Annual Target	2024/2025 Annual Overall Actual Output	Adjusted Audited Actual Output	2024/2025 Achievement Status (Achieved/ Not Achieved)	Corrective Measures	Revenue / Funding Source	Reason for Adjustment
143	Number of reports on Eskom current account monthly as part of adherence to Eskom debt relief programme		New KPI		12 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme	12 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme	6 Reports on Eskom current account monthly as part of adherence to Eskom debt relief programme		Not Achieved		OPEX	

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

INTRODUCTION

Human Resource Management within the Municipality comprises a range of activities aimed at providing a comprehensive human resource function to Council. This includes the maintenance of an efficient personnel administration system, recruitment and selection processes, sound labour relations, human resource development, the implementation of affirmative action measures, ensuring occupational health and safety of employees, and compliance with all applicable labour legislation.
Employees of the Municipality are informed of, and generally supportive of, the Municipality's vision, mission, and strategic direction, which contributes positively to organisational cohesion and performance.
The representation of women and persons with disabilities within the Municipality remains a challenge, as reflected in the workplace profile. While the recruitment of black females and persons with disabilities remains a strategic priority, the Municipality continues to experience challenges in attracting suitably qualified candidates from the designated group of persons with disabilities.
An Employment Equity Plan (EEP) has been developed and approved to address these challenges, with specific emphasis on improving gender representation and the inclusion of persons with disabilities. The monitoring, implementation, and reporting on the EEP remain a priority for the institution. Furthermore, the recruitment of senior and divisional managers has been aligned with the current EEP to progressively close identified gaps. The Municipality will continue to review and align the EEP and recruitment plans to eliminate disparities and promote equitable representation across all occupational levels.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2022/2023	2023/2024			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	44	67	48	19	28,36
Waste Water (Sanitation)	43	120	43	77	64,17
Electricity	32	70	32	38	54,29

Waste Management	41	98	62	36	36,73
Housing	13	12	5	7	58,33
Waste Water (Stormwater Drainage)	0	0	0	0	#DIV/0!
Roads	46	100	30	70	70,00
Transport	9	23	9	14	60,87
Planning	3	8	2	6	75,00
Local Economic Development	2	4	2	2	50,00
Planning (Strategic & Regulatory)	2	2	2	0	0,00
Local Economic Development	0	0	0	0	#DIV/0!
Community & Social Services	76	255	139	116	45,49
Environmental Protection	26	53	38	15	28,30
Health	0	0	0	0	#DIV/0!
Security and Safety	0	0	0	0	#DIV/0!
Sport and Recreation	0	0	0	0	#DIV/0!
Corporate Policy Offices and Other	54	98	54	44	44,90
Totals	**391**	**910**	**466**	**444**	**48,79**

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

Vacancy Rate: 2023/2024			
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)	2	2	100.00
Other S57 Managers (Finance posts)	1	0	0.00
Traffic Officers	42	29	69.05
Fire fighters	73	30	41.10
Senior management: Levels 13-15 (excluding Finance Posts)	33	6	18.18
Senior management: Levels 13-15 (Finance posts)	6	55	916.67

Highly skilled supervision: levels 9-12 (excluding Finance posts)	146	73	50.00
Highly skilled supervision: levels 9-12 (Finance posts)	23	14	60.87
Total	**328**	**210**	64.02

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year** **No.**	**Terminations during the Financial Year** **No.**	**Turn-over Rate***
2022/2023	45	6	13%
2023/2024	44	19	43%
2024/2025	33	29	88%
** 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:

For the year under review, the position of the municipal manager and the entire senior management team were filled for the year under review. The fast-tracking of processes for the filling of vacancies has improved with the developed recruitment plan. A relatively higher turnover rate was experienced mainly due to resignations, deaths and employees reaching retirement age.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Human Resource Management within the Municipality comprises activities aimed at rendering a comprehensive human resource management function to Council. This includes ensuring an efficient personnel administration system, effective recruitment and selection processes, sound labour relations, and ongoing human resource development. In addition, the Municipality ensures the implementation of affirmative action measures, the promotion of occupational health and safety, and full compliance with all applicable labour legislation.
The policies reflected in the table below were approved by 30 June 2023 and implemented during the 2023/2024 financial year.

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Employees of the Municipality are informed of, and supportive of, the Municipality's vision, mission, and strategic direction. However, challenges relating to gender representation and the inclusion of persons with disabilities persist, as reflected in the Municipality's workplace profile. While the recruitment of black females and persons with disabilities remains a priority, the appointment of candidates within these designated groups continues to present challenges.

T 4.2.0

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4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Recruitment and Selection Policy	100%		30-Jun-23
2	HRD Policy	100%		30-Jun-23
3	Bursary Policy	100%		30-Jun-23
4	Promotion, Transfer, Secondment and Acting Appointment Policy	100%		30-Jun-23
5	OHS Policy	100%		30-Jun-23
6	Relocation Reimbursement Policy	100%		30-Jun-23
7	Danger Allowance	100%		30-Jun-23
8	Placement Policy	100%		30-Jun-23
9	Employment Equity Policy	100%		30-Jun-23
10	Name Tag Policy	100%		30-Jun-23
11	Orientation Induction Policy	100%		30-Jun-23
12	Injury on duty, accident prevention Policy	100%		30-Jun-23
13	PPE Policy	100%		30-Jun-23
14	Bereavement Policy	100%		30-Jun-23
15	EHW Policy	100%		30-Jun-23
16	Leave Policy	100%		30-Jun-23
17	HIV/AIDS Policy	100%		30-Jun-23
18	Incapacity due to ill health policy	100%		30-Jun-23
19	Incapacity due to poor work policy	100%		30-Jun-23
20	Substance Abuse Policy	100%		30-Jun-23
21	Smoking Policy	100%		30-Jun-23
22	Overtime Policy	100%		30-Jun-23
23	IPMDS Policy	100%		30-Jun-23
24	Draft Succession Planning Policy	50%		31-Mar-25

Use name of local policies if different from above and at any other HR policies not listed. *T 4.2.1*

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COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Draft Succession Planning Policy was developed in response to the findings of the Municipality's Skills Audit process. The draft policy has undergone a consultation process with organised labour, Top Manco, and the Section 80 Committee to ensure alignment with organisational needs and human resource priorities. The Draft Succession Planning Policy is scheduled to be tabled to Council alongside other financial-related policies during the 2025/2026 financial year.
Specific human resource policies, as outlined above, were approved during the 2023/2024 financial year and remain current. These policies are scheduled for review in the 2026/2027 financial year to ensure continued relevance and compliance with legislative and organisational requirements.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

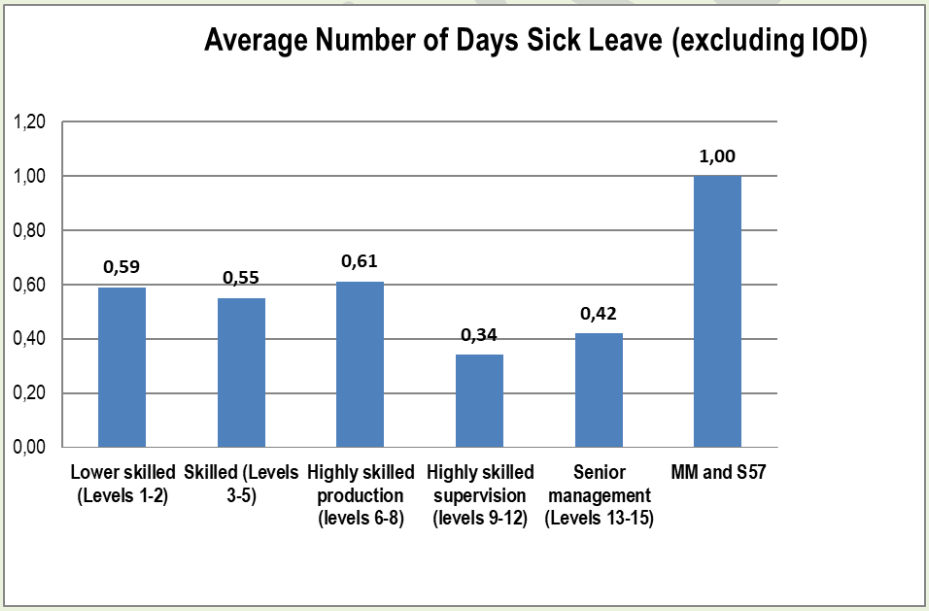
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	3	3	100%	1	3311.35
Temporary total disablement	0			0	
Permanent disablement	0			0	
Fatal	0			0	
Total	3	3	100%	1	3311.35

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)	355	15%	159	211	0,59	269758
Skilled (Levels 3-5)	156	7%	65	87	0,55	245798
Highly skilled production (levels 6-8)	136	9%	59	84	0,61	165789
Highly skilled supervision (levels 9-12)	169	3%	32	34	0,34	145966
Senior management (Levels 13-15)	166	1%	49	70	0,42	239543
MM and S57	0	0%	0	5	1,00	25698
Total	**987**	**35%**	**364**	**496**	3,49	**1092552**

** - Number of employees in post at the beginning of the year* *T 4.3.2*



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

The municipality monitors and reports all injuries on duty to the Compensation Commission, in compliance with legislative requirements. All types of leave are tracked and managed through PayDay, an electronic leave management system. The Occupational Health and Safety (OHS) Committee is fully functional, addressing all health and safety matters, including the monitoring of mitigation plans outlined in the OHS Risk Register. All quarterly OHS committee meetings were conducted as scheduled

T 4.3.4

Number and Period of Suspensions

Position/Department	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Superintendent	Dishonesty	2023-12-07	Matter not yet finalised	Not yet finalized as at 2024-06-30
Cashier	Gross Dishonesty	Jun-24	Awaiting outcome from the Presiding Officer	Not yet finalized as at 2024-06-30

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Records Clerk	Dishonesty	Matter withdrawn due to unavailability of employer witness	October 2025
General Assistant (CSS)	Dishonesty	Matter ongoing	Not yet finalized
General Assistant (CSS)	Dishonesty	Matter ongoing	Not yet finalized
General Assistant (CSS)	Dishonesty	Matter ongoing	Not yet finalized
General Assistant (CSS)	Dishonesty	Matter ongoing	Not yet finalized
Superintendent Law enforcement	Bribery	Dismissed	January 2025
Cashier	Gross Dishonesty	Dismissed	March 2025

Housing Officer	Fraud	Matter ongoing	Not yet finalized
Manager (TS)	Theft	Matter ongoing	Not yet finalized
Manager (CSS)	Theft	Matter ongoing	Not yet finalized
General Assistant (CSS)	Dishonesty	withdrawn - unavailability of employer witness	October 2024
Supervisor	Theft	Matter ongoing	Not yet finalized
Supervisor	Theft	Matter ongoing	Not yet finalized
Accountant Revenue	Gross Dishonesty	withdrawn - unavailability of employer witness	March 2025
Officer (BTO)	Theft	Matter ongoing	Not yet finalized

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

For the year under review, disciplinary processes have taken longer than usual to finalise due to postponements for various reasons, including, but not limited to, the unavailability of the Presiding Officer and the employee representative. It should also be highlighted that the municipality, with the assistance of the Manager: Legal Services, has actively presided over disciplinary matters, which has significantly contributed to the efficient handling and expedited finalisation of cases.

T 4.3.7

4.4 PERFORMANCE REWARDS

The performance management system has not yet been cascaded to levels below section 56 employees, no performance rewards were paid during the year under review.

COMMENT ON PERFORMANCE REWARDS:

For the year under review, performance rewards were not paid to any municipal employees, including the Municipal Manager and section 56 managers. It must be noted that performance reviews were not conducted. Efforts are continually being made to strengthen the performance review processes. Adherence to scheduled review sessions in line with the signed performance agreements will be strengthened.

The cascading of individual performance management started and all staff below section 56 managers signed their performance compacts in the 24/25 FY. To complement the approved IPMDS Policy Framework, the SOP for IPMDS was developed and approved by TOPMANCO for smooth introduction and implementation of IPMDS. The IPMDS cycle was followed starting from the review (Q1) and the

mid-year assessment (Q2) and the subsequent review (Q3) until the final annual assessment (Q4). The policy does not make any provision for monetary incentives due to financial constraints. A manual calculator is used whilst the municipality is still in quest for SALGA to assist with the automation of IPMDS.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In line with the MSA 2000 S68 (1) human resource policies were customized line with the South African Local Government Association's generic policies that enables the institution to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. A critical function within the Human Resources division is the implementation of training interventions for human capital development. The following is a breakdown of training interventions undertaken during the 2023/2024 financial year:

T 4.5.0

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4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June 2025											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End 2023/2024	Actual: 2024/2025	2024/2025 Target	Actual: End 2023/2024	Actual: 2024/2025	2024/2025 Target	Actual: End 2023/2024	Actual: 2024/2025	2024/2025 Target	Actual: End 2023/2024	Actual: 2024/2025	2024/2025 Target
MM and s57	Female	2	0	0	0	0	0	0	0	0	2	0	0	2
	Male	4	0	0	0	1	1	2	0	1	1	1	2	2
Councillors, senior officials and managers	Female	2	0	0	0	9	18	23	3	6	3	12	6	23
	Male	7	0	0	0	12	8	10	1	1	22	13	8	10
Technicians and associate professionals*	Female	24	0	0	0	20	8	7	0	13	11	15	13	18
	Male	12	3	2	3	14	1	5	0	2	5	17	5	13
Professionals	Female	10	0	0	0	0	8	8	7	0	4	20	10	19

	Male	11	0	0	0	6	0	0	4	0	4	14	0	17
Sub total	Female	60	7	2	5	30	16	23	5	2	25	47	26	85
	Male	65	8	4	7	41	9	16	6	6	32	50	11	153
Total		228	3	4	10	56	20	39	14	11	57	182	35	106

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Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	0	4	
Any other financial officials	5	0	5	0	5	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	1	0	1	0
TOTAL	**12**	**0**	**12**	**2**	**12**	**6**

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* *T 4.5.2*

Chapter 4

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Chapter 4

R'000

Management level	Gender	Employees as at 1 July 2024	Original Budget and Actual Expenditure on skills development 2024/2025							
			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	2	0	0	0	0	10000	0	100000	0
	Male	4	0	0	0	0	200000	17348	200000	17348
Legislators, senior officials and managers	Female	18	150000	0	0	0	270000	117948	270000	117948
	Male	41	150000	0	0	0	150000	19000	150000	19000
Professionals	Female	11	0	0	0	0	150000	129321	150000	129321
	Male	16	0	0	0	0	150000	125841	150000	125841
Technicians and associate professionals	Female	21	0	0	0	0	300000	258626	150000	258626
	Male	18	0	0	0	0	85000	30669	85000	30669
Clerks	Female	40	0	0	0	0	200000	174397	200000	174397
	Male	26	0	0	0	0	150000	99255	150000	99255
Service and sales workers	Female	50	0	0	50000	0	0	0	50000	0
	Male	40	0	0	100000	76928	0	0	100000	76928
Plant and machine operators and assemblers	Female	2	0	0	50000	0	0	0	50000	0
	Male	30	0	0	100000	84300	0	0	100000	84300
Elementary occupations	Female	50	100000	50000	0	100000	85000	6520	8500	6250
	Male	60	175000	150000	0	100000	0	31250	0	31250
Sub total	Female	191	0	0	0					

Commented [PM1]: HRM to update

	Male	224	0	0	0					
Total		415	0	575000	300000	361000	0	0	300000	936000
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.*									**%***	*R
										T4.5.3

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Chapter 4

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

Skills audit conducted through the support from COGHSTA. A provision of 1% of the total wage bill of the municipality is made available for skills development as required by the MSR. Performance compacts covers the PDPs of officials which is incorporated into the WSP The WSP for 2024/25 FY was submitted and approved by LGSETA. The mandatory grant was received from LGSETA confirming compliance with SARS.

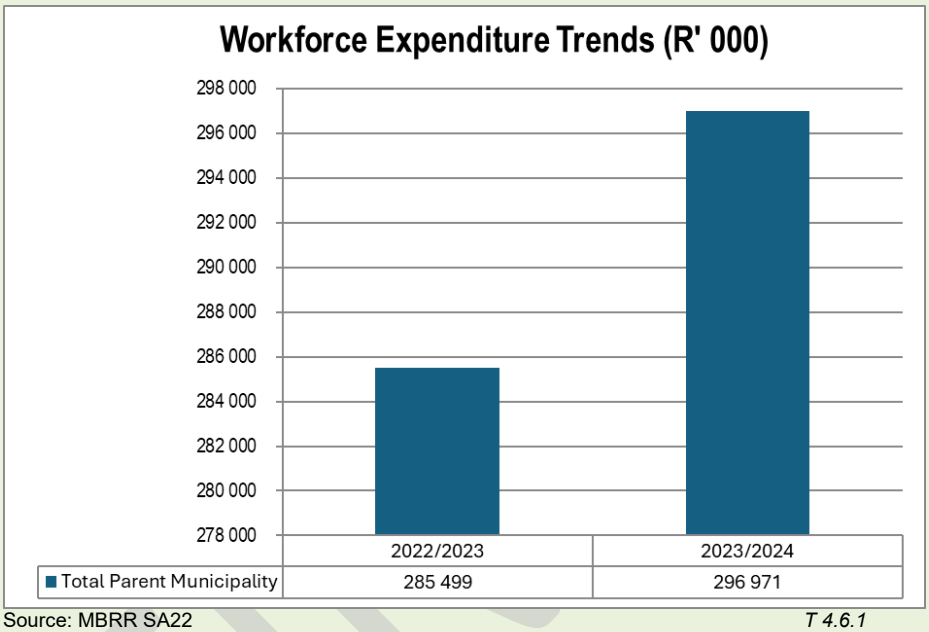
T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Effective management of workforce expenditure remains critical. Pressures to fill vacancies within budgetary constraints have placed a strain on certain workforce components, particularly in essential service areas such as **fire and rescue, water and sanitation, electricity, and refuse collection**. The vacancy rate in these areas has led to a substantial increase in **overtime expenditure**, which is necessary to ensure continued service delivery despite limited human resources. Concerted efforts are still required to reduce overtime and to employ additional staff to address these human resource shortages. *T 4.6.0*

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22 *T 4.6.1*

COMMENT ON WORKFORCE EXPENDITURE:

Employee cost to total operating expenditure measures the total employment cost to total operating expenditure and the norm is between 25% - 40%. Lekwa Local Municipality is within the acceptable norm, it is on the increase and if not monitored, it will approach the upper end of the norm. It must also be noted that total workforce expenditure decreased due to the municipality being placed under administration, thus reducing overall councillor remuneration costs.

T 4.6.1.1

DISCLOSURES OF FINANCIAL INTERESTS

Annually, Councillors as political office bearers, senior officials and Supply Chain Management officials are required to complete declarations indicating financial interest, thus a disclosure form is completed.

It is also a requirement that section 56 senior management must declare their financial interest and other interest when signing their annual performance agreements with the Municipal Manager. The Municipal Manager also signs a declaration for financial interest and submits it to the Executive Mayor with the signed performance agreement. Appendix J tabulated the disclosures made.

T 4.6.6

FINAL

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The statement is assessed by summarizing how the municipality incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period. These include service charges and the various expenses incurred during the processing as well as the rendering the services.

Revenue management, and particularly revenue assurance, should be high up on the list of priorities.
Debt owed to municipality was R 2 295 581 524 with R 182 180 385 impaired as a result of non-payment of services. In addition, the municipality had payables from exchange transactions amounting to R 3 792 572 551. Effective revenue assurance could rescue the municipality and underpin improved financial management, especially at a time where more challenges are forecast for the South African economy, already caught in the grip of stagnant economic growth. As the economy continues to decline, the municipality will face even bigger challenges in generating revenue. The continued restructuring and closure of businesses, which lead to job losses, would have far reaching effects for the municipality.

Revenue generated from rates, taxes, and service charges will also dwindle and the ratio of indigents compared to paying customers is likely to increase.

The equitable share from national government is expected to be under pressure going forward. So, while communities deserve and continue to demand quality and timely services, some members of communities cannot afford to pay for the services rendered.

It is, therefore, imperative that the municipality develop a comprehensive revenue assurance system. Financial sustainability can be achieved through appropriate funding, financial viability, revenue generation capability, and revenue management processes.

Auditor General fees is the service for the external audit provided by the Auditor General of South Africa. The total cost was R 9.2 million.

The operating deficit is attributed mainly to bulk purchases, employee related costs, debt impairments and write off of irrecoverable debt as well as depreciation incurred during the financial period under review. The Municipality has put in place systems to address the deficit and to ensure that the Municipality is financially sustainable. This includes revenue enhancement, cost curtailment, ensuring that trading services are operating efficiently in order to reduce the trading losses.

The table below reflects the performance of trading services. The real picture is that comparing the actual revenue to expenditure, all services are running at a deficit. These services are yet to yield profit. The attributes to the deficits are the following factors:

1) Tariffs are not cost reflective
2) Billing that is inaccurate
3) High operating costs such as bulk purchases and employee related costs.

The Municipality in conjunction with National Treasury, Vodacom and the Development Bank of South Africa (DBSA) has initiated numerous revenue enhancement programs in order to improve the revenue of the Municipality whilst protecting the current revenue streams available to the Municipality. This includes but is not limited to:

Valuation roll reconciliation to ensure completeness of property rates billing

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Tariff review to ensure that tariffs are realistic and the Municipality is able to recoup the cost for the provision of services
Policy reviews to ensure adherence with applicable legislation
Improve meter reading
Installation of electricity smart meters
Water meter replacement and exposing meters that are not easily accessible
Performance of monthly billing reconciliation to ensure completeness of revenue generated
Increase access to pay point and receipt management to allow consumers to pay for services at various payment points
Intensification of indigent registration and management in response to the socio-economic climate, to protect the poor from the severe economic impact
Vigorous implementation of credit control and debt collection
The Municipality has finalized a project to secure electricity kiosks to avoid tampering with electricity infrastructure.

Remedies to these challenges will be to strictly applied and adhered to ensure austerity and cost curtailment measures.

T 5.1.0

Financial Services: 2024/2025				
Details	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget R'000**
Electricity	507 625	435 835	459 096	23 260
Water	78 121	73 677	83 305	9 681
Sewerage	71 223	82 455	68 453	-14 001
Refuse Removal	53 900	61 615	20 578	-41 037

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

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Chapter 5

Lekwa Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Services charges - Electricity	19	459 005 270	413 115 883
Service charges - Waste Management	19	20 578 196	21 006 869
Services charges - Waste Water Management	19	68 453 972	90 543 178
Services charges - Water	19	83 305 335	83 353 413
Sales of Goods and Rendering of Services	20	2 649 587	1 495 870
Rental of facilities and equipment	21	2 574 026	3 003 211
Interest earned from receivables	22	112 033 581	82 532 205
Operational Revenue	23	185 389	534 792
Interest received earned from Investments	24	4 684 411	4 135 690
Total revenue from exchange transactions		**753 469 767**	**699 721 111**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	201 251 937	200 584 143
Licences and Permits	28	219 566	5 870
Interest earned from receivables	22	37 010 032	40 819 964
Transfer revenue			
Government grants & subsidies	25	244 346 729	219 896 269
Public contributions and donations	29	40 659 470	245 423 591
Fines, Penalties and Forfeits	27	5 476 340	3 582 214
Municipal Debt Relief		-	211 869 657
Total revenue from non-exchange transactions		**528 964 074**	**922 181 708**
Total revenue		**1 282 433 841**	**1 621 902 819**
Expenditure			
Employee related costs	30	(327 549 350)	(285 403 128)
Employee costs - Remuneration of councillors	31	(15 811 499)	(14 740 484)
Depreciation	32	(63 939 009)	(58 043 800)
Finance costs	34	(144 123 710)	(181 679 220)
Lease rentals on operating lease	36	(1 801 022)	(1 801 022)
Debt Impairment	35	(182 180 385)	(206 777 346)
Bulk purchases	39	(651 392 898)	(524 408 376)
Contracted Services	37	(156 390 176)	(132 104 585)
Transfers and Subsidies	38	-	(1 156 470)
Inventory consumed	40	(40 268 890)	(30 462 507)
Operational costs	41	(80 360 265)	(95 279 582)
Total expenditure		**(1 663 817 204)**	**(1 531 856 520)**
Operating (deficit) surplus		**(381 383 363)**	**90 046 299**
Loss on disposal of assets and liabilities	45	(16 011 335)	(5 156 541)
Loss on foreign exchange		-	46 661
Fair value adjustments	44	14 170 098	(570 692)
Actuarial gains/losses	16	4 801 774	2 020 397
Reversal of impairments (Impairment loss)	33	19 518 634	(13 753 177)
		22 479 171	**(17 413 352)**
(Deficit) surplus for the year		**(358 904 192)**	**72 632 947**

Audited By
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Chapter 5

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COMMENT ON FINANCIAL PERFORMANCE

The Municipality had a total operating revenue for the reporting period ending 30 June 2025 which amounted to R 1 282 433 841 which shows an decrease of R 339 468 978 when compared to the operating revenue for the period ended 30 June 2024 where the operating revenue amounted to R1 621 902 819 (Restated). The decrease was mainly due to a decrease in Public Contributions and donations of R 221 989 737. The municipality applied to participate in the DWS Municipal debt relief programme and was approved on 14 August 2025.

Grants receipts contributed R 244 million (19%) of the total revenue while revenue generated from property rates as well as service charges contributed R 832 594 710 million (64.9%) to the total revenue mix.

Although there are no specific norms and standards set to measure grant dependency, given the revenue mix outcome, this indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations, but more can be done to improve own revenue generation. The municipality is implementing various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The total revenue of the Municipality at the end of June 2025 has reduced by R 298 million (19%) when compared to the reporting period ended 30 June 2025.

The main sources of revenue excluding Grants and Subsidies for the 2024/25 financial year were as follows:
Electricity R 459 million (35.8%)
Property Rates R 201 million (15.6%)
Water R 83 million (6.4%)
Sanitation R 68 million (5.3%)
Refuse R 20 million (1.5%)

The revenue generated from sales of electricity contributed 26.5% (R 459 million) of the total revenue mix, thus indicating that the electricity business unit should be nurtured and operated efficiently to ensure increased revenue from this service. This includes ensuring revenue protection by removing illegal connections, replacing bridged and tampered meters, ensuring accuracy of billing by effecting correct tariffs that are billed on time and accurate meter readings being taken.

The Municipality had a total operating expenditure for the reporting period ending 30 June 2025 amounting to R 1 663 824 306. There was an increase in expenditure which amounted to R 131 967 786 when compared to the period ended 30 June 2024. The main contributors to this increase are the increase in bulk purchases of R126 984 522, contracted services of R27 494 294 and employee related costs of R48 404 803. The Municipality was able to reduce Debt impairment by R24 596 961, this can be attributed to an improvement in collection rate and a change in impairment calculation methodology.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:
Bulk purchases R 651 million (39%)
Employee related costs R 327 million (19.6%)
Debt impairment R 182 million (10.9%)
Depreciation R 63 million (3.7%)
Finance costs R 144 million (8.6%)
Contracted services R 156 million (9.3%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The municipality had a deficit for the year of R358 911 294 for the period ending June 2025. The Municipality had cash and cash equivalents amounting to R16 240 927 at the end of June 2025.

T5.1.3

5.2 GRANTS

Grant Performance						
	2023 - 24	2024 - 2025			2024 - 2025	
	Actuals R'000	Original Budget R'000	Adjustments Budget R'000	Actuals R'000	Original Budget %	Adjustments Budget %
Transfers and Subsidies National Government						
Equitable Share	167 773	179 350 000.00	179 350 000.00	179 350 000.00	100%	100%
Municipal Infrastructure Grant	31 565	33 077 000.00	33 077 000.00	33 077 000.00	100%	100%
Local Government Financial Management Grant	2 850	2 800 000.00	2 800 000.00	2 800 000.00	100%	100%
Expanded Public Works Grant	1 643	1 760 000.00	1 760 000.00	440 000.00	25%	25%
Integrated Electrification Grant	8 500	14 620 000.00	14 620 000.00	14 620 000.00	100%	100%
Municipal Disaster Recovery Grant	7 565 269	10 059 730.00	10 059 730.00	10 059 730.00	100%	100%
Energy Efficiency and Demand Management		4 000 000.00	4 000 000.00	4 000 000.00	100%	100%
Total Transfers and subsidies	**212 331**	**245 666 730.00**	**245 666 730.00**	**244 346 730.00**	**85%**	**85%**

COMMENT ON GRANTS

Grants receipts contributed R244 million (19%) of the total revenue mix. This further affirms that the Municipality does not depend entirely on grants to finance its operations.

Although there are no specific norms and standards set yet to measure grants dependency, given the revenue mix outcome it is evident that the Municipality is not dependent on grants and subsidies to finance the operations. The municipality continued its endeavors to implement various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The Municipality had unspent conditional grants amounting to R 10 million for the Disaster Management Relief Grant in the 2023/2024 financial year. The unspent grant mainly related to the timing when the funds were transferred to the Municipality, which was in March 2024. The unspent grant was fully spent in 2024/2025 financial year. The allocation was earmarked for projects to be implemented in the 2023/2024 and 2024/2025 financial years.

In an effort to ensure that projects are completed in time and all conditional grants are spent by the end of the financial year, the Municipality streamlined the appointment of consultants and contractors. The Municipality concluded multiyear appointment of consultants and contractors.

The non-conditional equitable share grant was utilized for indigents' free basic services and to cover other operational expenses. The Finance Management Grant as a conditional grant was used for its intended purposes.

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Grants receipts contributed R244 million (19%) of the total revenue mix. This further affirms that the Municipality does not depend entirely on grants to finance its operations. All grants, with the exception of the Expanded Public Works Grant was fully spent.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Municipality made significant strides in ensuring that assets are verified periodically. All assets that required bar codes were bar coded and those that required GPS co-ordinates had been provided. The assets are annually recorded in the Annual Financial Statement in terms of GRAP standards, Council's assets management policy and accounting policy. Recognition also take effect of depreciation and impairment where it is applicable.

The Asset Management Policy was developed to comply with all relevant legislative requirements and complies with the standards specified by the Accounting Standards Board. Asset management within the municipality is overseen by the Chief Financial Officer.

The Chief Financial Officer established and maintained an asset register containing key financial data on each item of property, plant, or equipment that satisfies the criterion for recognition.

Organizing Asset Management, Staff Involved, and Delegations

The CFO is responsible to the Municipal Manager and needs to ensure that the financial investment in the municipality's assets is safeguarded and maintained.
The Asset Manager must ensure that appropriate physical management and control systems are established and maintained for all assets in their area of responsibility and that the municipal resources assigned to them are utilized effectively, efficiently, economically, and transparently.
The Asset Champion must assist the Asset Manager in performing his/her functions and duties in terms of asset management.

T 5.3.1

Capital Expenditure of 5 largest projects*

R' 000

Name of Project	Current: 2024/2025			Variance: 2024/2025	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Upgrade of Standerton Water Bulk System phase 2 Construction of Kieser Reservoir & Pressure Tower	406 736	164 650	164 650	60%	0%
Refurbishment/ Installation of boreholes in rural/farm areas	2 827 340	3 069 426	3 069 426	8%	0%

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current: 2024/2025			Variance: 2024/2025	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Installation of VIP Toilets	2 500 000	2 500 000	2 500 000	0%	0%
Installation of High mast lights	7 564 140	16 634 750	16 634 750	55%	0%
Development of Thuthukani cemetery	8 800 000	8 305 755.60	8 305 755.60	6%	0%
Rehabilitation of Morgenzon Landfill site	9 395 234	744 868.40	744 868.40	92%	0%
Construction of 6km,11kv from Substation to Rooikoppen	4 620 000	4 620 000	4 620 000	0%	0%
Construction of 11kv,SWS at Rooikoppen (pre- Eng)	10 000 000	10 000 000	10 000 000	0%	0%

COMMENT ON ASSET MANAGEMENT

There are three major types of assets that the municipality has focused on:

Water: the municipality has and is focusing on a drive to ensure that there is adequate water supply as well as ensuring that the quality standards of water supply are always maintained.

Waste water treatment plant and sewer: The sewer pump stations which were not functional have been refurbished to ensure transmission of sewer to the Standerton WWTW. It is noted that the capacity of the Standerton waste water treatment works is unable to meet the current effluent demand. This might lead to processes of litigations against the municipality, which will result in high provision on contingencies.

Electricity: A number of projects have been undertaken towards improved electricity supply.

T 5.3.3

Repair and Maintenance Expenditure: 2024/2025				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	65 801	71 069	79 268	20%
				T 5.3.4

COMMENT ON REPAIRS AND MAINTENANCE EXPENDITURE

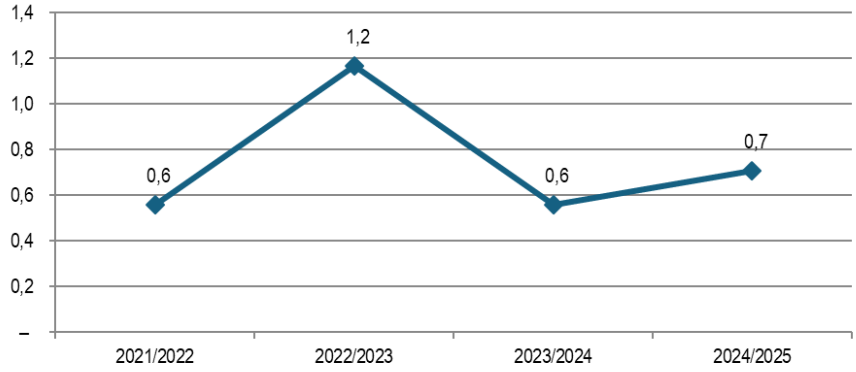
Repairs and maintenance expenditure amounted to R79 million in 2024/2025. A larger portion was spent on the electricity network, water and sanitation. The R79 million expenditure on repairs and maintenance represent 4.7% of the total operating expenditure compared to the 8% norm. It should be noted that this reflect a 1.7% increase when compared to the expenditure incurred during the 2023/2024 reporting period. The Municipality has prioritized expenditure towards repairs and maintenance in an effort to improve service delivery.

The aging infrastructure of the municipality in actual fact requires that larger amounts be made available for the maintenance and replacement of especially water pipes and electricity network.

However, the pressure placed on budget provision for the extension of infrastructure to cater for new developments limits the availability of funds for maintenance purposes. The intention is to substantially increase maintenance expenditure in future budgets. The amount spent on repairs and maintenance is for materials only and decline proportionate to the budget considering the increases in other expenditures.

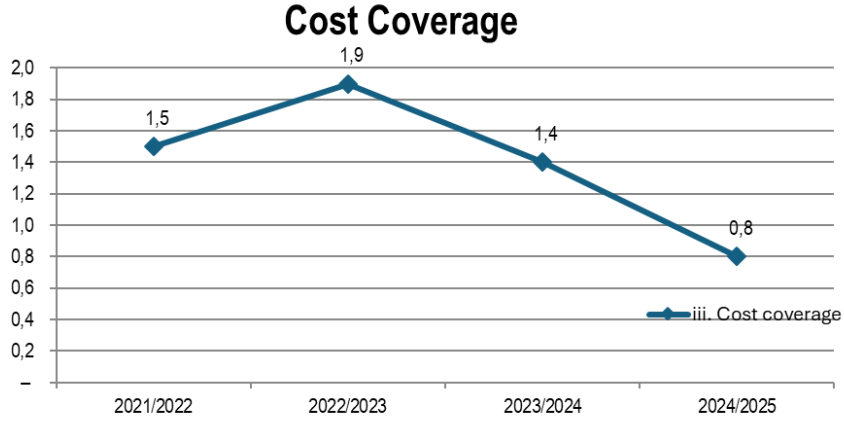
T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



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.

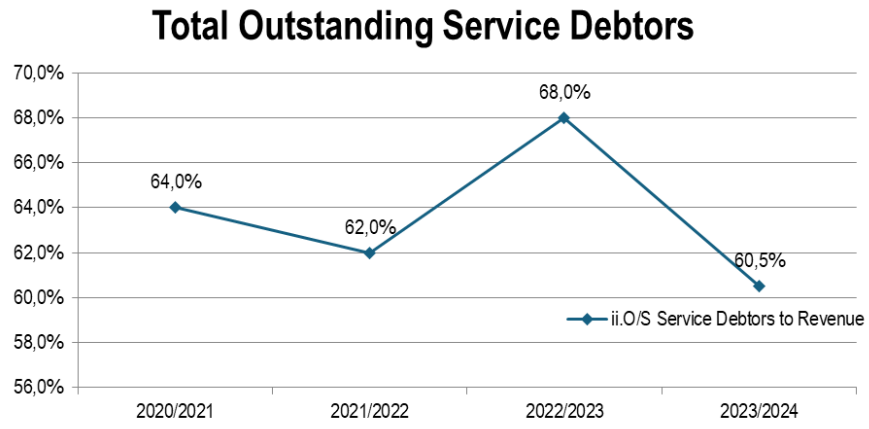
Data used from MBRR SA8



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

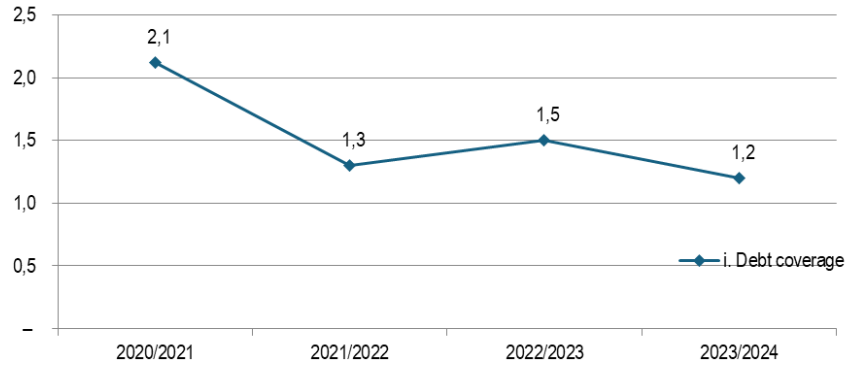
Data used from MBRR SA8

T 5.4.1



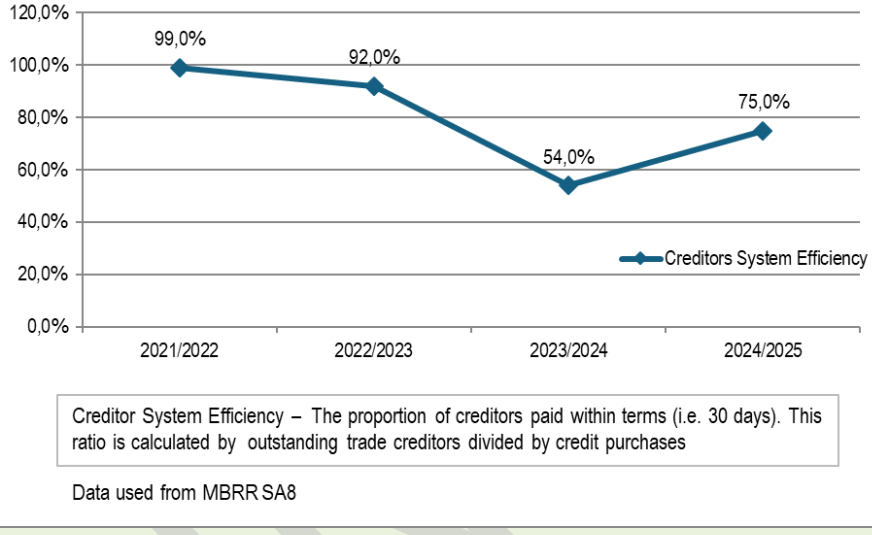
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3



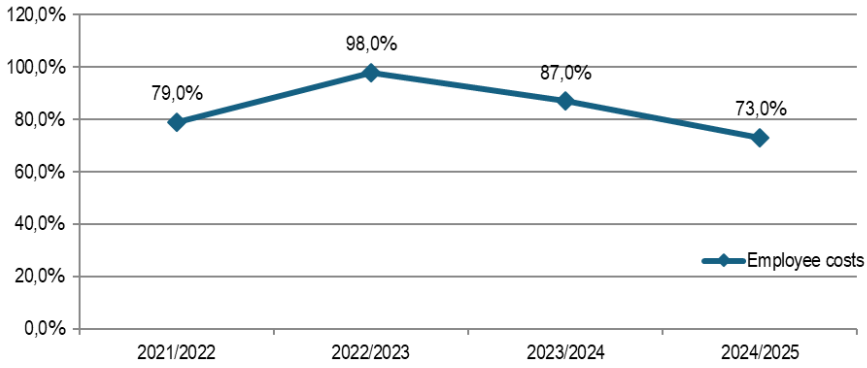
Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality

Data used from MBRR SA8



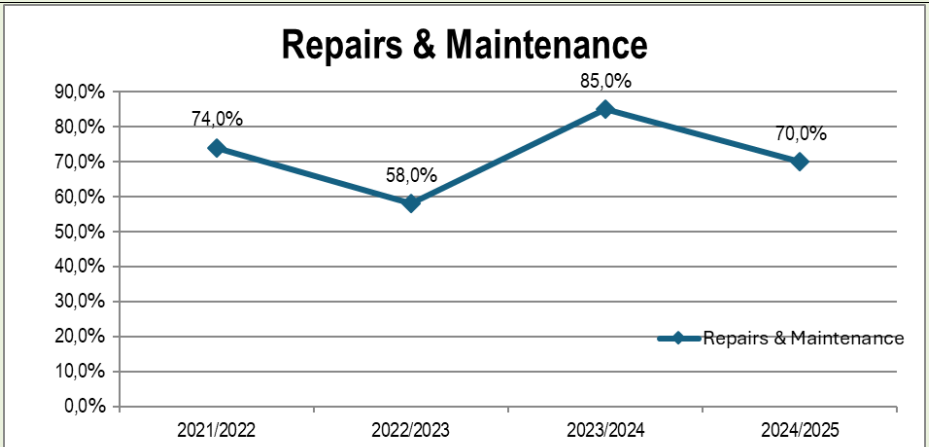
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8



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 SA8



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

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS

The **liquidity ratio** measures the extent to which the municipality has cash and short term investments available to settle short-term liabilities. The ratio has not increased, meaning the municipality is less able to settle its short-term liabilities with cash and short-term investments.

The **cost coverage ratio** indicates the time taken to pay for expenditure incurred to be paid; this has increased. It thus indicates that the Municipality takes longer to pay its creditors within a reasonable time.

Total **outstanding service debtors to revenue** has increased. This indicates that fewer accounts are recoverable in proportion to billed revenue.

Repairs and maintenance is gradually increasing, which highlights the intension of the municipality to repair and maintain service delivery assets. The municipality must persistently repair these assets to ensure quality services to communities.

These ratios are derived from table **SA8 of the MBRR.**

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to the construction of assets that will have value, lasting over many years. Capital expenditure is funded from grants, borrowings, and operating expenditures and surpluses.

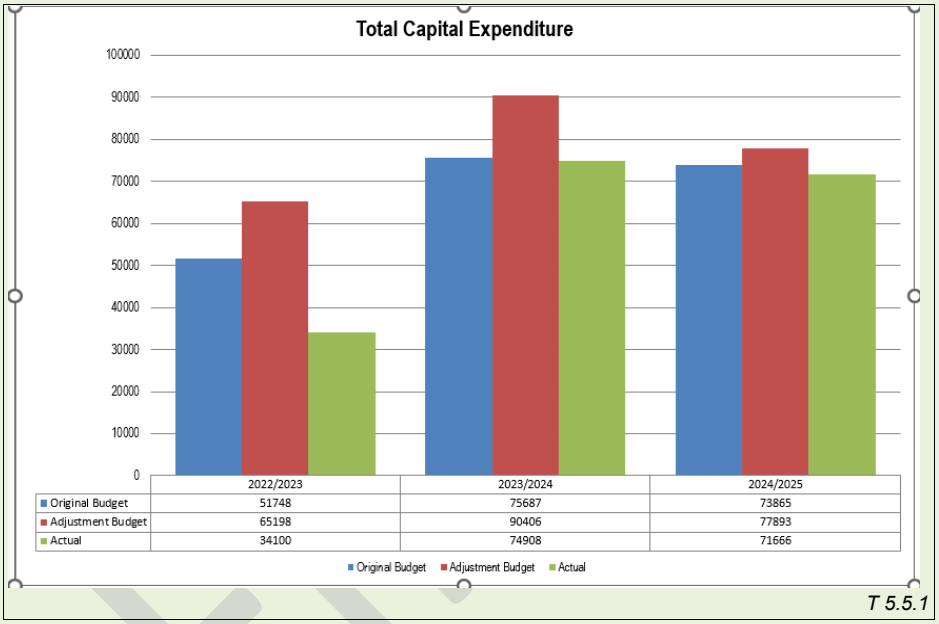
The five largest projects implemented were the Installation of high mast lights, rehabilitation of Vry Street, development of Thuthukani cemetery, construction of a 6 km electricity supply line and construction of a switching station.

The budget provision to complete projects in the are limited as the MIG allocation is insufficient to complete the projects within a one-year financial cycle. Other sources of funding are to be explored in order to ensure that projects are completed within a reasonable period. These projects were implemented to ensure that Council priorities were attended to.

T 5.5.0

FINAL

5.5 CAPITAL EXPENDITURE



T 5.5.1

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2023/24 - 2024/25							R' 000
Details		2023/2024	2024/2025				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	0,00%	0,00%
	Public contributions and donations	245 423	0	0	0	0,00%	0,00%
	Operating grants	172 266	4 560 000	3 240 000	3 240 000	0,00%	0,00%
	Capital grants	47 630	61 830 730.30	61 756 730.30	61 756 730.30	0,00%	0,00%
Total		**465 319**	**66 390 730.30**	**64 996 730.30**	**64 996 730.30**	**0,00%**	**0,00%**
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	25,6%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	51,3%	37,0%	37,0%	37,0%	0,0%	0,0%
	Other	23,1%	10,2%	10,2%	10,2%	0,0%	0,0%

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2024/2025				
Asset 1				
Name	Installation of 26 High mast lighting in Sakhile,Ext8, Thuthukani, Sivukile and Rural Areas			
Description	Installation of 26 High mast lighting in Sakhile,Ext8, Thuthukani, Sivukile and Rural Areas			
Asset Type	Electricity			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	2024/2025	2023/2024	2022/2023	2021/2022
Asset Value	16 634 750			
Capital Implications	Asset developed			
Future Purpose of Asset	Improved public lighting and as a result, safer communities			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				

Name	Rehabilitation of 1KM Vry street			
Description	Rehabilitation of 1KM Vry street			
Asset Type	Roads			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	2024/2025	2023/2024	2022/2023	2021/2022
Asset Value	10 054 000			
Capital Implications	Asset renewed			
Future Purpose of Asset	Improved road safety			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Construction of 11Kv, SWS at Rooikoppen			
Description	Construction of 11Kv, SWS at Rooikoppen			
Asset Type	Electricity			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	2024/2025	2023/2024	2022/2023	2021/2022
Asset Value	10 000 000			
Capital Implications	New Asset			
Future Purpose of Asset	Provision of electricity to Sakhile			
Describe Key Issues				
Policies in Place to Manage Asset				

T 5.3.2

COMMENT ON SOURCES OF FUNDING:

In respect of capital projects, the Municipality utilized conditional grants to undertake these projects.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*	R' 000

Name of Project	Current: 2023/2024			Variance: Current Year 2023/2024	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Installation of 26 highmast lights	7 564	16 634	16 634	119%	0%
Construction of 11 KVA switching station for rooikoppen	10 000	10 000	10 000	0%	0%
Rehabilitation of 1km of Vry street	10 059	10 059	10 059	0%	0%
Development of Thuthukani Cemetery	8 800	4 800	4 800	45.5%	0%
Construction of 6km 11KVA line from substation A to Rooikoppen	4 620	4 620	4 620	0%	0%
** Projects with the highest capital expenditure in Year 0*					
Installation of highmast lights					
Objective of Project	Improve visibility and safety of communities at night				
Delays	Delays in commissioning				
Future Challenges	None				
Anticipated citizen benefits	Safer communities				
Construction of a switching station					
Objective of Project	Consistent/uninterrupted supply of electricity				
Delays	None				
Future Challenges	Tariff enforcement				
Anticipated citizen benefits	Uninterrupted electricity supply				
Rehabilitation of 1km of Vry street					

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Objective of Project	Improve conditions of the road
Delays	Delays in appointment of consultant and resultant delay in appointment of contractor
Future Challenges	Insufficient capacity due to densification
Anticipated citizen benefits	Safer roads
Development of Thuthukani Cemetery	
Objective of Project	Development of a cemetery
Delays	None
Future Challenges	None
Anticipated citizen benefits	Communities have a place to bury their loved ones
Construction of 6km 11KVA line from substation A to Rooikoppen	
Objective of Project	Construction of an electricity supply line
Delays	None
Future Challenges	None
Anticipated citizen benefits	Quality electricity supply to the community
	T 5.7.1

FINAL

COMMENT ON CAPITAL PROJECTS:

The five largest projects implemented were the Installation of high mast lights, rehabilitation of Vry street, development of Thuthukani cemetery, construction of a 6 km electricity supply line and construction of a switching station.

The budget provision to complete projects in the are limited as the MIG allocation is insufficient to complete the projects within a one-year financial cycle. Other sources of funding are to be explored in order to ensure that projects are completed within a reasonable period. These projects were implemented to ensure that Council priorities were attended to.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Masterplans need to developed or revised and costed per infrastructure service in order to correctly allocate financial resources where mostly needed and in terms of reprioritizing the needs of the municipality. Assets that are not properly maintained will cost the user and municipality more in the future. Proper planning based on the plans will improve service delivery.

T 5.8.1

Service Backlogs as at 30 June 2025

Households (HHs)

	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	37242	97%	1341	3%
Sanitation	37337	97%	1246	3%
Electricity	36580	95%	2003	5%
Waste management	32870	77%	5713	23%
Housing		%		%

*% 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*

COMMENT ON BACKLOGS:

MIG and INEP grants were used to address the backlogs, although the available funding is insufficient to completely address all backlogs, thus the phased approach as multi-year projects to ensure he eventual upgrade and refurbishment of such backlogs.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections are done on a monthly basis, and cash not immediately required are invested for a better return on the short term.

T 5.9

FINAL

5.9 CASH FLOW

Lekwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Services charges and property rates, other services		708 254 684	790 026 068
Fines, Penalties and Forfeits		5 789 897	723 734
Government grants & subsidies		234 280 000	229 906 000
Interest received from current and non-current assets		4 796 904	3 881 001
Sale of goods & Rendering of services		2 574 026	3 003 211
Investment impairment recovered		219 567	5 869
Operational revenue		185 389	534 792
		956 100 467	1 028 080 675
Payments			
Employee costs		(330 668 759)	(277 251 958)
Suppliers		(485 480 838)	(492 146 251)
Finance costs		(128 470 474)	(167 973 525)
		(944 620 071)	(937 371 734)
Net cash flows from operating activities	43	**11 480 396**	**90 708 941**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(10 237 706)	(85 689 663)
Proceeds from sale of property, plant and equipment	9	-	121 106
Net cash flows from investing activities		**(10 237 706)**	**(85 568 557)**
Net increase/(decrease) in cash and cash equivalents		**1 242 690**	**5 140 384**
Cash and cash equivalents at the beginning of the year		14 998 241	9 857 857
Cash and cash equivalents at the end of the year	7	**16 240 931**	**14 998 241**

The accounting policies on pages 15 to 48 and the notes on pages 48 to 113 form an integral part of the annual financial statements.

COMMENT ON CASH FLOW OUTCOMES

The cash and cash equivalents at the end of the reporting period indicates a surplus of R 16.2 million. The Municipality has put in place systems to address the cash flow challenges.

5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Borrowing: The Municipality, for the period under review did not seek any funding in terms of sections 45 and 46 of the MFMA. In respect of investments, the Municipality did not have long-term investments due to cash flow challenges. Investment held, were for shorter periods of less than 31 days' notice for operational expenditure. Investments for conditional grants were ring-fenced and were for shorter periods to enable the Municipality to meet the obligation requirements within limited timeframes.

T 5.10.1

Actual Borrowings: 2022/2023 to 2024/2025

R' 000

Instrument	2022/2023	2023/2024	2024/2025
Municipality	0	0	0
Long-Term Loans (annuity/reducing balance)	0	0	0
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			
Municipality Total	0	0	0
Municipal Entities			

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			
Entities Total	0	0	0

T 5.10.2

COMMENT ON BORROWING AND INVESTMENTS:

Borrowing: The Municipality, for the period under review did not seek any funding in terms of sections 45 and 46 of the MFMA. In respect of investments, the Municipality did not have long-term investments due to cash flow challenges. Investment held, were for shorter periods of less than 31 days' notice for operational expenditure. Investments for conditional grants were ring-fenced and were for shorter periods to enable the Municipality to meet the obligation requirements within limited timeframes. *T 5.10.5*

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Municipality did not have any public private partnerships for the year under review.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) is the oversight function of materials, information, and finances as they move in a process from supplier to the Municipality. Supply chain management involves coordinating and integrating these flows. It is said that the ultimate goal of any effective supply chain management system is to reduce stock levels, with the assumption that products are available when needed.

The department (usually abbreviated to SCM) manages the supply and acquisition of goods and services to the Municipality or on behalf of the Municipality. This includes construction works and consultant services, the disposal of goods no longer needed, and the selection of contractors to assist in the provision of municipal services.

SCM is responsible for ensuring a sound, sustainable and accountable supply chain process that promotes black economic empowerment and local economic development, and encourages small businesses and joint venture partnerships. This procurement system must be fair, equitable, transparent, competitive and cost effective, in accordance with the Constitution of South Africa. The composition of SCM consists of Demand, Acquisition and Logistic Management. The Unit has 7 permanent employees and 2 vacancies.

The Municipality has established 3 Committees, namely: Specifications Committee, Evaluation Committee and the Adjudication Committee. No councillors are members of any committee of the committees dealing with supply chain processes.

The Council has approved a Supply Chain Management (SCM) Policy with practises in compliance with the guidelines set down by the Supply Chain Management Regulations, 2005, which was approved with effect from 1 March 2006. The new Preferential Procurement Regulations, 2011, with effect from 7 December 2011 has been incorporated into the policy as adopted. The SCM policy is reviewed annually with other budget-related policies to incorporate any changes that were not covered in the previous policy, taking into consideration legislative and regulatory circulars and provisions.

The Auditor General indicated significant issues regarding the SCM Unit which included:

Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.

Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).

The invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.

The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.

The Municipality has introduced various systems to curb the increase in irregular expenditure. This includes but not limited to:
1) Restructuring the Supply Chain Management Unit to be in line with the SCM Pillars
2) Introduction of SoPs and checklists to ensure adherence to SCM policies and Regulations
3) Establishment and appointment of Bid Committees in line with the SCM Regulations
4) Introduction of Request for Quotes register
5) Introduction of contract management policy.

The Municipality has developed Unauthorised Irregular Fruitless and Wasteful expenditure reduction strategy. The centralisation of the supply chain management function will further strengthen the managing of service providers as well as the procurement of goods and services.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance also ensures that municipal accounts are comparable and more informative for the Municipality. It also ensures that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Municipality has not deviated from applicable GRAP Standards applicable to Municipalities

In the current year, the Municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

The following GRAP standards have been approved and effective to the municipality for the 2024/2025 financial year:

GRAP 1 (amended) Presentation of Financial Statements (materiality) – effective 1 April 2023
GRAP 21 The effect of past decisions on materiality – effective 1 April 2023
GRAP 25 (as revised) Employee Benefits – effective 1 April 2023
GRAP 2020 Improvements to the standards GRAP 2020 – Effective 1 April 2023
Guideline: Guideline on accounting for landfill sites

T 5.13.1

FINAL

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement… must be audited annually by the Auditor-General. Every municipality must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125 of the MFMA.

Annual financial statements must be prepared within two months after the end of the financial year to which those statements relate and submit the statements to the Auditor-General for auditing. The accounting officer is responsible to at least once per year measures and reviews the performance of the municipality. The results of the performance measurement must be audited annually by the Auditor-General.

Therefore the performance results are submitted with the annual financial statements.

The responsibility of the Auditor-General is to express an opinion on the financial statements based on the audit. The audit is conducted in accordance with International Standards on Auditing. Those standards require that the Auditor-General comply with ethical requirements, a plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Chapter 6

The Auditor-General must audit the financial statements and performance results and submit an audit report to the accounting officer within three months of receipt of the statements.

T 6.0.1

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023/2024

6.1 AUDITOR GENERAL REPORT

Auditor-General Report Opinion			
FINANCIAL YEAR	**2022/2023**	**2023/2024**	**2024/2025**
AUDIT OPINION			
Annual Financial Statements	**Qualified**	**Qualified**	**Qualified**
Annual Performance Report	**Disclaimed**	**Disclaimed**	**Qualified**

AUDITOR GENERAL REPORT ON THE ANNUAL FINANCIAL STATEMENTS: 2024/2025

Report of the auditor-general to the Mpumalanga Provincial and the council on the Lekwa Local Municipality

QUALIFIED OPINION

1. I have audited the financial statements of the Lekwa Local Municipality set out on pages 456 to 561, 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 statement of comparison of budget and actuals 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, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Lekwa Local Municipality as at 30 June 2025, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP), the

requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) the Division of Revenue Act 24 of 2024 (Dora).

BASIS FOR QUALIFIED OPINION

IRREGULAR EXPENDITURE

3. The municipality did not include all instances of irregular expenditure in the financial statements, as required by section 125(2)(d) of the MFMA, as the municipality did not have adequate systems to identify all prior year's irregular expenditure. I was unable to determine whether any further adjustments were necessary to the closing balance of irregular expenditure for the current and prior year. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure stated at R1,07 billion (2023-24: R1,04 billion) in note 56 to the financial statements, as it was impracticable to do so.

Receivables from exchange transactions

4. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, *Financial Instruments*. A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. Additionally, the data used to calculate the impairment included accounts belonging to the municipality. Consequently, I was unable to determine the impact on debt impairment stated at R182,18 million (2023-24: R206,78 million) in note 35 to the financial statements and receivable from exchange transactions R579,58 million (2023-24: R459,33 million) in note 3 to the financial statements, as it was impracticable to do so.

Receivables from non-exchange transactions

5. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, *Financial Instruments*. A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. Additionally, the data used to calculate the impairment included accounts belonging to the municipality. Consequently, I was unable to determine the impact on debt impairment stated at R182,18 million (2023-24: R206,78 million) in

note 35 and receivable from non-exchange transactions R301,46 million (2023-24: R289,53 million) in note 4, as it was impracticable to do so.

BAD DEBT WRITTEN

6. The municipality did not account for bad debt written off in accordance with GRAP 1, *Presentation of financial statements*. The bad debt written off in the current and previous year was not accounted for and disclosed in the financial statement. As a result, the expenditure was understated by R19, 44 million (2023-24: R 123,96 million), and I was unable to determine the full extent of receivables from exchange and non-exchange transactions as it was impractical to do so. Additionally, there was an impact on the deficit for the period and the accumulated surplus.

Contracted services

7. The municipality did not have adequate systems to account for contracted services in accordance with GRAP 1, *Presentation of financial statements*, as contracted services was not recorded in correct accounting period. This resulted in contracted services being overstated by R22,28 million. Additionally, there was an impact on the deficit for the period.

VAT output accrual

8. The municipality did not have adequate systems to account for vat output accrual in accordance with GRAP 104, *Financial Instrument*. The municipality control accounts for the effects of receipts received and debt write-offs. Consequently, I was unable to determine the full extent of the overstatement of VAT output accrual stated at R 749, 20 million (2023-24: R 660, 98 million) in note 14 to the financial statements, as it was impracticable to do so.

VAT input accrual

9. The municipality did not have adequate systems to account for vat input accrual in accordance with GRAP 104, *Financial Instrument*. The municipality did not account for the effects of payments made. Consequently, I was unable to determine the full extent of

the overstatement of VAT input accrual stated at R 905, 81 million (2023-24: R 777, 79 million) in note 6 to the financial statements, as it was impracticable to do so.

Cash flow statement

SERVICE CHARGES AND PROPERTY RATES, OTHER SERVICES

10. The municipality's service charges and property rates, other services in the current and prior year were not correctly prepared and disclosed as required Standards of *GRAP 2, Cash flow statements.* This was due to multiple errors in the calculations. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

INTEREST RECEIVED FROM CURRENT AND NON-CURRENT ASSET

11. The municipality's interest received from current and non-current assets in the current and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Employee costs

12. The municipality's employee costs were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. Consequently, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Suppliers

13. The municipality's suppliers in the current year and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from *GRAP 2, Cash flow statement*. Consequently, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Purchase of property plant and equipment

14. The municipality's purchase of property plant and equipment in the current year and prior year were incorrectly disclosed due to multiple errors in the calculation which constitute a departure from GRAP 2, Cash flow statement. Consequently, I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impracticable to do so.

Cash generated from operations

15. Cash generated from operations, note 43 to the financial statement was not correctly disclosed as various movements were not correct accounted for in the current year and prior year due to multiple errors in the calculations, which constitute a departure from GRAP 2, *Cash flow statement.* Consequently, I was not able to determine the full extent of the errors in the cash generated from operations, as it was impracticable to do so.

CONTEXT FOR OPINION

16. 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.

17. 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.

18. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

20. As disclosed in note 52 in the financial statements, which indicates that the municipality incurred a deficit of R358,90 million (2023-24: surplus of R72.63 million) during the year ended 30 June 2025, as of that date, the municipality's liabilities exceeded its assets by R 531,94 million (2023-24: R170,26 million). The municipality plans to address the cash

flow shortages through enhanced revenue collection and a resultant consistency in the payment of creditors when they become due.

EMPHASIS OF MATTERS

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

MATERIAL LOSSES – ELECTRICITY

22. As disclosed in note 39 to the financial statements, material electricity losses of R144, 07 million (2023-24: R88, 35 million) was incurred.

MATERIAL LOSSES – WATER

23. As disclosed in note 39 to the financial statements, material water losses of R19.52 million (2023-24: R8,87 million) was incurred.

OTHER MATTER

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

UNAUDITED DISCLOSURE NOTES

25. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. 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

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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27. 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

28. 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.

29. 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 pages 399 - 402, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

30. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

31. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected 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

Key performance area	Page numbers	Purpose
Basic service delivery and infrastructure development	230 – 254	Provision of basic services (water 100%, sanitation 100%, electricity 100%, solid waste and roads 100%)

32. I evaluated the reported performance information for the 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.

33. 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 measures taken to improve performance.

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

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

Basic service delivery and infrastructure

Various indicators

36. I could not determine the accuracy of various reported achievements, as the indicators were not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Key performance indicators	Planned targets	Reported achievement
Percentage construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	50% completed designs on 11 KV line	Achieved. Construction @85%.
Number of streetlights repaired	400 streetlights repaired	353 streetlights repaired
Number of high mast lights repaired	20 high mast lights repaired	22 High Mast Lights repaired
Percentage households with refuse removal services	100% households with access to refuse removal service	100% households with access to refuse removal service
Percentage businesses with refuse removal services	100% of businesses with access to refuse removal service	100% of businesses with access to refuse removal service
Percentage construction of switching station at Rooikoppen - Phase 1	50% Construction of Switching Station at Rooikoppen. – Phase 1	Construction @ 55%.
Number of high mast lights installed	10 high mast lights installed	26 High mast lights installed
Number of lights on high masts and streetlights retrofitted with energy efficient lights	243 fittings replaced on high mast lights; 227 light fittings replaced on streetlights	243 fittings replaced on high mast lights; 227 light fittings replaced on streetlights
Percentage construction of 1	75% Cemetery constructed	Construction @ 79%.

Cemetery		
% Emergency, fire and rescue services attended	100% Emergency, fire and rescue incidents attended	100% Emergency, fire and rescue incidents attended

Number of illegal dumping sites cleaned

37. An achievement of 12 illegal sites cleaned was reported against a target of 12 illegal sites cleaned. However, the audit evidence showed the actual achievement to be only 4 illegal dumping sites cleaned. Consequently, the target was not achieved.

Various indicators

38. Based on the audit evidence, the actual achievements for the below indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported.

Key performance indicators	Planned targets	Reported achievement
Number of water leaks repaired	1000 water leaks repaired	1151 water leaks repaired
Number of VIP toilets installed	150 VIP toilets installed	165 VIP toilets installed

Various indicators

39. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Key performance indicators	Planned targets	Reported achievement	Reported measure

Square meters of potholes patched	10000 square meters of potholes patching	6820 square meters of potholes patched	Remaining m² will be included in the 2025/2026 FY targets, due to financial constraints and ageing roads infrastructure network, the municipality will also strengthen relations with other stakeholders such as (SANRAL, NDOT, PWR&T, GSDM) to assist with pothole patching
Number of water meters replaced	90 water meters replaced	88 water meters replaced	Management will establish a metering section that will focus on water metering and installation that is adequately resourced
Number of boreholes installed	3 boreholes installed 2 boreholes installed	3 boreholes installed 2 boreholes installed	Identify alternative site for drilling of new borehole

Missing indicator

40. In terms of the Water Service Act 108 of 1997, the municipality is responsible for complying with drinking Water Quality Standards to ensure that all consumers or potential consumers in its area of jurisdiction to progressively gain efficient, affordable, economical and sustainable access to water services. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The municipality indicated that the reason for the omission was due to inadequate coordination between the technical water services unit, the Integrated Development Planning and the performance management units during the planning phase. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on mandate.

OTHER MATTERS

41. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

42. 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.

43. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 230 to 254.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE

Targets achieved: 79%

Budget spent: 108.5%

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of water meters replaced	90 water meters replaced	88 water meters replaced
Number of boreholes installed	3 boreholes installed	2 boreholes installed
Number of streetlights repaired	400 streetlights repaired	353 streetlights repaired
Square meters of pothole patched	10 000 square meters of pothole patching	6820 square meters potholes patched
Percentage municipal fleet maintained	100% municipal fleet maintained	31% municipal fleet maintained

MATERIAL MISSTATEMENTS

44. 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. Management did not correct all of the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

45. 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.

46. 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.

47. 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.

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

Annual financial statements

49. 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 non-current assets, current liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

50. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) prescripts.

51. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R168,24 million, as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payments to suppliers.

52. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R156,23 million, as disclosed in note 54 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 certain votes on the approved budget.

53. Reasonable steps were taken to ensure that money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

54. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

CONSEQUENCE MANAGEMENT

55. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

56. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Strategic planning and performance management

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

Chapter 6

Asset management

58. An adequate management, accounting and information system which accounts for assets was in place, as required by section 63(2)(a) of the MFMA.

59. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

60. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.

61. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

62. My responsibility is to read this other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

63. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

64. 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.

65. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

66. The accounting officer and senior managers did not implement adequate processes and controls for recording, reviewing, and reporting to ensure credible, complete, and accurate financial and performance information. This resulted in recurring material misstatements in the financial statements and performance reports.

67. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be organised and managed to ensure valid, accurate and complete performance reporting for some of the key performance indicators.

68. Non-compliance with legislation could have been mitigated if the municipality had adequate resources and capacity to monitor compliance effectively and ensure regular review by senior management. The lack of these controls contributed to the compliance matters noted, as well as instances of unauthorised, irregular, and fruitless and wasteful expenditure.

MATERIAL IRREGULARITIES

69. In accordance with the PAA and the material irregularity (MI) regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

MATERIAL IRREGULARITY IN PROGRESS

70. I identified other material irregularity during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in next year's auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

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POLLUTION OF WATER RESOURCE NOT PREVENTED – STANDERTON WASTEWATER TREATMENT WORKS

71. The Standerton Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including groundwater and the Vaal River. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resource.

72. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity.

73. I referred the material irregularity to the Department of Water and Sanitation (DWS) on 14 April 2025 for investigation, as provided for in section 5(1A) of the PAA. The referral was accepted by the DWS on the same day, and the investigation is currently in progress.

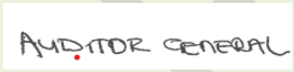
POOR MANAGEMENT OF THE MORGENZON WASTE LANDFILL SITE

74. The municipality has been operating the Morgenzon waste landfill site without a valid licence or permit. A closure licence was issued to the municipality in the year 2016 to restore and rehabilitate the site and surrounds. The Municipality has been operating the landfill site in a manner that is not in compliance with license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control, Illegal waste dumping , uncontrolled / informal recyclers and animals roam the sites – with indication of daily living including housing structures and other makeshift facilities, no monitoring and sampling of surface / groundwater / gas monitoring, no control over water runoff or leachate management, no compacting/ covering of waste - windblown waste, burning of waste causing air pollution.

75. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health, or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The municipality also did not ensure that any other situation exists, which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing, or recurring as required by section 19(1) of the NWA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site, the water resource and the communities adjacent to the landfill site.

76. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity.

77. I referred the material irregularity to the Department of Forestry, Fisheries and the Environment (DFFE) on 14 April 2025 for investigation as provided for in section 5(1A) of the PAA. On 21 May 2025, DFFE sub-referred the material irregularity to the Mpumalanga Department of Agriculture, Rural Development, Land & Environmental Affairs (DARDLEA) for further investigation. The referral was accepted by DARDLEA on 30 July 2025, and the investigation is currently in progress.



Mbombela

30 November 2025

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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 a municipality to cease operating as a going concern.
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

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COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation and regulations	Consolidated firm level requirements
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)

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Legislation and regulations	Consolidated firm level requirements
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 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), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(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), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),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)

COMMENTS ON AUDITOR GENERAL'S OPINION: 2024/2025

The Municipality is committed to further improving the audit where the ultimate objective is to obtain an unqualified Audit Opinion (Clean Audit). This process will be closely monitored through the developed post audit action plan to address the audit findings that remained. The following key findings will be addressed in the 2025/2026 financial year:

- Irregular expenditure
- Receivable from exchange and non - exchange
- Cash flow statement

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Vat output and input Accrual
Contracted services
Bad debt written off

The Municipality has developed an audit action plan that will be monitored on a quarterly basis in an effort to ensure that we are able to improve from the qualified audit opinion. The Municipality will again request Auditor General (SA) to perform a status of records review, which has assisted as an early warning or alert system to enable the Municipality to take required steps to correct potential control deficiencies. It will also assist in the implementation of the action plan to be more insightful and relevant, ensuring greater impact towards an improved audit outcome for the 2025/2026 financial year.

In order for the Municipality to improve the audit outcome, it will be important to constantly look at ways to further improve systems and the key drivers of internal control in order to move from the recently obtained qualified audit outcome in the 2024/2025 financial year, to an unqualified audit outcome for 2025/2026.

Emphasis will also be placed on improving areas for the audit of performance against predetermined objectives by ensuring that findings raised in respect consistency between planned and reported Indicators and targets as well as consistency between planning and reporting documents to ensure that indicators are well defined and additional reviews of reported achievements in the annual performance report will be undertaken.

The Municipality will continue to strive to improve in respect of the following key aspects:
a) Governance.
• A functional Internal Audit unit
• Quarterly performance reviews.
• Functional Audit Committee.
• Compliance with legislation.
b) Financial Management.
• Records keeping and document management.
• Adherence to reporting requirements.
• Compliance to Generally Recognized Accounting Practice (GRAP) accounting standards.
• Monthly balancing of registers and control accounts.

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 confirms that these data sets have been returned according to the reporting requirements.

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Signed (Chief Financial Officer)…….... Dated

T 6.2.5

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GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* 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.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	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.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	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.
Basic municipal service	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.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	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.
General Key performance	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and

GLOSSARY

indicators	applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	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.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	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".
Outputs	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.
Performance Indicator	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)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	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.
Performance Targets:	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.
Service Delivery Budget Implementation Plan	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.
Vote:	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. Section 1 of the MFMA defines a "vote" as: *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* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

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APPENDICES

APPENDIX A – COUNCILLORS

APPENDIX A.1 COUNCILLORS

Councillors, Committees Allocated and Council Attendance 2023/2024

	Council Members	**Gender (Male / Female)**	**Ward / Proportional Representation (PR)**	**Full Time / Part Time** **FT/PT**	***Ward and/ or Party Represented**	Percentage Council Meetings Attendance % = number of meetings attended x 100/total number of council meetings (*12 Council sittings held)*	Percentage Apologies for non-attendance % = number of apologies x 100 / total number of council meetings
1	Michael Sifiso Mngomezulu	Male	Ward 1	PT	African National Congress (ANC)	*6/12 (50%)*	6 Apologies
2	Piet Melusi Radebe	Male	Ward 2	PT	African National Congress (ANC)	*12/12 (100%)*	None
3	Mapaseka Molaba	Female	Ward 3	PT	African National Congress (ANC)	*8/12 (67%)*	4 Apologies
4	Litheko Moses Marago	Male	Ward 5	PT	African National Congress (ANC)	*11/12 (92%)*	1 Apology
5	Smanga Phillemon Ngwenya	Male	Ward 6	PT	African National Congress (ANC)	*7/12(58%)*	5 Apologies
6	Swazi Albert Tshabalala	Male	Ward 7	PT	African National Congress (ANC)	*9/12 (75%)*	3 Apologies
7	John Daniel Nkutha	Male	Ward 9	PT	African National Congress (ANC)	*9/12 (75%)*	2 Apologies
8	Sibusiso Blessing Ngqulunga	Male	Ward 11	PT	African National Congress (ANC)	*11/12 (92%)*	1 Apology
9	Thabang Colette Motaung	Male	Ward 12	PT	African National Congress (ANC)	*11/12 (92%)*	1 Apology
10	Sesana Witnes Masondo	Female	Ward 13	PT	African National Congress (ANC)	*12/12 (100%)*	None

11	Doctor Robert Manana	Male	Ward 14	PT	African National Congress (ANC)	*11/12 (92%)*	1 Apology
12	Malekoa Rose Motloung	Female	Ward 15	PT	African National Congress (ANC)	*9/12 (75%)*	3 Apologies
13	Sekoele Aubrey Maboea	Male	PR	PT	African National Congress (ANC)	*11/12 (92%)*	1 Apologies
14	Seipati Mitta Modise	Female	PR	FT (Member of Mayoral Committee)	African Transformation Movement (ATM)	*12/12 (100%)*	None
15	Carlos Alberto Olim Franco	Male	Ward 8	PT	Democratic Alliance (DA)	*11/12 (92%)*	1 Apology
16	Gibson Jabulani Xulu	Male	PR	PT	Democratic Alliance (DA)	*11/12 (92%)*	1 Apology
17	Sithi Aluncedo Silosini	Female	PR	PT	Democratic Alliance (DA)	*11/12 (92%)*	1 Apology
18	Nwabisa Sheila Tlhakudi	Female	PR	PT	Democratic Alliance (DA)	*12/12 (100%)*	None
19	Dumisani Joseph Msibi	Male	PR	FT (Whip of Council)	Economic Freedom Fighters (EFF)	*12/12 (100%)*	None
20	Phindile Cynthia Mahlaba	Female	PR	FT (Member of Mayoral Committee)	Economic Freedom Fighters (EFF)	*10/12 (83%)*	*2 Apologies*
21	Amanda Patricia Mancane Mthimkhulu	Female	PR	PT	Economic Freedom Fighters (EFF)	*10/12 (83%)*	*2 Apologies*
22	Delani Louis Thabethe	Male	PR	FT (Executive Mayor)	Lekwa Community Forum (LCF)	*12/12 (100%)*	*None*
23	Oliver Phiri	Male	PR	FT (Speaker of Council)	Lekwa Community Forum (LCF)	*10/10 (100%)*	*None*
	Nrateng Priscilla Selepe	Female	PR	PT	Lekwa Community Forum (LCF)	*2/2 (100%)*	*Replaced Clr O Phiri (Council Resolution A19: 2024-03-26)*

24	Jan Thabo Sebiloane	Male	PR	FT (Member of Mayoral Committee)	Lekwa Community Forum (LCF)	*12/12 (100%)*	*None*
25	Sipho Amos Majozi	Male	PR	FT (Member of Mayoral Committee) FT (Speaker with effect from 2024-03-26)	Lekwa Community Forum (LCF)	*12/12 (100%)*	*None*
26	Nomakhosi Cynthia Nhlapo	Female	PR	PT	Lekwa Community Forum (LCF)	*11/12 (92%)*	1 Apology
27	Ronald Sello Tsotetsi	Male	PR	PT	Lekwa Community Forum (LCF)	*11/12 (92%)*	*1 Apology*
28	Jacobus Cornelius Stoltz	Male	Ward 4	PT	Independent	*12/12 (100%)*	*None*
29	Wilma Venter	Female	Ward 10	PT	Vryheids Front Plus (VFP)	*12/12 (100%)*	*None*
30	Daniel Jakobus Venter	Male	PR	PT	Vryheids Front Plus (VFP)	*10/12 (83%)*	2 Apologies
	*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*						

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

APPENDIX B - COMMITTEES AND THEIR PURPOSES	
Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
AUDIT COMMITTEE	
1.Audit and Performance Audit Committee	The purpose of the Audit Committee is to advice the municipal Council, the political office-bearers, the accounting officer and Management staff of the municipality on matters relating to:
	1. Internal financial control and internal audits;

	2. Risk Management;
	3. Accounting Policies;
	4. The adequacy, reliability and accuracy of financial reporting and information;
	5. Performance management;
	6. Effective governance;
	7. Compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation;
	8. Performance evaluation; and
	9. Any other issues referred to it by the Municipality.
	In terms of Regulation 14 (c) of the Municipal Planning and Performance Management Regulations, 2001, the Municipality has opted to utilise the established Audit Committee as the Performance Audit Committee and is required to inter alia do the following:
	1. Review the quarterly reports submitted to it by the Internal auditors on the performance measurements of the municipality;
	2. Review the municipality's performance management system and make recommendations in this regard to the municipal council;
	3. At least twice during a financial year submit an audit report to the municipal council;
	4. Any other issues referred to it by the Municipality
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	
2. Municipal Public Accounts Committee (MPAC)	MPAC performs an oversight function on behalf of Council and is not a duplication of and should not be confused with the role played by the Audit Committee or that of the Finance Committee.
	The primary function of the MPAC is to assist Council to hold the executive and the municipal administration to account and to ensure the effective and efficient use of municipal resources. It executes this function by reviewing the accounts and financial statements of the municipality and exercising oversight on behalf of Council and to report to council on its activities.
	MPAC acts independently has the right to refer or receive matters and reports from other committees.
	MPAC may inter alia consider the following:
	To examine the annual financial statements;
	Any audit reports issued on the Annual Financial Statements;
	Any reports issued by the Auditor-General on the affairs of the municipality;
	Receive reports from the Audit Committee;
	Any other report referred to the Committee by Council;
	As an Oversight Committee, review the Annual Report on behalf of Council and make recommendations to Council thereafter;
	MPAC may also:
	Table reports with findings and recommendations on any financial statements or reports to Council;
	Initiate and develop the annual oversight report based on the annual report;
	Recommend and initiate any investigation in its area of competence;
	Seek information from any councillor, employee or any person outside council when conducting an investigation;
	Perform any other functions assigned to it by resolution of Council;
	When examining financial statements and audit reports, the committee to consider improvements from previous statements and must monitor the extent to which the committee's and the Auditor General's recommendations are implemented.
	The outcomes and the resolutions taken by the MPAC must be reported to Council and must be made public.
COUNCIL OVERSIGHT COMMITTEES	
3. Council section 79 Oversight Committees	The Council had established the following committees in terms of section 79 of the Municipal Structures Act, 117 of 2008 in order to allow an oversight role to be exercised in respect of service delivery and budget implementation:

	a) Corporate Services and Community Services and Safety
	b) Technical Services and Planning
	c) Budget and Treasury
RULES, ETHICS, BY-LAWS AND POLICIES COMMITTEE	
4. Rules, Ethics, By-laws & Policies Committee	Foster and maintain discipline among the Councillors
	Monitor the implementation of rules and ethical behaviour of Councillors
	Attend to petitions and motions
	Monitor the implementation of Council resolutions
	Review the standing orders
	Propose the establishment of a particular committee
	Review the delegations register
	Initiate the development, rationalisation and review of by-laws and policies
	Perform any other functions assigned to it by resolution of Council
LOCAL GEOGRAPHICAL NAMES COMMITTEE (LGNC)	
5. Local Geographical Names Committee (LGNC)	To identify or help to identify geographical features for possible name standardisation;
	To receive and process submissions/applications from individuals and or organisations regarding the standardization of geographical names;
	To conduct public participation programmes in which proposed name changes will be discussed by the relevant stakeholders;
	To ensure that the standardization of geographical names takes place within a municipal area of jurisdiction area in line with guidelines published by the Mpumalanga Provincial Geographical Names Committee (MPGNC);
	Create an atmosphere and mechanisms including sub structures, suitable for the participation of all stakeholders;
	To conduct awareness raising activities about the programme of standandising geographical names and to ensure that the public is adequately informed about such processes;
	Receive and strive to resolve any objections related to the process of standardizing geographical names in line with MPGNC guidelines for handling objections;
	Prepare and submit reports on a regular basis to Council, the Regional Geographical Names Committee and the MPGNC;
	Monitor the implementation of standardized geographical names in its jurisdictional area and report any failure to implement to Council and the MPGNC;
	Ensure that all the administration related to the process of standardizing geographic names in its jurisdictional area is properly addressed;
	Ensure correspondence with all parties concerned especially the applicants and identifiable objectors as per the applicable MPGNC guidelines;
	Interface and interact with the Town Planning, property developers and residents on the naming of any new settlements, streets, public spaces or any related geographic features;
	Implement provisions of the SAGNC Act, SAGNC Regulations, Provincial policy and related provincial regulations on the standardisation of geographic names as may be promulgated from time to time.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Within the Municipality, the next tier of the administrative structure consists of managers across the various departments. This tier of management is permanently employed and are not required to sign performance agreements on an annual basis. They are however bound by their approved and signed job descriptions as a means to hold them accountable for duties that ought to be performed. It is envisaged that the implementation of individual performance management and with the signing of

some kind of a commitment to hold this tier of management more responsible to fulfil their employment obligations will also be introduced.

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDIX D - FUNCTIONS OF THE MUNICIPALITY		
Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	No	GSDM
Building regulations	Yes	
Child care facilities	No	N/A
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	
Licensing of dogs	Yes	
Licensing and control of undertakings that sell food to the public	Yes	GSDM
Local amenities	Yes	
Local sport facilities	Yes	
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	No	
Pounds	Yes	

Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	

**** If municipality: indicate (yes or No); * If entity: Provide name of entity*** *T D*

APPENDIX E – WARD REPORTING

Functionality of Ward Committees			
Ward Number	**Name of Ward Councillor and elected Ward committee members**	**Ward Committee established with ward operational plans (Yes / No)**	**Functionality of Ward Committees through meetings convened**
Ward 1	Michael Sifiso Mngomezulu	Yes	Functional
Ward 2	Piet Melusi Radebe	Yes	Functional
Ward 3	Mapaseka Molaba	Yes	Functional
Ward 4	Jacobus Cornelius Stoltz	Yes	Functional
Ward 5	Litheko Moses Marago	Yes	Functional
Ward 6	Smanga Phillemon Ngwenya	Yes	Functional
Ward 7	Swazi Albert Tshabalala	Yes	Functional
Ward 8	Carlos Alberto Olim Franco	Yes	Functional
Ward 9	John Daniel Nkutha	Yes	Functional
Ward 10	Wilma Venter	Yes	Functional
Ward 11	Sibusiso Blessing Ngqulunga	Yes	Functional
Ward 12	Thabang Colette Motaung	Yes	Functional
Ward 13	Sesana Witnes Masondo	Yes	Functional
Ward 14	Doctor Robert Manana	Yes	Functional
Ward 15	Malekoa Rose Motloung	Yes	Functional

APPENDICES

APPENDIX F – WARD CAPITAL PROJECTS 2024/2025

Capital Projects: Seven Largest in 2023/2024 (Full List at Appendix O)					
					R'
No.	Project Name and detail	Ward	Start Date	End Date	Total Value
1	Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	10	09-Jan-23	30 Jun- 25	36 561 677
2	Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	9,12,13 & 14	01-Jul- 24	30 Jun 25	16 634 750
3	Development of Thuthukani Cemetery	12	01-Jul-24	TBA	11 971 960
4	Construcion of 11KV Switching Station for Rooikoppen	11	01-Jul-24	TBA	17 742 773
5	Construction of 6km ,11KV line from Substation A to Rooikoppen	7,11	01-Jul-24	TBA	12 543 909
6	Retrofitting of High mast Lights and Street Lights with LED lights		01-Jul- 24	30 Jun 25	4 000 000
7	Rehabilitation of 1km Vry Street	10	01-Jul- 24	30 Jun 25	11 000 000
					T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	37242	37337	36580	32870	
Households without minimum service delivery	1341	1246	2003	5713	
Total Households*	38583	38583	38583	38583	
Houses completed in year					
Shortfall in Housing units					
**Including informal settlements*					*T F.2*

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/2025

	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/ RESOLUTION NOT IMPLEMENTED	PROGRESS PERCENTAGE	CHALLENGES	DUE DATE
24-Oct-24	**Resolutions tracking**						
AUDIT ACTION PLAN							
1	Management SHOULD Ensure that all the findings reported as in progress are completed and fully implemented	Implementation is as follows: Findings in progress (82) Findings completed (25)	Municipal Manager & All Executive Managers	In progress			On-going
FINANCIAL REPORTS							
2	Management SHOULD develop revenue management committee also encourage revenue protection	The revenue management committee has been developed. The committee meets on a regular basis	CFO & ALL Executive Managers	Completed	None	None	Completed
ICT REPORT		-					
3	That the VIP backup testing being included in the ICT report as evidence that these back-ups are being done on a regular basis.	The back up reports have been included	HOD Corporate & Manager ICT	Completed	None	None	Completed

SDBIP REPORT							
4	Management SHOULD develop a catch-up plan for the not achieved KPIs.	Catch-up plan for targets not achieved were carried over into subsequent quarters	All HOD's and Manager PMS	Completed	None	None	Completed
-	**Total Resolutions = 4**						
-	**Resolutions implemented = 3(75%)**						
-	**Resolutions in progress = 1 (25%)**						
-	**Resolutions not implemented = 0**						
24-Jan-25							
AUDIT ACTION PLAN							
1	That all officials at the revenue unit SHOULD attend training to enhance and develop their skills noting all the issues in that department.	Employee training is ongoing. A training session was conducted for meter readers, focusing on performing meter readings using the meter reading device.	CFO & Manager revenue	In progress			On-going
2	That the interim AFS will be prepared and will be submitted to the Audit Committee for review so they can sort out their issues before the Annual Financial Statement	No progress provided	Chief Financial Officer	Resolution not implemented			Annually

FINANCIAL REPORTS							
3	Management SHOULD make a PAYMENT ARRANGEMENT for settling the ESKOM debt.	The municipality is currently experiencing challenges with paying Eskom, this results in escalating debt owed to the two institutions	Accounting Officer & Chief Financial Officer	In progress			On-going
RISK MANAGEMENT REPORT							
4	The PERFORMANCE ASSESSMENTS for ~~the for~~ senior managers of the municipality has not been done and it is recommended that this be implemented urgently.	Dates to be set up for performance reviews to be conducted.	All HOD'S & Manager PMS	In progress			
	Total Resolutions = 4						
	Resolutions implemented = 0						
	Resolutions in progress = 3						
	Resolutions not implemented = 1						
24-Apr-25							
AUDIT ACTION PLAN							

1	Management SHOULD ensure that issues that were raised on Cashflow Statement are adequately addressed	Cash flow statement has been reworked, the workings shows split between cash and non-cash items. This was done for both prior year and the year under audit	Chief financial Officer	In progress			On-going
Material Irregularities Status update							

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2	That managemet SHOULD report on a quarterly basis on the MIS, they must give indication of what the two departments are doing in order to assit in implementing of the finding	The Municipality, through its appointed Consultant, initiated a process during the **2024/2025 financial year** to address the environmental non-compliance through the **Rehabilitation and Closure of the Morgenzon Landfill Site**. Accordingly, the Consultant, acting on behalf of the Municipality, **submitted an application for a closure licence to the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA)**.Subsequently, **DARDLEA referred the application to the Department of Water and Sanitation (DWS)** for the issuance of a **Record of Decision (ROD)** as required under applicable environmental legislation. The **DWS reviewed the application and issued a Record of Decision dated 31 July 2025** (attached hereto as **Annexure A**).However, DWS later deemed the application **incomplete** and consequently **closed the file**, indicating that a **new, comprehensive application** must be submitted to ensure	Executive Manager : Community services	In progress			On-going

		full compliance with the relevant environmental and water legislation. The Municipality, in consultation with the appointed Consultant, has since **initiated internal processes** to compile and **resubmit a complete application to DARDLEA**, which will in turn be forwarded to DWS for consideration and issuance of a new Record of Decision.					
FINANCIAL REPORTS							

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3	That management SHOULD provide the strategies that are in place to try to stabilize or increase revenue streams	Strategies to increase municipal revenue are outlined in the attached budget funding plan. However, moving forward, we will prepare a separate document.	Chief financial Officer	In progress			On-going
4	Management SHOULD develop an action plans to improve the correction rate beyond the 72%	No progress has been submitted	Chief financial Officer& All HOD's	Resolution not implemented			On-going
Risk Management Report							
5	That management must IMPROVE on the implementation of risk mitigations to have risk exposure changed to better, and also work hand in hand with chairperson to ensure that risk are managed at all risk that the municipality exposed to	Management has improved on the implementation of the risk mitigating plans. All departmentrs achieved implementation above 80%	All HOD'S	Implemented			On-going
	Resolutions Implemented 1						
	In progress 3						
	Not implemented 1						
22-Jul-25							
FINANCIAL							

REPORT							
1	Management SHOULD ensure that the ESKOM & DWS debt is significantly reduced.	The municipality is currently experiencing challenges with paying Eskom and DWS current accounts, this results in escalating debt owed to the two institutions	Chief financial Officer& All HOD's	In progress			On-going
2	That the irregular expenditure should be thoroughly INVESTIGATED.	There has been a reduction in current year reported Irregular expenditure. The municipality is investigating historical irregular expenditure	Chief financial Officer& All HOD's	In progress			On-going
3	That Management should ENSURE that a credible set of the Annual Financial Statements are submitted to the Auditor General on time.	Annual Financial Statements were submitted on time AGSA	Chief financial Officer& All HOD's	Implemented	None	None	30-Aug-25
4th Quarter IT Report							
4	That internal auditors REVIEW the implemented systems (MunAdmin and VPN) to confirm that they are working as intended and that the municipal data kept in information systems is not	The review will be done when I.A performance the audit of ICT as per the approved I.A plan	Chief Audit Executive	In progress			On-going

	accessible by illegitimate users						
Quarter Risk Management Report							
5	That the INVESTIGATION regarding the municipality's fuel theft should be implemented, and if any disciplinary steps need to be implemented	Disciplinary process for the employee implicated has been initiated	All HOD's & CAE	In progress			On-going
Internal Audit Reports							
	That there should be a SPECIAL AUDIT COMMITTEE meeting to review the AFS before submission to AGSA.	Audit Committee reviewed the Annual Financial Statements before submission to AGSA. Management received review notes and corrections were made	Audit committee & Management	Implemented	None	None	Completed
	That management ENSURES that all the actions in the Action plan are addressed.	Audit Action plan is monitored and reported on monthly	Municipal Manager & All HOD's	In progress			On-going
	Implemented 1						
	In progress 5						

	Not implemented 0						

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2024/2025

For the 2024/2025 financial year no new long-term contracts or public private partnerships that were entered into.

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APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER SCHEDULE

For the 2024/2025 financial year, below is the service providers contracted in by the municipality. The Municipality did not have any municipal entities under its control for the year under review.

					SINGLE APPOINTMENTS		
CATEGORY	No	CONTRACT NUMBER	Supplier name	DESCRIPTION OF GOODS/SERVICES/PROJECTS	Contract Value	TOTAL CONTRACT VALUE AFTER ADDITIONS	CONTRACT AMOUN
SYSTEM	1	2003/015693/D7	VIP Sage	Manage human rescourcing and payroll	R 2 417 695,54	R 2 417 695,54	-R 2 417 695,5
	2	MUN-4338	Munsoft	Financial System	R -	R -	R
	3	BTO 08-2022-2023	Equalizer	Professional Service Provider: Electricity vending system	R 16 496 344,02	R 16 496 344,02	-R 16 496 344,0

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	4	CS/03/2022-2023	Compusol IT Technologies	Supply, installation and maintenance of ahosted voip (voice over the internet protocol) telephone system, call centre system internet and the virtual private for 36 months	R 17 377 184,11	R 17 377 184,11	-R 17 377 184,1
	5	MICROSOFT	Microsoft 365	Microsoft office 365 (E3) subscription	R 4 362 938,03	R 4 362 938,03	-R 1 627 602,9
	6	BTO 02/2022/23	DDP Valuers (PTY) LTD	COMPILATION AND MAINTENANCE OF GENERAL VALUATION ROLL	R 4 076 674,48	R 4 076 674,48	-R 4 076 674,4
BANKING	7	BTO 01/2018/2019	Nedbank	Provision of Banking Services for a period of 36 Months	R 1 313 589,70	R 1 313 589,70	-R 1 313 589,7
	8	BTO 01/2018/2019	Nedbank	Nedfleet	R 12 573 635,43	R 12 573 635,43	-R 12 573 635,4

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VAT, FINANCIALS, ASSETS, UIFW	9	BTO 11-2022-2023	MAXPROF	VAT recovery service for a period of 36 months	R 1 302 523,81	R 1 302 523,81	-R 1 302 523,8
	10	BTO02-2023-2024	Inkazimulo Consulting (PTY) LTD	Preparation of Annual Financial Statements for period 36 months for lekwa local Municipality	R 8 430 000,00	R 9 374 900,00	-R 5 343 245,0
	11	BTO 06-2025-2025	Inkazimulo Consulting (PTY) LTD	Investigating irregular expenditure completeness from 2017 to 2024 financial year	R 1 330 000,00	R 1 330 000,00	
	12	BTO03-2023-2024	West Rand Consulting	Preparation & Updating of GRAP Coompliant Assets register for a period 36 months for Lekwa Local Municiplality	R 8 215 000,00	R 8 487 999,97	-R 4 577 999,9
OTHER SERVICES	13	RT15-2016	Vodacom	Smart metering as a service, smart electricity and water metering	R 4 858 001,64	R 4 858 001,64	-R 4 858 001,6
	14	DTS 16 2021-2022	MPPM	Appointment maintance, testing inspection and replacing of electricity equipment on Lekwa municipality electricity network.	R 62 834 961,54	R 62 834 961,54	-R 62 834 961,5

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15	BTO 04 2024/2025	Kunene Makopo Risk Solution	Management of Short-Term Insurance Portfolio		R -	
16	RT3	Dido Digital	Leasing of printing and photocopier Machines for a period of 36 months	R 6 450 067,62	R 6 450 067,62	-R 6 450 067,6
17	CS 07-2023-2024	Nexus Forensic Services (pty) ltd	Provision of professional service provider for the provission of background checks, verification and screening service for potential candidate for the period of 36 Months	R 51 173,36	R 51 173,36	-R 51 173,3
18	BTO 04-2022-2023	Morounkem Trading and Projects (PTY) LTD	Appointment for the printing and Distribution of Municipal Consumer account statements for a period of 36 months	R 7 207 399,39	R 7 207 399,39	-R 7 207 399,3
19	BTO 01-2023-2024	Riley Auctioneers T/A Riley Autions Africa (PTY) LTD	Appointment of a service provider for the Auctioneering of movable assets for a period of 36 months	R -	R -	R
20	DTS07-2023-2024	TJM GREENTECH (PTY) LTD	Appointment letter for sourcing of funds and implementation of energy efficiency and renewable energy projects at risk for a period of 36 months	R 4 000 000,00	R 4 000 000,00	-R 4 000 000,0

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21	BTO 04-2023-2024	Sondeza Development and investment (PTY) LTD	Implementation of credit control measures (Cut -Off and Reconnection services) for a period of 36 months	R 5 214 361,05	R 5 214 361,05	-R 5 214 361,0
22	BTO07-2022-23	Nonki C Travels	Appointment of travel management service provider for the period of three years in Lekwa Local Municipality	R 6 121 979,91	R 6 121 979,91	-R 6 121 979,9
23	CS 05-2023-2024	Bargain Uniforms (PTY) LTD	Appointment for the provision and supply of various personal protective equipment for Lekwa Local Municipality for the period of 36 months	R 1 998 593,05	R 1 998 593,05	- 1 998 59
24	CSS01-2023-2024	Izinjomane Security (PTY) LTD	Appointment of service provider to render security service at access points, installation of alarm system and patrol premises for Lekwa Local Municipality	R 128 843 780,33	R 128 843 780,33	- 36 593 58
25	DTS 10/2023/2024	Bathabile Kasetie trading & projects (PTY) LTD	Appointment for provision, supply and delivery of plumbing pipes, fittings, tools and water meters for a period of 36 months	R 1 212 709,50	R 1 212 709,50	- 1 212 70
26	DTS 17/2023/2024	Nguni Consulting (PTY) LTD	Appointment of service provider for sourcing of funds at risk and implementation of integrates urban development: bulk infrastructure projects in Lekwa Local Municipality for a period of 36 months	R -	R -	

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ENGINEERING CONSULTANTS PROJECTS CAPITAL	27	DTS 01 – 2024 – 2025	Metsi Chem International	Supply and delivery of chemicals for purification of water and wastewater in Standerton and Morgenzon	R 806 695,30	R 806 695,30	
	28	CSS 01/2022/2023	Enhanced Innovations Projects (PTY) LTD (Operation)	Appointment for upgrading of the Standerton Landfill site for a period of 36 months	R 19 665 000,00	R 19 665 000,00	-R 11 914 767,7
	29	DTS 05-2023-2024	XPERO trading	Appointment of a consultant for design, construction supervision and project administration and closeout for construction of a 1,5 hectare Thuthukani cemetry site in Lekwa Local Municipality	R 1 286 850,00	R 1 286 850,00	R
	30	DTS 01-2023-2024 (PANEL)	2MC Consulting Enginners	Design, construction supervision and project administration and closeout for the rehabilitation of 5KM Bauman street adjoining the R50 and R39 provincial Road in Lekwa Local Municipality	R 3 110 290,00	R 3 110 290,00	-R 216 599,4
	31	DTS 02-2023-2024	MPPM Consulting Engineering	Engineering consultant for Design, construction supervision and project administration and closeout for the supply and installation of 26 highmast lights in different wards of the municipality (ward 9,12,13,and 14) in Lekwa Local Municipality (F-Tech)	R 1 316 601,08	R 1 316 601,08	-R 1 316 601,0
	32	DTS 1-2022-2023	DHAHABU Consulting (PTY) LTD	Upgrade of a substation three phase 20MVA 33/11 KV transformer (Limacon)	R 3 951 975,00	R 3 951 975,00	-R 3 441 173,1

33	CSS 01/2022/2023	Enhanced Innovations Projects (PTY) LTD (Construction)	Appointment for upgrading of the Standerton Landfill site for a period of 36 months	R 19 606 614,50	R 23 527 937,40	-R 18 599 561,3
34	DTS08-2023-2024	F - TECH SERVICES (PTY) LTD	Appointment for the replacement,refurbishment and maintenance of existing windmills, electrical pumps solar panels and hand pumps on an as and when required	R 13 901 740,46	R 13 901 740,46	-R 13 901 740,4
35	DTS 15 -2023-2024	Izinjomane Security (PTY) LTD	Appointment for construction of 6km, 11 kv line from substation A to Rooikoppen	R 12 543 909,10	R 12 543 909,10	- 9 855 99
36	DTS 16-2023-2024	Kenfore Engineering & projects Management	Appointment for construction of 11 KV switching station for Rooikoppen	R 17 642 773,27	R 17 642 773,27	- 8 679 59
37	DTS 14-2023-2024	F - TECH SERVICES (PTY) LTD	Appointment for installation of 26 high mast lighting in different wards of Lekwa Local Municipality (Wards 9,12,13 and 14)	R 15 318 149,28	R 15 318 149,28	- 12 792 94
38	DTS 05 – 2024-25	Senzazona (PTY) LTD	Appointment letter for installation of Clearview fence at electrical in Lekwa in Lekwa Local Municipality	R 1 192 527,00	R 1 192 527,00	

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	39	DTS 06 - 2024 - 2025	LEVAY'S GENERAL TRADING	RE – Instatement and refurbishment of Sakhile Stadium in Lekwa Local Municipality	R 2 973 387,85	R 2 973 387,85	
PANEL APPOINTMENTS							
CATEGORY	No. Sort by numbers (smallest to largest) to match with the category	CONTRACT NUMBER	Supplier name	DESCRIPTION OF GOODS/SERVICES/PROJECTS	Contract Value	TOTAL CONTRACT VALUE AFTER EDDITIONS	CONTRACT AMOUN
WATER TANKERS	1	WS01-2023-2024	Vuka Sbeko	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months (Addition to the existing panel)	R 2 853 951,48	R 2 853 951,48	-R 2 853 951,4
	2	WS01-2023-2024	Ebafaneni cleaning, grass cutting, and gardening services	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months (Addition to the existing panel)	R 2 718 587,14	R 2 718 587,14	-R 2 718 587,1
	3	WS01-2023-2024	Lindulwazi Projects	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months (Addition to the existing panel)	R 1 253 432,22	R 1 253 432,22	-R 1 253 432,2
	4	WS01-2023-2024	Triple action holdings	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months (Addition to the existing panel)	R 1 844 875,75	R 1 844 875,75	-R 1 844 875,7

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	5	WS01-2023-2024	Asambe ndoda general trading	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months (Addition to the existing panel)	R 2 138 047,21	R 2 138 047,21	-R 2 138 047,2
	6	WS01-2022-2023	VIYOKHULUMANI TRADING (PTY) LT	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months	R 1 948 736,00	R 1 948 736,00	-R 1 948 736,0
	7	WS01-2022-2023	Namasango Business enterprice	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months	R 3 749 534,99	R 3 749 534,99	-R 3 749 534,9
	8	WS01-2022-2023	Phakamile investment	Appointment for servicers for the rental of water tankers on an as and when needed basic for the period of 36 months	R 7 393 112,00	R 7 393 112,00	-R 7 393 112,0
SUPPLY, DELIVERY AND FITMENT OF TYRES	9	DTS 06/2022/2023	NJILO CONSULTING AND LOGISTICS	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	R 177 343,44	R 177 343,44	-R 177 343,4
	10	DTS 06/2022/2023	RICHTRAU	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	R 1 328 140,29	R 1 328 140,29	-R 1 328 140,2
	11	DTS 06/2022/2023	MALAS	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	R 307 260,26	R 307 260,26	-R 307 260,2

	12	DTS 06/2022/2023	BAWHIT INVESTMENT	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	R 413 233,56	R 413 233,56	-R 413 233,5
	13	DTS 06/2022/2023	SQUAREFANE TRADING ENTERPRISE	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	R 1 211 621,67	R 1 211 621,67	-R 1 211 621,6
SUPPLY OF YELLOW FLEET	14	DTS 05-2022-2023	NJILO CONSULTING AND LOGISTICS	Appointment letter for a panel of consultants for a period of 36 months on an as when required basic for the supply of rental yellow fleet in Lekwa Local Municipality	R 1 656 852,58	R 1 656 852,58	-R 1 656 852,5
	15	DTS 05-2022-2024	Mavutha Constructors Enterprise	Appointment letter for a panel of consultants for a period of 36 months on an as when required basic for the supply of rental yellow fleet in Lekwa Local Municipality	R 49 500,00	R 49 500,00	-R 49 500,0
TRAINING SERVICE PROVIDER	16	CS01-2022-2023	FACHS BUSINESS CONSULTING & TR	Appointment of Panel for qualified and accredited Training Service Providers to Serve on Lekwa Local Municipality for a period of 36 months	R 349 037,25	R 349 037,25	-R 349 037,2

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ELECTRICAL AND MECHANICAL SERVICES	17	DTS 08-2022-2023	TM Consortium (pty) ltd	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	R 460 621,00	R 460 621,00	-R 460 621,0
	18	DTS 08-2022-2023	Rapid Civil	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	R 2 559 294,18	R 2 559 294,18	-R 2 559 294,1
	19	DTS 08-2022-2023	Zedek	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	R 1 275 111,78	R 1 275 111,78	-R 1 275 111,7
	20	DTS 08-2022-2023	BV Magujwa	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	R 4 126 827,00	R 4 126 827,00	-R 4 126 82
SUPPLY OF ELECTRICAL ITEMS	21	BTO 03-2024-2025	4.Dem – Same Technologies	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 3 613 852,00	R 3 613 852,00	- 3 613 85
	22	WS01-2023-2024	Grastine	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 552 281,75	R 552 281,75	-R 552 281,7
	23	BTO 03-2024-2025	Likusasa Lethu	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 2 243 754,68	R 2 243 754,68	- 2 243 75

	24	BTO 03-2024-2025	Kwandza Lofistic	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 354 330,00	R 354 330,00	- 354 33
	25	BTO 03-2024-2025	SABBY SOLUTIONS	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 409 892,72	R 409 892,72	- 409 89
	26	BTO 03-2024-2025	SERENITY GENERAL SUPPLIES	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 359 204,10	R 359 204,10	- 359 20
	27	BTO 03-2024-2025	SENNIS ELECTRICAL	Appointment for a panel of suppliers for the provision and supply of various electrical items to Lekwa Local Municipality for the period of 36 months	R 335 560,00	R 335 560,00	- 335 56
SERVICE AND REPAIR OF THE FLEET	28	DTS04-2024-2025	Auto Mania Trading (PTY) LTD	Appointment for a panel of service providers for service and repairs of the municipal Fleet for 36 months on an as need basis	R 229 975,26	R 229 975,26	- 229 97
	29	DTS04-2024-2025	MMN Engineering and Project	Appointment for a panel of service providers for service and repairs of the municipal Fleet for 36 months on an as need basis	R 241 012,85	R 241 012,85	- 241 01
	30	DTS04-2024-2025	SHALAKHO TRADING AND PROJECTS	Appointment for a panel of service providers for service and repairs of the municipal Fleet for 36 months on an as need basis	R 21 575,00	R 21 575,00	- 21 57

	31	DTS04-2024-2025	SGIJIMANGELO TRADING ENTERPRIS	Appointment for a panel of service providers for service and repairs of the municipal Fleet for 36 months on an as need basis	R 51 360,00	R 51 360,00	- 51 3
LEGAL	32	CS02-2023-2024	KGOMO & NSIBANDE	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 690 495,55	R 690 495,55	- 690
	33	CS02-2023-2024	MJALI & ASSOCIATES ATTORNEYS	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 35 190,00	R 35 190,00	- 35 1
	34	CS02-2023-2024	MANGANYE G. N ATTORNEYS INC	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 327 899,10	R 327 899,10	- 327 8
	35	CS02-2023-2024	NDOBELA & ASSOCIATES INC	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 178 025,19	R 178 025,19	- 178 0
	36	CS02-2023-2024	N.P NGUBANE ATTORNEYS INC	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 148 692,25	R 148 692,25	- 148 6
	37	CS02-2023-2024	MANGANYE G. N ATTORNEYS INC	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 327 899,10	R 327 899,10	- 327 8

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	38	CS02-2023-2024	JT RAPHIRI ATTORNEYS	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 243 298,30	R 243 298,30	- 243 29
	39	CS02-2023-2024	L GUZANA INC	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 51 540,77	R 51 540,77	- 51 5
	40	CS02-2023-2024	KATAKE ATTORNEYS	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 407 506,96	R 407 506,96	- 407 5
	41	CS02-2023-2024	MOHLALA ATTORNEYS	Panel of consultants for legal practioners (Attorneys)/Law firms to provide litigation and legal advisory services for the period of 3 years.	R 464 442,08	R 464 442,08	- 464 4
Medical surveillance	42	CS 03/2022/2023	NNY TRADING	Panel of service providers to provide medical surveillance services for a period of 03 years in Lekwa Local Municipality	R 564 926,00	R 564 926,00	- 564 9
						INACTIVE CONTRACTS (EXPIRED IN THE CURRENT YEAR)	

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	NO.	CONTRACT NUMBER	Supplier name	DESCRIPTION OF GOODS/SERVICES/PROJECTS	Contract Value	TOTAL CONTRACT VALUE AFTER EDDITIONS	CONTRACT AMOUN
	1	SC 01/2021/2022	Sinqobile Equestrian Security Services	Provide Security Services	R 122 082 962,43	R 122 082 962,43	-R 122 082 962,4
	2	CS 01-2023-2024	Emalangeni Technologies (PTY) LTD	Appointment for upgrade and procurement of the server room infrastructure	R 2 756 455,69	R 2 831 492,03	-R 2 831 492,0
	3	DCSS 01/2021/2022	Zedek trading 580 CC	Supply, delivery and install precast concrete Palisade fencing to the Rooikoppen cemetery (Sakhile Ext 4, ERF number 7321	R 2 263 504,44	R 2 263 504,44	-R 1 906 98
	4	BTO 05 2021-2022	Kunene Makopo Risk Solutions	Management of Short-Term Insurance Portfolio	R 11 091 769,88	R 11 091 769,88	-R 11 091 769,8
	5	BTO03-2022-2023	Spectrum Utility Management (PTY) LTD	Provision of meter reading service for a period of 36 months	R 3 267 966,96	R 3 267 966,96	-R 455 902,8
	6	MUN-4338	Munsoft	Intergrated financial management system	R 36 930 465,40	R 36 930 465,40	-R 39 013 920,2

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	7	MUN-4338	Munsoft	Optional service for Munsoft as per SLA of Intergrated financial management system (AFS, Valuation roll, BTO training, and Assets)	R 5 588 013,82	R 5 588 013,82	-R 5 588 013,8
	8	DTS 9/2021/2022	Motagane Chem	Chemicals for the purification of water	R 19 327 358,00	R 19 327 358,00	-R 19 327 358,0
	9	BTO 01/2021/2022	Likusasa Lethu OHS Consultants	Panel of providers: Electrical material	R 16 913 945,79	R 16 913 945,79	- 16 913 94
	10	BTO 01/2021/2022	Simon Setuke Distributors	Panel of providers: Electrical material	R 4 429 965,99	R 4 429 965,99	- 4 429 96
	11	BTO 01/2021/2022	Mavutha Constructors Enterprise	Panel of providers: Electrical material	R 20 340 212,12	R 20 340 212,12	-R 20 340 212,1
	12	BTO 01/2021/2022	Nomdric Electrical and Projects	Panel of providers: Electrical material	R 775 905,00	R 775 905,00	-R 775 905,0
	13	BTO 01/2021/2022	Brite Ideas Investments	Panel of providers: Electrical material	R 1 490 096,40	R 1 490 096,40	-R 1 490 096,4

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	14	BTO 03/2021/2022	Ngoti Holdings	Provision and Supply Stationery Items to Lekwa Local Municipality up to 30 June 2024	R 5 600 068,07	R 5 600 068,07	-R 5 600 068,0
	15	BTO 03/2021/2022	Dot Com Printers	Provision and Supply Stationery Items to Lekwa Local Municipality up to 30 June 2024	R 2 927 949,35	R 2 927 949,35	-R 2 927 949,3
	16	DTS 11-2023-2024	Mudoita Investment (PTY) LTD	Appointment of installation of VIP toilets at wards 9,12 and 13 in Lekwa Local municipality	R 1 779 975,75	R 2 030 154,35	- 1 916 15
	17	DTS 12-2023-2024	Bidwin (PTY) LTD	Appointment for drilling of boreholes at rural areas at wards (9,12 & 13) in Lekwa Local Municipality	R 806 794,00	R 806 794,00	- 668 7
	18	DTS 13-2023-2024	Lindulwazi Projects	Appointment for Desludging of VIP toilets in rural wards 9,12 & 13 in Lekwa Local Municipality	R 483 000,00	R 483 000,00	- 483 0
	19	DTS 02-2024-2025	Ubuntu Sonke Engineering JV Livhuwani Akwande trading (PTY) LTD	Appointment of Construction of 1.5. Hectare Thuthukani Cemetry Site in Lekwa Local Municipality	R 9 164 488,58	R 9 164 488,58	- 6 541 6

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	20	DTS 03-2024-2025	Notha Africa Civils (PTY) LTD	Appointment of rehabilitation of 1KM road for VRY Street and related Stormwater in Ward 10 in Lekwa Local Municipality	R 9 187 717,83	R 9 490 016,58	- 8 545 92
	21	DTS 01-2023-2024 (PANEL)	A.M Consulting Engineers (PTY) LTD	Consultant for Rehabilitation of Vry Street	R 1 253 772,55	R 1 372 793,96	-R 1 372 793,9
	22	DTS04-2023-2024	MPPM Consulting Engineering	Engineering consultant for planning for closure and rehabilitation of Morgenzon Landfill site in the for Lekwa Local Municipality (Enhanced)	R 913 624,80	R 1 093 624,80	-R 744 868,8

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APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

The following list indicates the status of disclosure of financial interest for the 2023/2024 financial year.

Disclosures of Financial Interests		
Period 1 July 2024 to 30 June 2025		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	Delani Louis Thabethe	R120,000 (other financial interest); 50% shares and securities; 50% membership of the close corporation
Member of MayCo / Exco		
	Jan Thabo Sebiloane	Nil
	Sipho Amos Majozi	Nil
	Phindile Cynthia Mahlaba	Nil
	Seipati Mitta Modise	Nil
Councillors		
	Michael Sifiso Mngomezulu	Nil
	Piet Melusi Radebe	Nil
	Mapaseka Molaba	Nil
	Litheko Moses Marago	Nil
	Smanga Phillemon Ngwenya	Nil
	Swazi Albert Tshabalala	Nil
	John Daniel Nkutha	Nil
	Sibusiso Blessing Ngqulunga	Nil
	Thabang Colette Motaung	Nil
	Sesana Witnes Masondo	Nil
	Doctor Robert Manana	Nil
	Malekoa Rose Motloung	Nil
	Sekoele Aubrey Maboea	Nil
	Carlos Alberto Olim Franco	Nil
	Gibson Jabulani Xulu	Nil
	Sithi Aluncedo Silosini	Nil
	Nwabisa Sheila Tlhakudi	Nil
	Dumisani Joseph Msibi	Nil
	Amanda Patricia Mancane Mthimkhulu	Nil
	Oliver Phiri	Nil
	Smanga Laurence Nhlapo	Nil
	Nomakhosi Cynthia Nhlapo	Nil
	Ronald Sello Tsotetsi	Nil
	Jacobus Cornelius Stoltz	Nil
	Wilma Venter	Nil
	Daniel Jakobus Venter	Nil

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Municipal Manager	M Jiyane	Property
Chief Financial Officer	V Khatha	Property
Other S57 Officials		
	Acting Executive Manager Development & Planning	N/A
	T Mtshiselwa	Nil
	Acting Executive Manager Corporate Services	N/A
	M Jiyane	Nil
** Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A*		
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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Expanded Public Works Grant	1 643 000	-	1 643 000	0%	0%	Grant aimed at poverty and unemployment alleviation
Financial Management Grant	2 850 000	-	2 850 000	0%	0%	Grant utilised for interns' salaries to advance implementation of MFMA towards meeting minimum competency requirements. Also used for Asset management and financial system enhancement
Integrated National Electrification Programme	8 500 000	-	8 500 000	0%	0%	Grant for electricity connections to households serviced by Eskom within the Municipal jurisdiction
Municipal Disaster Recovery Grant	11 000 000	-	940 269	0%	0%	Grant allocated for rehabilitation of flood and natural disaster damaged services

Municipal Disaster Response Grant	6 625 000		6 625 000			To fund emergency repairs to essential basic services infrastructure, humanitarian relief following a declared state of disaster
Public Contributions and donations	245 423 591		245 423 591			Donation from SANRAL, for roads upgrades projects
Total	276 041 591	-	265 981 860	0%	0%	

** 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.*

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

Capital Programme by Project: 2024/2025

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %	Name of Grant	Ward(s) affected	Works completed (Yes/No)	Start Date	End Date
Water										
Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	406	164	164	-146%	-146%	MIG	10	Yes	09-Jan-23	30 Jun 25
Refurbishment/Installation of boreholes in rural/farm areas	2827	3069	3069	8%	8%	MIG	9,12 & 13	Yes	01-Jun-24	30-Jun-25
Sanitation/ Sewerage										
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	2500	2500	2500	0%	0%	MIG	9,12 & 13	Yes	01-Jun-24	30-Jun-25

Electricity										
Construction of switching station at Rooikoppen - Phase 1	10000	10688	10688	6%	6%	INEP	11	No	01-Jul-24	TBA
Construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	4620	10325	10325	55%	55%	INEP	7,11	No	01-Jul-24	TBA
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	7564	16635	16635	55%	55%	MIG	9,12,.13 ,14	Yes	01-Jul-24	30-Jun-25
Retrofitting of High mast lights and street lights with energy efficient lights	4000	4000	4000	0%	0%	EEDSM		Yes	01-Jul-24	30-Jun-25
Roads										
Rehabilitation of 1km Vry Street	11000	11000	110000	0%	0%	MDRG	10	Yes	01-Jul-24	30-Jun-25
Refuse removal										
Rehabilitation of Morgenzon Landfill Site	9395	745	745	-1165 %	-1165 %	MIG	14	No	01-Jul-24	TBA

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APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2024/2025

Capital Programme by Project: 2024/2025					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Water					
Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	406	164	164	-146%	-146%
Refurbishment/Installation of boreholes in rural/farm areas	2827	3069	3069	8%	8%
Sanitation/Sewerage					
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	2500	2500	2500	0%	0%
Electricity					
Construction of switching station at Rooikoppen - Phase 1	10000	10688	10688	6%	6%
Construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	4620	10325	10325	55%	55%
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	7564	16635	16635	55%	55%
Retrofitting of High mast lights and street lights with energy efficient lights	4000	4000	4000	0%	0%
Roads					
Rehabilitation of 1km Vry Street	11000	11000	110000	0%	0%
Refuse removal					
Rehabilitation of Morgenzon Landfill Site	9395	745	745	-1165%	-1165%
					T N

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current: 2024/2025			Variance: 2024/2025	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Construction of switching station at Rooikoppen - Phase 1	10000	10688	10688	6%	6%
Construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	4620	10325	10325	55%	55%
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	7564	16635	16635	55%	55%
Retrofitting of High mast lights and street lights with energy efficient lights	4000	4000	4000	0%	0%
Rehabilitation of 1km Vry Street	11000	11000	110000	0%	0%

Construction of switching station at Rooikoppen - Phase 1	
Objective of Project	Improve electricity supply
Delays	Budgetary constraints
Future Challenges	None
Anticipated citizen benefits	Improve access to electricity supply
Construction of 6km 11kv line between A Substation and Rooikoppen - Phase 1	
Objective of Project	Improve electricity supply
Delays	Budgetary constraints
Future Challenges	None
Anticipated citizen benefits	Improve access to electricity supply
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	
Objective of Project	Provision of public lighting
Delays	Energising of lights in Eskom area of supply
Future Challenges	None
Anticipated citizen benefits	Improve public lighting
Retrofitting of High mast lights	

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and street lights with energy efficient lights	
Objective of Project	Reduce electricity supply
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improved public lighting
Rehabilitation of 1km Vry Street	
Objective of Project	Improve road infrastructure
Delays	Rain
Future Challenges	None
Anticipated citizen benefits	Improved road infrastructure
	T O

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics					
Establishments lacking basic services	**Water**	**Sanitation**	**Electricity**	**Solid Waste Collection**	**Other**
Schools (NAMES, LOCATIONS)					
Madi School					Fencing
Nqobangolwazi School					General maintenance
Clinics (NAMES, LOCATIONS)					
Thuthukani					Currently mobile clinic service
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.					

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	**Scale of backlogs**	**Impact of backlogs**
Clinics:		

Thuthukani (Ward 12)	Mobile Clinic that does not adhere to schedule	Preventable and curable illnesses not attended to, resulting in loss of lives from potentially preventable and curable illnesses. Traveling of long distances to get to available clinic and medical services
Morgenzon (Ward 14)	Available clinic does not provide 24-hour service	Preventable and curable illnesses not attended to, resulting in loss of lives from potentially preventable and curable illnesses. Traveling of long distances to get to available clinic and medical services
Housing:		
Shortage of RDP Housing (Various wards)	7129 informal dwellers	Illegal invasion of unserviced land places extra demand on municipal infrastructure
Police Stations		
Thuthukani (Ward 12)	Area expanding and insufficient policing with closest police station in Standerton	Increase in crime levels; Delay in reporting and responding to crimes
Eskom Service Centre		
Morgenzon (Ward 14)	Eskom as electricity provider do not have local office for fault reporting and other queries	Turnaround time to attend to reported faults and dealing with other queries takes longer.
Community Halls and Thusong Centres		
Ward 3	Community halls in need of major repairs and maintenance	Available community facilities not being utilised due to disrepair. Leads to vandalism
Ward 14	Community halls in need of major repairs and maintenance	Available community facilities not being utilised due to disrepair. Leads to vandalism
Schools (Primary and High):		
Primary School (Ward 14)	1 existing school in the area	Overcrowding of classes; learners traveling long distances to get to existing schools
High School (Ward 11)	1 existing school in the area	Overcrowding of classes; learners traveling long distances to get to existing schools
Sports Fields:		
Morgenzon (Ward 14)	Only 1st phase of sports precinct completed	Available facility incomplete and thus being underutilized
Various wards	Recreational facilities not safe with no security fencing	Recreational facilities and parks not safe for children to play in
Other:		
Agrivillages and grazing land	Land for small scale farming not available	Livestock grazing in and around town which can cause safety and health hazards
Burial space	Rate at which burial space is utilized increasing	Unavailability of burial space may create backlogs in burials
		T Q

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

The Municipality had no loans and grants that were made to any organisation or person for the 2023/2024 financial year.

APPENDICES

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/Comment**
Output: Improving access to basic services	The following are findings as indicated in the final management report as issued by the Auditor General:	Development of infrastructure master plans is crucial for the timely implementation of maintenance programmes
	The municipality did not have an approved policy to address routine maintenance of water infrastructure.	
	The municipality did not plan for the maintenance of water infrastructure by setting specific time frames and targets	
	Targets and time frames for routine maintenance of water infrastructure were not achieved.	
	Conditional assessments were not done on water infrastructure to inform the routine water infrastructure maintenance plan and budget.	
	The municipality did not have an approved roads maintenance plan (RMP) for the renewal and routine maintenance of roads infrastructure.	
	The municipality did not perform condition assessments for all roads infrastructure under its control to inform the roads maintenance plan.	
	There was no approved priority list of roads infrastructure for the renewal and routine maintenance projects, which is used as a basis for the RMP.	
	The municipality had not implemented corrective actions to address all findings raised in the previous year.	
Output: Implementation of the Community Work Programme	1023 CWP workers as at 30 June 2025	100% achieved. Anticipated increase in number of CWP workers for the 2024/2025 financial year
Output: Deepen democracy through a refined Ward Committee model	Ward Committee model implemented with ward committee members earning monthly stipend. The establishment of war rooms has further strengthened and deepened democracy within the Municipality	Non-functional ward committees and war rooms to be revived as not all ward committees and war rooms are fully functional
Output: Administrative and financial capability	As per the audit findings and the management letter, the municipality is unable to meet its financial obligations due to cash flow constraints. In addition, in respect of providing effective leadership based on a culture of honesty, ethical business practices and good governance and protecting and enhancing the interest of the municipality, it has remained unchanged from the previous year, thus there is room for improvement.	Internal controls and standard operation procedure implementation must be strengthened to improve the administrative and financial capabilities.
** Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.*		

T S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements (AFS) in respect of the 2024/2025 financial year for the period ended 30 June 2025, was submitted to the Auditor General and subsequently audited and is hereto annexed as Volume II to the 2024/2025 Annual Report.

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VOLUME II

FINAL

Lekwa Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

Audited
By
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Lekwa Local Municipality
Annual Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities	Providing municipal services and maintaining the best interests of the local community
Mayoral committee	
Executive Mayor	S Mngemezulu - Elected on 5 November 2024
	D Thabethe - Term ended 31 October 2024
Councillors	**Speaker of Councillor**
	D Msibi - Elected on 5 November 2024. Term ended 29 May 2025
	S Majozi - Term ended 31 October 2024
	PC Mahlaba - Appointed on 4 June 2025
	Chief WHIP
	MR Motloung - Elected on 25 November 2024
	D Msibi - Term ended 31 October 2024
	Mayoral Committee
	ML Molaba - MMC Community Services & Safety - Appointed 14 November 2024
	S Modise - MMC Community Services & Safety - Term ended 31 October 2024
	LM Marago - MMC Technical Services - Appointed 14 November 2024
	SW Masondo - MMC Planning & Economic Development. Appointed 14 November 2024
	T Sebiloane - Term ended 31 October 2024
	T Motaung - MMC Finance - Appointed 14 November 2024
	P Mahlaba - MMC Corporate Services - 14 November 2024 to 2025
	APM Mthimkhulu - MMC Corporate Services _ Appointed 29 June 2025
	PR Councillors
	RS Tsotetsi
	SA Silosini
	DJ Venter
	GJ Xulu
	N Nhlapo
	Ward Councillors
	N Selepe
	D Beker
	D Rakitla
	JT Sebiloane
	SM Modise
	DL Thabethe
	SA Majozi
	D Msibi
	PM Radebe
	JC Stoltz
	SP Ngwenya
	SA Tshabalala
	DJ Msibi
	CAO Franco
	JD Nkutha
	SB Ngqulunga
	DR Manana
	W Venter

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Mpumalanga Business Unit

General Information

Grading of local authority	Grading Level 4 Local Municipality (employees) Grading level 3 (councillors)
Chief Finance Officer (CFO)	VB Nkhata (Resigned 30 June 2025) R. Masikane (Acting CFO - Appointed 1 July 2025)
Administration	MJ Lamola - Accounting Officer (Resigned 15 August 2025) M Jiyane - HOD Technical Service (Appointed Acting Accounting Officer - 18 August 2025) P Mohlamonyane - Acting HOD Corporate Services T Mtshiselwa - HOD Community Services & Safety K Mahlangu - Acting HOD Planning and Economic Development
Registered office	C/O Mbonani Mayisela and Dr Beyers Naude Street Standerton 2430
Postal address	PO Box 66 Standerton 2430
Bankers	Nedbank First National Bank
Auditors	Auditor General of South Africa



Lekwa Local Municipality
Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

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Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with 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.

I, as 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 us to meet these responsibilities, we have set 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.

I am 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. This assurance is further supported by the fact that all MSCOA version and patch upgrades were implemented in line with National Treasury's requirements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I have 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, I am 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 I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's senior management team, external auditors and other oversight governance structures of Council.

I would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in notes to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Governments determination in accordance with the MFMA Act, section 124 (1)a.

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 5.

The annual financial statements set out on pages 9 to 111 which have been prepared on the going concern basis and in terms of Section 126(1)(a) of the MFMA, were approved by the Audit committee on 31 August 2025 and were signed on behalf of the Council by the accounting officer:

M Jiyane - HOD Technical Service (Appointed Acting Accounting Officer - 18 August 2025)

Audited By
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community and operates principally in South Africa. The municipality is a grading level 4 (employees) and level 3 (councillors) in terms of the Local Government: Municipal Structures Act 117 of 1998, which establishes the framework for the categorization of municipalities, and the Local Government: Municipal Systems Act 32 of 2000 and its subsequent regulations, such as the Municipal Staff Regulations (GNR 890 of 2021).

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was 358 911 294 (2024: surplus 72 632 947). The municipality is exempt from taxation in terms of section 10(1)(a) of the Income Tax Act.

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated deficit of (531 936 492); (170 255 630) (30 June 2024), and that the municipality's total liabilities exceed its assets by (531 936 492); (170 255 630) (30 June 2024).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality's current liabilities exceed its current assets, and the municipality has reported a deficit budget for the fiscal period. These and other factors indicate a substantial financial strain on the municipality's operations. Management has identified events and conditions, primarily concerning the municipality's recurring liquidity issues, that may cast significant doubt on the municipality's ability to continue as a going concern.

The following significant and among other events are casting doubt to the municipality's going concern:

(a) Recurring of deficit/operating losses, despite having positive significant decrease in operational expenditure to the debt relief by Eskom and DWS.
(b)Strained Current ratio - 0.40:1 (2025) and 0.40:1(2024)
(c)Long Creditors days and failure to settle suppliers' invoices within 30 days as legislated.
(d) Poor debt collection rates

The municipality has reported a deficit budget for the fiscal period. Refer to Statement of Comparison of Budget and Actual Amounts.

These factors indicate a substantial financial strain on the municipality's operations.

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Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer's Report

2. Going concern (continued)

Management has developed the following plans to address the conditions above, and it believes that, if successfully executed, these plans will enable the municipality to meet its obligations as they fall due for at least the next 12 months from the date of approval of these financial statements.

Recovery and Improvement Plans

The municipality has approved a deficit budget accompanied by a comprehensive Budget and Recovery and Improvement Plans aimed at improving revenue streams and overall financial performance. This plan includes specific measures designed to enhance revenue generation and fiscal management.

Furthermore, the municipality is actively implementing a Financial Recovery Plan. The objectives of this plan include:

(a) Debt Management: Reviewing and reorganizing current debt and setting up repayment plans where possible.

(b) Improving Internal Controls: Strengthening procedures to make operations more efficient and prevent financial mismanagement.

(c) Cost Savings: Finding and applying ways to cut costs and manage expenses better.

(d) Increasing Revenue: Creating strategies to boost income, including exploring new sources of revenue.

(e) Managing Cash Flow: Effectively handling the municipality's cash flow to ensure financial stability.

The munipality intensified on its debt collection by engaging a legal handover process to enhance the collection of debt outstanding due to the large number of consumers that are defaulting on their municipal accounts. As at 31 July 2025, the municipality has managed to collect over R26 million from the customers and the processes are ongoing.

The municipality's forecasted positive cash flows from operations and factoring capital expenditure for the 30 June 2026 financial year are summarised as below:

	2025 -2026
Forecasted cashflows	**Financial Year**
Revenue	**1 291 152 000**
Exchange	680 973 000
Non-exchange	223 093 000
Grants income	234 734 000
Interest income	147 732 000
Other income and collections	4 620 000
Expenditure.	**(1 121 323 000)**
Operational expenses - suppliers and employees	(1 071 310 000)
Capital expenditure	(50 013 000)
Net cash inflow	**169 829 000**

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The management of Lekwa Local Municipality has evaluated the municipality's ability to continue operating as a going concern. This evaluation considers the ongoing financial recovery initiatives, including the Budget Funding Plan, Financial Recovery Plan, Eskom Debt Relief, and the Debt Relief Grant for smart metering. Based on this assessment, the municipality is confident in its capacity to remain operational and fulfil its financial obligations in the foreseeable future.

While there are significant challenges and a material uncertainty, the ongoing recovery efforts and strategic plans are expected to address the financial difficulties faced by the municipality. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management remains confident that these measures will improve the municipality's financial position and operational stability and will be be able to realize its assets and discharge its liabilities in the normal course of business at amounts stated in the financial statements as well as maintaining service delivery standards.

Accounting Officer's Report

3. Subsequent events

The following events occurred subsequent to year end:

1. On 14 August 2025, the municipality received an approval for participation in the Department of Water and Sanitation of South Africa's municipal debt relief programme upon complying with the stipulated preconditions outlined in the framework for the programme. Participation in the programme is conditional upon continued compliance with the agreed terms, including but not limited to:
(a) Implementation of financial recovery plans.
(b) Submission regular compliance and performance reports
(c) Demonstrable commitment to improved revenue management and governance.

2. MPAC has concluded the investigation of unauthorised expenditure for the period July 2023 to June 2024 financial year. A recommendation to write off unauthorised expenditure was submitted to council on 1 August 2025, and certified, authorised and wrote-off the historical unauthorised expenditures incurred from July 2023 - June 2024 financial year amounting to R354 021 748. This write off by council after reporting date, consequently has resulted in an event after reporting period and unauthorised expenditure note has been adjusted to include the write-off.

4. Accounting Officers' interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis.

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis.

Audit and risk committee

In terms of Section 166 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), a municipality, must appoint members of the Audit Committee.

The audit committee member for the year ended 30 June 2025 were as follows:

Mr LAT Gafane	Chairperson	Term expired November 2024
Mr P Rambuda	Chairperson	Appointed 10 February 2025
Mr I Motala	Member	Active to date
Mr S Dube	Member	Active to date

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Mpumalanga Business Unit

Internal audit

The municipality has a fully functional Internal audit unit. This is in compliance with the Municipal Finance Management Act 2003.

Accounting Officer's Report

7. Bankers

Nedbank and First National Bank are being used for daily operations as well as investing of grant funding.

8. Auditors

Auditor General of South Africa will continue in office for the next financial period.



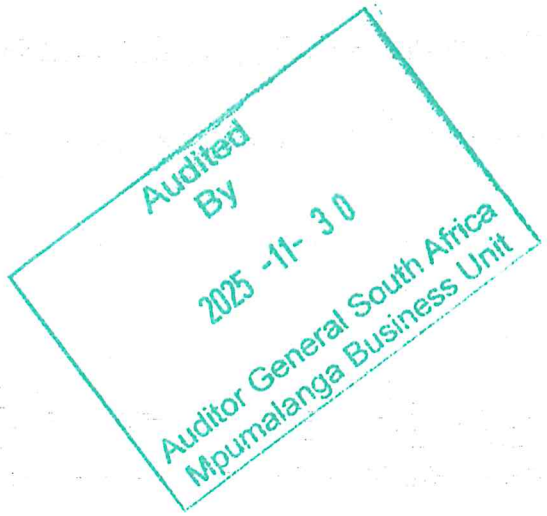
Accounting Officer's Report

9. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality could not settle all liabilities owing to suppliers within the prescribed period.

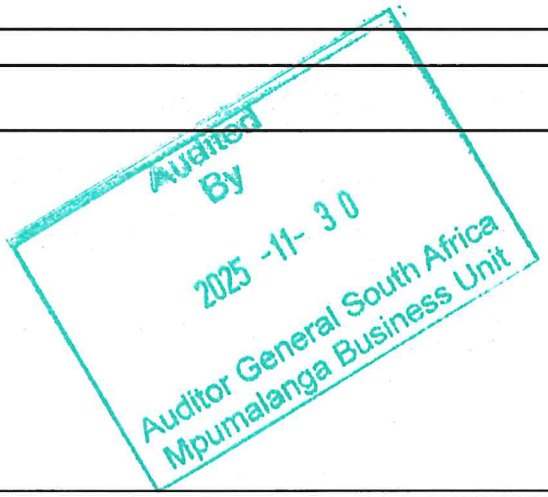
The annual financial statements set out on pages 9 to 111, which have been prepared on the going concern basis and in terms of Section 126(1)(a) of the Municipal Finance Management Act (MFMA) 56 of 2003, were approved by the Audit committee on 31 August 2025 and were signed on behalf of the Council by:

M Jiyane - HOD Technical Service (Appointed Acting Accounting Officer - 18 August 2025)



Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	2	8 694 263	4 760 553
Receivables from exchange transactions	3&5	579 578 228	459 332 541
Receivables from non-exchange transactions	4&5	301 462 739	289 531 792
VAT receivables	6	2 721 706	-
VAT Input accrual	6	905 808 673	777 791 259
Prepayments	12	7 475 000	-
Cash and cash equivalents	7	16 240 931	14 998 241
		1 821 981 540	**1 546 414 386**
Non-Current Assets			
Investment property	8	299 122 767	282 615 364
Property, plant and equipment	9	2 037 207 897	2 003 287 172
Heritage assets	10	106 187	106 187
Other financial assets	11	36 751 499	34 661 621
		2 373 188 350	**2 320 670 344**
Total Assets		**4 195 169 890**	**3 867 084 730**
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	3 792 572 551	3 191 498 919
VAT Payable	14	-	862 590
VAT output accrual	14	749 197 129	660 984 334
Consumer deposits	15	4 409 885	3 788 275
Employee benefit obligation	16	5 463 391	5 138 247
Unspent conditional grants and receipts	17	-	10 059 731
Provisions	18	25 248 675	24 001 214
		4 576 891 631	**3 896 333 310**
Non-Current Liabilities			
Employee benefit obligation	16	85 120 688	81 245 356
Provisions	18	65 094 063	59 761 694
		150 214 751	**141 007 050**
Total Liabilities		**4 727 106 382**	**4 037 340 360**
Net Assets		**(531 936 492)**	**(170 255 630)**
Accumulated surplus		(531 936 492)	(170 255 630)
Total Net Assets		**(531 936 492)**	**(170 255 630)**



* See Note 50

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Services charges - Electricity	19	459 005 270	413 115 883
Service charges - Waste Management	19	20 578 196	21 006 869
Services charges - Waste Water Management	19	68 453 972	90 543 178
Services charges - Water	19	83 305 335	83 353 413
Sales of Goods and Rendering of Services	20	2 649 587	1 495 870
Rental of facilities and equipment	21	2 574 026	3 003 211
Interest earned from receivables	22	112 033 581	82 532 205
Operational Revenue	23	185 389	534 792
Interest received earned from Investments	24	4 684 411	4 135 690
Total revenue from exchange transactions		**753 469 767**	**699 721 111**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	201 251 937	200 584 143
Licences and Permits	28	219 566	5 870
Interest earned from receivables	22	37 010 032	40 819 964
Transfer revenue			
Government grants & subsidies	25	244 346 729	219 896 269
Revenue in kind	29	40 659 470	245 423 591
Fines, Penalties and Forfeits	27	5 476 340	3 582 214
Municipal Debt Relief		-	211 869 657
Total revenue from non-exchange transactions		**528 964 074**	**922 181 708**
Total revenue		**1 282 433 841**	**1 621 902 819**
Expenditure			
Employee related costs	30	(327 556 452)	(285 403 128)
Employee costs - Remuneration of councillors	31	(15 811 499)	(14 740 484)
Depreciation	32	(63 939 009)	(58 043 800)
Finance costs	34	(144 123 710)	(181 679 220)
Lease rentals on operating lease	36	(1 801 022)	(1 801 022)
Debt Impairment	35	(182 180 385)	(206 777 346)
Bulk purchases	39	(651 392 898)	(524 408 376)
Contracted Services	37	(156 390 176)	(132 104 585)
Transfers and Subsidies	38	-	(1 156 470)
Inventory consumed	40	(40 268 890)	(30 462 507)
Operational costs	41	(80 360 265)	(95 279 582)
Total expenditure		**(1 663 824 306)**	**(1 531 856 520)**
Operating (deficit) surplus		**(381 390 465)**	**90 046 299**
Loss on disposal of assets and liabilities	45	(16 011 335)	(5 156 541)
Loss on foreign exchange		-	46 661
Fair value adjustments	44	14 170 098	(570 692)
Actuarial gains/losses	16	4 801 774	2 020 397
Reversal of impairments (Impairment loss)	33	19 518 634	(13 753 177)
		22 479 171	**(17 413 352)**
(Deficit) surplus for the year		**(358 911 294)**	**72 632 947**

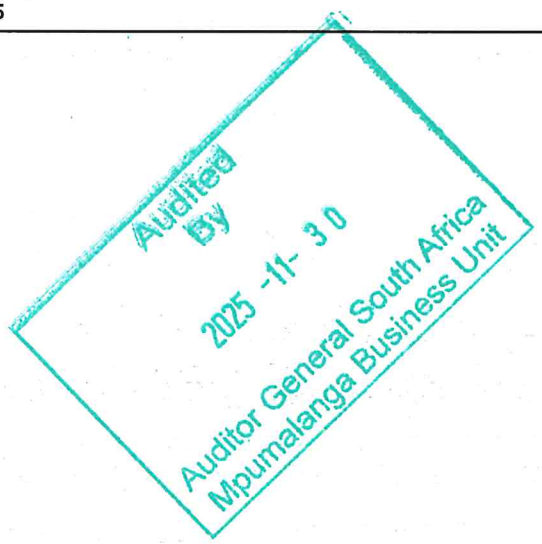
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* See Note 50

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(738 792 193)	(738 792 193)
Adjustments		
Prior year adjustments 50	495 903 616	495 903 616
Balance at 01 July 2023 as restated*	**(242 888 577)**	**(242 888 577)**
Changes in net assets		
Surplus for the year	72 632 947	72 632 947
Total changes	72 632 947	72 632 947
Restated* Balance at 01 July 2024	**(173 025 198)**	**(173 025 198)**
Changes in net assets		
Surplus for the year	(358 911 294)	(358 911 294)
Total changes	(358 911 294)	(358 911 294)
Balance at 30 June 2025	**(531 936 492)**	**(531 936 492)**

Note(s)

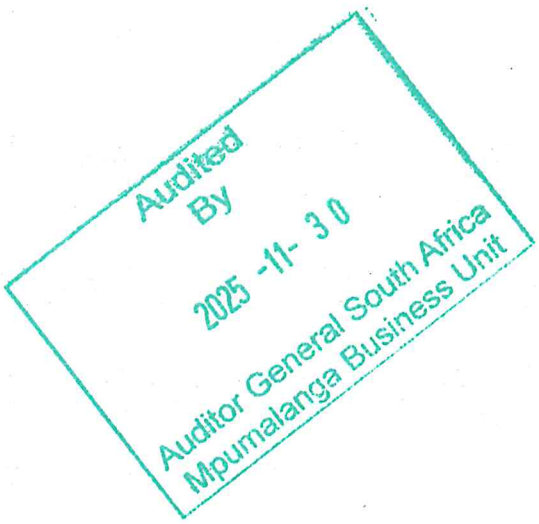


* See Note 50

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Services charges and property rates, other services		708 254 684	790 026 068
Fines, Penalties and Forfeits		5 789 897	723 734
Government grants & subsidies		234 280 000	229 906 000
Interest received from current and non-current assets		4 796 904	3 881 001
Sale of goods & Rendering of services		2 574 026	3 003 211
Investment impairment recovered		219 567	5 869
Operational revenue		185 389	534 792
		956 100 467	1 028 080 675
Payments			
Employee costs		(330 668 759)	(277 251 958)
Suppliers		(485 480 838)	(492 146 251)
Finance costs		(128 470 474)	(167 973 525)
		(944 620 071)	(937 371 734)
Net cash flows from operating activities	43	**11 480 396**	**90 708 941**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(10 237 706)	(85 689 663)
Proceeds from sale of property, plant and equipment	9	-	121 106
Net cash flows from investing activities		**(10 237 706)**	**(85 568 557)**
Net increase/(decrease) in cash and cash equivalents		**1 242 690**	**5 140 384**
Cash and cash equivalents at the beginning of the year		14 998 241	9 857 857
Cash and cash equivalents at the end of the year	7	**16 240 931**	**14 998 241**

The accounting policies on pages 15 to 48 and the notes on pages 48 to 113 form an integral part of the annual financial statements.



* See Note 50

Lekwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual	Difference between final budget and actual	Note Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Services charges - Electricity	507 625 739	(71 790 299)	**435 835 440**	459 005 270	**23 169 830**	58.1
Service charges - Waste Management	53 900 286	7 715 316	**61 615 602**	20 578 196	**(41 037 406)**	58.1
Services charges - Waste Water Management	71 223 041	11 232 843	**82 455 884**	68 453 972	**(14 001 912)**	58.1
Services charges - Water	78 121 520	4 443 812	**82 565 332**	83 305 335	**740 003**	58.1
Sales of Goods and Rendering of Services	1 618 328	1 025 343	**2 643 671**	2 649 587	**5 916**	58.22
Rental of facilities and equipment	2 849 400	(286 534)	**2 562 866**	2 574 026	**11 160**	58.5
Interest earned from Receivables	83 240 799	-	**83 240 799**	112 033 581	**28 792 782**	58.2
Licences and permits	50 000	200 000	**250 000**	219 566	**(30 434)**	58.5
Operational Revenue	275 290	(111 812)	**163 478**	185 389	**21 911**	58.22
Interest received - investment	1 077 750	(637 775)	**439 975**	4 684 411	**4 244 436**	58.3
Total revenue from exchange transactions	**799 982 153**	**(48 209 106)**	**751 773 047**	**753 689 333**	**1 916 286**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	219 697 425	31 701 944	**251 399 369**	201 251 937	**(50 147 432)**	58.4
Interest earned from Receivables	39 113 276	28 145 925	**67 259 201**	37 010 032	**(30 249 169)**	58.3
Transfer revenue						
Government grants & subsidies	185 567 550	-	**185 567 550**	184 247 550	**(1 320 000)**	58.7
Public contributions and donations	-	-	**-**	40 659 470	**40 659 470**	58.9
Fines, Penalties and Forfeits	2 864 914	1 645 366	**4 510 280**	5 476 340	**966 060**	58.6
Other gains	-	(3 859 000)	**(3 859 000)**	-	**3 859 000**	58.9
Total revenue from non-exchange transactions	**447 243 165**	**57 634 235**	**504 877 400**	**468 645 329**	**(36 232 071)**	
Total revenue	**1 247 225 318**	**9 425 129**	**1 256 650 447**	**1 222 334 662**	**(34 315 785)**	
Expenditure						
Employee related costs	(338 790 605)	1 640 000	**(337 150 605)**	(327 556 452)	**9 594 153**	58.14
Remuneration of councillors	(14 434 660)	(1 537 341)	**(15 972 001)**	(15 811 499)	**160 502**	58.14
Depreciation and amortisation	(57 510 698)	(12 121 000)	**(69 631 698)**	(63 939 009)	**5 692 689**	58.15
Finance costs	(68 256 000)	(16 250 100)	**(84 506 100)**	(144 123 710)	**(59 617 610)**	58.16
Lease rentals on operating lease	-	-	**-**	(1 801 022)	**(1 801 022)**	58.24
Debt Impairment	(206 985 762)	23 416 524	**(183 569 238)**	(182 180 385)	**1 388 853**	58.17
Bad debts written off	(77 653 815)	1 000 000	**(76 653 815)**	-	**76 653 815**	58.17
Bulk purchases	(574 872 000)	-	**(574 872 000)**	(651 392 898)	**(76 520 898)**	58.19
Contracted Services	(128 086 700)	(25 480 000)	**(153 566 700)**	(156 390 176)	**(2 823 476)**	58.20
Inventory consumed	(82 506 147)	36 967 000	**(45 539 147)**	(40 268 890)	**5 270 257**	58.18

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Final Budget	Actual	Difference between final budget and actual	Note Reference	
Operational costs	(72 822 800)	(1 226 000)	**(74 048 800)**	(80 360 265)	**(6 311 465)**	58.21
Other losses	-	(2 541 000)	**(2 541 000)**	-	**2 541 000**	58.21
Total expenditure	**(1 621 919 187)**	**3 868 083**	**(1 618 051 104)**	**(1 663 824 306)**	**(45 773 202)**	
Operating deficit	**(374 693 869)**	**13 293 212**	**(361 400 657)**	**(441 489 644)**	**(80 088 987)**	
Loss on disposal of assets and liabilities	-	(3 122 000)	**(3 122 000)**	(16 011 335)	**(12 889 335)**	58.11
Transfer and subsidies - (capital)	50 113 450	(74 000)	**50 039 450**	60 099 179	**10 059 729**	58.7
Fair value adjustments	-	-	-	14 170 098	**14 170 098**	58.13
Actuarial gains/losses	-	-	-	4 801 774	**4 801 774**	58.12
Reversal of impairment/(Impairment loss)	-	-	-	19 518 634	**19 518 634**	
	50 113 450	**(3 196 000)**	**46 917 450**	**82 578 350**	**35 660 900**	
Deficit before taxation	**(324 580 419)**	**10 097 212**	**(314 483 207)**	**(358 911 294)**	**(44 428 087)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(324 580 419)**	**10 097 212**	**(314 483 207)**	**(358 911 294)**	**(44 428 087)**	

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

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. They are presented in South African Rand.

These accounting policies are consistent with the previous period except for the applied change in accounting policy for assessment of impairment of receivables to align to GRAP 104 (2009) incurred loss model. Refer to note 58 - Change is accounting policy.

1.2 Presentation currency

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

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 Materiality

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

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

The municipality does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 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.

Receivables

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

The impairment for trade receivables is considered first for individually significant receivables and then calculated on a portfolio basis, for the remaining balance, including those individually significant receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment..

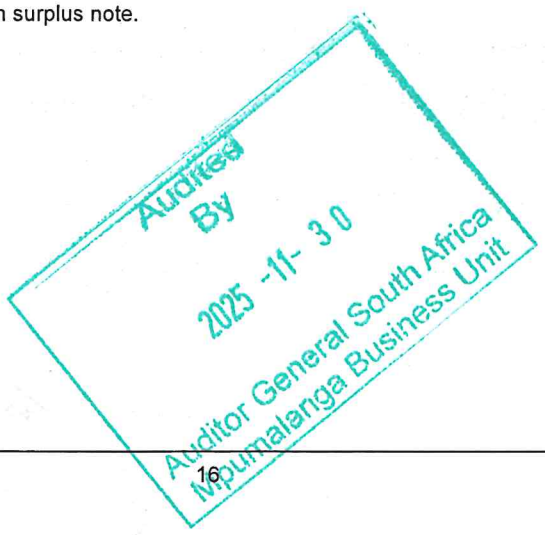
Impairment of traffic fines

Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears and fines outstanding older than ninety days are fully provided for impairment.

Allowance for slow moving, damaged and obsolete stock

An assessment is made of the net realisable value, or current replacement cost where applicable, of inventory at the end of each reporting period. An allowance to write stock down to the lower of cost or net realisable value is subsequently provided if needed. 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.



Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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 discounted cash-flow projection assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as inflation and interest.

Judgements are made by management in applying the criteria to designate assets as non-cash-generating units or cashgenerating units. The designation is made on the basis as described in accounting policy: Impairment of non-cash generating assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

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

The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The policy is also applicable to certain investment property.

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Significant Accounting Policies

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1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation i.e. post medical aid subsidy and long service ward; 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.

Due to the long-term nature of the plan, the estimates are subjected to significant uncertainty.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

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

Leave provision

The provision for staff leave is based on accrued leave at year-end. The uncertainty is when the leave will be taken or if employment will be terminated.

Prepaid electricity

Pre-paid electricity is only recognised as income as electricity is consumed. The estimate is based on pre-paid electricity sold at year-end, but still unused.

Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers on the reporting date.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships by assessing the rights and obligations in each binding arrangement with other parties.

Additional information is disclosed in Note 49.

Impairment of statutory receivables

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

In estimating the future cash flows, the 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 municipality 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 are 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.

Significant Accounting Policies

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1.5 Significant judgements and sources of estimation uncertainty (continued)

Investment property - fair value

The municipality measures its Investment Property at fair value, which is determined by independent, professionally qualified valuers. The municipality relies significantly on the valuation roll that is based on direct comparable and income capitalization methods. The determination of the fair value of Investment Property is the most significant source of estimation uncertainty. The fair value is determined using various valuation techniques, primarily the direct comparable method and the income capitalization method. These methods require management to make assumptions and estimates regarding property market conditions.

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes, based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate involves a matter of judgement based on the experience of the municipality with similar assets, and whether the assets will be sold or used to the end of their economic lives and the condition at the time. The municipality considers all the facts and circumstances estimating the useful lives of assets, which included the consideration of financial, technical and other facts. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than the previously estimated useful lives.

The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The policy is also applicable to certain intangible assets and investment property.

Offsetting

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

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held by the municipality 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.

Significant Accounting Policies

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1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

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 municipality 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 municipality 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 municipality 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 municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality 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.

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.

1.7 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the 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.

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Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

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1.7 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Buildings	Straight-line	15 - 50 years
Water network	Straight-line	20 - 55 years
Plant and machinery	Straight-line	10 - 20 years
Furniture and fixtures	Straight-line	15 years
Motor vehicles	Straight-line	10 - 15 years
Office equipment	Straight-line	15 years
IT equipment	Straight-line	10 years
Electricity network	Straight-line	30 - 50 years
Wastewater Network	Straight-line	20 - 55 years
Roads network	Straight-line	30 - 50 years
Community assets - Buildings and other assets	Straight-line	20 - 50 years
Landfill sites	Straight-line	32 - 43 years

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

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

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

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.

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1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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.

1.9 Heritage assets

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

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

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

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

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

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

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

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

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

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

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1.9 Heritage assets (continued)

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets 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.

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 initially measured at cost.

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

Subsequent measurement

Heritage assets are carried at 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.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.10 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibilityCredit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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1.10 Financial instruments (continued)

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

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

A financial asset is:

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

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

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

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

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

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

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1.10 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions (excluding GRAP 108 receivables)	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables (Rental debtors, Sundry etc.)	Financial asset measured at amortised cost
Other financial assets - Eskom deposits	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Retentions	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value.

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1.10 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municiplaity measures all financial assets and financial liabilities after initial recognition at amortised cost.

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

Fair value measurement considerations

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost.

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1.10 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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1.10 Financial instruments (continued)

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

Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.11 Statutory receivables

Identification

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants, value added tax receivables and fees charged in terms of the legislation.

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 is 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 using GRAP 9;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers) using GRAP 23;
- 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 municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

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1.11 Statutory receivables (continued)

- 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 municipality 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 and bad debt writte-off

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

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

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

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

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality 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.

Debt long outstanding in periods subsequent to debtors being impaired may be regarded as irrecoverable, but only after council is satisfied that all legal avenues to recover the debt has been exhausted. The bad debt write-off is recognised as an expense in surplus or deficit to the extent of loss actually incurred against the allowance raised to align with the previously raised expenditure when the sale was made. Payments received in respect of any debt already written off, are allocated to the Income Account, "Recovery of Debts Written-off" as bad debts recovered.

Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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1.11 Statutory receivables (continued)

- 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 municipality:
  - 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 municipality 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 Prepayments

Prepayments assets comprises of amount paid for the purchase of office buildings that ownership was not significantly transferred to the municipality at reporting date. The amount paid to the seller for the building is debited to a prepayment and cash is credited. The prepayment is carried at the amount paid and is not depreciated. Once the legal transfer is complete and the municipality has control over the building, the prepayment asset is derecognized and the full cost of the building (including any capitalized costs like legal fees or stamp duty) is reclassified as property, plant and equipment under the buildings asset class and at that point, the building shall be accounted for in terms of property, plant and equipment accounting policy.

1.13 Consumer deposits

The municipality recognises consumer deposits as a current liability when the municipality becomes a party to the contract i.e. when the deposit is made. The consumer deposit is recognised as a liability as the municipality has an obligation to pay the money back to the consumer once the consumer account is closed. As the timing of when a consumer will close their account is unknown, the consumer deposits are classified as a current liability.

Consumer deposits are levied in line with council's policy to consumers when services are initially connected.

When services are terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.14 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.

Operating leases - lessor

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

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

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.

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1.15 Inventories

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services or held for distribution in the ordinary course of operations.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the inventories can be measured reliably.

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

Redundant and slow-moving inventories are identified and written down or written off. Inventories identified for write down or write off, but for which a council resolution to authorise the write down or write off, has not yet been obtained, are provided for as provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise.

Derecognition

The carrying amount of inventories is recognised as an in the period that inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Water inventory

Water is regarded as inventory when the Municipality purhases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purcased and not yet sold at Satement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in the reservoirs at year-end.

Significant Accounting Policies

1.16 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.17 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.



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1.17 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.18 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees or for the termination of employment.

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an municipality's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Significant Accounting Policies

1.18 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality 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.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Leave pay and Short-term paid absences

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end.

The municipality measures the expected cost of accumulating paid absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The municipality recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the municipality has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

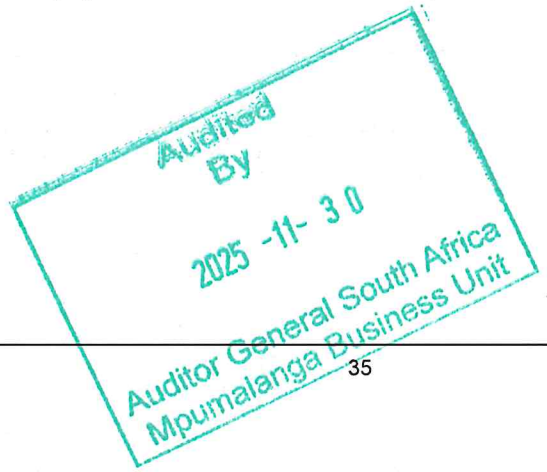
Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the municipality during a reporting period, the municipality 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 municipality 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 be discounted using the discount rate as specified.



Significant Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The municipality determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits.

Statement of financial position

The municipality recognises the net defined benefit liability (asset) in the statement of financial position. When the municipality has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the municipality remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The municipality recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the municipality recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The municipality recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Components of defined benefit cost

The municipality recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Current service cost

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Significant Accounting Policies

1.18 Employee benefits (continued)

The municipality determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the municipality remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Presentation

Components of defined benefit cost

The municipality recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability - Land fill site

Changes in the measurement of an existing decommissioning, restoration and similar liability of the landfill site 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 being accounted for as follows:

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 municipality 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 municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.17 and disclosure note .

The adjusted depreciable amount of the landfill site 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.

Contingent assets and liabilities

A contingent asset or liability is a possible obligation whose existence will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholy within the control of the municipality. The Municipality does not recognise a contingent asset or congingent liability on the statement of financial position and statement of financial performance.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

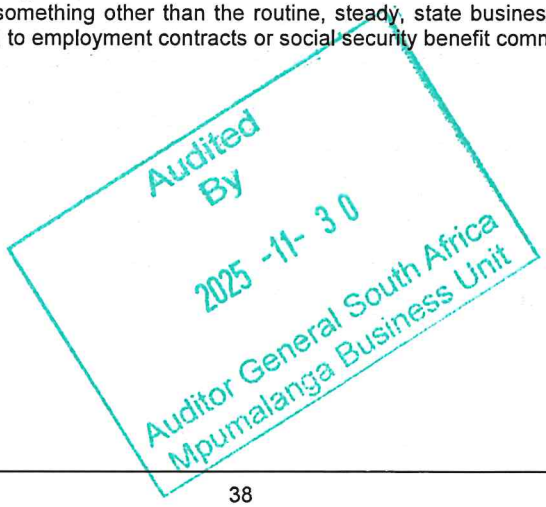
1.20 Commitments

Items are classified as commitments when an municipality 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 are 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 municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.



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Significant Accounting Policies

1.21 Revenue from exchange transactions

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants received from other tiers of government and revenue from service charges and other operational activities.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. Services rendered are recognised by reference to the stage of completion of the transaction at the reporting date. Services rendered are recognised also when transaction costs and cost to complete can be measured reliably.

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

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount..

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.

Service charges

Service charges relating to electricity, water and waste water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

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Interest, rentals, royalties and dividends

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

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

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

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

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

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

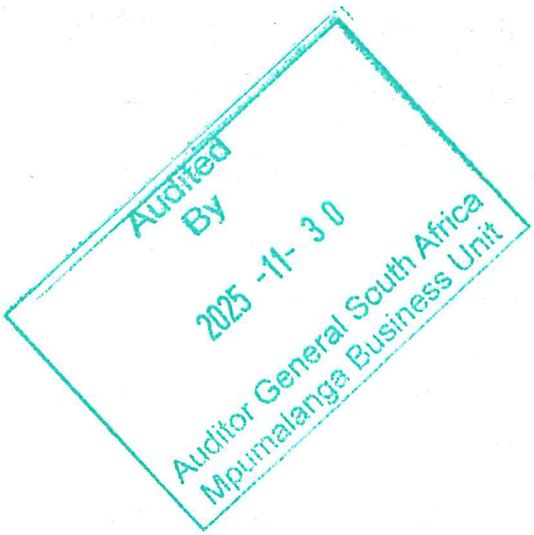
Rentals of facilities and equipment revenue is recognised on a straight line basis over the term of the lease agreement.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.



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Significant Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one municipality 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 municipality in exchange.

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

Property rates

The municipality recognises Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

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

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

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Grants

Conditional grants

Conditional grants are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

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

Unconditional grants

Equitable share allocations are recognised in revenue when received.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and 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.

If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

1.23 Investment income

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

1.24 Accounting by principals and agents

Identification

An agent is an municipality that has been directed by another municipality (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an municipality that directs another municipality (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one municipality (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another municipality (the principal).

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Significant Accounting Policies

1.24 Accounting by principals and agents (continued)

Identifying whether the munipality is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another municipality or for its own benefit.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure means:

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

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

Revenue from the recovery of unauthorised expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.27 Fruitless and wasteful expenditure

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

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

Revenue from the recovery of fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy.

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Significant Accounting Policies

1.28 Irregular expenditure (continued)

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).

Revenue from the recovery of irregular expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.29 Segment information

A segment is an activity of an municipality:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

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

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

1.30 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2010/04/01 to 2011/03/31.

The budget for the economic municipality 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.

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Significant Accounting Policies

1.31 Value Added Tax

The Municipality is registered with the South African Revenue Services as a VAT vendor in accordance with section 15(2) of the Value Added Tax Act (No. 89 of 1991).

Revenue, expenses and assets are recognised net of the amounts of value-added tax. The net amount of value-added tax recoverable from, or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

VAT amounts arise directly from exchange transactions where the municipality has a contractual right to receive or a contractual obligation to pay the VAT component to or from a counterparty i.e. VAT on trade receivables and trade payables. These amounts meet the definition of a financial instrument and are disclosed in Gross trade receivables or trade payables (refer to note 1.10 – financial instruments).

Statutory VAT amounts due to or from the South African Revenue Service (SARS) arising from legislation (the VAT Act) where the right or obligation is not contractual but is imposed by statute. This includes the final net VAT liability or receivable (VAT control account balance) due to or from SARS. Statutory VAT amounts are recognised as Statutory Receivables or Statutory Payables and are disclosed in the notes to the financial statements.

Contractual VAT is Initially measured at fair value plus transaction costs for financial assets and at fair value less transaction costs for financial liabilities. Contractual VAT is subsequently measured at amortised cost.

Statutory VAT is initially and subsequently measured at their nominal amount or original invoice/transaction value, unless there is a specific indication of impairment for a Statutory Receivable.

The municipality does not offset the VAT payable or receivable on presentation and disclosure in the financial statements.

1.32 Related parties

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

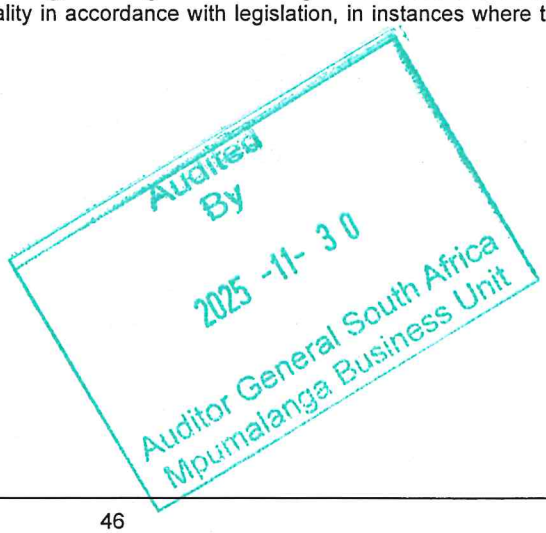
Control is the power to govern the financial and operating policies of an municipality so as to obtain benefits from its activities.

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

Related party transaction is a transfer of resources, services or obligations between the reporting municipality 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 municipality, 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.



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Significant Accounting Policies

1.32 Related parties (continued)

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

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality

.
The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.
Only transactions with related parties not at arm's lenght or not in the ordinary course of business are disclosed.

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 municipality or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting municipality'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 municipality's financial statements to understand the effect of related party transactions on its annual financial statements.

1.33 Accumulated Surplus

The municipality's surplus or deficit for the year is accounted in the accumulated surplus reserve in the statement of changes in net assets. Any surplus realised during a specific financial year is credited against the accumulated surplus.

Prior year adjustments, relating to income and expenditure are credited/debited against the income statement and accumulated surplus/(deficit) when retrospective adjustments are made beyond one year.

1.34 General expenses

The general expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decrease in net assets, other than those relating to distribution to owners.

1.35 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.

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Significant Accounting Policies

1.36 Changes in accounting policy, accounting estimates and correction of prior period errors

Changes in accounting policies are applied retrospectively in accordance with the requirements of GRAP 3, exept to the extent that it is impractical to determine the period specific or the cumulative effect of the change in accounting policy. In such instances the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of GRAP 3. The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements.

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

When it is impracticable to determine the specific period effects of an error on comparative information for one or more than prior periods presented, the opening balances of assets, liabilities and net assets are restated to the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period of an error on all prior periods, the comparative information is restated to correct the error prospectively from the earliest date practicable.

1.37 New standards and interpretations

Standards and interpretations effective and adopted in the current year

There were no new or amended Standards of GRAP or IGRAPs issued and applicable to 2024/2025 financial year that were adopted by the municipality.

Standards and interpretations effective and not adopted in the current year

GRAP 104 (2019) on Financial Instruments - Effective April 1, 2025. The Municipality has not early adopted the standard. The standard will be adopted and implemented in 2025/2026 financial year and will result in the municipality's impairment model moving form inccured loss model per GRAP 104 (2009) to Expected Credit loss model er GRAP 104 (2019) requirements.

Guideline on Accounting for Landfill Sites Effective date of Improvement to GRAP 17 on Property, Plant and Equipment. Effective

Standards , ammendments and interpretations issued, but not yet effective or relevant

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods. Management is assessing the potential impact:

GRAP 1 on Presentation of Financial Statements (going concern guidance) - Amendments to better explain when it is appropriate to prepare financial statements on a going concern basis and providing additional disclosure requirements. Effective date to be determined.

GRAP 103 (as revised): Heritage Assets - No effective date as yet.

Improvements to Standards of GRAP, 2023 - Minor amendments aligned with international standards as well as addressing local stakeholder needs. Effective date to be determined.

Amendments to GRAP 105, GRAP 106 and GRAP 107 on Transfers of Functions and Mergers - Amendments to align GRAP 105, GRAP 106 and GRAP 107 to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations. Effecitive date to be determined. No potential impact on the municapilty's current operations.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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2. Inventories

Consumable stores	4 780 087	1 618 645
Maintenance materials	3 713 779	2 834 385
Water for distribution	200 397	307 523
	8 694 263	**4 760 553**

Inventory pledged as security

No inventory was pledged as security.

3. Receivables from exchange transactions

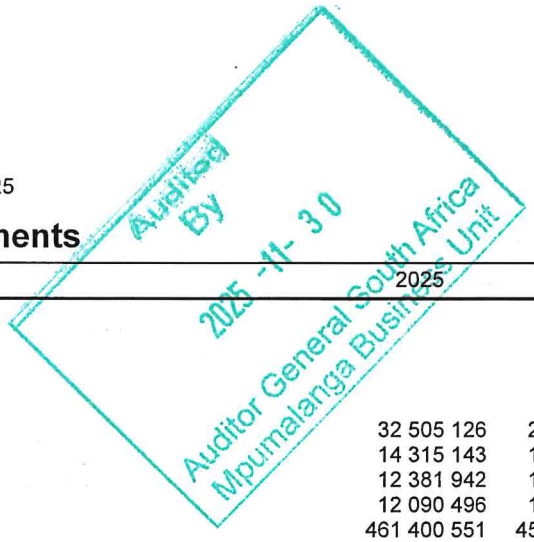
Prepayments and Advances:Maintenance Contracts	105 740	52 870
Accrued Interest	142 196	254 869
Agency prepaid electricity - Equalizer	681 943	1 178 081
Consumer debtors - Electricity	203 239 293	108 247 897
Consumer debtors - Water	164 920 624	133 480 684
Consumer debtors - Waste water	60 900 019	26 321 136
Consumer debtors - Waste Management	75 878 380	111 569 504
Consumer debtorrs - Property rental and merchandising	73 710 033	78 227 500
	579 578 228	**459 332 541**

4. Receivables from non-exchange transactions

Fines	1 507 135	1 157 015
Consumer debtors - Rates	299 955 604	288 374 777
	301 462 739	**289 531 792**

5. Receivables reconciliation

Gross balances		
Property Rates	548 903 227	529 217 365
Consumer debtors - Electricity	419 823 024	325 289 051
Consumer debtors - Water	602 713 953	522 136 796
Consumer debtors - Waste Water Management	373 096 917	292 752 745
Consumer debtors - Waste Management	196 826 333	195 092 217
Consumer debtors - Property Rental & Merchandising Debtors	154 218 070	155 060 125
	2 295 581 524	**2 019 548 299**
Less: Allowance for impairment		
Property Rates	(248 947 623)	(240 842 588)
Consumer debtors - Electricity	(216 583 731)	(217 041 154)
Consumer debtors - Water	(437 793 329)	(388 656 112)
Consumer debtors - Waste Water Management	(312 196 898)	(266 431 609)
Consumer debtors - Waste Management	(120 947 953)	(83 522 713)
Consumer debtors - Property Rental & Merchandising Debtors	(80 508 037)	(76 832 625)
	(1 416 977 571)	**(1 273 326 801)**
Net balance		
Property Rates	299 955 604	288 374 777
Consumer debtors - Electricity	203 239 293	108 247 897
Consumer debtors - Water	164 920 624	133 480 684
Consumer debtors - Waste Water Management	60 900 019	26 321 136
Consumer debtors - Waste Management	75 878 380	111 569 504
Consumer debtors - Property Rental & Merchandising Debtors	73 710 033	78 227 500
	878 603 953	**746 221 498**



Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables reconciliation (continued)		
Property Rates		
Current (0 -30 days)	32 505 126	21 547 321
31 - 60 days	14 315 143	11 345 666
61 - 90 days	12 381 942	11 605 773
91 - 120 days	12 090 496	10 849 773
121 - >365 days	461 400 551	457 658 864
Less impairment	(248 947 623)	(240 842 588)
	283 745 635	**272 164 809**
Electricity		
Current (0 -30 days)	57 897 205	42 814 797
31 - 60 days	13 872 685	41 453 315
61 - 90 days	10 963 611	20 292 992
91 - 120 days	11 775 412	52 013 962
121 - > 365 days	312 177 917	155 577 793
Less Impairment	(216 583 731)	(217 041 154)
	190 103 099	**95 111 705**
Water		
Current (0 -30 days)	20 728 042	11 535 104
31 - 60 days	7 967 739	9 804 774
61 - 90 days	7 757 405	9 470 183
91 - 120 days	8 000 410	82 045 582
121 - > 365 days	553 364 518	404 385 312
Less Impairment	(437 793 329)	(388 656 112)
	160 024 785	**128 584 843**
Waste Water Management		
Current (0 -30 days)	14 990 062	9 012 551
31 - 60 days	6 843 360	8 122 387
61 - 90 days	6 669 286	8 149 782
91 - 120 days	6 627 648	7 983 296
121 days - > 365 days	337 966 562	259 484 729
Less impairment	(312 196 898)	(266 431 609)
	60 900 020	**26 321 136**
Waste Management		
Current (0 -30 days)	11 616 533	7 258 381
31 - 60 days	5 266 862	6 079 749
61 - 90 days	5 211 145	6 117 402
91 - 120 days	5 090 731	7 820 827
121 - >365 days	139 371 575	137 546 370
Less impairment	(120 947 953)	(83 522 713)
	45 608 893	**81 300 016**
Property Rental Debtors & Merchandising		
Current (0 -30 days)	712 706	354 556
31 - 60 days	624 586	1 403 382
61 - 90 days	363 879	412 654
91 - 120 days	356 199	692 075
121 - > 365 days	152 160 699	152 197 458
Less Impairment	(80 508 037)	(76 832 625)
	73 710 032	**78 227 500**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables reconciliation (continued)

Statutory receivables

Fines debtors

Current (0 - 30 days)	366 000	194 000
31 - 60 days	427 600	254 000
61 - 90 days	262 500	363 580
91 - 120 days	387 550	2 645 825
121 - >365 days	19 452 244	13 850 664
Less Impairment	(19 388 759)	(16 151 054)
	1 507 135	**1 157 015**

Property rates

Current (0 - 30 days)	32 505 126	21 547 321
31 - 60 days	14 315 143	11 345 666
61 - 90 days	12 381 942	11 605 773
91 - 120 days	12 090 496	10 849 772
121 - > 365 days	515 743 032	473 868 832
Less impairment	(252 749 244)	(244 644 210)
	334 286 495	**284 573 154**

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6. VAT receivable and VAT input accrual

VAT input accrual	905 808 673	777 791 259

VAT Receivable and VAT Payable (note 14) are statutory arrangements. The VAT Statutory Receivable - Cash Portion is attributable to VAT Returns submitted to and awaiting payment by SARS. VAT input accrual is attributable to VAT related transactions arising from contractual debtor transactions not yet actually received. The impairment consideration is performed under gross debtors. Statutory receivables included in VAT receivable are disclosed as follows:

VAT receivable

VAT receivable	2 721 706	-

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	375	1 172
Bank balances	16 240 556	14 997 069
	16 240 931	**14 998 241**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

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
Nedbank - Call Account- 3788 1152 059	8 526 040	14 511 075	36 874	8 526 040	14 511 075	36 874
Nedbank - Call Account - 3788 1152 036	-	-	18 296	-	-	18 296
Nedbank- Current Account - 1185 919 473	3 872 788	149 131	7 560 465	3 872 788	149 131	7 560 465
Nedbank - Traffic acc- 1187 895 954	572 616	2 815	706 452	572 616	2 815	706 452
Nedbank - Service & Utilities- 1187 876 291	2 673 096	263 983	1 221 052	2 673 096	263 983	1 221 052
FNB - Demand Deposit- 6202 704 0740	596 011	70 062	310 517	596 011	70 062	310 517
Total	**16 240 551**	**14 997 066**	**9 853 656**	**16 240 551**	**14 997 066**	**9 853 656**



Notes to the Annual Financial Statements

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8. Investment property

	2025			2024		
	Fair value		Fair value	Fair value		Fair value
Investment property	-	299 122 767	299 122 767	-	282 615 364	282 615 364

Reconciliation of investment property - 2025

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	282 615 364	9 159 405	7 347 998	299 122 767

Reconciliation of investment property - 2024

	Opening balance	Transfers	Other changes, movements	Fair value adjustments	Total
Investment property	283 027 067	290 984	(2 117 822)	1 415 135	282 615 364

Pledged as security

No Investment Property is pledged as security.

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8. Investment property (continued)

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.

IGRAP 18 DISCLOSURE ON INVESTMENT PROPERTY NOT RECOGNISED BY THE MUNICIPALITY

Considering iGRAP 18 section 35 states "Legislation or similar means identifies custodians of land and confers on them specific rights and responsibilities. These rights and responsibilities mean that the custodian is responsible for acquiring, managing and disposing of land subject to the relevant legislative requirements. Where one entity is the custodian of land while another entity is the legal owner, the custodian has the right to direct access to and restrict or deny access of others to land. In these instances, the custodian, rather than the legal owner, controls the land."

Municipalities shared and continue to share responsibility with provinces for the release of investment property for housing development, land use planning, and land use and building control. In terms of this responsibility, the Department of Human Settlement identified and repatriated investment property owned by the municipality to fulfill its mandate with respect to the delivery of houses. The location of the investment property includes the following suburbs: Azalea, Meyerville, Morgenzon, Sakhile, Sivukile, Standerton, Standerton West, and Stanfield Hill. Whilst the municipality has legal title to the investment property, it does not recognise the investment property because, from the date of repatriation, the Department of Human Settlements is responsible for the subdivision, planning, and urban development and the subsequent allocation of the built houses to beneficiaries. The Municipality has no right to control the investment property and is not involved in key decision making with respect to the use of this investment property.

In addition, several stands owned by the municipality in Azalea, Meyerville, Morgenzon, Sakhile, Sivukile, Standerton, Standerton West, and Stanfield Hill have been illegally occupied and permanent structures were put up by the invaders. Although the investment property is legally owned by the municipality, the municipality has no right to control it as it cannot:

(a) directly use the investment property's future economic benefits or service potential to provide services to beneficiaries;
(b) exchange, dispose of, or transfer the investment property; and/or
(c) use the investment property in any other way to generate future economic benefits or service potential. The municipality therefore does not recognize such investment property in its financial statements as it does not have control over it.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The Municipality has lost control of 6,182 investment properties that was calculated to a total size of 6,401,057m² with an estimated value of R477,771,947 on 30 June 2025 and was not included in the Investment Property Register since the Municipality no longer excercises control over said properties.

This value was calculated based on the Professional Valuers opinion and will not necessarily reflect in the financial statements.

Township	Property Count	Sum Area (m²)	Sum Value
Azelea	487	281 114	32 519 173
Meyerville	4	40 448	1 795 207
Morgenzon	14	26 517	2 599 047
Sakhile	2 038	2 943 032	141 369 445
Sivukile	332	488 082	24 307 565
Standerton	3 273	2 587 101	264 793 121
Standerton West	25	22 217	6 743 979
Standfield Hill	9	12 546	3 644 410
	6 182	**6 401 057**	**477 771 947**

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8. Investment property (continued)

Details of valuation

When valuing real estate, the Valuer must concern himself with placing a value on the rights attaching to the property and the benefits of occupation and/or ownership thereof. In the valuation process, cognisance must be taken of the purpose for which the property is capable of being used and the future income or amenities, which it is likely to produce. At the same time, however, the property must be compared with available substitutes and/or alternative investment opportunities. The object of the valuation process, therefore, is to arrive at a figure which will reflect the point of equilibrium between supply and effective demand at the time of valuing the property.

Investment properties comprise residential and commercial properties that are rented out, as well as vacant land held for a currently undetermined use.

There are no restrictions on the realisibility of investment property or the remittance of revenue and proceeds of disposal. The municipality applies the Fair Value model to value and measure investment properties.

2025:

The effective date of the revaluations was 30 June 2025. Revaluations were performed by West Rand Consulting (Pty) Ltd. Mr. P.H. Venter was the valuer at West Rand Consulting (Pty) Ltd to perform the valuations. Mr. P.H. Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.

Refer to prior period errors note.

2008 - 2024:

As the house price indices is available and published, the municipality opted to rely on the FNB Economic report on house prices.

This report is performed by an Economist with qualified statisticians. The information can therefore be deemed reliable as the necessary qualifications and experience is presented to achieve a fair value (market) growth rate.

The fair value for each investment property was adjusted according to the factor as per the FNB barometer.

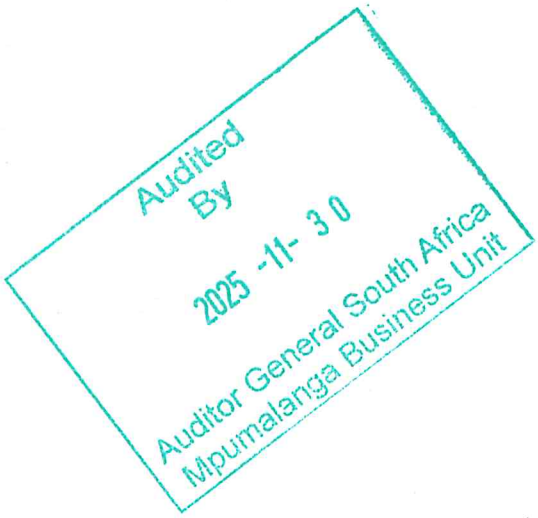
Where required the following percentages were applied per year to determine adjustments over the said period, if required.

2008 (-2.9)
2009 (-1.8)
2010 (5.5)
2011 (2.8)
2012 (4.7)
2013 (3.6)
2014 (8.3)
2015 (6.4)
2016 (5.8)
2017 (4.1)
2018 (3.8)
2019 (3.5)
2020 (1.7)
2021 (4.5)
2022 (3.6)
2023 (1.9).
2024 (0.5)

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9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	31 831 925	-	31 831 925	34 169 232	-	34 169 232
Buildings	113 934 023	(33 366 611)	80 567 412	114 741 195	(31 692 821)	83 048 374
Community assets	144 777 667	(34 753 786)	110 023 881	125 043 554	(32 664 683)	92 378 871
Plant and machinery	3 983 704	(1 980 482)	2 003 222	6 847 398	(5 043 629)	1 803 769
Furniture and fixtures	9 950 767	(6 809 259)	3 141 508	11 060 156	(8 105 377)	2 954 779
Transport Assets	61 462 081	(33 255 113)	28 206 968	83 060 773	(49 439 907)	33 620 866
Roads network	1 121 419 888	(373 524 127)	747 895 761	1 100 677 309	(373 455 365)	727 221 944
IT equipment	11 402 583	(4 259 595)	7 142 988	17 454 570	(9 168 482)	8 286 088
Electricity network	424 047 646	(130 579 048)	293 468 598	411 554 936	(131 036 764)	280 518 172
Waste Water network	614 496 588	(121 897 959)	492 598 629	620 937 265	(115 326 311)	505 610 954
Water network	284 093 802	(72 427 928)	211 665 874	287 039 918	(82 373 151)	204 666 767
Landfill site asset	39 305 157	(10 644 026)	28 661 131	38 480 526	(9 473 170)	29 007 356
Total	**2 860 705 831**	**(823 497 934)**	**2 037 207 897**	**2 851 066 832**	**(847 779 660)**	**2 003 287 172**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Transfers received	Work in Progress - additions	Work in Progress transfers out	Transfers made	Disposals	Movements in provision	Depreciation	Impairment loss	Impairment reversal	Total
Land	34 169 232	-	-	-	-	(2 337 307)	-	-	-	-	-	31 831 925
Buildings	83 048 374	608 809	43 092	-	-	-	(934 975)	-	(2 271 652)	(568 854)	642 618	80 567 412
Community	92 185 870	-	-	23 353 613	(1 666 217)	-	(561 521)	-	(2 467 733)	(2 442 413)	1 429 279	110 023 878
Plant and machinery	1 803 769	743 771	59 620	-	-	-	(484 083)	-	(136 056)	(43 969)	60 170	2 003 222
Furniture and fixtures	2 954 779	291 965	6 738	-	-	-	(257 498)	-	(116 259)	(22 618)	284 400	3 141 507
Motor vehicles	33 620 866	1 668 729	-	-	-	-	(2 879 262)	-	(4 151 586)	(712 756)	660 977	28 206 968
Roads network	727 221 944	13 916 625	9 565 218	8 816 285	(9 565 218)	-	(750 024)	-	(26 083 130)	(366 653)	25 140 713	747 895 760
IT Equipment	8 286 087	752 072	1 646 085	798 974	(2 462 167)	-	(1 338 210)	-	(842 122)	(217 101)	519 370	7 142 988
Electricity network	280 518 171	4 076 479	10 309 653	17 772 912	(10 309 653)	-	(2 707 683)	-	(8 831 627)	(3 276 610)	5 916 956	293 468 599
Wastewater network	505 610 953	658 091	9 510 490	-	-	-	(3 945 490)	-	(12 261 510)	(12 290 342)	5 316 437	492 598 629
Water network	204 666 767	1 527 791	31 323 470	14 089 532	(31 792 757)	-	(2 031 484)	-	(5 606 480)	(4 314 762)	3 803 796	211 665 874
Landfill site asset	29 007 356	-	-	647 712	-	-	-	176 920	(1 170 856)	-	-	28 661 132
	2 003 287 166	**24 244 332**	**62 464 366**	**65 479 028**	**(55 796 012)**	**(2 337 307)**	**(15 890 230)**	**176 920**	**(63 939 011)**	**(24 256 078)**	**43 774 716**	**2 037 207 890**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Work in Progress additions	Work in Progress transfers out	Transfers made	Movements provision	Depreciation	Impairment loss	Total
Land	34 328 221	-	-	-	-	-	(158 989)	-	-	-	34 169 232
Buildings	83 222 348	88 370	(20 516)	2 104 445	-	-	-	-	(2 231 053)	(115 221)	83 048 373
Community Assets	81 378 833	215 000	-	12 887 306	193 000	-	-	-	(2 083 758)	(211 508)	92 185 870
Plant and machinery	1 244 172	770 409	(80 995)	-	-	-	-	-	(85 574)	(44 245)	1 803 767
Furniture and fixtures	2 545 280	567 189	(19 947)	46 443	-	-	-	-	(91 116)	(93 071)	2 954 778
Motor vehicles	35 222 419	4 816 107	(2 199 405)	-	-	-	-	-	(4 040 986)	(177 269)	33 620 866
Roads network	671 048 746	69 901 437	-	8 743 358	2 870 682	-	-	-	(23 790 708)	(1 551 571)	727 221 944
IT Equipment	6 763 227	878 250	(116 963)	-	1 663 194	-	-	-	(689 189)	(212 432)	8 286 087
Electricity network	272 374 885	6 975 315	-	6 400 058	7 391 391	-	-	-	(8 704 421)	(3 919 057)	280 518 171
Wastewater network	353 481 851	149 566	(2 839 821)	187 075 811	1 156 470	(20 723 528)	-	-	(9 876 261)	(2 813 134)	505 610 953
Water network	188 176 919	1 328 020	-	5 493 199	30 373 365	(10 579 196)	-	-	(5 509 870)	(4 615 670)	204 666 767
Landfill site asset	25 876 911	-	-	-	15 192 650	(17 024 770)	-	5 903 429	(940 864)	-	29 007 356
	1 755 663 812	**85 689 663**	**(5 277 647)**	**222 750 620**	**58 840 752**	**(48 327 494)**	**(158 989)**	**5 903 429**	**(58 043 800)**	**(13 753 178)**	**2 003 094 164**

Pledged as security

There were no property, plant and equipment that were pledged as security.

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9. Property, plant and equipment (continued)

Other information

Section 42 transfers between Gert Sibande District Municipality and Lekwa Local Municipality		
Section 42 Transfer - GSDM Expenditure Derecognition	28 588 888	239 450 975
Section 42 Transfer - LLM Capitalised Assets	(9 517 228)	(175 579 599)
	19 071 660	**63 871 376**

Property, plant and equipment derecognised due to being unverified (Carrying amount)		
Buildings	923 286	-
Community	563 026	-
Electricity network	3 489 568	-
IT equipment	1 480 537	-
Furniture and fixtures	268 420	-
Plant and machinery	517 121	-
Motor vehicles	2 272 019	-
Roads network	223 205	-
Wastewater network	4 814 697	-
Water network	3 715 731	-
	18 267 610	**-**

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Community	21 880 396	193 000
Electrical Network	17 463 346	10 000 087
Roads Network	2 121 749	2 870 682
Landfill	647 712	-
IT equipment	-	1 663 194
Water Network	19 484 611	37 187 837
Wastewater Network	25 383 259	25 383 259
	86 981 073	**77 298 059**

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
Upgrading of the Standerton Waste Water Treatment Works The project has currently been halted by the Municipality as the Gert Sibande District Municipality has taken over control of the project and will be the implementing agent for the construction process.	25 383 259	25 383 259
	25 383 259	**25 383 259**

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9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Opening balance	Additions/Capital expenditure	Transferred to expenditure	Transferred to completed items	Total
Water	37 187 837	14 089 533	-	(31 792 759)	19 484 611
Wastewater	25 383 259	-	-	-	25 383 259
IT Equipment	1 663 194	798 973	-	(2 462 167)	-
Electrical network	10 000 087	17 772 912	-	(10 309 653)	17 463 346
Landfill	-	647 712	-	-	647 712
Roads network	2 870 682	8 816 285	-	(9 565 218)	2 121 749
Community	193 000	23 353 613	(1 666 217)	-	21 880 396
	77 298 059	**65 479 028**	**(1 666 217)**	**(54 129 797)**	**86 981 073**

Reconciliation of Work-in-Progress 2024

	Water	Wastewater	Transferred to expenditure	Transferred to completed items	Total
Water	17 393 668	30 373 365	-	(10 579 196)	37 187 837
Wastewater	44 950 317	1 156 470	(1 156 470)	(19 567 058)	25 383 259
IT Equipment	-	1 663 194	-	-	1 663 194
Electrical Network	2 608 696	7 391 391	-	-	10 000 087
Landfill	1 832 120	15 192 650	-	(17 024 770)	-
Roads Network	-	2 870 682	-	-	2 870 682
Community	-	193 000	-	-	193 000
	66 784 801	**58 840 752**	**(1 156 470)**	**47 171 024**	**77 298 059**

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9. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	50 877 484	47 048 151

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.



Notes to the Annual Financial Statements

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10. Heritage assets

	2025			2024		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	106 187	-	106 187	106 187	-	106 187

Reconciliation of heritage assets 2025

	Opening balance	Total
Art Collections, antiquities and exhibits	106 187	106 187

Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	106 187	106 187

Pledged as security

There were no Heritage assets pledged as security.

11. Other financial assets

At amortised cost		
Eskom SOC Ltd Deposit The amount held as a deposit to Eskom on accounts opened by the municipality. The deposit bears interest at a linked rate. The increase in amount of the deposit relates to interest accrued on the deposit.	36 072 870	34 031 009
Nedfleet Fuel Card Facility Nedfleet/Fuel card facility of R600 000 that bears an interest of South African Reserve Bank repurchase rate "repo rate" + 14%, and secured by Nedbank Investment account number: 7881151641 required as continuing security.	678 629	630 612

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11. Other financial assets (continued)

	36 751 499	**34 661 621**
Non-current assets		
At amortised cost	36 751 499	34 661 621

12. Prepayments

Purchase of office building	7 475 000	-

The municipality purchased an office building from Jagusi Properties CC, ERF 93 Standerton Township Registration Division IS, province of Mpumalanga. The transfer of the building is still in progress as at 30 June 2025.

13. Payables from exchange transactions

Trade payables	3 609 435 961	3 031 741 135
Payments received in advance	91 069 791	70 058 795
Accrued bonus	8 200 531	7 627 915
Unallocated deposits	20 672 686	11 941 905
Retention	14 980 930	15 161 954
Salary Control	48 212 652	54 967 215
	3 792 572 551	**3 191 498 919**

Included in the Payments received in advance is an amount of R1 258 697; R949 777(2024) which relates to a portion of Pre-paid electricity purchases made in the month of June 2025 and were unused as at 30 June 2025. These are amounts received in advance from consumers.

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14. VAT payable and VAT output accrual

VAT Output Accrual (revenue)	749 197 129	660 984 334
VAT payable		
VAT Payable	-	862 590

15. Consumer deposits

Electricity	2 668 007	2 385 916
Water	1 741 878	1 402 359
	4 409 885	**3 788 275**

16. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined medical benefit obligation	(78 270 822)	(74 059 084)
Present value of the defined benefit obligation- Long service award	(12 313 257)	(12 324 519)
	(90 584 079)	**(86 383 603)**
Non-current liabilities	(85 120 688)	(81 245 356)
Current liabilities	(5 463 391)	(5 138 247)
	(90 584 079)	**(86 383 603)**

Net expense recognised in the statement of financial performance are as follows:

Current service cost	3 846 663	3 576 000
Net interest expense	10 497 786	9 546 000
Actuarial gains/(loss)	(4 801 774)	(2 020 397)
Employer benefit payments	(5 342 199)	(5 855 000)
	10 497 786	**9 546 000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – PEMA	(5 063 245)	423 084
Actuarial (gains) losses – LSA	261 471	(2 443 481)
	(4 801 774)	**(2 020 397)**

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16. Employee benefit obligations (continued)

Valuation methodology and key assumptions used

Method used at reporting date:

The Projected Unit Credit method has been applied in valuation of the post employment benefit plan liability.

Assumptions used at the reporting date:

Mortality during employment 2024: SA 85-90

Mortality during employment 2023: SA 85-90

Discount rates used	11,50 %	12,94 %
Proportion for eligible current non-member employees joining the scheme by retirement	15,00 %	15,00 %
Health care cost inflation rate	6,90 %	8,40 %
Net discount rate - health care cost inflation	4,30 %	4,19 %
Maximum subsidy inflation rate	6,90 %	5,48 %
Net discount rate - maximum subsidy inflation	4,30 %	4,19 %
Continuation of membership at retirement	75,00 %	75,00 %
Proportion with a spouse dependent at retirement	60,00 %	60,00 %
Average retirement age	62,00 %	62,00 %
Consumer price inflation	5,40 %	6,90 %

Withdrawal from service (PEMA):

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

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16. Employee benefit obligations (continued)

The post-employment mortality adjustment "-1 yr", for example, assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer

.

The table above indicates, for example, that if medical inflation is one percentage point greater than the long-term assumption made, the liability will be 8% higher than that shown.

The table below summarises the results of this analysis on the Current-service and Interest Costs for the year ending 30 June 2025.

PEMA:

Sensitivity analysis on the Accrued Liability (R millions).

Healthcare Cost Inflation and Discount Rate.

	Percentage Change	1% decrease R's	Valuation Basis R's	1% increase R's	Percentage Change
Healthcare Cost Inflation Rate					
Employer's Accrued Liability	-11.05%	69,625,732	78,270,822	88,291,816	12.80%
Service Cost	-15.78%	2,341,279	2,780,030	3,315,411	19.26%
Net Interest Expense	-11.31%	7,788,234	8,781,105	9,932,161	13.11%
Discount Rate					
Employer's Accrued Liability	12.28%	87,879,510	78,270,822	70,168,205	-10.35%
Service Cost	17.60%	3,269,318	2,780,030	2,384,510	-14.23%
Net Interest Expense	2.79%	9,025,886	8,781,105	8,532,357	-2.83%

As per the table above, a 1% increase in the healthcare cost inflation rate as at 30 June 2025 results in a 12.80% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 11.05% decrease in the accrued liability. Increasing healthcare cost inflation leads to greater subsidies being paid by the entity in respect of continuation members. This, in turn, increases the size of the accrued liability.

Inversely, a 1% increase in the discount rate as at 30 June 2025 results in an 10.35% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 12.28% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate increases the accrued liability and vice versa.



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16. Employee benefit obligations (continued)

Post-retirement mortality

The tables below show the impact of a change in the mortality assumption from PA (90)-1 to PA (90) with a two-year adjustment and PA(90) without any adjustment.

	Percentage Change	PA(90)-2 R's	Valuation Basis R's	PA(90) R's	Percentage Change
Employer's Accrued Liability	2.90%	80,537,383	78,270,822	75,753,225	-3.22%
Service Cost	2.42%	2,847,174	2,780,030	2,703,470	-2.75%
Net Interest Expense	3.48%	9,086,336	8,781,105	8,492,251	-3.29%

PA (90)-2 (PA(90) with a two-year age adjustment) means that, to each beneficiary, we assigned a mortality rate of an individual two years younger than that beneficiary, i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis. As such, they receive subsidies for a longer period of time, thereby increasing the accrued liability.

Therefore, the above change in the mortality assumptions as at 30 June 2025 would result in a 2.90% increase and a 3.22% decrease in the accrued liability for PA ((90)-2 and PA (90) respectively.

Provision for Long Service Awards

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Long Service Awards		
Opening accrued liability	12 324 519	14 944 000
Service costs	1 106 810	1 231 000
Interest expense	1 138 733	1 490 000
Benefits vested	(2 518 276)	(2 897 000)
Actuarial (gain)loss	261 471	(2 443 481)
	12 313 257	**12 324 519**

General description of the type of plan

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

Assumptions used at reporting date	30 June 2025	30 June 2024
Discount rate	8,97%	9,90%
Salary increases rate	4,42%	5,48%
Net discount rate	4,35	4,29%
Average retirement age	62 years	62 years
Consumer Price Inflation	4,35%	4,48%

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16. Employee benefit obligations (continued)

Withdrawal from service (LSA):

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	9%	9%
30	6%	6%
40	5%	5%
50	3%	3%
55	-	-
60+	-	-

Sensitivity Analysis

The table below shows the results of the sensitivity analysis.

Salary Increase and Discount Rate

	Percentage Change	1% decrease R's	Valuation Basis R's	1% increase R's	Percentage Change
Salary Inflation Rate					
Employer's Accrued Liability	-5.33%	11,657,457	12,313,257	13,028,342	5.81%
Service Cost	-6.35%	1,006,900	1,075,182	1,150,967	7.05%
Net Interest Expense	-5.69%	970,193	1,028,772	1,092,669	6.21%
Discount Rate					
Employer's Accrued Liability	5.61%	13,003,858	12,313,257	11,689,199	-5.07%
Service Cost	6.81%	1,148,350	1,075,182	1,010,177	-6.05%
Net Interest Expense	-5.82%	968,877	1,028,772	1,081,534	5.13%

A 1% increase in the salary increase rate as at 30 June 2025 results in a 5.81% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 5.33% decrease in the accrued liability. An increase in salary inflation increases the salaries upon which the long-service awards are based. This, in turn, leads to an increase in the accrued liability.

Inversely, a 1% increase in the discount rate as at 30 June 2025 results in a 5.07% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 5.61% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate decreases the accrued liability and vice versa

Withdrawal Decrement

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16. Employee benefit obligations (continued)

	Percentage Change	50% Decrease R's	Valuation Basis R's	200% Increase R's	Percentage Change
Employer's Accrued Liability	2.51%	12,622,017	12,313,257	12,027,027	-2.32%
Service Cost	4.41%	1,122,623	1,075,182	1,029,945	-4.21%
Net Interest Expense	2.69%	1,056,398	1,028,772	1,003,201	-2.49%

The above table highlights the effects of a change in the withdrawal rate assumption. As at 30 June 2025, a 50% decrease and a 200% increase would result in a 2.51% increase and a 2.32% decrease in accrued liability, respectively. Higher withdrawal rates lead to fewer members remaining in employment and hence smaller benefits vesting. This, in turn, decreases the accrued liability. The converse is true for lower withdrawal rates.

Average Retirement Age

	Percentage Change	61 years R's	Valuation Basis R's	63 years R's	Percentage Change
Employer's Accrued Liability	-6.31%	11,536,840	12,313,257	12,890,652	4.69%
Service Cost	-3.88%	1,033,455	1,075,182	1,112,898	3.51%
Net Interest Expense	-6.30%	963,944	1,028,772	1,079,169	4.90%

The above table highlights the effects of a 2-year decrease and increases in the average retirement age assumptions. The adjustment would result in a 6.31% decrease and a 4.69% increase in the accrued liability, respectively. By decreasing the average retirement age, we are reducing the chances of eligible members receiving bonuses before they retire, e.g., consider a member, aged 61 years, who is eligible to receive a bonus at age 62. Reducing the average retirement age disqualifies this member and therefore reduces the accrued liability in respect of this member. The converse applies to increasing the average retirement age. This will qualify members who were disqualified under the valuation basis.

Pre-retirement Mortality

	Valuation Basis R's	SA85/90-2 R's	Percentage Change
Employer's Accrued Liability	12,313,257	12,387,350	0.60%
Service Cost	1,075,182	1,081,305	0.57%
Net Interest Expense	1,028,772	1,035,381	0.64%

SA85/90-2 (SA85/90 with a two-year age adjustment) means that, to each member, we assigned a mortality rate of an individual two years younger i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis. As such, more people survive to their milestones and qualify for bonuses, thereby increasing the accrued liability.

As at 30 June 2025, the mortality adjustment leads to a 0.60% increase in accrued liability.

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17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

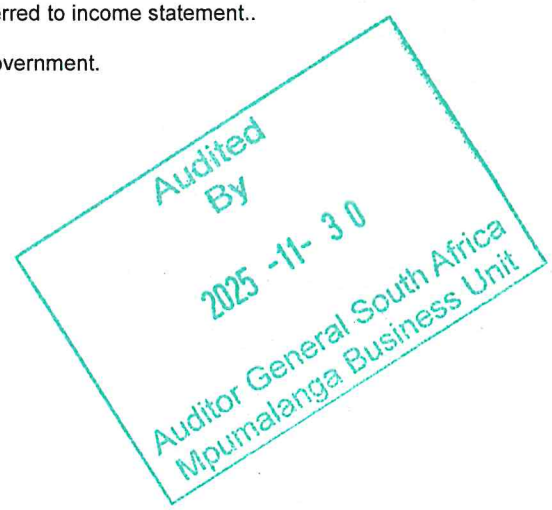
Unspent conditional grants and receipts		
Municipal Disaster Recovery Grant	-	10 059 731

Movement during the year

Balance at the beginning of the year	10 059 731	6 625 000
Additions during the year	54 937 000	55 558 000
Income recognition during the year	(64 996 731)	(52 123 269)
	-	**10 059 731**

The grant conditions for all grant received were fulfilled and transferred to income statement..

See note 25 for reconciliation of grants from National/Provincial Government.



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18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Movement during the year	Change in provision	Finance cost	Total
Environmental rehabilitation	59 761 694	-	176 919	5 155 450	65 094 063
Leave provision	24 001 214	1 247 461	-	-	25 248 675
	83 762 908	**1 247 461**	**176 919**	**5 155 450**	**90 342 738**

Reconciliation of provisions - 2024

	Opening Balance	Movement during the year	Change in provision	Finance cost	Total
Environmental rehabilitation	49 704 828	-	5 903 428	4 153 438	59 761 694
Leave provision	23 270 446	730 768	-	-	24 001 214
	72 975 274	**730 768**	**5 903 428**	**4 153 438**	**83 762 908**

Non-current liabilities	65 094 063	59 761 694
Current liabilities	25 248 675	24 001 214
	90 342 738	**83 762 908**

Environmental rehabilitation provision

Lekwa Local Municipality consists of two (2) towns (Standerton and Morgenzon). Standerton and Morgenzon are located in an area of agricultural significance and Standerton is the central business district of Lekwa Municipality.

Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Key financial assumptions and calculations used:

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2025 was 12.40% p.a. The consumer price inflation of 3% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2025.

Discount rate (D) 11.16%
Consumer price inflation (C) 3.00%
Net discount rate 7.92%

Standerton Landfill Site:

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18. Provisions (continued)

The landfill site is situated approximately 1.5km from Kosmos Park which is a suburb in Standerton. The Standerton landfill site is responsible for accommodating the solid waste of Standerton and Sakhile which is a township in Standerton. The total population of Standerton and Sakhile accumulates to 100 687 in 2025. (Census 2011 adjusted to 2025 at 1.38% annually).

The site is accessed by a gravel road linked to the R546 asphalt main road and its coordinates are 26,906166°S 29,241434°E. The estimated total footprint of the item is approximately 192 600m2 and the fully utilised area is approximately 123 500m². The total partially used airspace is 93 817 m3 as per drone stock piling.

The remaining life is calculated at 27 years, up to 2052 based on the annual population growth and available air space.

Morgenzon Landfill site:

The landfill site is situated approximately 237m from Morgenzon. The Morgenzon landfill site is responsible for accommodating the solid waste of Morgenzon and Sivukile which is a township in Morgenzon. The total population of Morgenzon and Sivukile accumulates to 9025 in 2025. (Census 2011 adjusted to 2025 at 1.38% annually).

The site is accessed by an asphalt R39 main road, and its coordinates are 26,728805°S 29,621867°E. The estimated total footprint of the item is approximately 10 500m² and the fully utilised area is approximately 7 600m². The total partially used airspace is 8 160m³.

The remaining life is calculated at 15 years, up to 2040 based on the annual population growth and available air space.

19. Service charges

Electricity	459 005 270	413 115 883
Water	83 305 335	83 353 413
Waste Water Management	68 453 972	90 543 178
Waste Management	20 578 196	21 006 869
	631 342 773	**608 019 343**

Services Provided to Indigents (Free Basic Services - FBS)

The Municipality is committed to fulfilling its social mandate by providing defined Free Basic Services (FBS) to qualifying indigent households, as legislated and detailed in the approved Indigent Policy. The municipality had 3131 registered indigent households as at 30 June 2025.

Revenue arising from exchange transactions is measured at the fair value of the consideration received or receivable. Since no consideration is received or receivable for the services provided free of charge to indigent customers, no revenue is recognised in the Statement of Financial Performance for Free Basic Services.

All costs incurred by the municipality to procure or generate these services that includes bulk purchases of water and electricity are recognised as expenditure in the Statement of Financial Performance under bulk purchases - electricity and inventory consumed.

These costs are primarily funded through the Equitable Share grant.

20. Sales of Goods and Rendering of Services

Advertisements	33 667	128 833
Cemetery and burial	210 379	119 209
Fire Services	461 591	114 833
Fees charged (Maps, weighbridge, printing, plans, land usage, library, tender documents)	1 943 950	1 132 995
	2 649 587	**1 495 870**

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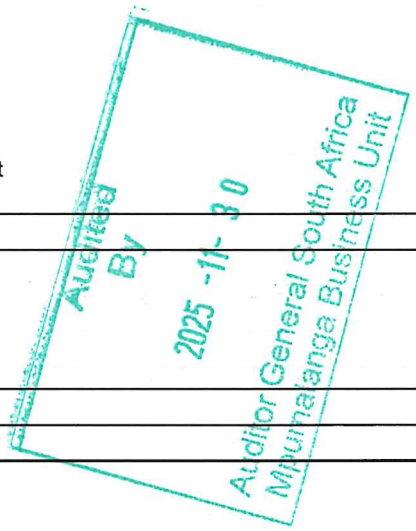
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21. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	1 972 978	2 560 381
Rental of equipment	39 917	2 812
Orchestra rental	561 131	440 018
	2 574 026	**3 003 211**
22. Interest earned from receivables		
Property rates	37 010 032	40 819 964
Services charges	112 033 581	82 532 205
	149 043 613	**123 352 169**
23. Operational Revenue		
Collection Charges	77 462	9 667
Municipal information statistics request	95 837	275 407
Insurance refund/recoveries	12 090	-
Development Charges	-	248 808
Incidental Cash Surpluses	-	910
	185 389	**534 792**
24. Investment revenue		
Interest revenue		
Interest received from bank and other financial assets	4 684 411	4 135 690

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Figures in Rand	2025	2024

25. Government grants & subsidies



Operating grants		
Equitable share	179 350 000	167 773 000
Municipal Infrastructure Grant	1 657 550	1 691 400
Local Government Financial Management Grant	2 800 000	2 850 000
Expanded Public Works Programme Integrated Grant	440 000	1 643 000
Energy, Efficiency and Demand Side Management	4 000 000	-
	188 247 550	**173 957 400**
Capital grants		
Municipal Infrastructure Grant	31 419 449	29 873 600
Integrated National Electrification Programme Grant	14 620 000	8 500 000
Municipal Disaster Recovery Grant	10 059 730	7 565 269
	56 099 179	**45 938 869**
	244 346 729	**219 896 269**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	64 996 730	52 123 269
Unconditional grants received	179 350 000	167 773 000
	244 346 730	**219 896 269**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is funded from the grant.

Integrated National Electrification Programme Grant (INEP)

Current-year receipts	14 620 000	8 500 000
Conditions met - transferred to revenue	(14 620 000)	(8 500 000)
	-	-

The grant is utilised for electricity connections to households in various areas, serviced by Eskom, within the Municipal jurisdiction.

Local Government Financial Management Grant (FMG)

Current-year receipts	2 800 000	2 850 000
Conditions met - transferred to revenue	(2 800 000)	(2 850 000)
	-	-

This grant is utilised for interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements and for Asset Management and Financial System enhancements and training.

Expanded Public Works Programme Integrated Grant (EPWP)

Current-year receipts	440 000	1 643 000
Conditions met - transferred to revenue	(440 000)	(1 643 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants & subsidies (continued)

The Expanded Public Works Programme is a government programme aimed at the alleviation of property and unemployment.

This programme ensures the full engagement on Labour Intensive Methods of Construction to workers for skills development.

Municipal Disaster Recovery Grant (MDRG)

Balance unspent at beginning of year	10 059 731	-
Current-year receipts	-	11 000 000
Conditions met - transferred to revenue	(10 059 731)	(940 269)
	-	**10 059 731**

The Municipality was allocated an amount of R11,000,000 (Vat Incl) within the 2023/2024 financial year for the rehabilitation of 1km of Vry Street which was damaged during the floods that impacted most of the low areas next to Grootdraai Dam. The grant conditions were met in the 2024/2025 financial year and transferred to revenue.

Municipal Infrastructure Grant (MIG)

Current-year receipts	33 070 000	31 565 000
Conditions met - transferred to revenue	(33 070 000)	(31 565 000)
	-	-

This grant is utilised to construct roads, bridges, sports-fields, community halls and street-lighting as part of the upgrading of informal settlement areas.

Municipal Disaster Response Grant (MDRG)

Current-year receipts	-	6 625 000
Conditions met - transferred to revenue	-	(6 625 000)
	-	-

The Municipal Disaster Response Grant is utilised to fund emergency repairs to essential basic services infrastructure, provision of temporary infrastructure, humanitarian relief and other immediate essential services following a declared state of disaster.

Energy, Efficiency and Demand Side Management

Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(4 000 000)	-
	-	-

TheEnergy, Efficiency and Demand Side Management grant is utilised by the municipality for the purposes of planning, implementing, and monitoring activities of electric utilities which are designed to encourage consumers to modify their level and pattern of electricity usage.

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26. Property rates

Rates received

Residential	130 436 033	147 659 271
Industrial Properties	9 401 199	1 910 632
Public Service Infrastructure Properties	3 273 765	(4 089 443)
Business and Commercial	23 893 678	31 558 898
Public Benefit Organisations	-	10 729 408
Agricultural Properties	34 247 262	12 815 377
	201 251 937	**200 584 143**

Valuations

Agricultural Properties	9 151 241 000	5 465 587 557
Business And Commercial Properties	1 458 498 900	1 135 956 557
Industrial Properties	146 971 100	1 564 021 540
Mining Properties	88 950 000	210 976 000
Municipal Owned Properties Used for Municipal and Public Purposes	125 414 400	4 047 413 300
Place Of Public Worship	65 920 300	-
Properties Owned by An Organ of State and Used for Public Service Purposes	558 426 200	-
Properties Owned by Public Benefit Organisations and Used for Specified Public Benefit Activities (PBO)	19 790 000	-
Residential Properties	7 650 765 100	-
Public Service Infrastructure Properties (PSI)	1 058 775 000	-
	!0 324 752 000	**!2 423 954 954**

Valuations on land and buildings are performed every 5 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 implemented on 1 July 2024 prepared in terms of processes guided by the Municipal Property Rates Act (MPRA) and National Treasury guidance, which mandates regular valuation rolls for municipalities resulted in improved categorisation of properties by actual usage resulted in extended decription of the properties for valuation purposes and as such, there are no comparatives in the prior year for the unbundled categories.

27. Fines, Penalties and Forfeits

Illegal Connections Fines	662 168	125 759
Law Enforcement Fines	42 692	-
Overdue Books Fines	-	175
Municipal Traffic Fines	4 771 480	3 456 280
	5 476 340	**3 582 214**

28. Licences and permits (non-exchange)

Trading	219 566	5 870

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29. Revenue in kind

Revenue in kind - bulk infrastructure	40 659 470	245 423 591

The Municipality received donations of bulk infrastructure from projects completed on behalf of the Municipality by Gert Sibande District Municipality (GSDM) as at 30 June 2025 including sewer pipes and installations. The projects were funded by the Regional Bulk Infrastructure Grant (RBIG) under the Bulk Infrastructure Programme made available by National Treasury through the Department of Water and Sanitation (DWS) with the objective of supplementing the financing of bulk infrastructure of bulk water supply and sanitation infrastructure. These donations in kind were assessed, accounted for and classified accordingly in terms of GRAP standards.

National Support Initiatives

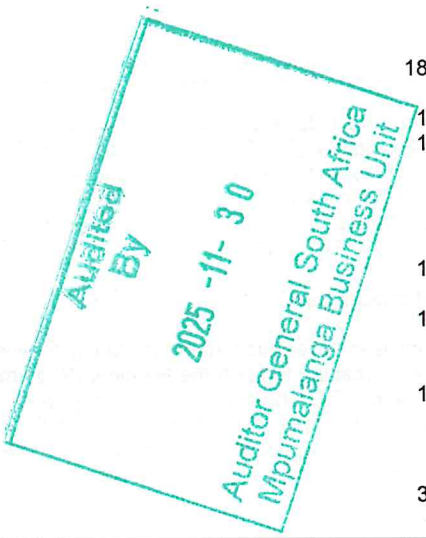
During the financial year under audit, the Municipality received technical support and capacity-building services from LGSETA, SAIGA and National Treasury through the National Program aimed at improving the quality of financial reporting and the audit outcome of the municipality. There were no direct payments made by the Municipality, and the cost of these services were borne by the National Department. In accordance with GRAP 23 (Revenue from Non-exchange Transactions), these services have not been recognized as revenue or expenditure in the Statement of Financial Performance as the fair value cannot be reliably measured and the services would not have been purchased if they were not provided.



Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs



Basic	187 629 085	162 148 179
Cellphone and telephone allowance	3 523 038	2 703 935
Bonus	15 458 252	13 724 576
Medical aid - company contributions	14 604 270	10 940 736
UIF	1 066 872	982 907
Bargaining Council	70 826	61 464
Leave pay provision charge	1 518 248	4 963 149
Uniform	2 606 050	1 393 500
Standby Allowance	11 821 676	8 106 252
Danger Allowance	31 500	115 500
Overtime payments	18 968 718	18 901 439
Long-service awards	2 441 402	2 114 476
Acting allowances	4 196 806	436 683
Car allowance	13 928 070	10 964 112
Housing benefits and allowances	1 025 367	981 667
Shift Allowances	169 500	491 706
Employee benefit obligation: Current service cost	3 846 663	3 576 000
Pension fund	37 947 941	32 389 796
Senior management remuneration	6 702 168	10 297 285
	327 556 452	**285 293 362**

Remuneration of Municipal Manager (MJ Lamola)

Basic Salary	1 093 996	1 087 995
Car Allowance	180 000	180 000
Contributions to UIF, Medical and Pension Funds	13 345	13 285
	1 287 341	**1 281 280**

Remuneration of Chief Finance Officer (V Nkatha)

Basic Salary	765 935	183 956
Bonus	139 329	-
Cellular and Telephone	60 000	15 000
Car allowance	341 093	82 192
Contributions to UIF, Medical and Pension Funds	166 832	35 847
Leave pay	20 212	38 954
	1 493 401	**355 949**

Remuneration of director of Community and Social Services (T Mtshiselwa)

Acting Allowance	13 698	10 775
Basic salary	1 098 122	1 081 886
Car Allowance	280 680	280 680
Cellphone and Telephone	20 000	60 000
Contributions to UIF, Medical and Pension Funds	14 004	14 011
Leave pay	20 212	-
	1 446 716	**1 447 352**

Remuneration of director of Planning and Development (MP Phosa)

Basic salary	208 820	922 074
Car Allowance	76 194	449 068
Acting allowance	-	9 229
Contributions to UIF, Medical and Pension Funds	5 505	14 095
Leave pay	260 867	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs (continued)

	551 386	1 394 466

Remuneration of chief finance officer (former CFO) - K Duba (1 July 2023 - 28 February 2024)

Basic salary	37 527	694 366
Car allowance	-	141 920
Contributions to UIF, Medical and Pension Funds	375	12 768
Leave payout	-	330 068
Cellphone allowance	-	25 480
	37 902	**1 204 602**

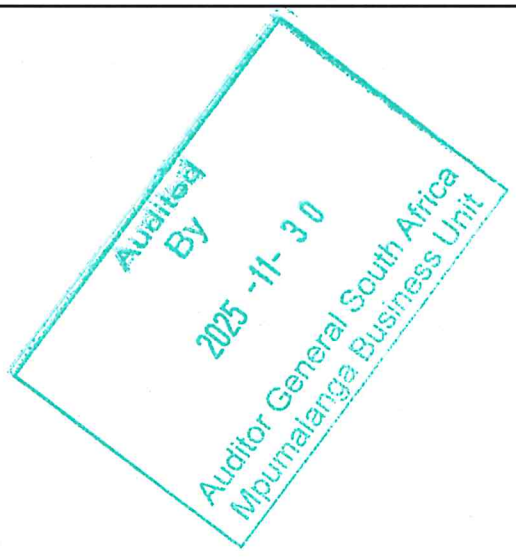
Former CFO received earnings due to adjustment of Upper Limites in terms section 72(2A) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as recommended by Department of Cooperative Governance and Traditional Affairs on 30 May 2024, Gazette No. 4897 for the 2023/24 municipal financial year.

Remuneration of director of Technical Services Executive Manager (SM Jiyane)

Acting Allowance	67 940	26 272
Basic salary	1 368 199	1 305 047
Car Allowance	54 000	54 000
Cellphone and telephone allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	16 556	15 508
	1 566 695	**1 460 827**

Remuneration of Acting Director Technical Services - Khumalo (1 Jan 2024 - 30 June 2024)

Annual Remuneration	-	518 917
Car Allowance	-	214 422
Contributions to UIF, Medical and Pension Funds	-	10 232
Leave pay	-	126 967
	-	**870 538**



Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs (continued)

Remuneration of director of Corporate Services (L Khoza)

Basic salary	31 869	521 473
Car Allowance	-	159 595
Acting Allowance	-	30 232
Contributions to UIF, Medical and Pension Funds	319	9 114
Leave pay	-	95 759
Cellphone Allowance	-	30 000
	32 188	**846 173**

Staff acting allowances on senior management positions

S Muedi - Manager Legal Services - Acting HOD Corporat (01/08/2024 -28/02/2025)	454 626	-
J Prinsloo - Manager Land & Building - Acting HOD Corporate (01/08/2024 - 28/02/2025)	233 748	-
R Masikane - Manager Budget - Acting CFO (28/02/2025 -01/03/2025)	25 224	15 634
RS Mamabolo - Manager Revenue (Acting Chief Financial Officer) -28/02/2025-03/03/2025	12 081	-
MM Madisha - Manager Waste (Acting HOD Community Services)	13 168	-
M Mohlamonyane - Manger of the MM's office (Acting HOD Corporate Services) 01/03/2025 - 30/06/2025	205 451	-
Mr K Mahlangu - Manager IDP (Acting as HOD - Corporate Services - 01 March 2025 - 30 June 2025)	364 312	-
L khoza - HOD Corporate Services (Acting Municipal Manager (10/07/2023-14/07/2023;10/10/2023-16/10/2023)	-	20 747
S Mkhwanazi - Manager Labour Relations - Acting as HOD Corpprate Services (11/09/2023-13/09/2023)	-	8 474
T Mthsiselwa - HOD Community Services (Acting Municipal Manager) - 28/12/2023 - 09/01/2024	-	10 775
RS Mamabolo - Manager Revenue (Acting Chief Financial Officer 23/04/2024 - 30/04/2024)	-	13 136
	1 308 610	**68 766**

31. Remuneration of councillors

Executive Mayor (s)	832 333	1 225 357
Speaker (s)	1 397 169	585 602
Other concillors	13 581 997	12 929 525
	15 811 499	**14 740 484**

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor, Speaker and Chief Whip have use of Council owned vehicles for official duties.

The Executive Mayor has full-time VIP protection personnel.

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Notes to the Annual Financial Statements

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32. Depreciation

Property, plant and equipment	63 939 009	58 043 800

33. Impairment loss

Impairment loss		
Property, plant and equipment	24 256 078	14 475 748

GRAP 21 - Impairment of Non-Cash-Generating Assets:

Paragraph .20: GRAP 21 requires entities to assess at each reporting date whether there is any indication that an asset may be impaired or if an impairment loss previously recognized may no longer exist or may have decreased.

Paragraph .64: When there is an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, the municipality is required to estimate the recoverable service amount of that asset. If the new estimate of the recoverable service amount is higher than the carrying amount, an impairment reversal should be recognized.

For infrastructure assets, according to GRAP 26.23, an entity should evaluate if there is any indication of asset impairment, at a minimum, by considering factors like:

(g) Evidence from internal reporting that suggests an asset's economic performance is, or is likely to be, below expectations. Due to significant budget constraints, the municipality has been unable to fulfil the maintenance plan required for infrastructure assets. This limitation has resulted in a reduced "value in use" for these assets, falling below their economic value. Consequently, these assets were re-evaluated and impaired, with condition grades lowered based on their current physical assessments.]

Reversal of impairments		
Property, plant and equipment	(43 774 712)	(722 571)

The reversal of impairment is not due to an improvement in the asset's condition but rather due to the diminishing gap between the expected depreciation curve and the actual observed condition. GRAP 21 allows for such reversals when new calculations show that the recoverable service amount is higher than the previously impaired carrying amount.

This approach ensures that the financial statements accurately reflect the asset's current service potential and value in use, as required by GRAP.

Total impairment losses (recognised) reversed	**(19 518 634)**	**13 753 177**

34. Finance costs

Landfill site	5 155 450	4 153 438
LSA and PEMA	10 497 786	9 552 257
Trade and other payables	128 470 474	167 973 525
	144 123 710	**181 679 220**

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35. Debt impairment

Debt impairment	182 180 385	206 777 346

During the financial year ended 30 June 2025, management through a Council resolution approved the write-off of outstanding debtors for registered indigent households, inactive accounts and all customers who qualified for 50/50 Rand for Rand council incentive discounts as at 31 August 2024. The Rand for Rand incentive was extended to 30 June 2025.

There was no resolution to write - off bad debts in the current financial year. The bad debt write-off relates to account holders that utilised the Rand for Rand incentive to settle their arrrears. This resulted in the significant decrease in bad debts written off.

36. Lease rentals on operating lease

Equipment		
Contractual amounts	1 801 022	1 801 022

37. Contracted services

Outsourced Services		
Burial Services	16 800	1 503
Business and Advisory	305 235	102 435
Fire Services	12 077 035	59 160
Meter Management	12 998 093	6 156 604
Security Services	41 727 327	37 842 938
Consultants and Professional Services		
Business and Advisory	18 907 303	13 442 595
Legal Cost	2 074 797	27 175 020
Contractors		
Employee Wellness	79 990	98 532
Maintenance of Buildings and Facilities	6 355 425	4 135 201
Maintenance of Equipment	33 303 396	39 528 406
Maintenance of Unspecified Assets	28 085 022	3 384 544
Medical Services	459 753	177 647
	156 390 176	**132 104 585**

The increase in contracted services is due to increased use of consulting services for repairs and maintenance of delapidated municipality equipment and infrastructure to enhance service delivery as well as enhancing the installation of prepaid meters.

38. Transfer and subsidies

Other subsidies		
Social relief (households)	-	1 156 470

39. Bulk purchases

Electricity - Eskom	651 392 898	524 408 376

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39. Bulk purchases (continued)

Electricity losses

Units purchased	311 134 966	272 314 769
Units sold	(242 138 558)	(226 435 927)
Total loss	**68 996 408**	**45 878 842**
Distribution losses (units)	68 996 408	45 878 842
Percentage Loss:		
Distribution losses	22 %	17 %

Water losses

Units purchased	12 295 570	9 352 421
Units sold	(5 204 058)	(5 117 985)
Total	**7 091 512**	**4 234 436**
Distribution losses (Units)	7 091 512	4 234 436
Percentage Loss:		
Distribution losses	58 %	45 %

Distribution losses (Rand value)

Electricity distribution losses	144 071 408	88 350 878
Water distribution losses	19 519 769	8 866 240
	163 591 177	**97 217 118**

In accordance with the reporting requirements of MFMA Cir 71, it is a norm that water distribution losses should be in a range of 15-30% and for electricity distribution losses should be in a range of 7-10%. Losses above the norms as per the MFMA circular were considered to be non-technical which are caused by: illlegal connections, theft, faults, billing errors etc

Attempts are currently being made to reduce these non-technical errors.

Non-revenue water i.e. non-billed water losses are a result of non-technical factors which include: non-metering of water, theft, faults, billing errors etc.

The problem is currently being addressed and additional smart meters are being installed and data cleansing processes to address the losses.

40. Inventory consumed

Consumables	170 649	120 364
Materials and supplies	10 654 132	10 681 631
Water	29 444 109	19 660 512
	40 268 890	**30 462 507**

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41. General expenses

Advertising	1 726 132	2 691 616
Auditors fees	9 168 269	9 291 823
Bank charges	1 129 878	872 948
Commission paid	8 026 460	9 869 582
Computer expenses	10 114 683	20 106 655
Entertainment	136 305	99 281
Hiring of equipment and water tankers	17 092 185	13 286 251
Insurance	1 457 521	5 062 100
Conferences and seminars	285 246	500 042
Motor vehicle expenses	970 740	1 106 233
Fuel and oil	7 407 515	9 265 878
Postage and courier	3 078 140	2 595 051
Subscriptions and membership fees	4 565 270	3 725 046
Telephone and fax	1 767 456	1 716 212
Travel - local	4 289 912	5 525 482
Uniforms and Protective Clothing	1 694 345	2 253 870
Workmen's Compensation Fund	2 154 388	1 982 451
Skills Development Fund	2 816 260	2 431 863
Remuration of Ward Committees	2 044 500	2 475 000
Bursaries (Employees)	294 251	272 926
Signage	140 809	149 272
	80 360 265	**95 279 582**

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42. Auditors' remuneration

Fees	9 168 269	9 291 823

43. Cash generated from operations

(Deficit) surplus	(358 911 294)	72 632 947
Adjustments for:		
Depreciation and amortisation	63 939 009	58 043 800
Loss on disposal of assets and liabilities	16 011 335	3 121 954
Fair value adjustments and other movements	(14 170 098)	570 692
Impairment	(19 518 634)	13 753 177
Debt impairment	182 180 385	206 777 346
Movements in retirement benefit assets and liabilities	4 200 476	5 246 603
Movements in provisions	6 579 830	14 193 593
Revenue in kind	(40 659 470)	(245 423 591)
Debt relief and incentives	-	(211 869 657)
Changes in working capital:		
Inventories	(3 933 710)	560 189
Receivables from exchange transactions	(276 033 225)	(143 425 457)
Receivables from non-exchange transactions	47 048 999	25 997 052
Other non exchange receivables	68 338	3 103 154
Payables from exchange transactions	374 311 957	156 772 208
VAT	39 804 619	116 806 925
Unspent conditional grants and receipts	(10 059 731)	10 059 731
Consumer deposits	621 610	3 788 275
	11 480 396	**90 708 941**

44. Fair value adjustments

Investment property (Fair value model)	14 170 098	(570 692)

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45. Loss on disposal of assets

Property, plant and equipment	(16 011 335)	(5 156 541)

46. Commitments

Authorised capital expenditure

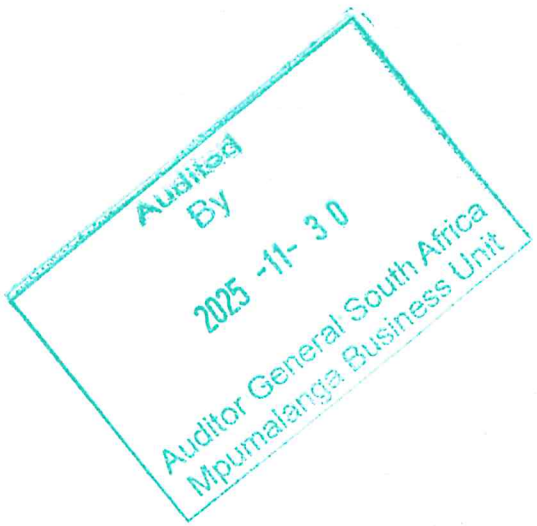
Already contracted for but not provided for		
• Property, plant and equipment	16 956 163	4 661 028
Total capital commitments		
Already contracted for but not provided for	16 956 163	4 661 028

This committed expenditure relates to acquisition of plant and equipment under technical services and will be financed by available existing cash resources, funds internally generated and grants etc. The capital costs includes payment for construction of gabion mattress, rehabilitation of Morgenzon landfill site, construction of stadium etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	300 170	1 801 021
- in second to fifth year inclusive	-	300 170
	300 170	**2 101 191**

Operating lease payments represent rentals payable by the municipality for leasing of office printers. The current lease agreement with Dido is expiring as at 31 August 2025, and pending renewal or new appointment process.



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47. Contingencies

The municipality is currently engaged in litigation with which could result in damages/costs being awarded against or in favour of Council if claimants are successful in their actions.

The table below sets out the contingent assets and liabilities at year end with the maximum potential liability of municipaility.

Contingent liabilities

Claim for balance of account for services rendered and a counterclaim for cancellation of a settlement agreement: Procurement irregularities.	El Gondor Trading 137 (Pty) Ltd	2657/2017	(17 558 033)	(17 558 033)
Claim for balance of account for services rendered on the basis of Undue Enrichment, services rendered for Lekwa but procured by GSDM: breach of contract and SLA.	Afri-Infra Group (Pty) Ltd & Gert Sibande District Municipality	2599/2018	(747 246)	(747 246)
Claims for damages as a result of failure to supply water in terms Statutory and Constitutional obligations: Service delivery and lack thereof.	Astral Operations & Meadow Feeds Ltd	1288/2022	(93 239 412)	(93 239 412)
Statutory and Constitutional obligations: Service delivery and lack thereof.	Johan Georg Wasserman and Others	89/24	(7 180 000)	-
Damages for unauthorised use of land, belonging to the members of public.	Siza Kancane Communal Property Association	C49/2025	(4 122 000)	-
Claim for balance of account for services rendered.	Ithemba Communicatio ns.	2386/2025	(9 315 731)	-
		218/2025	-	-
Claim of R215 859 667 for breach of contract SOC Ltd.	Eskom Holding SOC LTD	0126/19	(215 859 667)	(215 859 667)
Claim of R1 171 884 988 for goods supplied: Breach of contract.	Eskom Holding SOC LTD	1606/2020	1 171 884 988)	1 171 884 988)
Claim of R928 055 for damages caused by fire due to the n egligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by the M unicipality	Frans Johannes Joubert, Rise Shine SB (PTY) LTD//Avoxeni Farming CC	1536/2021	-	(928 055)
Claim of R388 310 for damages caused by fire due to the n egligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by the M unicipality.	Frans Johannes Joubert// Blue Sands Trading 852 CC//Avoxeni Farming CC	1537/2021	-	(388 310)
Claim of R2 430 000 for balance of account for services r endered: Breach of contract and SLA.	Phumi Trading JV Masallo Zwane Construction	11741/2012	(2 430 000)	(2 430 000)
Claim of R10 000 000 for Criminal Litigation against Lekwa r epresented by its head of administration; Contravention of NMWA (Act 59 of 2008).	State	31/9/2019	-	(10 000 000)

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47. Contingencies (continued)

Claim of R82 702.52 for balance of invoice for services r endered: Breach of the obligations in terms of the agreement.	Iliso Consulting (Pty)Ltd	396/2022	-	(82 702)
Claim for damages arising from breach of Contract: Procurement irregularities	Hayes Matkovich Development (Pty) Ltd	34401/12	-	(15 000 000)
The plaintiffs are claiming damages of their property situated in Cosmos Park which was destroyed by fire and Lekwa failed to extinguish the fire.	Henning Jacobus Kruger	4122/2018	(860 000)	(860 000)
Claim for loss of support and personal injuries due electrocution by electrical network: Negligence of property belonging to the Municipality	Wessel Johannes Kotze & Eskom Holdings.	671/ 2021	(19 200 000)	(19 200 000)
Claim for damages caused by fire due to the negligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by the Municipality	Pheela Abraham Motaung & Other	47901/2012	(810 000)	(810 000)
Claim for balance of account for services rendered: Breach of contract and SLA	Rand Water	3006/2020	(3 037 828)	(3 037 828)
			1 546 244 905)	**1 552 026 241)**

Contingent assets

Litigation is in the process against the municipality relating to a claim of R4 312 603.43 for cancellation of the SLA by Lekwa and refund of R4 312 603- 43. Breach of contract by the service provider.	TFM Sekhatlo (Pty) Ltd & Kwane Capital (Pty) Ltd	12102/2020	4 312 603	4 312 603

There are ongoing cases where the municipality has identified suspected misappropriation of municipal funds and resources by staff. The cases are currently being investigated and any potential recoveries contingent to finalisation will be recognised as unauthorised expenditure and any subsequent recoveries and assets will be accounted for in the accounts accordingly.

Litigation cases that have not been disclosed in contingent asset and liabilities

Dormant cases were assessed separately and there were no indicators of potential liability that required them to be disclosed at financial year end. The possibility of an outflow of resources embodying economic benefits or service potential is remote and as such, no reliable estimate could be made at the reporting date. These cases have not moved for a long period of time and there have been no legal costs incurred in relation to them, or the plaintiff is deceased, therefore, are assessed as dormant.

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48. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors and Mayoral Committee members	Refer to general information on page 1. Councillors with outstanding consumer accounts as at 30 June 2025, refer to note 57 :
Members of key management	Refer to note 30 for detailed remuneration

Key management information

Remuneration of management

Management class: Councillors

Management class: Executive management

2025

Name	Basic salary
Mr MJ Lamola - Accounting Officer	1 287 341
Mr KN Duba - CFO (Term ended February 2024)* - Refer to note 30	37 902
Ms VB Nkhata - CFO (Resigned 30 June 2025)	1 493 401
Ms T Mtshiselwa -Community Services	1 446 717
Mr SM Jiyane - Technical Director	1 566 697
Mrs L Khoza - Corporate Services	32 188
Mr MP Phosa - Economic Development (Term ended	551 386
	6 415 632

2024

Name	Basic salary
Mr MJ Lamola - Accounting Officer	1 281 280
Ms VB Nkhata - CFO	355 949
Ms T Mtshiselwa -Community Services	1 447 352
Mr SM Jiyane - Technical Director	1 460 827
Mrs L Khoza - Corporate Services (1 July 2023 - 31 December 2023)	846 173
Mr MP Phosa - Economic Development	1 394 466
	6 786 047

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48. Related parties (continued)

Remuneration of councillors

2025

	Basic Salary	Car Allowance	Cellphone Allowance	Contributions to medical aid and pensions funds	Other benefits received	Total
Name						
Cllr. TC Motaung	555 790	-	43 200	50 609	3 804	653 403
Cllr. MR Motloung	519 187	-	43 200	75 021	3 804	641 212
Cllr. SP Ngwenya	352 161	-	43 200	32 244	3 804	431 409
Cllr. MS Mngemezulu	705 947	-	43 200	89 205	3 804	842 156
Cllr. SB Ngqulungo	415 288	-	43 200	65 458	3 804	527 750
Cllr. PC Mahlaba	542 315	202 881	43 200	65 186	3 804	857 386
Cllr. SA Tshabalala	220 363	81 956	43 200	27 219	3 804	376 542
Cllr. GJ Xulu	282 800	105 178	43 200	34 797	3 804	469 779
Cllr. DJ Msibi	541 765	200 211	43 200	65 438	3 804	854 418
Cllr. O Phiri (former councillor - backpay adjustment)	10 553	3 518	-	134	-	14 205
Cllr. SW Masondo	405 934	150 630	43 200	49 550	3 804	653 118
Cllr. JD Nkuta	352 161	-	43 200	32 244	3 804	431 409
Cllr. APM Mthimkhulu	351 961	-	43 200	32 226	3 804	431 191
Cllr. DR Manana	554 379	-	43 200	49 051	3 804	650 434
Cllr. LM Marago	539 570	-	43 200	49 159	3 804	635 733
Cllr. PM Radebe	257 095	95 564	43 200	65 042	3 804	464 705
Cllr. DL Thabethe	348 846	-	43 200	80 675	3 804	476 525
Cllr. CAO Franco	352 388	130 990	43 200	42 792	3 804	573 174
Cllr. ML Molaba	583 852	-	43 200	52 622	3 804	683 478
Cllr. SA Silosini	226 447	84 392	43 200	27 780	3 804	385 623
DJ Venter	220 363	81 956	43 200	27 219	3 804	376 542
Cllr. JC Stoltz	277 765	101 748	43 200	31 568	3 804	458 085
Cllr. W Venter	246 238	-	43 200	30 843	94 207	414 488
Cllr. SM Modise	326 254	121 556	43 200	39 850	3 804	534 664
Cllr. SA Maboea	6 805	2 268	-	86	-	9 159
Cllr. SA Majozi	335 509	124 978	43 200	40 994	3 804	548 485
Cllr. JT Sebiloane	325 379	121 206	43 200	39 770	3 804	533 359
Cllr. RS Tsotetsi	214 837	91 755	43 200	62 814	3 804	416 410
Cllr. NC Nhlapho	298 828	4 540	43 200	27 468	3 804	377 840
Cllr. PD Bekker	312 903	104 667	43 200	4 425	3 804	468 999
Cllr. NP Selepe	301 623	-	43 200	27 284	3 804	375 911
Cllr. M Rakitla	237 920	67 545	39 716	28 364	3 497	377 042
	11 223 226	**1 877 539**	**1 292 516**	**1 347 137**	**204 216**	**15 944 634**

2024

	Basic salary	Car Allowance	Cellphone allowance	Contributions to medical aid and pensions funds	Other benefits received	Total
Name						
Cllr. P Beker	216 905	81 547	38 432	20 622	6 396	363 902
Cllr. C Franco	305 778	113 825	45 600	34 147	11 767	511 117
Cllr. S Maboea	210 967	78 375	45 600	23 512	10 642	369 096
Cllr. P Mahlaba	481 675	185 667	45 600	54 319	13 899	781 160
Cllr. S Majozi	490 201	188 846	45 600	55 273	14 000	793 920
Cllr. D Manana	288 880	-	45 600	23 512	10 794	368 786
Cllr. L Marago	288 880	-	45 600	23 512	10 794	368 786

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48. Related parties (continued)

Cllr. S Masondo	210 505	78 375	45 600	23 512	10 637	368 629
Cllr. M Mngomezulu	288 880	-	45 600	23 512	10 794	368 786
Cllr. S Modise	481 675	185 667	45 600	54 319	13 899	781 160
Cllr. M. Molaba	288 880	-	45 600	23 512	10 794	368 786
Cllr. T Motaung	288 880	-	45 600	23 512	10 794	368 786
Cllr. M Motaung	288 880	-	45 600	23 512	10 794	368 786
Cllr. D Msibi	498 708	185 667	45 600	55 700	14 055	799 730
Cllr. M Mthimkhulu	288 880	-	45 600	23 512	10 794	368 786
Cllr. Ngqulungo	288 880	-	45 600	23 512	10 794	368 786
Cllr. S Ngwenya	288 880	-	45 600	23 512	10 794	368 786
Cllr. N Nhlapho	288 536	-	45 600	23 857	10 786	368 779
Cllr. J Nkuta	288 880	-	45 600	23 512	10 794	368 786
Cllr. O Phiri	377 191	150 344	34 800	71 043	11 855	645 233
Cllr. P Radebe	210 505	78 375	56 400	23 512	10 745	379 537
Cllr. P Selepe	481 675	185 667	45 600	54 319	13 899	781 160
Cllr. N Selepe	79 176	-	13 200	6 931	2 028	101 335
Cllr. S Silosini	439 350	163 635	45 600	49 091	13 352	711 028
Cllr. J Stoltz	24 789	7 441	4 168	3 642	313	40 353
Cllr. D Thabethe	886 043	-	45 600	72 071	16 279	1 019 993
Cllr. N Tlhakudi	29 325	10 554	4 606	2 337	400	47 222
Cllr. S Tshabalala	210 505	78 375	45 600	23 512	10 637	368 629
Cllr. R Tsotetsi	222 203	100 581	45 600	78 119	11 344	457 847
Cllr. D Venter	210 505	78 375	45 600	23 512	10 637	368 629
Cllr. G Xulu	270 148	100 581	45 600	30 174	11 344	457 847
	9 515 165	**2 051 897**	**1 291 606**	**1 018 644**	**326 854**	**14 204 166**

Bids awarded to family of employees in service of the state

MPPM (Contract No. DTS 16 2021-2022, DTS04-2023-2024 & DTS 02-2023-2024)	City of Ekurhuleni & Systems development and support engeneering and maintenance, administration and supervision	Mrs M Senyatsi	Divisional Head	24 832 043	43 925 377
Isiqalo Sase Gert Sibande	Venue and catering services for strategic planning	JS Mhlabane PN Nhlapo	Owner(s)	115 240	-
				24 947 283	**43 925 377**

49. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement.

Details of the arrangment is as follows:

The municipality appointed Equaliser Group (Pty) Ltd as the agent for the selling and collecting of sales revenue from prepaid electricity on the behalf of the municipality. The duration of the agreement is for a period of 36 months from the date when the system "goes live " - (beginning of September 2023). In terms of the agreement, Equaliser is entilted to a commission of 10.35% including VAT on all monies collected by the service provider. Equaliser pays the municipality on a net basis after withholding their commission. The commission charged and withheld has been disclosed as an expense under operational expenses.

Entity as principal

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49. Accounting by principals and agents (continued)

Fee paid

Commission fees paid (exl. VAT)	8 026 459	6 773 115

50. 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

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories		4 760 550	-	-	4 760 550
Receivables from exchange transactions	1	217 838 439	241 494 102	-	459 332 541
Receivables from non-exchange transactions	2	40 939 785	248 592 007	-	289 531 792
VAT Input accrual	3	775 612 470	2 178 789	-	777 791 259
VAT Output accrual	3	(681 520 956)	20 536 622	-	(660 984 334)
VAT Payable		-	(862 590)	-	(862 590)
Property plant and equipment	4	2 006 176 574	(2 889 402)	-	2 003 287 172
Heritage assets		106 187	-	-	106 187
Investment property	5	282 324 381	290 893	-	282 615 274
Payable from exchange transactions	6	(3 195 840 523)	(20 390 378)	24 731 982	(3 191 498 919)
Consumer deposits	7	(3 688 178)	(100 098)	-	(3 788 276)
Other financial assets		34 661 621	-	-	34 661 621
Employee benefits obligations -		(86 383 603)	-	-	(86 383 603)
Provisions - non-current liability	8	(59 761 694)	730 768	(24 731 982)	(83 762 908)
Unspent grants		(10 059 730)	-	-	(10 059 730)
Cash and cash equivalents		14 998 240	-	-	14 998 240
Accumulated surplus/deficit	9	660 699 027	(490 443 303)	-	170 255 724
		862 590	**(862 590)**	**-**	**-**

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50. Prior-year adjustments (continued)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Services charges - Electricity	1	458 033 266	(44 917 383)	-	413 115 883
Services charges - Water	1	97 467 964	(14 114 551)	-	83 353 413
Services charges - Waste water management	1	78 524 470	(57 517 601)	-	21 006 869
Services charges -Waste Management	1	59 487 478	31 055 700	-	90 543 178
Sales of goods and Rendering of services	14	2 187 688	(157 936)	(533 882)	1 495 870
Interest earned from receivables - non-exchange	2	40 819 964	-	-	40 819 964
Licence and permits		2 478	-	3 392	5 870
Operational revenues	15	910	-	533 882	534 792
Interest earned from receivables - exchange	2	82 626 347	(94 140)	-	82 532 207
Interest earned from investments		4 135 690	-	-	4 135 690
Property Rates	2	217 714 619	(17 130 476)	-	200 584 143
General expenditure	13	(85 899 472)	(9 383 313)	2 858	(95 279 927)
Finance costs		(181 672 963)	(6 257)	-	(181 679 220)
Government grants and subsidies		219 896 269	-	-	219 896 269
Revenue in kind		245 423 591	-	-	245 423 591
Employee related costs	16	(282 231 288)	(3 178 091)	6 251	(285 403 128)
Remuneration of concillors		(14 740 484)	-	-	(14 740 484)
Depreciation and amortisation	4	(60 376 738)	2 332 938	-	(58 043 800)
Fair value adjustments	5	(702 686)	131 994	-	(570 692)
Loss on disposal of assets	4	(3 121 954)	(2 034 587)	-	(5 156 541)
Debt impairment	1&2	(214 613 319)	7 835 973	-	(206 777 346)
Bad debts written off	1&2	(123 959 726)	123 959 726	-	-
Bulk purchases	11	(544 068 888)	-	19 660 512	(524 408 376)
Contracted services	13	(122 044 053)	(10 048 031)	(12 501)	(132 104 585)
Reversal of impairment loss/(Impairment loss)	4	(1 487 252)	(12 265 925)	-	(13 753 177)
Inventory consumed	12	(20 067 873)	-	(10 394 634)	(30 462 507)
Fines, penalties and forfeits		3 582 214	-	-	3 582 214
Rental of facilities and equipment		3 003 212	-	-	3 003 212
Actuarial gains		2 020 397	-	-	2 020 397
Gains from foreign exchange		46 661	-	-	46 661
Munipal debt relief		211 869 657	-	-	211 869 657
Lease rental - operating lease		(1 801 021)	-	-	(1 801 021)
Transfers and subsidies		(1 156 470)	-	-	(1 156 470)
Surplus for the year	**9**	**68 898 688**	**(5 531 960)**	**9 265 878**	**72 632 606**

Segment Reporting

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Statement of financial position					
Non-current assets	14	2 695 034 701	(2 695 034 701)	-	-
Current assets	14	371 765 938	(371 765 938)	-	-
Non-current liabilities	14	(141 007 050)	141 007 050	-	-
Current liabilities	14	(2 323 268 763)	2 323 268 763	-	-
Accumulated deficit	14	(660 699 027)	660 699 027	-	-
		58 174 201	**(58 174 201)**	**-**	**-**

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50. Prior-year adjustments (continued)

Correction of Errors

The following prior period errors adjustments occurred:

1. Receivables from exchange transactions

During the financial year ending 30 June 2025, management noted that certain municipality properties owned and self occupied (municipal) and inactive accounts were billed from the past financial years and as a result, services revenue, interest levied and debtors were overstated. Additional corrections made are where the municipality noted that some customer accounts were incorrectly billed resulting from incorrect tariffs that were applied and retrospective corrections were made. The correction resulted in decrease in revenue.

Management also corrected the processing of credit notes that related to revenue earned in the prior years which had been incorrectly accounted for in the 30 June 2025 financial year and this resulted in reduction of debtors and revenue.

Debt impairment

During the year, the municipality made a correction in respect of the methodology of calculating impairment allowances for receivables from exchange to align to GRAP 104 (2009). The previous methodology recognised an impairment loss without reflecting indications of impairment only when there was objective evidence of a loss event. The new policy and methodology requires the municipality to recognise a loss allowance for on all financial assets when there is evidence of a loss event and applying the risk matrix to account type risk and payment risk in line with national treasury matrix guidance including receivables, from the date of initial recognition.

Management has applied the effect of the correction of the error retrospectively as the effect was assessed as material and considering the effect of prior period adjustment on gross balances of receivables. The aggregate effect of the error is as follows:

Impairment loss - Receivables from exchange (GRAP 104 (2009))

As previously stated	-	(123 098 571)
Adjustment made (net)	-	(13 714 235)
	-	**(136 812 806)**

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50. Prior-year adjustments (continued)

2. Receivables from non-exchange transactions

During the financial year ending 30 June 2025, management noted that certain municipality properties owned and self occupied (municipal) and inactive accounts were billed from the past financial years and as a result, property rates revenue and debtors were overstated. Additional corrections made are where the municipality noted that some customer accounts were incorrectly billed resulting from incorrect tariffs that were applied and retrospective corrections were made. The correction resulted in decrease in revenue.

Management also corrected the processing of credit notes that related to revenue earned in the prior years which had been incorrectly accounted for in the 30 June 2025 financial year and this resulted in reduction of debtors and revenue.

Debt impairment

During the year, the municipality made a correction in respect of the methodology of calculating impairment allowances for receivables from non-exchange to align to GRAP 108 requirements. The impairment loss was calculated as the difference between the carrying amount of the receivable and the estimated future cashflows expected to be received.

Management has applied the effect of the correction of the error retrospectively as the effect was assessed as material and considering the effect of prior period adjustment on gross balances of receivables. The aggregate effect of the error is as follows:

Impairment loss - Receivables from non-exchange (GRAP 108)

As previously stated	-	(87 855 991)
Adjustment made	-	21 587 981
	-	**(66 268 010)**

Adjustments made to the impairment calculation included the raising of subsequent and past bad debt write-off and credit notes that were accounted for against the allowance raised to align with the previously raised expenditure when the sale was made limited to the amount provided for as an allowance for impairment in the previous year.

Impairment of other assets

Other Financial assets including; Eskom deposits (other financial assets), cash and cash equivalents, and VAT receivables were not materially impacted by the correction of error and as a result, no restatement of impairment losses were required. VAT receivable is statutory and deemed recoverable from state institution; other financial assets are held with Eskom for electricity account deposits and are deemed recoverable from a state owned institution ; and cash and cash equivalents are held with FNB and Nedbank which are AAA rated in terms of S&P ratings and are accredited banking institutions in terms of the Banks Act of South Africa and the credit risk is limited.

The municipality has not early adopted the requirements of GRAP 104 (2019) effective 1 April 2025. The standard will be adopted and implemented in 2025/2026 financial year and will result in the municipality's impairment model moving form incurred loss model per GRAP 104 (2009) to Expected Credit loss model per GRAP 104 (2019) requirements.

3. VAT input accrual & VAT receivable and VAT input accrual & VAT Payable

During the financial year ending 30 June 2024, management corrected errors relating to:

1. Own billing and billing of inactive accounts which resulted in VAT output adjustments.
2. Correction of errors in property, plant and equipment which resulted in VAT input adjustment.
3. Correction of other transactional errors with the effect of VAT.

Management also enhanced the disclosure of VAT receivable by disclosing the VAT payable (Output accrual) and VAT receivable(input recognised) separately under current liabilities and current assets respectively to align with GRAP disclosure requirements.

Refer to VAT Receivable and VAT input accrual – note 6 and VAT Payable and VAT Output accrual – note 14 and statement of financial position; for the disclosure of current assets and current liabilities.

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50. Prior-year adjustments (continued)

4. Property, plant and equipment

During the financial year ending 30 June 2025, the municipality discovered a fundamental error relating to changes in useful lives for some of the property, plant, and equipment. The identified changes in remaining useful lives of the assets were correctly accounted for. Comparative figures have been restated.

Management further noted that prior year additions of assets were incorrectly accounted for, new assets that were not included in the fixed asset register were identified from the physical verification performed and as a result, the additions for various assets categories were adjusted.

Management also reclassified certain properties incorrectly disclosed under land category to investment property due to new information obtained.

The effect of the correction of the error is detailed as per the statement of financial position above and taking the below into account as follows:

Depreciation

Due to the correction of assets categories as noted, management also recalculated the depreciation of the assets and this resulted in change of depreciation recorded in the statement of financial performance.

Reversal of impairment loss/(Impairment loss)

Due to the correction of assets categories as noted, management also recalculated the impairment loss and in instances where the assets recoverable amount exceeded the carrying amount, the previously recognised impairment losses were reversed and where the assets had indicators of impairment, impairment losses were recognised.

Loss on disposal of assets

Management also updated the fixed asset register for assets that were disposed in the prior year where base asset was sold but the sub line item was not disposed.

5. Payables from exchange

Management processed the recording of invoices and transactions relating to creditors that were not included in the opening balances to enhance completeness and cut-off transactions as a result trade payables were restated.

6. Investment property

During the financial year ended 30 June 2025, management noted that certain land parcels were incorrectly accounted for under land and were reclassified to investment property.

7. Consumer deposits

Management noted that an income statement account was previously incorrectly mapped into consumer deposits balance and this was reclassified to accumulated surplus in the 2023 financial year.

8. Provisions

Management enhanced the disclosure of provisions by providing a split of classification between current and non-current portion of the land fill site rehabilitation liability on the statement of financial position.

9. Accumulated surplus

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50. Prior-year adjustments (continued)

The net effect of corrections made in the on prior periods beyond 2024 period 15 on munsoft accounting system adjustments were made against the accumulated surplus and as a result the opening balance of accumulated surplus was restated.

10. Employee related costs

Management identified expenditure paid on behalf of pensioners that was incorrectly classified as normal salaries expense and this was reclassified to post employee benefits expense item.

11. Bulk purchases

Management enhanced the disclosure of bulk purchases and reclassified inventory water from bulk purchases electricity to inventory consumed.

12. Inventory consumed

Management enhanced the disclosure of inventory consumed and reclassified inventory water to inventory consumed.

13. Operational costs, sales of goods and rendering of services and operational revenue

Management reclassified certain transactions that were incorrectly classified as employee costs to general or operational expenses.

Management performed a reclassification of income and expenses between different categories and functions and as a result the following line items were restated to enhance the disclosure.

14. Irregular expenditure

Management identified and corrected irregular expenditure register to address completeness issues. Refer to note 50 for details:

Irregular expenditure

As previously stated	- 197 858 390
Irregular expenditure identified and adjusted	- 843 021 318
	- 1 040 879 708

15. Segment reporting

During the preparation of annual financial statements for the year ended 30 June 2025, management discovered errors in the prior year statement financial position and statement of financial performance, necessitating adjustments to segment reporting. The details of the prior year corrections are disclosed on each line item as detailed in the table of prior period adjustements.

Furthermore, the assets and liabilities as disclosed in the prior year were removed as management does not make decisions over assets and liabilities.



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51. Risk management

Financial 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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Payables from exchange transactions		
Less than 1 year	3 721 186 081	3 113 741 835
Retentions		
Less than 1 year	14 980 930	15 161 954
Consumer deposits		
Less than 1 year	4 409 885	3 788 275

Financial liabilities are disclosed inclusive of the VAT input accrual.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

None of the financial assets have been pledged as security. The credit control is utilised to manage the credit risk. The municipality makes an allowance for credit losses which represents the best estimate of expected future losses. Where applicable legal action is taken to recover the debt from counter parties. The credit quality of financial assets neither past due or impaired is considered to be good. Only accredited banking institutions in terms of the Banks Act are utilised by the municipality to ensure that it limits its credit risk. Credit risk is concentrated in trade receivables from exchange transactions.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Other financial asset	36 751 499	34 661 621
Trade and other receivables from exchange transactions	579 578 228	459 332 541
Cash and cash equivalents	16 240 931	14 998 240

There were no changes from previous year in respect of objectives, policies and processes for managing risks and the methods used to measure the risks.

Trade and other receivables from exchange that are classified as financial assets are disclosed inclusive of the VAT output accrual.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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52. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated deficit of (531 936 492); (170 255 630) (30 June 2024) and that the municipality's total liabilities exceed its assets by (531 936 492); (170 255 630) (30 June 2024).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality's current liabilities exceed its current assets, and the municipality has reported a deficit budget for the fiscal period. These and other factors indicate a substantial financial strain on the municipality's operations. Management has identified events and conditions, primarily concerning the municipality's recurring liquidity issues, that may cast significant doubt on the municipality's ability to continue as a going concern.

The following significant and among other events are casting doubt to the municipality's going concern:

(a) Recurring of deficit/operating losses, despite having positive significant decrease in operational expenditure to the debt relief by Eskom and DWS.
(b)Strained Current ratio - 0.40:1 (2025) and 0.38:1(2024)
(c)Long Creditors days and failure to settle suppliers' invoices within 30 days as legislated.
(d) Poor debt collection rates

The municipality has reported a deficit budget for the fiscal period. Refer to Statement of Comparison of Budget and Actual Amounts. These factors indicate a substantial financial strain on the municipality's operations.

Management has developed the following plans to address the conditions above, and it believes that, if successfully executed, these plans will enable the municipality to meet its obligations as they fall due for at least the next 12 months from the date of approval of these financial statements.

Recovery and Improvement Plans

The municipality has approved a deficit budget accompanied by a comprehensive Budget and Recovery and Improvement Plans aimed at improving revenue streams and overall financial performance. This plan includes specific measures designed to enhance revenue generation and fiscal management.

(a) Debt Management: Reviewing and reorganizing current debt and setting up repayment plans where possible.

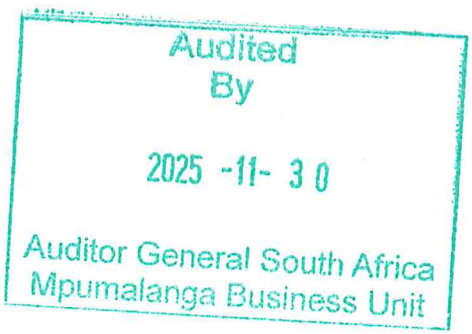
(b) Improving Internal Controls: Strengthening procedures to make operations more efficient and prevent financial mismanagement.

(c) Cost Savings: Finding and applying ways to cut costs and manage expenses better.

(d) Increasing Revenue: Creating strategies to boost income, including exploring new sources of revenue.

(e) Managing Cash Flow: Effectively handling the municipality's cash flow to ensure financial stability

The municipality's forecasted positive cash flows from operations and factoring capital expenditure for the 30 June 2026 financial year are summarised as below:



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52. Going concern (continued)

Forecasted cashflows	**30 June 2026 Financial Year**
Revenue	**1 291 152 000**
Exchange	680 973 000
Non-exchange	223 093 000
Grants income	234 734 000
Interest income	147 732 000
Other Income and collections	4 620 000
Expenditure	**(1 121 323 000)**
Operational expenditure - suppliers and employees	(1 071 310 000)
Capital expenditure	(50 013 000)
	169 829 000

The management of Lekwa Local Municipality has evaluated the municipality's ability to continue operating as a going concern. This evaluation considers the ongoing financial recovery initiatives, including the Budget Funding Plan, Financial Recovery Plan, Eskom Debt Relief, and the Debt Relief Grant for smart metering. Based on this assessment, the municipality is confident in its capacity to remain operational and fulfil its financial obligations in the foreseeable future.

While there are significant challenges and a material uncertainty, the ongoing recovery efforts and strategic plans are expected to address the financial difficulties faced by the municipality. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management remains confident that these measures will improve the municipality's financial position and operational stability and will be be able to realize its assets and discharge its liabilities in the normal course of business at amounts stated in these financial statements as well as maintaining and improving service delivery standards.

53. Events after the reporting date

The following events occurred subsequent to year end:

1. On 14 August 2025, the municipality received an approval for participation in the Department of Water and Sanitation of South Africa's municipal debt relief programme upon complying with the stipulated preconditions outlined in the framework for the programme. Participation in the programme is conditional upon continued compliance with the agreed terms, including but not limited to:
(a) Implementation of financial recovery plans.
(b) Submission regular compliance and performance reports
(c) Demonstrable commitment to improved revenue management and governance.

2. MPAC has concluded the investigation of unauthorised expenditure for the period July 2023 to June 2024 financial year. A recommendation to write off unauthorised expenditure was submitted to council on 1 August 2025, and certified, authorised and wrote-off the historical unauthorised expenditures incurred from July 2023 - June 2024 financial year amounting to R354 021 748.

54. Unauthorised expenditure

Opening balance as previously reported	354 021 749	409 415 153
Add: Unauthorised expenditure - current	156 233 785	354 021 749
Less: Amount authorised - prior period amount written off in current year	(354 021 749)	(409 415 153)
Closing balance	**156 233 785**	**354 021 749**

Unauthorised expenditure relates to over-expenditure on certain votes due to non-funded budget.

MPAC has concluded the investigation of unauthorised expenditure for the period July 2023 to June 2024 financial year. A recommendation to write off unauthorised expenditure was submitted to council on 1 August 2025, and certified, authorised and wrote-off the historical unauthorised expenditures incurred from July 2023 - June 2024 financial year amounting to R354 021 749. This write off by council after reporting date, consequently has resulted in an event after reporting period and unauthorised expenditure note has been adjusted to include the write-off.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Fruitless and wasteful expenditure

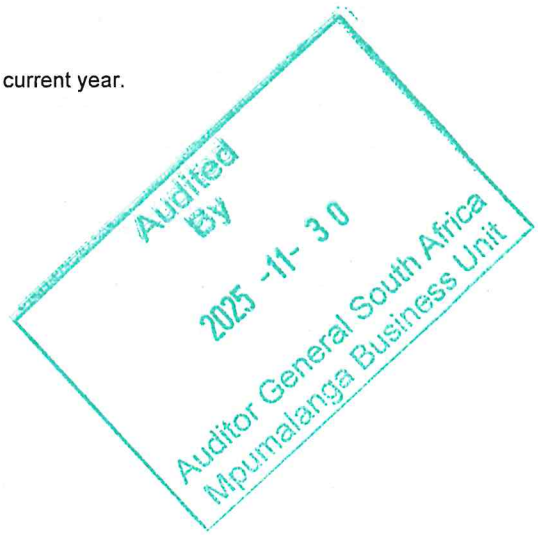
Opening balance as previously reported	20 873 670	414 275 020
Add: Fruitless and wasteful expenditure identified - current overdue accounts	144 744 663	183 517 694
Add: Fruitless and wasteful expenditure identified - Penalties on late payments (SARS)	2 708 966	6 406 246
Less: Amount written off by Eskom relating to prior period	-	(136 535 833)
Less: Amount written off - current - Credit Notes from supplier	(88 946)	-
Less: Amount written off - prior period written off in current year	-	(446 789 457)
Closing balance	**168 238 353**	**20 873 670**

Fruitless and wasteful expenditure relates to interest charged on long overdue accounts and penalties charged on the late payment due to the Municipality having cashflows constraints.

Fruitless and wasteful expenditure is presented inclusive of VAT.

Disciplinary steps taken/criminal proceedings

No disciplinary action or steps were taken or criminal proceedings in the current year.



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56. Irregular expenditure		
Opening balance	1 040 879 708	980 692 314
Add: Irregular expenditure identified during the year (non-compliance)	30 920 212	54 223 166
Add: Irregular expenditure - service providers (prior year additional)	-	5 964 228
Closing balance	**1 071 799 920**	**1 040 879 708**

Irregular expenditure relates to quotations which were not compliant with SCM regulations, contracted services which had expired SLAs and appointment of service providers where tender processes were not adequately adhered to.

Irregular expenditure was a result of below particulars of non-compliance with regulations and legislation:

No competitive bidding -Non-compliance with Supply Chain Management regulation 12(1), & Paragraph 112 of the (MFMA).

Invalid deviations-Non-compliance with Supply Chain Management regulation 36(1).

Three quotations not obtained Non-compliance with SCM regulation 12 (1) (c).

Non-compliant tax status-Paragraph 14 of the Preferential Procurement Regulations (PPR).

Quotation not advertised for a minimum of 7 days-SCM regulation 18(a).

Non-compliance with 80/20 preference point system-Preferential procurement regulation, 2022.

Declaration of interest by service provider-SCM regulation 13(c).

Invitation to bid did not specify the minimum threshold for local production and content-In terms of Preferential Procurement Regulation (PPR) 8(2).
Non-compliance :PPFA section 2(1)(f) PPR 6(8) The award was made to the bidder who did not score the minimum functionality points.

Non-compliance : lack of fairness and transparency in the procurement process(unfair disqualification of bidders). SCM Regulation 4(2) of PPR, 2017;28(1).

Non -compliance PPR 8(5) ;Local content : MBD 6.2 not submitted by supplier.

Non-compliance PPR 8(2);Instruction Notes on Designated Sectors Local content : Threshold as per the advert different to the local content threshold calculated.

Non-compliance SCM reg 28(1) (c) and SCM reg 38(1) (d)(i): Municipal rates , taxes and municipal charges for the winning bidder (director and company)could not areas for more than 3 months at the time of awarding contracts.

Non-compliance :SCM Regulation 22(2) bid advertised for a period less than the required days . Contract extended after expiry of the initial contract and the contract extension interns of value exceeded 15% maximum threshold for other goods and services.

Non-compliance SCM Reg 13(b) and SCM reg 43: Tax status not compliant at the date of award.

Non -compliance :PPR4(2) Lack of fairness and transparency in the procurement process (unfair disqualification of bidders).

Non-compliance:PPFA section 2(1)(f) PPR6(8) The award was made to the bidder who did not score the minimum functionality points.

Non-compliance SCM reg 21(b) :The tender document did not specify evaluation and adjudication criteria which includes the preference point system (80/20 or 90/10) prescribed in terms of the PPPFA.

Disciplinary steps taken/criminal proceedings

No disciplinary action or steps were taken or criminal proceedings in the current financial year.

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57. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Opening balance	3 600 000	3 402 125
Current year subscriptions	3 687 669	3 605 410
Amount paid - current year	(3 600 000)	(3 407 535)
	3 687 669	**3 600 000**

Audit fees

Opening balance	2 462 839	3 247 458
Current year audit fee	9 524 280	10 925 664
Amount paid - current year	(9 892 873)	(11 710 283)
	2 094 246	**2 462 839**

PAYE and UIF

Opening balance	49 931 308	7 986 771
Current year returns/declarations	62 611 722	73 704 552
Amount paid - current year	(58 870 353)	(23 773 244)
Amount paid - previous years	(12 203 766)	(7 986 771)
	41 468 911	**49 931 308**

Pension and Medical Aid Deductions

Opening balance	998 556	12 803 383
Current year contribution	91 480 467	77 257 242
Amount paid - current year	(91 480 467)	(89 062 069)
Amount paid - previous years	(998 556)	-
	-	**998 556**

VAT

VAT output payables and VAT input receivables are shown in note 6 and 57.

All VAT returns have been submitted by the due date throughout the year.

Reconciliation of VAT receivable

Opening balance	93 228 924	91 808 710
Amount claimed from SARS during the year	77 795 032	52 718 146
Amount received during the year	(13 940 302)	(4 725 749)
Net VAT output accrual	(21 042 906)	(46 572 183)
	136 040 748	**93 228 924**

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57. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear/(credit) consumer accounts

.The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr .DL Thabethe -	11 127	17 103	28 230
Cllr.CAO Franco	4 897	-	4 897
Cllr.SA Silosini	3 973	-	3 973
Cllr .DJ Venter	10 281	-	10 281
Cllr PD Bekker	(8 434)	-	(8 434)
Cllr. RS Tsotetsi	(627)	-	(627)
Cllr SB Ngqulunga	(1 500)	(2 264)	(3 764)
Cllr.M Molaba (MMC CSS)	(2 199)	(800)	(2 999)
Cllr SP Ngwenya	(4 313)	-	(4 313)
Cllr.GJ Xulu	8 588	117 542	126 130
Cllr.LM Marago(MMC Technical)	9 403	37 631	47 034
Cllr .AM Majozi	10 619	219 453	230 072
Cllr NS Selepe	4 934	26 563	31 497
Cllr. MS Mngomezulu (Executive Mayor)	(1 293)	-	(1 293)
Cllr.PM Radebe	1 854	-	1 854
Cllr.MD Rakitla	6 786	98 829	105 615
Cllr .PC Mahlaba (MMC Corporate)	(10 351)	-	(10 351)
Cllr .JT Sebiloane	(1 231)	-	(1 231)
Cllr. MR Motloung (Chief Whip)	(5 458)	-	(5 458)
Cllr.SA Tshabalala	2 520	-	2 520
Cllr. DJ Msibi- (Speaker)	4 167	75 058	79 225
Cllr.DR Manana	(6 328)	-	(6 328)
	37 415	**589 115**	**626 530**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days as at 30 June 2024::

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr .DL Thabethe - Executive Mayor	1 364	-	1 364
Cllr .AM Majozi (Speaker)	59 744	185 861	245 605
Cllr. DJ Msibi- Chiefwhip	3 338	49 680	53 018
Cllr .PC Mahlaba	5 767	136 542	142 309
Cllr .JT Sebiloane	3 674	35 890	39 564
Cllr.DR Manana	563	-	563
Cllr. MR Motloung	843	-	843
Cllr.GJ Xulu	133 358	109 760	243 118
Cllr.SA Silosini	621	-	621
Cllr PD Bekker	14 472	-	14 472
Cllr.APM Mthimkhulu	6 134	85 596	91 730
Cllr. RS Tsotetsi	6 228	113 813	120 041
Cllr. MS Mngomezulu	14 397	-	14 397
Cllr . JC Stoltz	2 013	-	2 013
Cllr . LM Marago	12 637	32 153	44 790
Cllr . SP Ngwenya	4 600	4 666	9 266
Cllr . SA Tshabalala	899	-	899
Cllr . CAO Franco	2 432	-	2 432
Cllr . SB Ngqulunga	723	-	723
Cllr . TC Motaung	1 775	32 789	34 564

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57. Additional disclosure in terms of Municipal Finance Management Act (continued)			
Cllr . NC Nhlapho	5 815	57 051	62 866
Cllr NS Selepe	4 924	30 978	35 902
	286 321	**874 779**	**1 161 100**

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.

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. There were no deviations in the current year.

Incident		
Equipment repairs and maintenance (Single supplier)	-	407 186

58. Budget differences

Material differences between budget and actual amounts

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2024 to 30 June 2025. The budget and accounting bases are the same.

Material differences between budget and actual amounts greater than 10% based on Table A1 of the budget schedules in accordance with the Municipal Budget Reporting regulations No. 32141:

Statement of Financial Performance:

The persistent cash flow constraints necessiated the development of the Financial Recovery Plan (FRP) with the assistance of National Treasury. A number of strategies and plans are being implemented to turnaround the financial health position of the municipality. Revenue enhancement initiatives have been implemented to maximise on revenue collection as well as cost containement plans to maximise on profits and cashflows.

