# 1st Draft Annual Report

## 2024/25 Financial Year
## (Single set)

**MARCH 2025**

SIYA PHAMBILI - ASIJIKI

JOE GQABI
DISTRICT MUNICIPALITY

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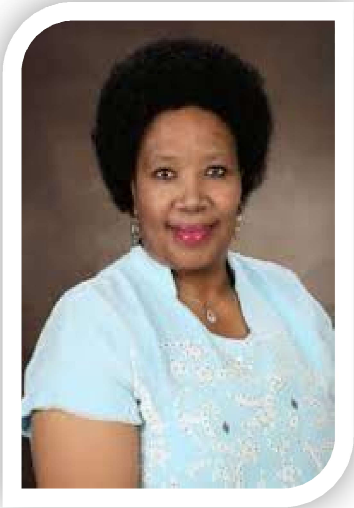
## CHAPTER 1: EXECUTIVE MAYOR'SFOREWORD AND EXECUTIVE SUMMARY

### 1.1 EXECUTIVE MAYOR'S FOREWORD



Guided by the National Development Plan (NDP), the Provincial Development Plan (PDP), the Joe Gqabi District Development Model (DDM) One Plan, and our Integrated Development Plan, our thoughts, ideas, and actions are aligned to address the needs of our people. As we celebrate 30 years of democracy, we must learn from past mistakes and challenges while improving upon our successes. We are committed to adhering to President Ramaphosa's program of smart cities, which includes rural towns.

The economic climate in our country has remained unchanged, with investors moving in at a snail's pace and some choosing to leave. This trend will impact economic development and could lead to job losses. While economic growth has remained steady, the unemployment rate continues to be high. In this context, we must utilize our limited resources effectively to achieve more. Implementing cost-cutting measures is not just an option; it is essential for our efforts to provide sustainable services to our residents.

Our programme of action is strategically aligned to Provincial growth and development strategy which encapsulates the province's five-point plan towards economic recovery. The plan stipulates the province's areas of strategic intervention, being infrastructure development, industrialization and sector support, inclusive growth, digital economy, and public finance. As a District, we have identified a number of proposed programmes and projects require funding, which the Orange River Macro scheme and the Tlokoeng Bulk Service Upgrade aloe have been estimated to be R2,3 billion. This is a major component of our critical infrastructure investment programme. However, inadequate infrastructure funding and investment impedes the momentum that we require to fast track out interventions.

With regard to infrastructure delivery management, our programme focuses on development of up-to-date and credible infrastructure master plans, which include climate change resilience and adaptation strategies, as well as spatial restructuring. It remains critical to keep the impetus towards developing and supporting the local economic drivers for inclusive growth and job creation through our service delivery interventions and focus on matters such as SMME incubation, job placement programmes, empowering and providing support to women, youth and the vulnerable groups. We have strong and capable institutional design which is functioning to ensure efficient service delivery as well as strengthening of governance and management. We have maintained clean audits over the past financial years as a District municipality through effective deployment of the know-how and skills of our personnel and through strong internal controls.

The Joe Gqabi District Municipality entered the 2024/25 financial year with a mandate to deliver on its constitutional obligations of ensuring access to basic services, promoting development, and maintaining accountable governance. The Annual Performance Report reflects both notable progress and persistent challenges that define the political and developmental landscape of the district.

On the positive side, the municipality has shown strong governance and administrative compliance. Quarterly reports were consistently tabled before Council, and good governance targets were fully achieved, underscoring transparency and accountability. Public participation structures remain functional, helping the municipality retain political credibility with communities.

Service delivery, however, presents a mixed picture. Access to sanitation services improved, with over 1,200 new household units constructed against a target of 1,000, pushing overall coverage to nearly 95%. Road maintenance also exceeded targets, and fire incidents were responded to with full compliance. These gains highlight areas where municipal interventions directly improved residents' quality of life.

The water sector, by contrast, continues to be the municipality's most politically sensitive weakness. Water quality compliance fell short of national standards, and crucially, no new household water connections were added during the year. The highly anticipated Elundini Rural Water Supply Project, a R200 million initiative co-funded with international partners, was delayed due to procurement complexities. This failure has reinforced public frustration in communities where access to safe drinking water remains inadequate.
Economically, the municipality contributed to job creation, generating over 700 work opportunities, largely through Expanded Public Works Programme (EPWP) initiatives linked to sanitation and infrastructure projects. Yet, efforts to build capacity among small enterprises faltered due to budget constraints, postponing planned training for SMMEs until the following year.

Financial management performance presents a dual reality. On one hand, the municipality demonstrated sound fiscal discipline, achieving high debt coverage ratios and fully utilizing infrastructure grants. On the other hand, revenue collection remains a severe challenge. Service debtors have climbed sharply, with only 22% of billed revenue collected, raising risks for future sustainability. Attempts to reverse this trend—through prepaid meters, debt collectors, and stricter credit controls—have already created tensions between the administration and residents, a dynamic that may intensify politically if service delivery expectations remain unmet.

Institutionally, the municipality made progress in improving employment equity, surpassing its target for senior management appointments from designated groups. However, high vacancy rates persist due to delays in finalizing the new organogram and job evaluation processes. Internship opportunities also fell short, reflecting limited absorption capacity for unemployed graduates.

In conclusion, the Joe Gqabi District Municipality demonstrates governance stability and partial success in meeting developmental objectives. Politically, its strengths lie in transparency, compliance, and achievements in sanitation, jobs, and governance. Yet the failures in water delivery, coupled with mounting revenue collection challenges, represent pressing risks that could erode community trust. The municipality's political and administrative leadership enters the next financial year under pressure to accelerate infrastructure rollouts, secure sustainable finances, and restore confidence that service delivery promises will be met.

Towards implementing improved public participation and accountability, the Council implemented a twelve community outreach meetings as guided by Section 16(1) of the Municipal Systems Act of 2000 which states that a municipality must foster a culture of governance that complements formal representative government with participatory governance. Through these meetings, we encourage and create conditions for the local community to participate in its affairs, including the preparation, implementation, and review of its Integrated Development Plan (IDP) and budget. Other sector specific forums meetings were also successfully held throughout the period.

As we move forward, we are charged with the responsibility of allocating and using public resources with integrity, honesty, and care. At all times, we must act in the best interest of our community and the public. By doing so, we will prevent unnecessary community protests, wasteful expenditure, and the destruction of public property.

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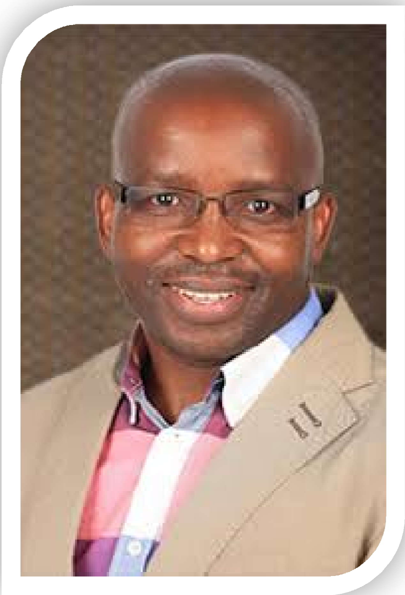
**Cllr. NP Mposelwa**
**Executive Mayor**
**Joe Gqabi District Municipality**

Date:

## 1.2 REMARKS BY THE MUNICIPAL MANAGER



Sections 121(3) and (4) of the MFMA sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. These include:

- the annual financial statements of the municipality/entity and if municipality has municipal entities, consolidated annual financial statements as submitted to the Auditor-General for audit;
- the audit report of the Auditor-General in terms of both section 126(3) of the MFMA and section 45(b) of the MSA;
- municipality's annual performance report as per section 46 of the MSA;
- assessment of any arrears on municipal taxes and service charges;
- assessment of municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the municipality's approved budget;
- particulars of corrective action taken or to be taken on issues raised in audit reports;
- explanations to clarify issues on financial statements;
- any other information determined by the municipality/entity including recommendations made by the audit committee and any other information as may be prescribed.

In addition to the above, section 46 of the Local Government: Municipal Systems Act, as amended, provides for the following information to be included in the municipality's Annual Report:

- a performance report reflecting performance of both the municipality or any service provider during the financial year to which the annual report relate including development and service delivery priorities and performance targets for the next financial year;
- GRAP compliant financial statements;
- An audit report on the financial statements and the annual performance report referred to in the MSA section 46;
- Other reporting requirements in terms of other legislation
- An annual performance report to form part of the municipality's Annual Report in terms of Chapter 12 of the MFMA

We have encountered cases where our water infrastructure has been damaged, stolen, or tampered with by criminals or vandals, disrupting our supply and distribution systems. This is a serious issue that affects service delivery, community safety, and well-being. As we tackle this challenge, our costs and risks have increased, impacting our revenue and efficiency.

The Annual Performance Report is a mandatory report for municipalities to assess their performance for a specific financial year, measuring progress against set objectives and informing the public about achievements and challenges. The report evaluates the municipality's performance in relation to its development priorities, objectives, and key performance indicators outlined in its Integrated Development Plan and Service Delivery and Budget Implementation Plan. - The overall performance of the municipality for the financial year 2024/25 is detailed, showing achieved targets and percentage achieved for key performance areas. - Specific key performance indicators and their targets for service delivery and infrastructure development are outlined, along with means of verification and snapshot definitions for each indicator. - Detailed capital works plans for infrastructure projects, including project descriptions, project status, approved budgets, and projected expenditures, are provided for the financial years 2024/25 to 2026/27. All this information is detailed in the Annual Performance Report (APR) which is attached to this Annual Report.

The District has one entity under its control. Joe Gqabi Economic Development Agency (JoGEDA) is 100% owned by the Joe Gqabi District Municipality and as a municipal entity, it is also required to comply with the basic requirements of the Local Government Municipal Systems Act 32 of 2000 read together with the provision of the Local Government Municipal Finance Management Act of 2003. JoGEDA has prepared its annual performance report and annual report in terms of the same guidelines and law.

The District has once again maintained clean audit outcomes from the Auditor General South Africa (AGSA). The effective institutional risk management approach of the District and continuous improvements in internal control environment has resulted in positive service delivery and audit outcomes.

With regard to the financial health of the municipality, the debt continues to grow and the interest on outstanding debtors contributes materially to the outstanding debtors at year end. There was a slight improvement from the previous year. The collection of cash is lower than anticipated contributing to not having sufficient cash to cover the cost over a long period. To deal with improving the cash collection rate target which was not in the year under review, the municipality has resolved to implement a multi-pronged programme which include appointment of debtor collectors, installation of paid smart meter for water services and consideration to write off all irrecoverable debt.

During the period under review no internal management changes in relation to Section 56/57 managers were implemented.

The Institutional Strategic Risk register for the year under review indicates a number of critical areas with a rating of ‘high’. The top five (5) strategic risks include insufficient water to meet demand; infrastructure failure; inability to collect monies due to the municipality for services delivered; non adherence to environmental management protocols; as well as ineffective risk reduction and response to emergencies and disasters. There is a multitude of measure that are well detailed in the Institutional Strategic Risk Register, which include implementation of water restrictions, rain water harvesting, drilling of boreholes, implementation of water bylaws, revenue enhancement strategy, community education and awareness and so forth.

As we navigate our financial landscape and strive to deliver essential services, let us remember that our journey is a collective one. Each stakeholder in governance and administration plays a vital role in upholding our commitment to quality, reliability, and community well-being. We appreciate the partnership and camaraderie among our political leadership, administration, stakeholders, and communities as we move forward with purpose and determination.

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MP Nonjola
**Municipal Manager**
DC14 – Joe Gqabi District Municipality

Date:

## 1.3 Municipal Overview

### 1.3.1 Demographics and population

Population

Census 2022 shows that the population of the District is the smallest in the Province as depicted in the table below.

**Table 1: Provincial context of the District population (Census 2022)**

| Municipality | Population size 2011 | Population size 2022 | % change | % Annual increase |
|---|---|---|---|---|
| O.R. Tambo | 1 366 039 | 1 501 702 | 9,0% | 0.9% |
| Nelson Mandela Bay | 1 152 115 | 1 190 496 | 12,3% | 1.2% |
| Buffalo City | 854 967 | 975 255 | 13,9% | 1,4% |
| Alfred Nzo | 806 478 | 936 462 | 8,1% | 0.8% |
| Amathole | 801 344 | 871 601 | 5,6% | 0,6% |
| Chris Hani | 781 853 | 828 387 | 15,5% | 1,2% |
| Sarah Baartman | 450 584 | 533 253 | 11,3% | 1,1% |
| **Joe Gqabi** | **348 673** | **393 048** | **9,0%** | **0.9%** |

Census 2022 shows that the population of the District increased from 348 673 in 2011 to 393 048 in 2022 as shown in the table below.  Women constitute 51,5% against 48.5% men as shown in the table below..

**Table 2:  Population and gender (Census 2022)**

| LM | Population | | | GENDER | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2022 | % change | 2011 | | 2022 | | % change | |
| | | | | F | M | F | M | F | M |
| **JGDM** | **348 673** | **393 048** | **11.3%** | **53%** | **47%** | **52.5%** | **47.5 %** | **-0.5%** | **0.5%** |
| SENQU | 134 150 | 147073 | 8,8% | 53.2% | 46.8% | 53.5% | 46.5 % | 0.3 % | 0.3% |
| WSLM | 77 477 | 104 213 | 25.7% | 52% | 48% | 52.5% | 47.5 % | 0.5 % | - 0.5% |
| ELUNDINI | 137 045 | 141 762 | 3,3% | 52.6% | 47.4% | 51.5% | 48.5 % | -1.1% | 1.1% |

The figures below show gender distribution and population categories within the District.

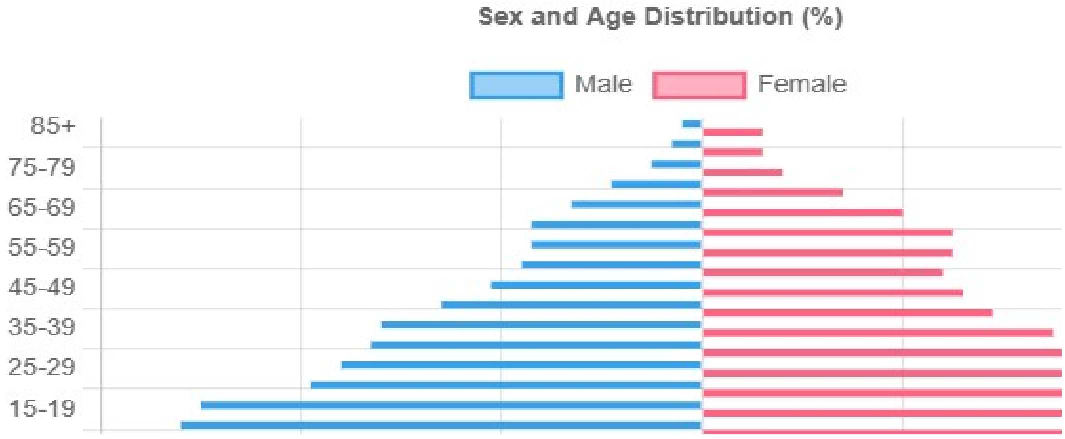


**Figure 1: Population Pyramid (Census 2022)**

**The breakdown with regard to population groups is depicted in the chart below.**

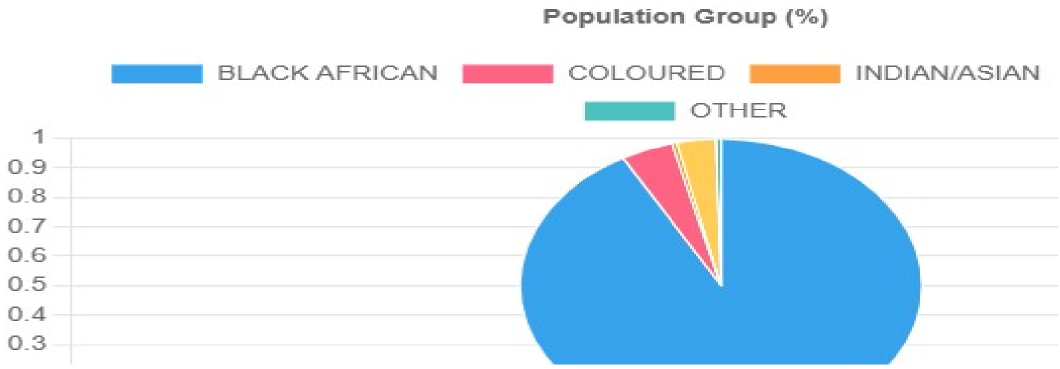


**Figure 2: Population categories  (Census 2022)**

Households

In 2022, the Joe Gqabi District Municipality comprised of 124 394 households. This equates to an average annual growth rate of 21,6% in the number of households from 2011 to 2022.as shown in the table below.  The average number of households has decreased from 3.6 to 6.2 as shown below.

**Table 3: Number of households (Census 2022)**

| LM | 2011 | | 2022 | | % Change | |
|---|---|---|---|---|---|---|
| | Number H/H | Average H/H size | Number H/H | Average H/H size | % change in number of H/H | % change in House size |
| Joe Gqabi | 97 471 | 3.6 | **124 294** | 3.2 | 21.6% | -11.2% |
| Senqu | 38 046 | 3.5 | **48 914** | 3.0 | 22.2% | -14.3% |
| Walter Sisulu | 21 874 | 3.5 | **34 171** | 3.0 | 36.0% | -14.3% |
| Elundini | 37 551 | 3.6 | **41 210** | 3.4 | 8.9% | -5.6% |

The graph below shows a comparative analysis of the change in the number of households between the 2011 and the 2022 Census.

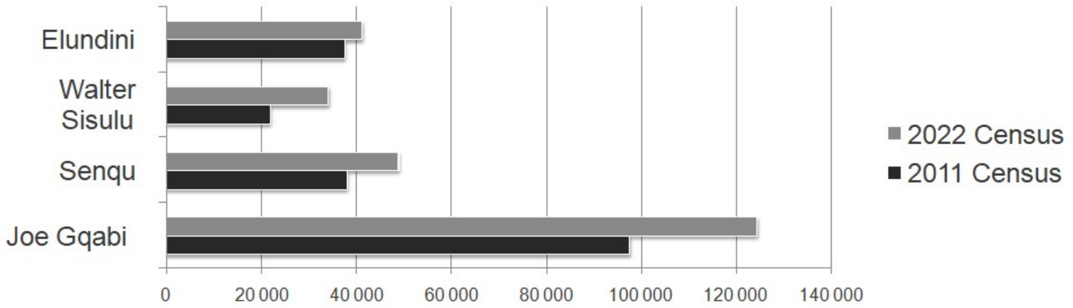


**Figure 3: Population comparison between 2011 and 2022 (Census 2022)**

Poverty

Percentage of people living in poverty in the District has not changed significantly and shows a marginal increase from 72.73% in 2010 to 73.06% in 2020.The average income in Joe Gqabi was approximately R15 000 per annum, meaning most of the population lives in poverty. Annual income distribution in the District is shown below.

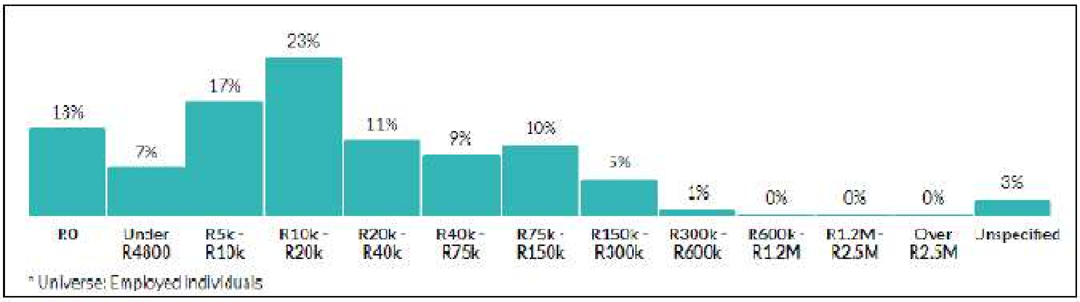


**Figure 4: Income distribution (ECSSEC, 2018**

**Inequality (GINI Coefficient)**

In 2020, the Gini coefficient in Joe Gqabi District Municipality was at 0.599, which reflects an increase in income inequality over the ten-year period from 2010 to 2020. The Eastern Cape Province and South Africa, both had a more unequal spread of income amongst their residents (at 0.63 and 0.635 respectively) when compared to Joe Gqabi District Municipality.

**Education**

The figures below show education attainment within the District in which 78,5% have made an attendance at an educational institution. The data also show that 8% have had no schooling with 10% possessing some level of tertiary education.

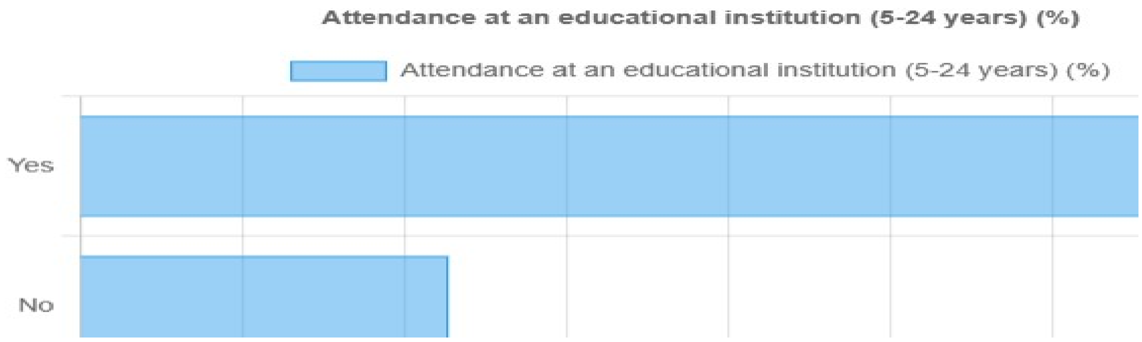


**Figure 5: Attendance at an educational institution (5 – 24 years) (Census 2022)**

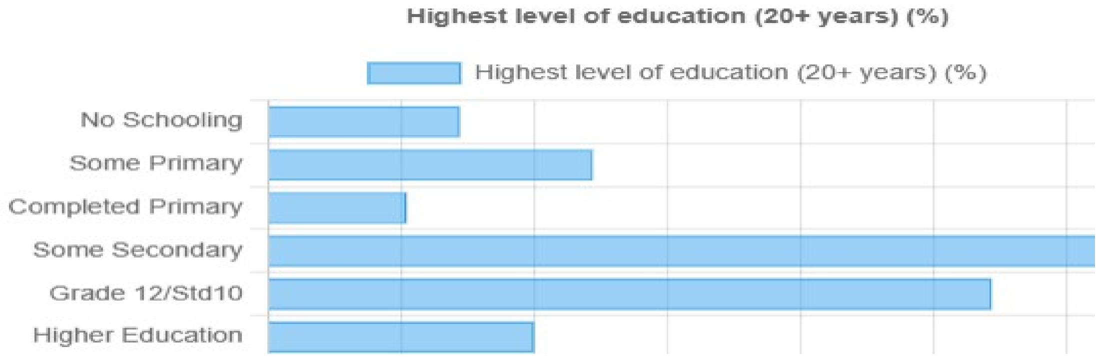


**Figure 6: Highest level of education (20+) % (Census 2022)**

The low level of education amongst the inhabitants of the District has a negative effect on both the employability of the labour force and the attractiveness of the District to investment, which is reliant on skilled labour.

The issue of inequality and differentiated outcomes in learner attainment and throughput in the education system is also significantly impacted by inequalities in school infrastructure available to learners and educators across the province. Similarly, Covid 19 also had a marked impact on learner attainment in terms of metric pass rates in JGDM, and the province.

# CHAPTER 2: GOVERNANCE

## 2.1 Component A: Governance Structures

### 2.1.1 Political Governance Structure

The District is a category C municipality with a mayoral executive system. The Executive Mayor of the District Municipality is Cllr. N.P. Mposelwa. Cllr. M. Bomela is the Speaker of Council. The Council appointed five standing committees to assist the Executive Mayor in effectively and efficiently performing executive functions as follows:

- Strategic and Governance Standing Committee: Chairperson - Cllr. S. Mei
- Finance Standing Committee: Chairperson - Cllr U. Hlathuka
- Technical Standing Committee: Chairperson - Cllr. S.E. Ntsoelinyane - Up to 31 January 2025
- Technical Standing Committee: Chairperson - NR Lengs, appointed on 1 February 2025
- Community Services Standing Committee: Chairperson - Cllr. A. Skoti
- Corporate Services Standing Committee: Chairperson - Cllr. N. Mabunu - Up to 31 January 2025
- Corporate Services Standing Committee: Chairperson - S Mei - Appointed on 1 February 2025

### 2.1.2 Administrative Governance Structure

The Municipal Manager of the District Municipality is Mr. MP Nonjola. During the review period, the institution had four Directorates: Technical Services, Community Services, Corporate Services, and Finance headed by the following Directors:

- Mr R J Fortuin - Director: Technical Services
- Ms N Mketelwa-Libazi - Director: Community Services
- Mr S Matubatuba - Director: Corporate Services - Appointed 1 January 2025
- Ms S du Toit – Chief Financial Officer

In addition the following persons assisted in the senior management of the administration

- Ms N Mshumi - Chief Operations Officer - Contract ended 15 May 2025
- Mr D Lusawana - Manager Water Service provider - Contract ended 30 June 2025

## 2.2 Component B: Intergovernmental Relations

### 2.2.1 Intergovernmental Relations

The Joe Gqabi District One Plan, which is part of the district development model (DDM), focuses on six transformative areas to transition the District space from the current situation to a desired future. A summary of actions and budget commitments by various actors with the District space ranging from National, Provincial and local level stakeholders and strategic partners are outlined the plan.

The District Mayors Forum (DIMAFO) was established as an intergovernmental political mechanism to institutionalize and drive DDM and coordination within the District space. The DIMAFO of the District did manage to convene all planned meetings for the year. Moreover, all four planned meetings of the IDP and Budget Representative Forum, attended by regional sector department Directors, local municipalities, and stakeholders, including sector specific forums were successfully conducted as planned.

## 2.3 Component C: Public Accountability and Participation

### 2.3.1 Public Meetings

According to Section 16(1) of the Municipal Systems Act of 2000, a municipality must foster a culture of governance that complements formal representative government with participatory governance. To achieve this, a municipality must encourage and create conditions for the local community to participate in its affairs, including the preparation, implementation, and review of its Integrated Development Plan (IDP) and budget.

As part of the public participation programme linked to the IDP and Budget Process Plan implementation during the year under review, the Executive Mayor undertook public participation and community consultations follows:

**November/December 2024:**

- Elundini LM: 27/11/2025, Roman Catholic Church, 11h00, Tlokoeng
- Senqu LM: 09/12/2024, Bhunga Hall, 11h00, Sterkspruit
- Walter Sisulu LM: 11/12/2024, Burgersdorp Community Hall, 11h00

**May 2025:**

- Elundini Local Municipality –Tlokoeng and Nqanqarhu 06 May 2025
- Senqu Local Municipality – Khwezi Naledi and Tienbank 07 May 2025
- Walter Sisulu Local Municipality – Burgersdorp 08 May 2025

The table below shows issues raised by communities from the meetings held per above schedule:

**Elundini Local Municipality**

| Issue | Ward |
|---|---|
| VIP toilets poorly built/incomplete | 15, 08, 14 |
| No sanitation service | 15, 14, 10, 08, 05, 02, 16 |
| Full VIPs | 15, 03 |
| Sewerage problem | 02 |
| No potable water | 15, 11, 08, 09, 14, 10, 13, 05, 16, 01, 17 |
| Sheep shearing/wool processing | 09 |
| Meter installation | 09 |

| | |
|---|---|
| Sport fields | 03 |
| Access roads | 11. 15, 08, 14, 10, 13, 09,17 |
| Community Halls | 11, 08 |
| Pedestrian bridges | 15, 14, 13, 11 |
| High mast lights | 08 |
| RDPs | 11, 14, 10, 13, 09 |
| Electrification | 11, 14, 10, |
| Fencing of fields | 08 |
| Clinic | 14, 08, 16 |
| School sanitation | 14 |
| Network/connectivity | 14, 3 |
| Disaster houses | 11, 14, 10 |
| Youth Centre/Arts Centre | 01 |
| No CDW | Ward not stated |

**Senqu Local Municipality**

| Issue | Senqu Wards |
|---|---|
| VIP toilets poorly built/incomplete | 16, 05 |
| No sanitation service | 15, 12, 01 |
| Full VIPs | Ward not stated |
| Sewerage problem | 02,14, 15 |
| No potable water | 13, 17, 11, 12, 05, 09 |
| Sheep shearing/wool processing | Ward not stated |
| Meter installation | Ward not stated |
| Sportfields | 08 |
| Access roads | 16, 11,12, 01, 09 |
| Community Halls | Ward not stated |
| Pedestrian bridges | Ward not stated |
| High mast lights | Ward not stated |
| RDPs | 14, 15,16,09 |
| Electrification | 17, 09 |
| Fencing of fields | Ward not stated |
| Clinic | Ward not stated |
| School sanitation | Ward not stated |
| Network/connectivity | Ward not stated |
| Disaster houses | 05, 01 |
| Youth Centre/Arts Centre | 16 |
| No CDW | Ward not stated |

**Walter Sisulu Local Municipality**

| **Issue** | **WSLM Wards** |
|---|---|
| VIP toilets poorly built/incomplete | - |
| No sanitation service | 11, 10, 08, 05 |
| Full VIPs | - |
| Sewerage problem | 10, 05 |
| No potable water | 10, 05 |

| | |
|---|---|
| Sheep shearing/wool processing | - |
| Meter installation | - |
| Sportfields | - |
| Access roads | 09 |
| Community Halls | - |
| Pedestrian bridges | - |
| High mast lights | - |
| RDP's | 11 |

**Interventions to address identified challenges**

When taking only the current term of Council, since 2021, JGDM has undertaken a wide range of water and sanitation infrastructure projects across the three local municipalities under its jurisdiction: Walter Sisulu, Elundini, and Senqu. These projects have been aimed at addressing water security, improving sanitation services, and upgrading/refurbishing key infrastructure to ensure sustainable service delivery for communities.

The Joe Gqabi District Municipality (JGDM) has made significant strides in improving water and sanitation infrastructure across Walter Sisulu Local Municipality (WSLM), Elundini Local Municipality, and Senqu Local Municipality from 2021 to April 2025. In WSLM, JGDM implemented 11 projects totaling R 409.7 million, with 6 completed projects worth R 114.1 million and 5 ongoing or planned projects valued at R 295 million. Completed projects benefited towns and villages such as Burgersdorp, where wastewater and water treatment works were rehabilitated (R 15.8 million and R 7.9 million, respectively, serving 1,528 households each) and sanitation infrastructure was upgraded (R 9.9 million, 1,528 households). Oviston saw its water treatment works refurbished (R 2.5 million, 297 households), while James Calata benefited from the Jamestown Bucket Eradication and Sanitation Phase 2 (R 42.9 million, 1,351 households). Maletswai's Joe Gqabi Township received water supply infrastructure to combat COVID-19 spread (R 2.1 million, 500 households). These completed projects served 6,732 households with a total expenditure of R 81.1 million. Ongoing and planned projects in WSLM target Maletswai with initiatives like Aliwal North's bulk water infrastructure (R 17.1 million, 1,000 households), asbestos pipe replacement (R 138 million, 4,526 households), and water treatment works holding dams (R 29.1 million, 4,526 households). Venterstad and Oviston are set to receive wastewater treatment system upgrades (R 55 million each, serving 1,105 and 293 households, respectively), totaling 11,450 households and a budget of R 295 million.

In Elundini Local Municipality, JGDM executed 8 projects worth R 979 million, including 3 completed projects valued at R 212.3 million and 5 ongoing or planned projects at R 766.6 million. Completed projects enhanced infrastructure in Nqanqarhu (Maclear), where the wastewater treatment works were upgraded (R 61 million, 2,269 households) and water treatment and distribution systems improved (R 50 million, 2,269 households). Tlokoeng, Ugie, and Nqanqarhu benefited from the Elundini Rural Sanitation Phase 5, which provided VIP toilets (R 45 million, 9,861 households), serving a total of 14,399 households with an expenditure of R 156 million. Ongoing and planned projects include the Elundini Rural Sanitation Programme Phase 6 for Ugie, Tlokoeng, and Nqanqarhu (R 173 million, 2,000 households) and the Elundini Rural Water Programme for 24 villages, including Cicirha, Daluxolo, and others (R 220 million, 21,594 households). Ugie Park and its extension are under construction for sanitation infrastructure (R 27.4 million, 1,583 households), while Nqanqarhu will see further sanitation and water treatment upgrades (R 115 million and R 160 million, respectively, for 2,269 households each). Five villages—Thaleni, Makhatlaneng, Westhoek, Gobho, and Thabatlala—are targeted for water reticulation (R 20 million, 1,595 households), with a total of 29,041 households planned to benefit and a budget of R 715.4 million.

Senqu Local Municipality saw 14 projects with a total investment1.565 billion, comprising 5 completed projects worth R 563.5 million and 9 ongoing or planned projects valued at R 1.002 billion. Completed projects supported Lady Grey with additional storage reservoirs and groundwater supplies (R 47.5 million, 1,133 households) and Barkly East with upscaled bulk water infrastructure (R 50.4 million, 2,630 households). Sterkspruit and Herschel benefited from rural water supply network extensions (R 86.1 million, 15,554 households), rural sanitation VIP toilet programs (R 278.5 million, 13,475 households), and Sterkspruit's water treatment and bulk lines upgrade (R 57.6 million, 1,520 households), serving 34,312 households with an expenditure of R 520.1 million. Ongoing and planned projects focus on Sterkspruit villages like Walaza, Ndofela, Tyhinindini, and others through seven rural water work packages (R 581.8 million, 10,891 households). Lady Grey, Kwezi Naledi, and Transwilger are slated for new water mains (R 27.4 million, 1,133 households), while Mokhesi, Sterkspruit, Esilindini, and Tapoleng will benefit from bulk sanitation infrastructure (R 392 million, 3,145 households), totaling 13,713 households and a budget of R 1.002 billion.

However, challenges persist, including limited infrastructure grant allocations and slow albeit necessary procurement processes.

2.3.2 IDP Participation and Alignment

The Integrated Development Plan (IDP) of the District was subject to a provincial credibility and alignment assessment by COGTA and other national and provincial departments. The JGDM attained high level rating, which represented maintenance of performance over the last assessments as shown in table below:

Table 4: IDP credibility and alignment ratings over the last three financial years

| KPA | 2023/24 FY | 2024/25 FY | 2025/26 FY |
|---|---|---|---|
| **KPA 1: Spatial Planning, Land And Human Settlement** | High | High | High |
| **KPA 1 Service Delivery and Infrastructure provision** | High | High | High |
| **KPA 2 Local Economic Development** | High | High | High |

| KPA | 2023/24 FY | 2024/25 FY | 2025/26 FY |
|---|---|---|---|
| **KPA 3 Financial Viability and Management** | High | High | High |
| **KPA 4: Institutional Development and Transformation** | High | High | High |
| **KPA 5 Good Governance and Public Participation** | High | High | High |
| **Overall ratings** | High | High | High |

The IDP strategic performance objectives and programmes are aligned with plans of national and provincial government such as National Development Plan, Provincial Development Plan, Provincial Growth and Development Strategy, including the Sustainable development goals. The DDM process is further enhancing government alignment and coherence in planning, budgeting, reporting and monitoring.

## 2.4 Component D: Corporate Governance

### 2.4.1 Risk Management

The Council has an approved risk register which outlines strategic and operational risks. Risk treatment reports are compiled quarterly through the Risk Committee and the Audit Committee and Council. The top five risks and the manner in which Council deal with them is depicted in the table below:

Table 5: Top Strategic Risks and Treatment

| Link to strategic objective | Risk Name | Actions to Improve Management of the Risks |
|---|---|---|
| **Provide access to basic services** | Insufficient water to meet demand | ▪ Community education & awareness campaigns<br>▪ Integrated planning with LMs<br>▪ Smart metering<br>▪ Install washers<br>▪ Monitoring illegal connections<br>▪ Monitoring maintenance plan<br>▪ Develop illegal connections policy |
| | Infrastructure failure | ▪ Solicit funding for capital and maintenance<br>▪ Review infrastructure Maintenance plan |

| Link to strategic objective | Risk Name | Actions to Improve Management of the Risks |
|---|---|---|
| **Ensure sound and effective financial management and reporting** | Inability to collect monies due to the municipality for services delivered. | ▪ Develop a comprehensive education and awareness program for the community by the Municipality which covers all areas within the Municipality<br>▪ Resuscitate the Radio communication<br>▪ Awareness (facebook monthly updates, radio stations enquiries<br>▪ Review debt collection bylaw<br>▪ Write-offs<br>▪ Appoint a Revenue Manager |
| **Facilitate the development of a healthy and inclusive society** | Non adherence to environmental management protocols | ▪ Enforcing compliance with municipal bylaws to minimise pollution and public health nuisance<br>▪ Filling of vacant posts<br>▪ Appointment of Community Service EHPs to complement service deliver<br>▪ Finalisation of organisational design<br>▪ Provision of uniform for all Peace Officers to ensure visibility |
| **Design and implement effective Disaster Management and Fire Services** | Ineffective risk reduction and response to emergencies and disasters | ▪ Buy in by LM's on shared services<br>▪ Strengthening of Disaster Advisory Forums<br>▪ Facilitate the filling of advertised vacant posts |
| **Raise the strategic Profile of ICT within the institution** | Instability of power supply | ▪ Plan and Budget for an improved failover electrical system that will enable all electronic systems to remain up and available for at least 8 hrs in the event of an ESKOM outage<br>▪ Alternative source of energy supply<br>▪ Backup power supply, |

The effective institutional risk management approach of the District has resulted in positive service delivery and audit outcomes. Annual risk assessments, risk register and quarterly risk monitoring and reporting through Management meetings, Risk Management Committee and Audit Committee are some of the mechanisms that seek to ensure risks are kept at a tolerable level. All these mechanisms functioned optimally during the financial year.

2.4.2 Anti-corruption and fraud

The Council adopted an anti-corruption and anti-fraud policy and strategy which is annually reviewed. The aim of the policy is to ensure that the Council concentrates its efforts in implementing proactive preventive approach with a zero tolerance. The policy requires all role-players within and outside of the municipality to refrain from committing fraud and other acts of dishonesty against the institution. This assist in nurturing a fraud free environment, integrity in all dealings, compliance with internal controls as well as adherence to principles and directives of the Code of Conduct and Ethics and the law.

2.4.3 Supply Chain Management

A Supply Chain Management Unit is in place and implements centralised SCM processes. As per the SCM standards and norms, three bid committees are in place and functional. The organisational structure has made provisions for separation of duties. Contracts Management is located within the SCM unit. Emergency procurement measures are stipulated in the SCM policy to enable the Council to deal with all unplanned procurement requirements including disasters and other urgent situations.

2.4.4 By-laws

The Council adopted has adopted and promulgated relevant by-law. Processes are in place to strengthen implementation and monitoring. Bylaws that have been developed and published include:

- Water and Sanitation bylaw
- Fire Services bylaw
- Municipal Health Services bylaw
- District Waste Management by-law and
- Generic Liquor trading bylaws.

2.4.5 Websites

The JGDM has an updated website which has been enhanced and improved. The intention is to ensure convenience in how information is categorized and displayed in a more aesthetical and accessible manner. Prescribed documents for publication are uploaded onto the website. Annual reports, council meeting adverts, strategic planning documents, bylaws and policies, procurement information, etc are some of the documents that are published on the website.

2.4.6 Public Satisfaction on Municipal Services

During the year under review the District implemented a number of initiatives to enhance public participation across the District. These activities included Executive Mayoral outreach programme, various community meetings conducted by the Office of the Speaker and the Executive Mayor’s Office. Following the successful implementation of these programmes, the Institution has prioritized the need to further conduct questionnaire type of a community survey in the new financial year.

### 2.4.7 Municipal oversight committees

The municipality is governed by the majority from the African National Congress. The Executive Mayor is from the African National Congress. Governance and oversight structures are functioning effectively in the District (Council, Standing committees and MPAC are effective). All oversight meetings that were planned during the year under review were successfully held. Moreover, Disciplinary Board, Audit Committee and Internal Audit functioned effectively throughout the review period.

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## 3.1 Water and Sanitation

This performance report summarizes the key achievements, challenges, and corrective measures undertaken by the Institution during the 2024/25 financial year, aligned with the strategic objective of providing access to basic services. The report draws from the Service Delivery and Budget Implementation Plan (SDBIP) and focuses on strategies related to water and sanitation infrastructure.

**Strategy SD01: Develop and Maintain Water and Sanitation Infrastructure**

A core focus was ensuring drinking water quality compliance. The KPI for percentage of drinking water compliance to SANS 241 targeted 95%, but achieved 93.94. This slight shortfall was attributed to aging infrastructure, vandalism, illegal connections, and skills gaps among personnel. Interventions included in-house training for environmental health practitioners, improved public communication protocols, anti-vandalism awareness campaigns, and ongoing infrastructure upgrades. Corrective actions emphasize continuous training, repairs, and monitoring to enhance consistency.

**Strategy SD03: Expand and Fast-Track Provision of Universal Access to Basic Services**

This strategy encompassed free basic services, water supply, and sanitation access.

Free Basic Services: The target of 100% access for households earning less than the national indigent threshold was exceeded at 102%. Minor variances arose from timing differences in updating indigent registers between local municipalities and JGDM, but these did not impact service delivery. No corrective actions were required.

Water Supply Access: The percentage of households with access to basic water supply targeted 80.9% but achieved 80.5%, which was the original baseline based on 2022 Census baselines. No new connections were added (against a target of 500), primarily due to delays in tender processes for the Elundini Rural Water Supply Programme Zone 1 (A), funded by MIG and Orio. The project, estimated at R200 million, faced extended evaluation stages influenced by funder requirements and bidder compliance. Focus shifted to sustaining services and bulk resource development. Corrective actions include completing tender adjudication in quarter one of 2025/26, advancing designs, borehole drilling, and exploring alternative sources like springs and rainwater harvesting.

Related refurbishment projects showed progress: Senqu Rural Water Supply Work Package 6 reached 100% completion, exceeding 60% target due to efficient resolution of solar and geotechnical issues which were critical elements of the project. Work Package 7 achieved 66%, slightly above the targeted 60%. Other initiatives, like Lady Grey Water Supply, advanced to tender evaluation, while Sterkspruit Regional Wastewater Treatment

Works lagged at 32% due to contractor underperformance on rocky terrain. The Jamestown Bucket Eradication Phase 2 reached 99%, delayed by a court challenge, which was resolved at the end the 2024/25 financial year. Projects like Aliwal North Bulk Housing Infrastructure and Asbestos Pipe Replacement did not start tender processes, and funds were reallocated through Council approval. Burgersdorp Sanitation Rehabilitation was completed at 100%. Budget adjustments accommodated efficiencies, with terminations considered for persistent delays.

Sanitation Access: Households with access to basic sanitation achieved 94.6%, exceeding 94.4% target), though adjusted for number of household growth to 93.74%. New sewer connections delivered totaled 1,240, surpassing the set 1,000, driven by budget adjustments reflecting on-ground needs, boosted by additional allocations despite access issues in Liphofong from a rockfall. Overachievements addressed population growth, improving residents' quality of life. Corrective actions involve updating planning documents, completing unfinished units by September 2025, and procuring new suppliers.

**Challenges and overall Insights:** Key challenges included procurement delays, contractor underperformance, aging infrastructure, vandalism, and population growth outpacing service expansion. These led to under-expenditure in some grants and delayed backlog reductions. Positive aspects were evident in sanitation overachievements, efficient refurbishments, and responsive budget adjustments for multi-year, multi-site projects. JGDM's use of implementing agents like JoGeda enabled flexibility, while partnerships (e.g., Orio funding) supported ambitious initiatives.

In the 2024/25 financial year, JGDM demonstrated commitment to basic services, achieving or exceeding targets in 70% of KPIs, with sanitation service provisioning as a standout area. While water expansion faced hurdles, corrective actions—such as expedited tenders, enhanced training, and alternative sourcing—position the municipality for improved performance in 2025/26. Emphasis will remain on aligning plans with on-ground realities, sustaining services amid growth, and leveraging grants to eradicate backlogs, ultimately enhancing community well-being in the district.

## Component D: Environmental Protection

### 3.5 Environmental Management

In attempting to plan and mitigate the high risk environmental impact, the JGDM developed and adopted an Environmental Management Plan (EMP) in 2011. The EMP is directly linked to the SDF and details the State of the Environmental Report (SoER) in the Joe Gqabi area.

In order to integrate issues of air quality, environmental management, climate change and waste management, the District has merged all these into a District Environmental Forum, which seats quarterly and is functional.

#### 3.5.1 Pollution Control

The District has been classified as a less polluting District. Consequently, air quality monitoring stations have not been prioritized across the District. The greatest concern of atmospheric emissions and pollution within the District is processing factories and automobile emissions, including pollution of the environment from sewer spillages and burning of waste at landfill sites which contribute to air pollution.  The EMP of the District is in a process to be reviewed to improve on reduction, preventative and adaptation strategies.

**3.5.2 Biodiversity**

The Joe Gqabi District Municipality is characterized by a diversity of vegetation types and land features. As far as climate change matters are concerned, the Districts Environmental Management Plan deals with identification and proposed action plans to mitigate climate change impacts at a local level. The District has established a climate change function within the Natural Resource Management Section and designated the Manager as an Environmental Management Officer.

**3.5.3 Landscape**

The altitude of the District lies between 1000m and 1500m above sea level.  Certain areas of Senqu and Elundini form part of the southern Drakensberg range. This area, due to its high altitude, is less suitable for farming. From Lady Grey the landscape flattens out towards the west. The mountainous terrain also limits accessibility and therefore hampers service and infrastructure delivery in the region. The southern Drakensberg creates a scenic environment conducive to adventure and nature tourism activities such as mountain biking, hiking, skiing etc.

The eastern and northern areas (Senqu and Elundini) are featured by high lying mountainous terrain associated with high species diversity and unique wetlands.

The Grasslands National Park provides the opportunity for the landowners, communal land rights holders, SANParks and other stakeholders to identify the desired future state of the protected area that is to be created.

**Component F:  Heath**

3.5.4 Municipal Health Services

The District has an established Municipal Health Services function and the target set for the year under review was exceeded. .  Municipal health services in the district municipality focus on delivering environmental health services as mandated by legislation such as the National Health Act (No. 61 of 2003). These services aim to protect public health and ensure safe, healthy living environments. District municipalities typically oversee broader regional health functions, while local municipalities may handle more localized services. District municipalities often coordinate with local municipalities, provincial health departments, and national bodies to align services and address regional health needs. Below is a concise overview of the key functions of municipal health services in a district municipality:

1. **Water Quality Monitoring**: Ensuring safe drinking water by monitoring and testing water sources for contamination and compliance with health standards.
2. **Food Safety Control**: Inspecting food premises (e.g., restaurants, markets) to ensure hygiene standards, proper storage, and safe food handling practices.
3. **Waste Management Oversight**: Monitoring and managing waste disposal sites and practices to prevent environmental pollution and health hazards.
4. **Health Surveillance of Premises**: Inspecting public and private premises (e.g., schools, businesses, housing) to ensure compliance with health and safety regulations.
5. **Communicable Disease Control**: Monitoring and controlling the spread of infectious diseases through surveillance, outbreak response, and public health interventions.
6. **Vector Control**: Managing pests (e.g., rodents, mosquitoes) that spread diseases, through inspections and control measures like fumigation.
7. **Environmental Pollution Control**: Addressing air, water, and soil pollution to mitigate health risks, including noise pollution and hazardous substances.
8. **Disposal of the Dead**: Overseeing the management of mortuaries, cemeteries, and crematoria to ensure compliance with health regulations.
9. **Chemical Safety**: Regulating the safe use, storage, and disposal of chemicals to prevent health and environmental risks.

**Component G: Safety and Security**

3.5.5 Fire fighting services

Fire fighting is a shared service between the District and the local municipalities but currently only the District is budgeting for this service. The District is operating a full-time fire services. The acting Disaster, Fire and Rescue Services Manager and a Chief Fire Office have been appointed. Filling of posts in this area of operations has been prioritized in the current IDP process. Efforts are underway to install alternative energy in satellite offices to run the financial system and fire services. Focusing on buying purpose-made disaster and fire vehicles to ensure efficiency of the services provided.

In order to deal with veldt and forest fires, the District has entered into agreements with local farmers and local municipalities. The District further started a process of cooperative agreement with the neighbouring municipalities in relation to fire services. Alfred Nzo and Xhariep DM cooperation agreements have been signed. Future plans include incorporation of the Christ Hani, O R Tambo, Pixley Ka Seme District municipalities. The District also entered into a formal agreement with the working on fire programme with a focus of increasing the available human resources. Fire protection associations have been formed across the District to coordinate operations with regard to planning such as fire breaks and response to incidents, etc. The Provincial Disaster Management centre also provides support as and when needed. Good relations with the farming community also enable the District to respond to fire incidents with high levels of success.

### 3.5.6 Disaster Management

The District Disaster Management Unit has been established to develop the Districts capacity to deal with disasters. The Disaster Management Centre (DMC) was established within the Community Services Department, the District Disaster Management unit plays an advisory role to sector departments and communities through Disaster Risk Management Advisory Forum that seat quarterly. A Disaster Management plan was developed and adopted by Council in the beginning of the 2025/26 financial year. Challenges that remain include the building of municipal capacity, resources as well as improved response times to reported fire and disaster incidents.

## Component H: Corporate Policy Offices

### 3.5.7 Corporate Policy Offices

The political and administrative seat of JGDM is in Barkly East. There are satellite offices that are spread throughout the local municipalities of the District. Only specific sub-functions of Departments operate from the satellite centres and no challenges have been identified. Satellite offices are managed by section heads and specialists. This enhances management of the satellite centres as all section heads sit in Management meetings of the municipality. Thus, all satellite centre managers are part of the main office District Management team and participate in same processes.

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## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.1 Component A: Introduction to the Municipal Personnel

#### 4.1.1 Total Employment, Turnover and Vacancies

During the year under review, while 25 positions have been filled during the financial year in question, that a total of 29 positions became vacant due to resignations, retirements and staff dismissals.

#### 4.1.2 Vacancy Rate based on total approved posts

During the year under review a new organogram was approved by council. Filing of numerous posts was held in abeyance where internal staff could be placed. Out of 884 position 220 were vacant. The institution is therefore in a transitional phase between one organizational structure and the filling of the new organizational structure. Numerous positions on the new organizational structure have been task graded and a new placement policy has been approved. The process of task grading has been delayed by external challenges within the Provincial Job Evaluation Committee and Provincial Audit Committee.

#### 4.1.3 Comment on the overall vacancies and turnover

A high staff turn over exceeding 15% is generally seen as undesirable, as it can disrupt service delivery, increase recruitment and training costs, and indicate issues like low morale, inadequate pay, or poor working conditions. The District municipality has not reached this high percentage, indicate effective staff retention and career pathing programmes as well as a conducive working environment. The finalisation and implementation of the OD/Re-engineering Project is *inter alia* intended to resolve some of the mentioned staffing challenges and to also enable the municipality to be able to effectively and efficiently deliver on its legislated mandate.

### 4.2 Component B: Managing the Municipal Workforce

4.2.1 Policies

Listed below are effective human resources policies. Adherence is highly monitored and enforced.

- No 1 Joe Gqabi District Municipality Leave Policy
- No 2 Policy On Medical Aid Contributions For In-Service Employees And Pensioners
- No 3 Overtime And Shift Work Policy
- No 4 S&T Policy
- No 5 NFMW Policy
- No 6 Policy On The Payment Of A 13th Cheque To Temporary Employees Interns And Students
- No 7 Recruitment Selection And Appointment Policy

- No 8 Acting And Enhanced Responsibility Allowance Policy
- No 9 Termination Of Employment Policy
- No 10 JGDM Relocation Policy
- No 11 Cellphone Policy
- No 12 Rental And Housing Subsidy Policy
- No 13 Working Hours Policy
- No 14 JGDM Smoking Policy
- No 16 Policy On The Use Of Municipal Facilities By Trade Unions
- No 17 Policy On The Appointment Of An Acting Municipal Manager Or Section 56 Manager
- No 18 Employee Assistance (EAP) Policy
- No 19 Essential User Scheme Policy
- No 20 Attendance Register Policy
- No 21 Policy On Incapacity Due To Ill Health Or Injury
- No 22 Occupational Health And Safety Policy
- No 23 Bad Weather Inaccessibility Policy
- No 24 Bereavement Policy
- No 25 Policy On Gifts Gratia And Long Service Awards
- No 26 JGDM Harassment Policy
- No 27 JGDM Standby Duty And Allowance Policy
- No 28 Alcohol And Drug Abuse
- No 30 Policy On The Termination Of Employee Records From The Payroll System
- No 31 Recruitment Of EPWP Employees
- No 32 JGDM PPE Policy
- No 33 - JGDM Task Job Evaluation Policy
- No 34 Recruitment Of Short Term Fixed Term Contract Employees
- No 35 Home Remote Working Policy

4.2.2 Injuries, sickness and suspensions

A total of some injuries on Duty (IOD's) were reported to the Department of Employment and Labour and attended to during the FY in question. These IOD's are mostly associated with employees who contracted Covid-19 on duty during the period of the Covid-19 pandemic. All effort is being made to implement safe working procedures and to foster a culture of occupational health and safety to mitigate any risk associated with occupational injuries and diseases.

4.2.3 Performance Rewards

The Council is implementing performance management at three levels; viz: senior managers, section heads and all supervisors from task grade 11. Following the approval of the Consolidated Annual Report, Council undertook performance assessments of all these levels under the PMS. Internal capacity is being established with a view to strengthen the internal assessments process. All due performance rewards were paid to deserving employees following an assessment process as disclosed in the Consolidated Annual Financial Statements.

## 4.3 Component C: Capacitating the Municipal Workforce

### 4.3.1 Skills Development & Training

Per the table below, the Institution trained a total of 275 people in the 2023/2024 financial year. One hundred and seventeen (117) African males, two (2) white males, fifteen (15) coloured males, one hundred and twenty six (126) African females, three (3) white females and twelve (12) coloured females benefited.

**Training interventions implemented**

| Name of Intervention /Training | Intervention Type | Intervention for | Gender | | No of Councillors | No of Staff | Number of participants | Institution/external Stakeholder |
|---|---|---|---|---|---|---|---|---|
| Staff Establishment | Workshop | Councillor and Staff | 1Af | 1AF,1CM | 1 | 2 | 3 | COGTA |
| Smme Masterclass | Training | Councillor and Staff | 1AM | 1AF | 1 | 1 | 2 | SALGA |
| Municipal Chain Management Executive Development Programme | Training | Councillor | 1AF | | 1 | | 1 | SALGA |
| Multi Stream Municipal Governance | Training | Councillor | 1AM | | 1 | | 1 | SALGA |
| Icip Level 5 | Training | Councillor | 1AF | | 1 | | 1 | SALGA |
| Project Finance Management | Training | Councillor and Staff | 1AF | 4AF,1AM | 1 | 5 | 6 | SALGA |
| Oversight And Accountability | Workshop | Councillors | 1AF,1CF | | 2 | | 2 | SALGA |
| Anti Fraud And Corruption | Workshop | Councillors | 1CM,1CF, 2AF,1AM | | 5 | | 5 | SALGA |
| Labour Law | Seminar | Councillor | 1AM | | 1 | | 1 | SALGA |
| CIGFARO Audit Readiness | Training | Councillor and Staff | 1AF | 1AF,1WM,1AM | 1 | 3 | 4 | CIGFARO |
| Institute Of Internal Auditors Conference | Conference | Staff | | 2AM,4AF | | 6 | 6 | CIGFARO |
| Fet: Plumbing | Training | Staff | | 24AM,1AF | | 25 | 25 | LGSETA DG |
| Minute Taking | Training | Staff | | 3AM,7AF | | 10 | 10 | Municipal Funding |
| Contract Management | Training | Staff | | 2AF,2AM | | 4 | 4 | Municipal Funding |
| Risk Management | Training | Staff | | 1AF,1AM | | 2 | 2 | Municipal Funding |
| General Of Construction | Workshop | Staff | | 1AF,1AM | | 2 | 2 | Municipal |

| Name of Intervention | Intervention | Intervention for | Gender | | No of | No of | Number of | Institution/exte |
|---|---|---|---|---|---|---|---|---|
| Contracts(GCC) | | | | | | | | Funding |
| Disciplinary Hearing Workshop | Workshop | Staff | | 5AF,3WM,3AM | | 12 | 11 | Municipal |
| Mscoa Conference | Conference | Staff | | 1WF,1WM,1AM | | 3 | 3 | Municipal Funding |
| Estimation & Pricing Of Engineers | Training | Staff | | 1AF,2AM | | 3 | 3 | Municipal Funding |
| PAYE Legislative Seminar And E@Sy Payroll Preparations | Training | Staff | | 4AF | | 4 | 4 | Municipal Funding |
| Integration Of Population Migration, Human Rights And Sustainable Development Into Integrated Development Plans (Idps) | | Staff | | 1AF,1AM | | 2 | 2 | Department of Human Settlement |
| Eastern Cape Consultation Sessions On The Revised Norms And Standards For Setting Water Services Tariffs | Workshop | Staff | | 1WF | | 1 | 1 | Department of water and Sanitation |
| MSCOA Webinar Training On Preparing The Budget In MSCOA | Workshop | Staff | | 1AF,1AM | | 2 | 2 | Provincial Treasury |
| Red Tape Reduction Awareness | Workshop | Staff | | 11AM,7AF | | 18 | 18 | Municipal and DEDEAT |
| Annual Financial Statements | Training | Staff | | 1AF | | 1 | 1 | SALGA |
| Revenue Management Indaba | Indaba | Staff | | 1AF,2AM | | 3 | 3 | SALGA |
| Anti-Fraud And Corruption | Workshop | Councillor and Staff | 1CF,3AF,2AM,1CM | 9AM,1WF,1CF,12AF | 6 | 24 | 29 | Municipal and HAWKS |

| Name of Intervention | Intervention | Intervention for | Gender | | No of | No of | Number of | Institution/exte |
|---|---|---|---|---|---|---|---|---|
| Audit Committee | Training | Staff | | 3AF | | 3 | 3 | SALGA |
| Vat | Training | Staff | | 3AF,1AM | | 4 | 4 | Provincial Treasury |
| Training And Coaching On Employment Equity | Training | Staff | | 2AM | | 2 | 2 | Department of Labour |
| Refresher On The Muni Emonitor System | Training | Staff | | 1WM,1AF,1AM | | 3 | 3 | Provincial Treasury |
| Improved Reporting Initiative For Mmcr Compliance | Training | Staff | | 1WF,1CM | | 2 | 2 | Provincial Treasury |
| Provincial Municipal Financial Misconduct Disciplinary Board | Workshop | Staff | | 1WF,1AF,3AM | | 5 | 5 | Provincial Treasury |
| Labour Relations | Workshop | Staff | | 1CM,2AM | | 3 | 3 | SALGA |
| Capacity Building | Workshop | Staff | | 4AM.1AF,1CF | | 6 | 6 | SALGA |
| Security Industry Compliance | Workshop | Staff | | 1WF,1CM,3AF,2AM | | 7 | 7 | SALGA |
| Pms Inzalo System | Workshop | Staff | | 1CF,5AF,4AM | | 10 | 10 | Municipal Funding |
| **TOTAL TRAINED FOR 2024/2025: = 197** | | | | | | | | |
| **A/M = 91** | | | | | | | | |
| **W/M = 6** | | | | | | | | |
| **C/M = 5** | | | | | | | | |
| **A/F= 83** | | | | | | | | |
| **W/F= 6** | | | | | | | | |
| **C/F = 6** | | | | | | | | |

During 2024/2025, 197 municipal councillors and staff participated in diverse training programs, workshops, conferences, and seminars to enhance skills in governance, financial management, compliance, and operations. SALGA, COGTA, CIGFARO, Provincial Treasury, and other stakeholders facilitated these initiatives. Key activities included anti-fraud workshops, audit readiness training, project finance management, and technical skills like plumbing. African males (91) and females (83) were the majority. SALGA led most programs, followed by municipal funding and Provincial Treasury, strengthening municipal capacity across various domains. The initiatives were aimed at enhancing skills in areas such as governance, financial management, compliance, and operational efficiency within the municipal environment. Additionally, unique sessions included the integration of population migration, human rights, and sustainable development into IDPs.

Overall, SALGA was the most active facilitator, followed by municipal funding and Provincial Treasury. These efforts collectively strengthened municipal capabilities in governance, finance, anti-corruption, and operational areas, with a balanced approach to including both councillors and staff.

## 4.4 Component D: Managing the workforce expenditure

### 4.4.1 Employee expenditure (performance rewards)

Council resolved to implement performance management is staggered manner. The current level of cascading is from TASK GRADE level 11. All employees in this category participate in PMS assessment and performance rewards for deserving employees are awarded per approved PMS Policy scales which differ between senior managers, middle managers and supervisors.

## CHAPTER 5: FINANCIAL PERFORMANCE

### Introduction

The 2024/25 financial year was characterised by significant fiscal pressures, primarily due to inflationary increases and persistent challenges with revenue collection. Despite these constraints, the municipality remained committed to sustaining service delivery priorities while implementing cost-containment and financial recovery measures. This chapter provides an overview of the municipality's financial performance, spending against capital budgets, cash flow management, and other financial matters, as required by the Municipal Finance Management Act (MFMA) and National Treasury guidelines.

The municipality enforced a robust cost containment policy aligned with MFMA Circular 82, including restrictions on consultancy engagements, prudent management of operational expenses, and tighter control of travel and subsistence allowances. Zero-based budgeting principles were also adopted to ensure all expenditures are justified and necessary. These interventions, together with strict alignment to National Treasury's Consumer Price Index projections, demonstrate the municipality's commitment to fiscal discipline and responsible financial management.

### Component A: Statement of Financial Performance

**5.1 Comparison of Statement of Financial Performance with Final Budget**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2025<br>R<br>(Actual) | 2025<br>R<br>(Final Budget) |
|---|---|---|
| **REVENUE BY SOURCE** | | |
| **Exchange Revenue** | | |
| Service charges - Water | 179 729 918 | 279 221 718 |
| Service charges - Waste Water Management | 36 186 500 | 53 580 926 |
| Sale of Goods and Rendering of Services | 560 927 | 1 738 197 |
| Agency services | 468 506 | 650 000 |
| Interest earned from Receivables | 114 224 154 | 65 635 333 |
| Interest earned from Current and Non Current Assets | 6 738 171 | 10 474 929 |
| Rental from Fixed Assets | 901 905 | 1 488 000 |
| Licence and permits | 390 286 | 148 183 |
| Operational Revenue | 55 992 | 1 068 639 |
| **Non-Exchange Revenue** | | |
| Fines, penalties and forfeits | 6 495 | - |
| Transfer and subsidies - Operational | 487 004 007 | 480 427 850 |
| Gains on disposal of Assets | - | - |
| Other Gains | 7 851 097 | 553 807 |
| **TOTAL OPERATING REVENUE** | **834 117 958** | **894 987 582** |
| **EXPENDITURE BY TYPE** | | |
| Employee related costs | 273 124 291 | 280 576 002 |
| Remuneration of councillors | 7 260 778 | 8 040 275 |
| Inventory consumed | 44 210 627 | 61 034 252 |
| Debt impairment | 274 118 904 | 166 401 322 |
| Depreciation and amortisation | 75 264 176 | 88 404 139 |
| Interest | 5 814 113 | 5 440 252 |
| Contracted services | 71 751 808 | 86 642 445 |
| Transfers and subsidies | 9 652 617 | 11 635 000 |
| Irrecoverable debts written off | 3 908 630 | 9 014 036 |
| Operational costs | 107 907 661 | 137 892 654 |

Material variances between the statement of financial performance and the final budget are disclosed in Note 45.2 of the 2024/25 Annual Financial Statements. Key items include:

- **Service Charges – Water Revenue:** The budget was overly optimistic, with additional pressure from higher-than-expected rebates granted. This reflects affordability challenges faced by households.
- **Service Charges – Waste Water Management:** Similarly impacted by optimistic budgeting assumptions and increased rebates.

- **Interest Earned from Receivables:** Non-collection levels were higher than anticipated, resulting in increased interest charges on outstanding debtors.
- **Contracted Services, Operational Costs and Inventory Consumed:** Favourable variances due to strict cost-containment measures.
- **Debt Impairment:** A comprehensive review of debtors resulted in a significantly higher impairment charge.
- **Depreciation and Amortisation:** Lower than expected due to fewer completed capital projects.
- **Transfers and Subsidies – Capital:** Underspending occurred, notably on the Regional Bulk Infrastructure Grant (approximately R13 million). In addition, the VAT portion of capital grants was budgeted as capital but accounted for as operational revenue.

The variances highlight the ongoing affordability constraints in the district, combined with weaknesses in revenue collection. Addressing these issues will remain a key focus area for 2025/26.

## 5.2 Grants

| | OPENING BALANCE | GRANTS RECEIVED | TRANSFERRED TO REVENUE (OPERATING) | TRANSFERRED TO REVENUE (CAPITAL) | TRANSFER TO/ (FROM) RECEIVABLES |
|---|---|---|---|---|---|
| NATIONAL GOVERNMENT | R | R | R | R | R |
| Equitable Share | - | 377 227 000 | (377 427 000) | - | - |
| Financial Management Grant (FMG) | - | 1 500 000 | (1 500 000) | - | - |
| Municipal Infrastructure Grant (MIG) | - | 178 376 000 | (46 468 302) | (131 907 698) | - |
| Water Services Infrastructure Grant (WSIG) | - | 75 610 000 | (29 857 213) | (45 752 787) | - |
| Expanded Public Works Program (EPWP) | - | 1 836 000 | (1 836 000) | - | - |
| Rural Roads Asset Management Grant | 200 000 | 2 447 000 | (913 431) | - | - |
| Regional Bulk Infrastructure Grant | - | 40 000 000 | (3 530 004) | (23 533 363) | - |
| **Total** | **200 000** | **676 996 000** | **(461 531 950)** | **(201 193 848)** | **-** |
| PROVINCIAL GOVERNMENT | | | | | |
| Public Works - Special Programme | - | 23 762 693 | (23 425 290) | - | (337 403) |
| **Total** | **-** | **23 762 693** | **(23 425 290)** | **-** | **(337 403)** |
| OTHER GRANT PROVIDERS | | | | | |
| LG Seta | - | 586 375 | (586 375) | - | - |

The municipality relied on conditional grants for funding major programmes. In 2024/25, the Rural Roads Asset Management Grant and the Regional Bulk Infrastructure Grant were not fully utilised. An application was made to roll over the surplus from the Regional Bulk Infrastructure Grant. The surplus from the Rural Roads Asset Management Grant was declared and repaid to National Treasury at the start of 2025/26. To address utilisation, measures are being taken including strengthening procurement planning, increasing the pace of project implementation, and monitoring compliance with the Division of Revenue Act (DORA).

## 5.3 Asset Management

Asset management is guided by a comprehensive Asset Management Policy, ensuring sustainable and transparent practices across the entire lifecycle of municipal assets. The function is coordinated by the Budget and Treasury Office, with oversight from the Chief Financial Officer. Dedicated staff, including Asset Accountant and Asset Clerk, support departments in safeguarding assets and ensuring compliance.

External experts are engaged annually to perform infrastructure unbundling, ensuring compliance with GRAP standards.

Key priorities include:

- Integrating Geographic Information System (GIS) data into the asset management system.
- Strengthening asset verification and tracking processes.
- Aligning infrastructure management to strategic goals.
- Implementing lifecycle costing and risk assessments for new acquisitions.

| | 2025 |
|---|---|
| | R |
| REPAIRS AND MAINTENANCE | |
| Infrastructure | 10 063 407 |
| Land and Buildings | - |
| Other Assets | 2 803 558 |

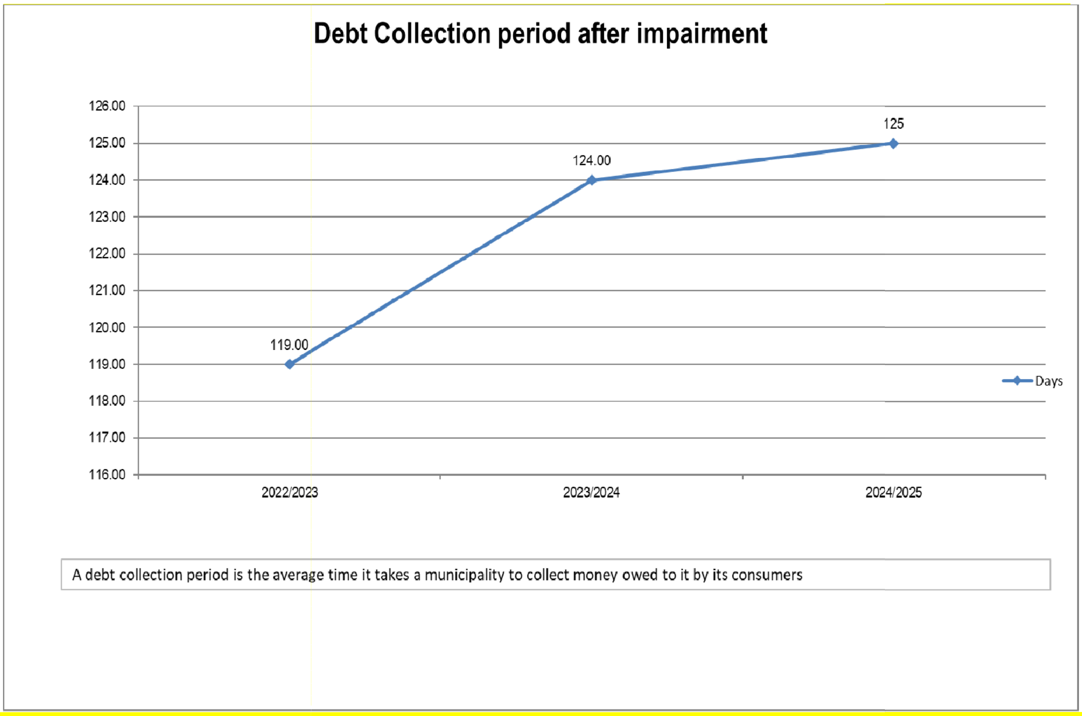
Repairs and maintenance continue to be fundamental components of sustainable infrastructure management. For the 2024/25 period, an allocation of R12.87 million has been made towards repairs and maintenance, comprising 1.5% of the operational budget. It is noteworthy that a significant portion of these activities are reflected under employee-related costs, as they are predominantly conducted internally. When these internal costs are included, total expenditure on repairs and maintenance rises to R71.5 million, which accounts for 8.18% of overall expenses. Although this figure remains below the National Treasury benchmark of 8% of Property, Plant, and Equipment, a strategic plan is underway to incrementally enhance future allocations. The recording of numerous activities under employee-related costs reflects the organisation's approach to in-house implementation.

### 5.4 Financial Ratios

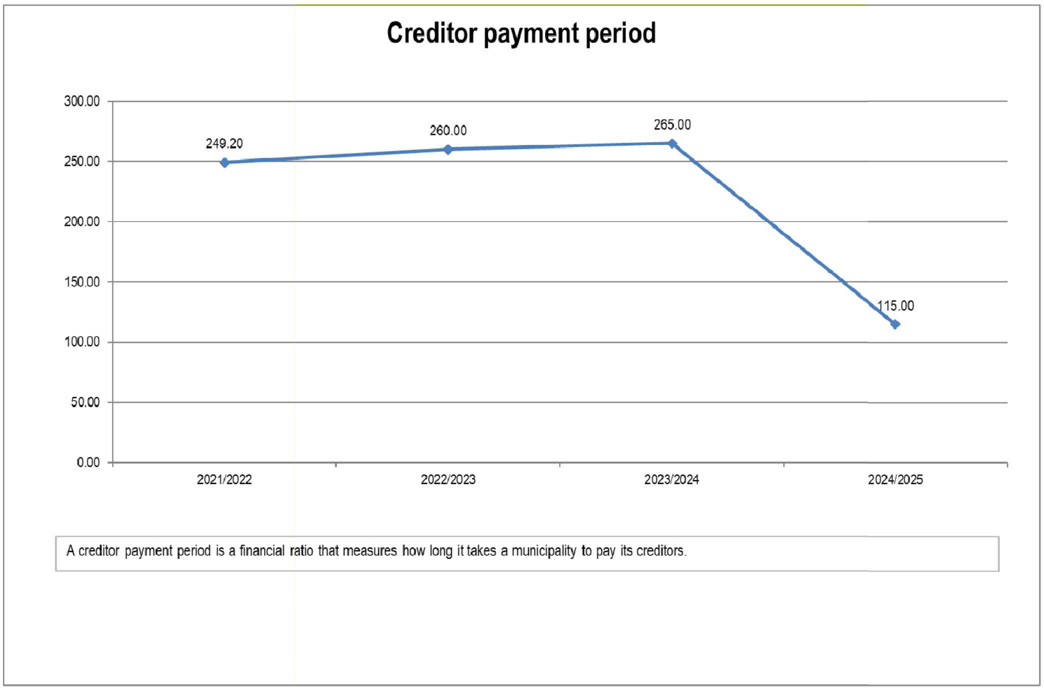
National Treasury's financial ratio indicators reveal areas of concern:

**Revenue Management:** The municipality's average debt collection period is 125 days, which ties up significant cash in consumer debtors and creates liquidity risks. Corrective measures include enhanced debt recovery initiatives, stricter indigent register management, and incentive schemes for settlements.

**Expenditure Management:** The average creditor payment period improved from 265 days in 2023/24 to 115 days in 2024/25, reflecting progress in financial controls. However, this is still well above the MFMA 30-day requirement. The financial recovery plan includes measures to further reduce creditor days through improved cash flow planning and revenue enhancement.

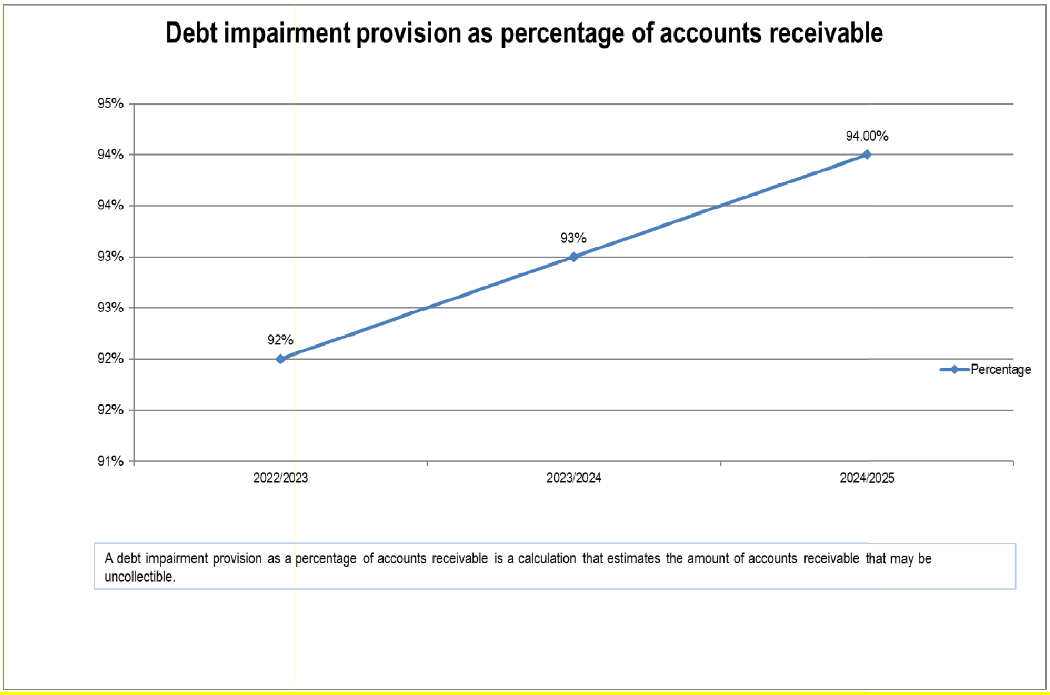



**Debt Collection Period after Impairment – 125 days (Benchmark ≤45 days)** The ratio improved from 119 days in 2022/2023 to 125 days in 2024/25, but still far above the acceptable norm. This highlights affordability pressures, billing inefficiencies, and weak enforcement. **Improvement:**Strengthen revenue enhancement strategies, update indigent registers, enforce credit control, and introduce prepaid metering where feasible.



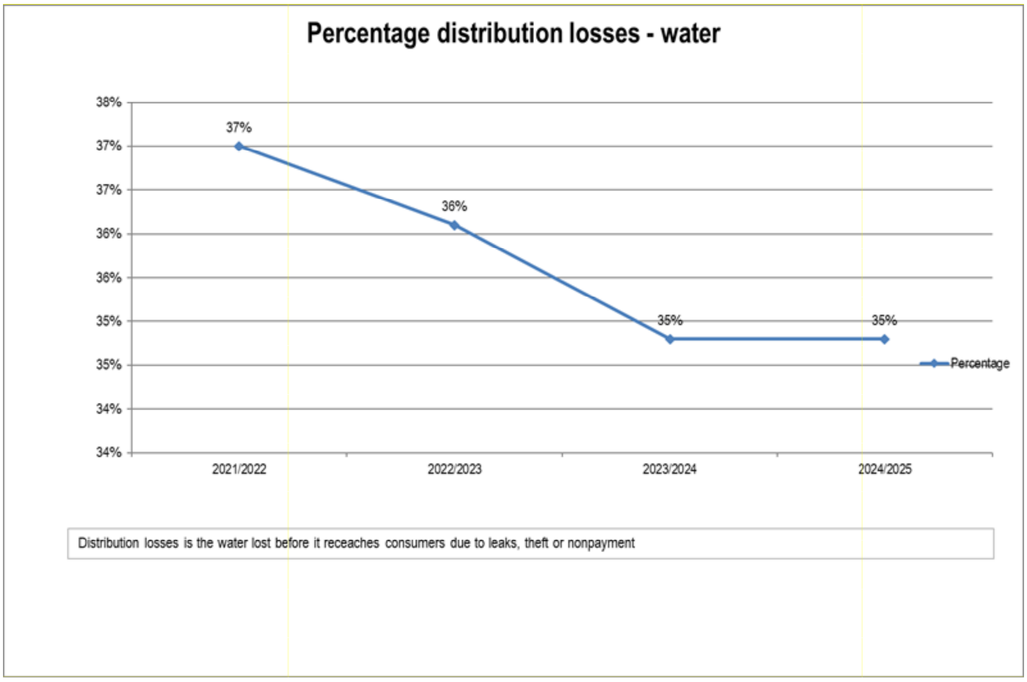

**Creditor Payment Period – 115 days (Benchmark ≤30 days)** The municipality improved from 265 days in 2023/24 to 115 days in 2024/25. However, it remains well above the MFMA benchmark of 30 days. This indicates ongoing cash flow challenges.No audit findings were reported for invoices paid beyond

30 days, and the calculation of creditor payment days exceeding 30 is primarily due to legacy bulk purchases and municipal services debt inherited by the municipality. Efforts are ongoing to reduce this outstanding debt, which is expected to be resolved within the next few years. **Improvement:**Prioritise creditor payments in line with revenue inflows, strengthen cash flow planning, and ringfence conditional grants to reduce creditor backlogs

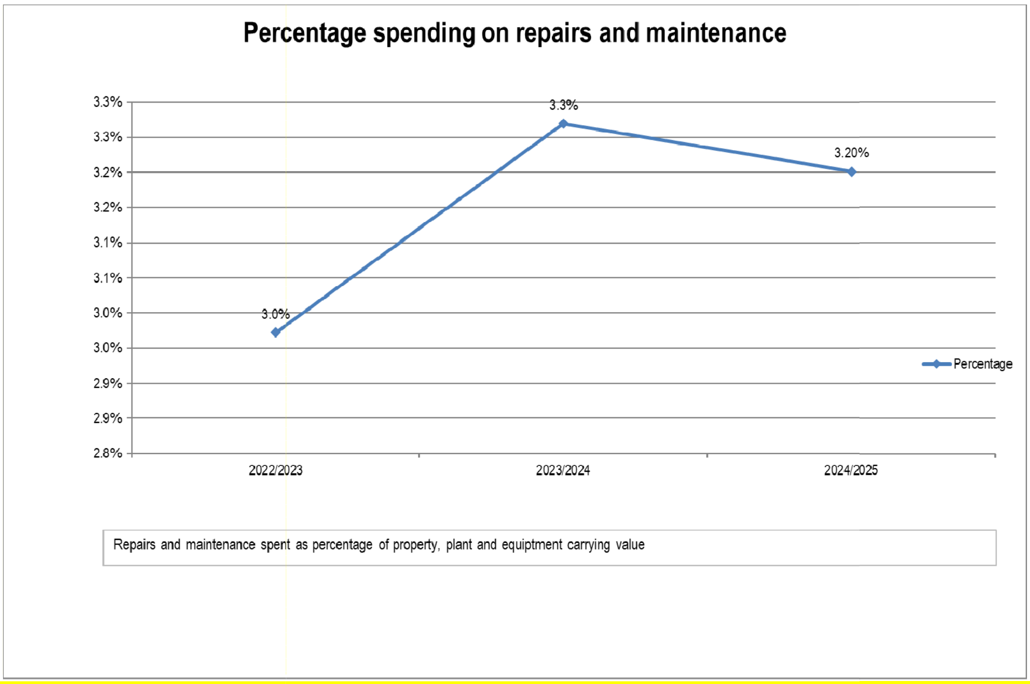



**Debt Impairment Provision as % of Accounts Receivable – 94% (Benchmark ≤30%)**

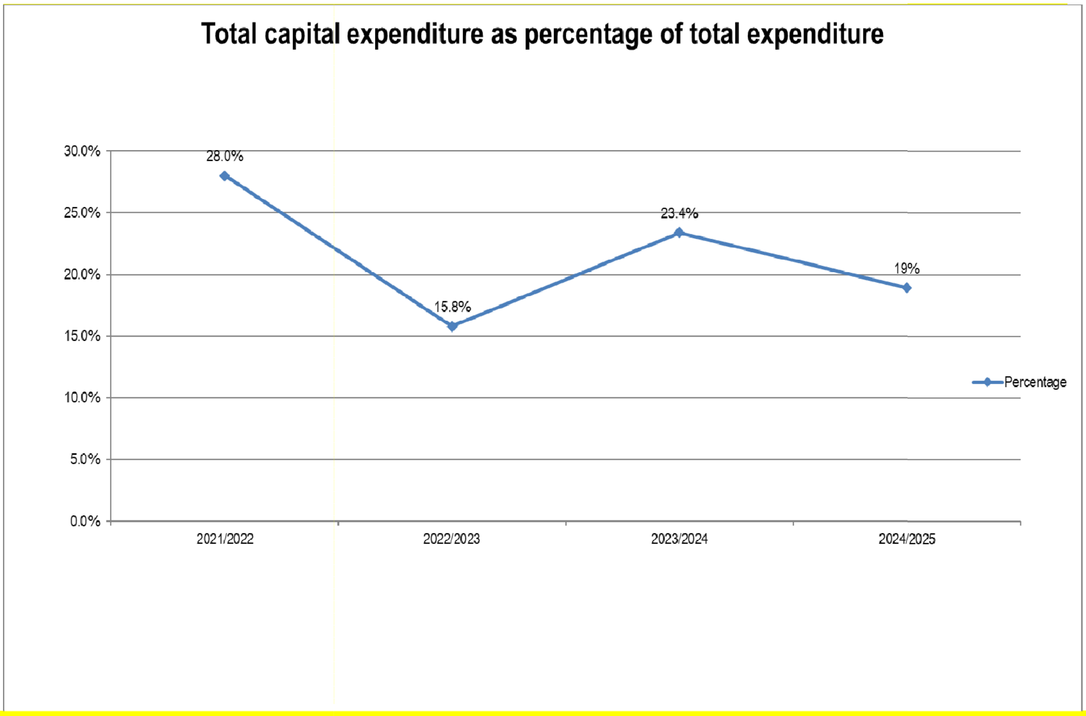
The provision has consistently been above 90% since 2022/23, reflecting that most receivables are unlikely to be collected. This undermines revenue sustainability.. **Improvement:**Introduce targeted debt write-off and restructuring policies, strengthen revenue collection campaigns, and address affordability through indigent support.



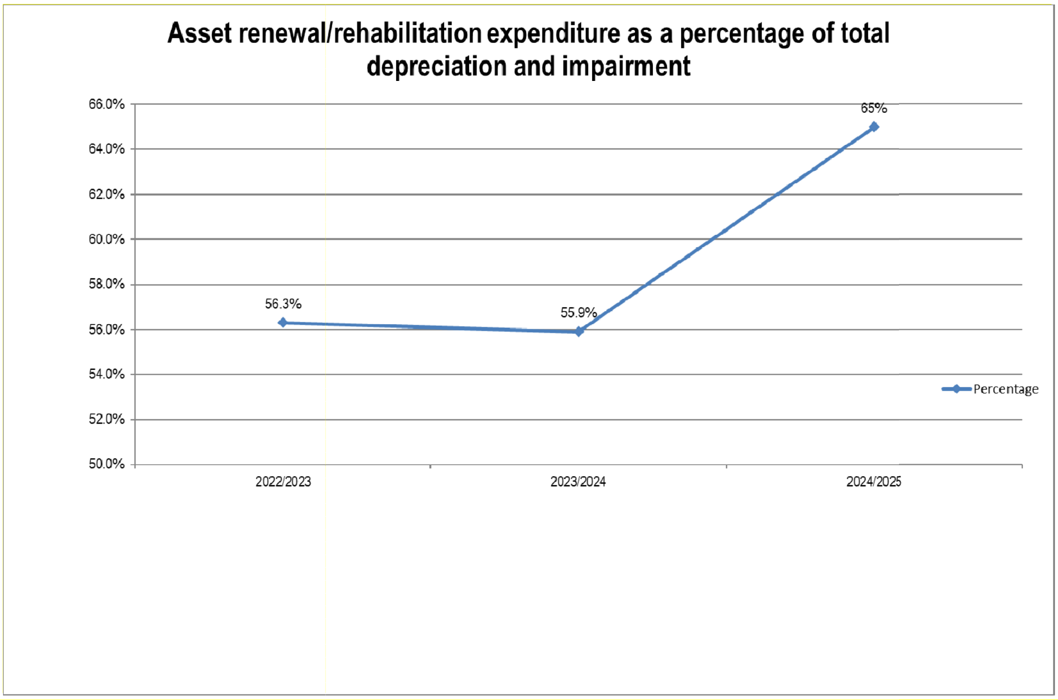
**Distribution Losses – Water – 35% (Benchmark ≤15%)**
Water losses remain stable at 35%, more than double the benchmark. This indicates systemic inefficiencies due to leaks, illegal connections, and poor metering.
**Improvement:**Invest in water network upgrades, expand bulk metering, implement pressure management, and enhance enforcement against illegal connections.




**Repairs and Maintenance as % of PPE – 3.2% (Benchmark 8%)**
Spending remains far below the benchmark, though stable at around 3%. It is noteworthy that a significant portion of these activities are reflected in employee-related costs, as they are predominantly conducted internally. When these internal costs are included, total expenditure on repairs and maintenance rises to R71.5 million, which accounts for 8.18% of overall expenses. Although this figure remains below the National Treasury benchmark of 8% of Property, Plant, and Equipment, a strategic plan is underway to incrementally enhance future allocations. The recording of numerous activities under employee-related costs reflects the organisation's approach to in-house implementation.
**Improvement:**Gradually increase R&M allocations towards the 8% norm, prioritise preventative maintenance, and link expenditure to asset management plans.

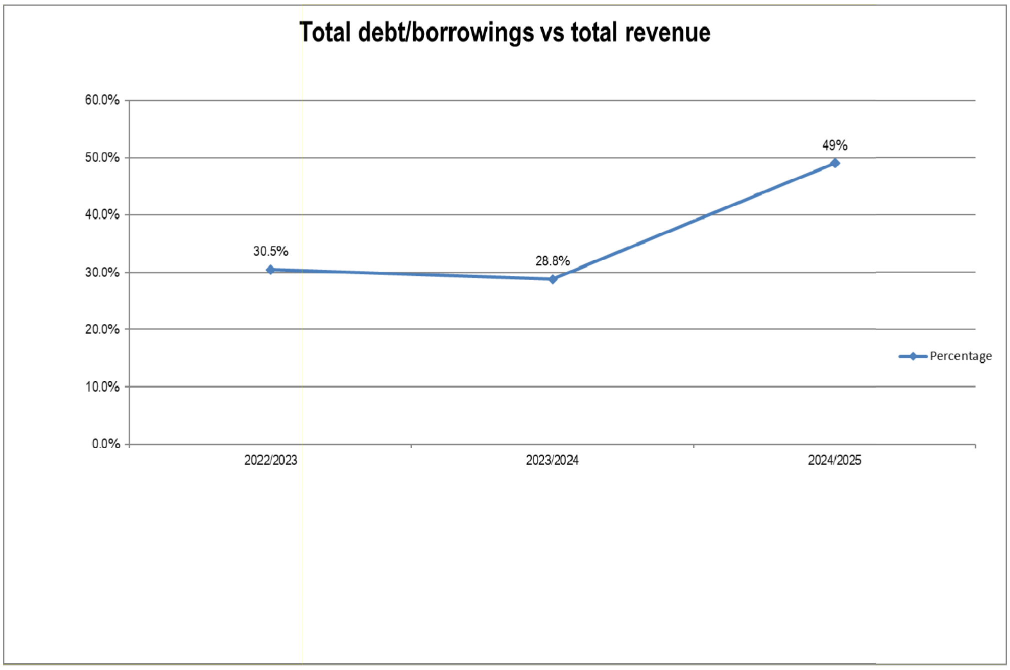



**Capital Expenditure as % of Total Expenditure (19% in 2024/25)**
At 19%, capital spending is above the minimum benchmark but has declined from 23% in 2023/24. Underspending on conditional grants contributed to this outcome.Spending on MIG and WSIG matched the budget and was fully utilized by year-end. Under-expenditure resulted from issues encountered with the RRAMS and RBIG projects.
**Improvement:**Improve procurement planning, enhance project readiness, and monitor monthly grant spending to ensure maximum utilisation.

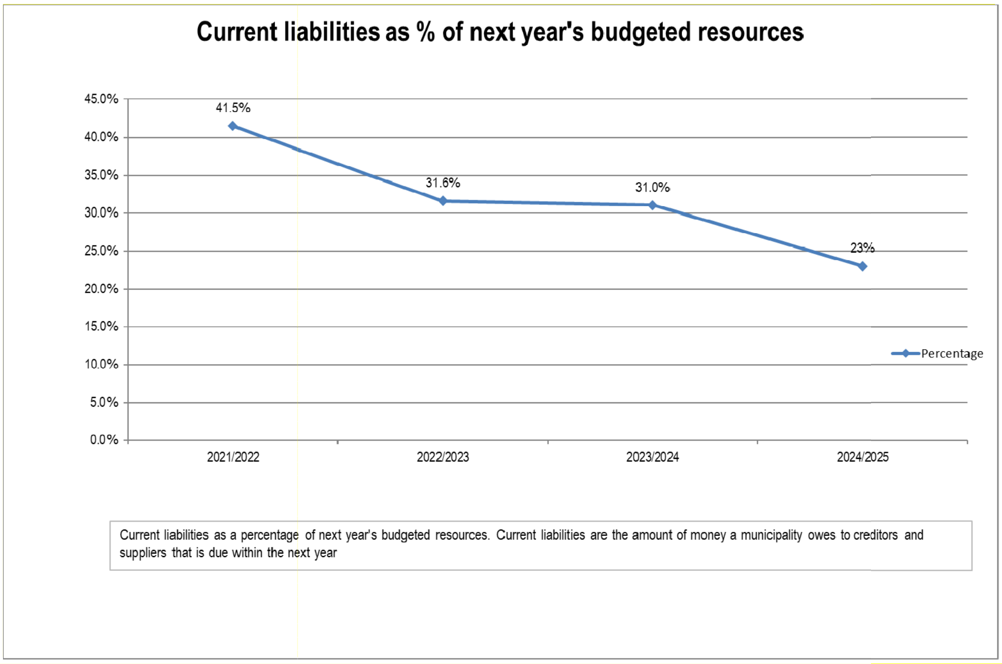



**Asset Renewal/Rehabilitation as % of Capital Expenditure – 24% (Benchmark ≥40%)**
This ratio improved compared to 2023/24, but remains below the ideal 100% benchmark, meaning that the municipality is not fully reinvesting in its assets at the rate they are depreciating.

**Improvement:** Progressive increases in renewal allocations should be pursued, supported by long-term asset management planning and grant alignment.

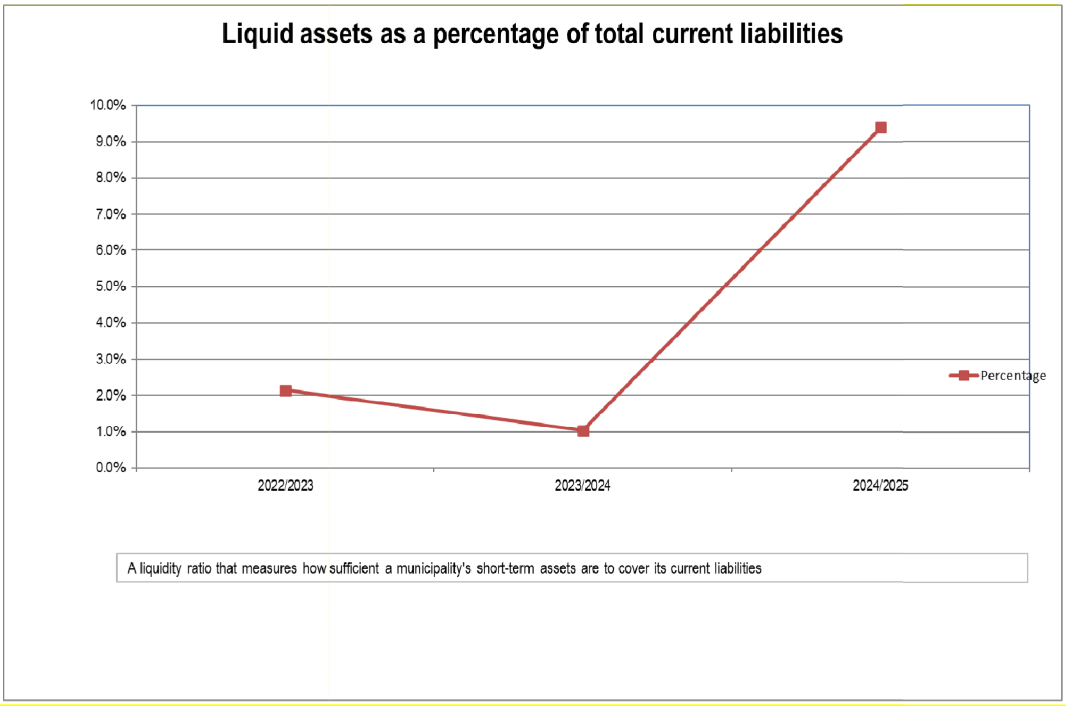



**Total Debt/Borrowings vs Revenue – 1% (Benchmark ≤45%**
The municipality has minimal borrowings (1% of revenue). While conservative, this suggests under-utilisation of borrowing as a tool for infrastructure financing. **Improvement:** Borrowing should be strategically aligned to high-impact infrastructure projects with clear repayment strategies. Enhanced revenue collection will also improve debt sustainability.




**Current Liabilities as % of Next Year's Budgeted Resources – 23% (Benchmark ≤40%)**
The ratio declined steadily from 41.5% in 2021/22 to 23% in 2024/25, within the safe threshold. This indicates improved liability management.

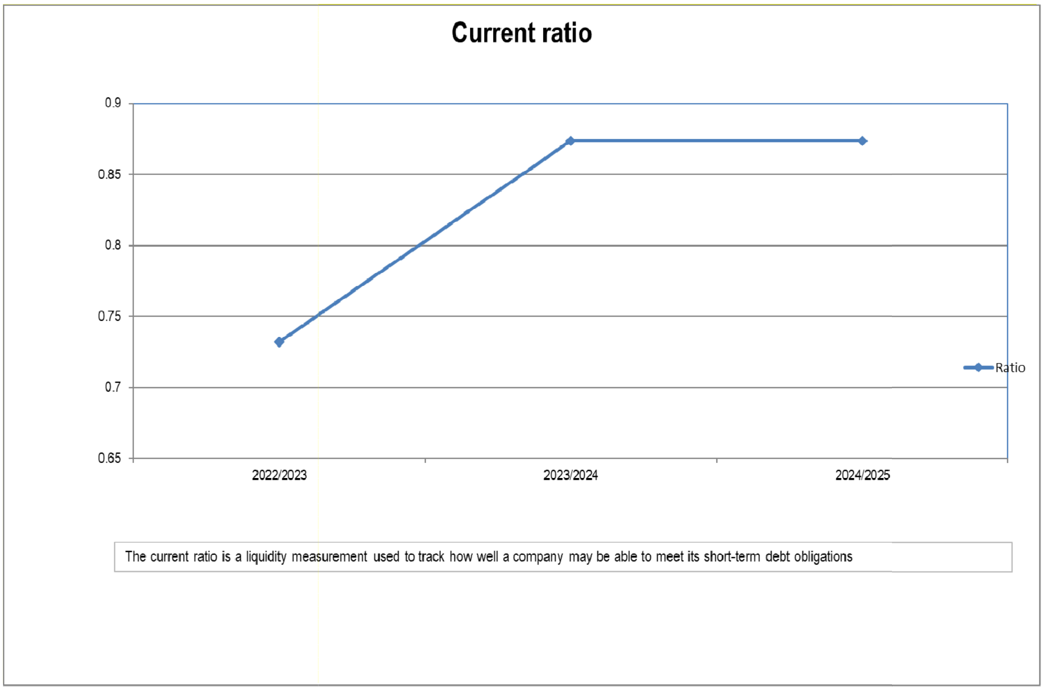
**Improvement:** Continued monitoring and maintaining prudent liability levels will help sustain liquidity and financial resilience.




**Liquid Assets as % of Current Liabilities (Cash Coverage Ratio) – 9% (Benchmark ≥100%)**

At 9%, liquidity coverage remains critically low, showing insufficient cash reserves to cover short-term obligations.

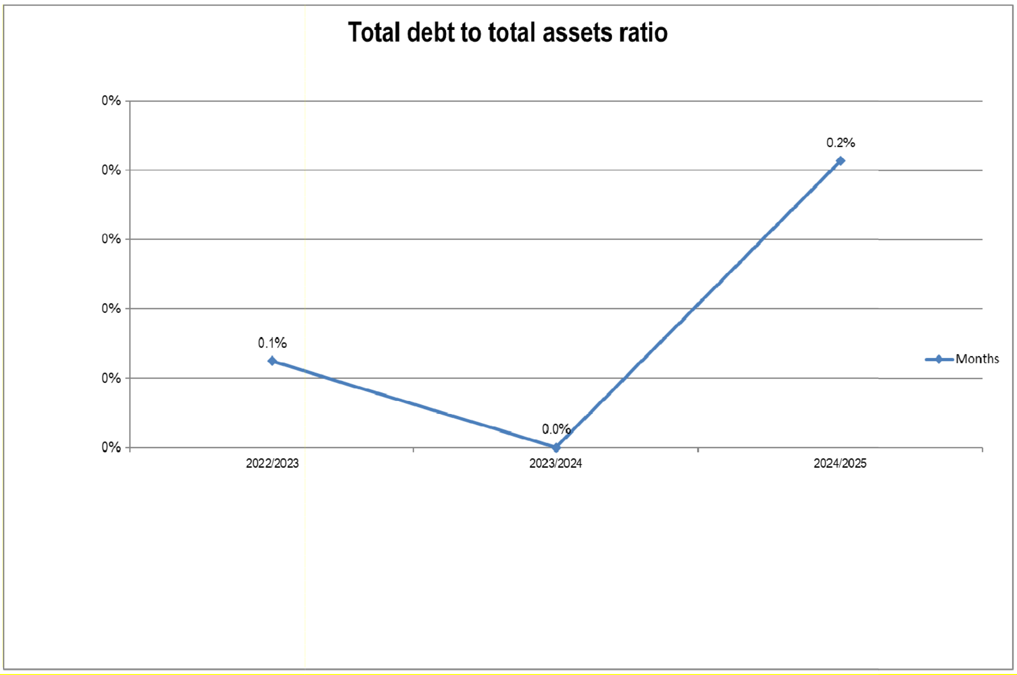
**Improvement:** Build cash-backed reserves, strengthen revenue collection, and cut non-priority expenditure to improve cash coverage.




**Current Ratio – 0.87 (Benchmark ≥1.5)**

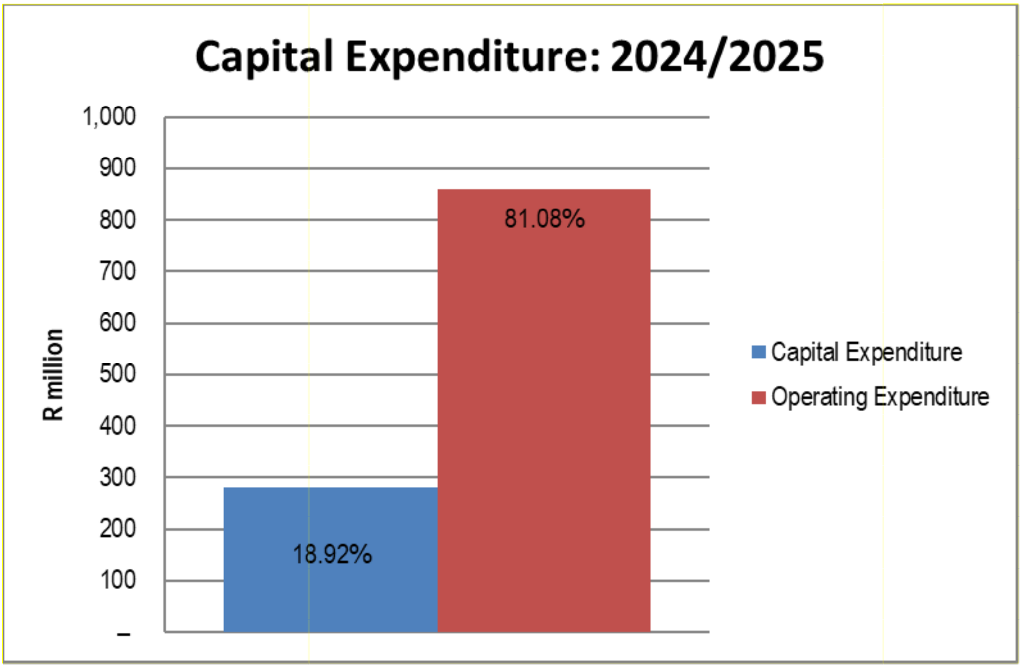
The current ratio remains below 1, highlighting solvency risks. Current assets are

insufficient to meet short-term liabilities.
**Improvement:** Strengthening working capital management and improving cash reserves are critical to restoring this ratio to above 1.5, the generally acceptable threshold.




**Total Debt to Total Assets Ratio – 21% (Benchmark ≤45%)**
The ratio increased from 0% in 2023/24 to 21% in 2024/25, still within acceptable limits. The municipality is not highly leveraged.
**Improvement:** Any new borrowing should be managed carefully to ensure the debt-to-assets ratio remains within sustainable levels.

**Component B: Spending Against Capital Budget**




**5.5 Capital Expenditure**
Capital expenditure accounted for 18.92% of total expenditure in 2024/25. Funding was

sourced primarily from conditional grants and municipal own revenue. Projects were focused on essential infrastructure aligned with the Integrated Development Plan (IDP), particularly in water services, sanitation, and road infrastructure.

Capital expenditure reflects the municipality's commitment to addressing service delivery backlogs and supporting local economic development. Despite funding constraints, capital investment continues to prioritise long-term sustainability and inclusive growth.

| **Municipal Infrastructure Grant (MIG)** | 2025 |
|---|---|
| Grants received | 178 376 000 |
| Transferred to Revenue - Operating | (46 468 302) |
| Transferred to Revenue - Capital | (131 907 698) |
| **Closing Unspent Balance** | **-** |

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The

| **Water Services Infrastructure Grant (WSIG)** | |
|---|---|
| Grants Received | 75 610 000 |
| Transferred to Revenue - Operating | (29 857 213) |
| Transferred to Revenue - Capital | (45 752 787) |
| **Closing Unspent Balance** | **-** |

The WSIG grant is a conditional grant used to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural

| **Regional Bulk Infrastructure Grant (RBIG)** | |
|---|---|
| Grants Received | 40 000 000 |
| Transferred to Revenue - Operating | (3 530 004) |
| Transferred to Revenue - Capital | (23 533 363) |
| **Closing Unspent Balance** | **12 936 633** |

**Rural Roads Asset Management System**

| | |
|---|---|
| Opening balance | 200 000 |
| Grants Received | 2 447 000 |
| Transferred to Revenue - Operating | (913 431) |
| Monies returned to National Treasury | (200 000) |
| **Closing Unspent Balance** | **1 533 569** |

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line

## Component C: Cash Flow Management

| | Notes | 2025<br>R<br>(Actual) |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Receipts** | | |
| Service Charges | | 47 410 875 |
| Other Revenue | | 525 578 |
| Transfers and Subsidies - Operational | | 488 674 979 |
| Transfers and Subsidies - Capital | | 214 130 481 |
| Interest | | 6 738 171 |
| **Payments** | | |
| Suppliers | | (235 803 559) |
| Employees | | (283 097 382) |
| Finance Charges | | - |
| Transfers and Grants | | (11 521 739) |
| **NET CASH FROM OPERATING ACTIVITIES** | **43** | **227 057 404** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| **Receipts** | | |
| Decrease in non-current investments | | - |
| **Payments** | | |
| Purchase of Property, Plant and Equipment | | (203 881 725) |
| **NET CASH USED INVESTING ACTIVITIES** | | **(203 881 725)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| **Receipts** | | |
| Increase in Consumer Deposits | | 69 202 |
| Borrowing long term/refinancing | | 5 000 000 |
| **Payments** | | |
| Repayment of borrowing | | - |

**5.6 Cash Flow Management**

Effective cash flow management remains critical to financial sustainability. In compliance with Section 64 of the MFMA, the municipality implemented a financial recovery strategy to strengthen cash reserves. Key interventions include:

- Revenue enhancement strategies to improve collection efficiency.
- Streamlined debt management processes.
- Strict expenditure controls and treasury oversight.

Targets for 2025/26 include achieving compliance with MFMA Circular 71 by maintaining adequate cash coverage for at least one month of operating expenditure. The municipality remains committed to building resilience through prudent cash management practices.

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## Component D: Other Financial Matters

### 5.7 Supply Chain Management (SCM)

The SCM Policy is reviewed annually to align with National Treasury reforms and the revised Preferential Procurement Regulations of 2022. Internal controls include standardised operating procedures, compliance checklists, and oversight committees to address potential gaps. A skills audit is conducted annually, and training is provided to SCM officials to enhance competency levels. Officials are further encouraged to join professional bodies for continuous professional development.

Auditor-General South Africa (AGSA) did not identify any material breaches of SCM legislation during 2024/25, confirming the effectiveness of the municipality's procurement controls.

### 5.8 Generally Recognised Accounting Practices (GRAP)

The 2024/25 Annual Financial Statements were prepared on an accrual basis in line with the MFMA and applicable GRAP standards, including interpretations and directives issued by the Accounting Standards Board. Accounting policies for material transactions not covered by GRAP were developed in line with GRAP 3 and Directive 5.

The municipality achieved an **unqualified audit opinion with no findings** for 2024/25, reaffirming compliance with GRAP standards and strengthening confidence in financial reporting and accountability.

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### Conclusion

Chapter 5 has demonstrated that while the municipality continues to face financial challenges, particularly in revenue collection and liquidity management, it has made significant progress in strengthening financial discipline, improving procurement compliance, and investing in capital infrastructure. With the implementation of financial recovery strategies and enhanced revenue initiatives, the municipality is positioning itself for improved long-term sustainability and service delivery impact in 2025/26 and beyond.

**CHAPTER 6: AUDITOR GENERAL'S FINDINGS**

## 6.1 Component A: Auditor General opinion 2023/24 FY (Prior Year)

### 6.1.1 Audit Action Plan (Prior Year)

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| **Other disclosures:** | | | | | |
| CoAF 11: Material losses disclosure note: Water distribution losses.<br>The material loss refers to the losses recorded in inventory due to water lost during the distribution process. According to GRAP 12, paragraph 45, the municipality is required to measure and recognize any inventory losses (such as water losses) as expenses in the period in which the loss occurs.<br><br>Based on the audit work performed on the water distribution losses disclosure note , we audited the calculation perform by Zutari enclosed the document " Water loss Evaluation Report Financial Year 2023/2024" The average cost per kl in rands (Treated Water) was stated at R14.04 and was calculated as follows R 233 274 823 / 16 620 188 kl , and the average cost per kl in rands(Raw Water) was stated at R0.69 no calculation was presented in the report as to how this figures was determined.<br>We reperformed the average cost per kl for both treated and raw water and results were as follows;<br>The average cost per kl in rands (Treated Water)<br>We were unable to agree the 16 620 188-kl used by Zutari to determine the average cost per kl in rands for treated water to the information presented in the water losses report, Per the table set out on page 7 in water loss report and the annual financial statements note 47 the total kilo litres of raw water inputted into the distribution system was 13 212 841-kl we used this to calculate our average cost per kl in rands (Treated Water). R 233 274 823 / 13 212 841-kl = R17.66 | Review the calculation relating to the material losses: water distribution losses enclosed in the document titled "Water loss Evaluation Report Financial Year 2023/2024" and make the necessary changes to the annual financial statements. | Director Technical Service, WSP Manager, Chief Financial officer | 05-Aug-25 | Implemented | 5 |

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| CoAF 01: Events after reporting date disclosure note is not complete. GRAP 14.27, states that, If non-adjusting events after the reporting date are material, non-disclosure could influence the economic decisions of users taken on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting date:<br>(a) The nature of the event.<br>(b) An estimate of its financial effect, or a statement that such an estimate cannot be made | Annual financial statement reviews should be performed by comparing the requirements of the applicable GRAP standard with the disclosure in the AFS to ensure alignment and compliance thereof. | Chief Financial Officer | 05-Aug-25 | Implemented | 5 |
| **Immovable assets** | | | | | |
| COAF 08: Infrastructure assets: Vandalised Assets<br>There is no physical security placed in the remote areas, thus a risk of vandalism is not minimised or managed. | Review physical security on site options | Director: Corporate Services, Manager WSP | 30-Jun-25 | Implemented | 5 |
| | Assess the condition for impairment or damage | Director Technical services | 30-Jun-25 | Implemented | 5 |
| CoAF 07: Property plant and equipment: Estimates for Useful lives' and note disclosure.<br>Per our inspection of the fixed assets register for Infrastructure assets it was noted that there are a number of assets record in register that are still in use by the municipality that have been fully depreciated to a nil carrying value as at year end.<br>Based on the fact that there are assets that have reached the end of their estimated useful life and they are still in use this is a clear indication that the useful life estimate was inappropriate and management did not adequately re-assess these useful lives before the assets were fully depreciated.<br>Furthermore, we performed a calculation to determine the impact of error in the useful life's estimates by filtering the assets register for all the assets that have nil book carrying values as at year (excluded impaired and disposed assets), and calculated the impact to the financial statements by increasing the assets useful life's to (previously estimated useful life + period used pass its estimated useful life + 1 additional year).<br>Based on the calculation the impact to the financial statements are as | Review the fixed assets register, specifically looking at the assets that have been fully depreciated but still in use and re-assess their useful lives and make the necessary adjusting to the financial statements, it is further recommended that management also look at assets that are close to reaching there previously assess useful lives and determine whether there useful are still appropriate or a re-assessment is required to avoid the finding being repeated in the future. | Director Technical Services | 15-Jun-25 | Implemented | 5 |

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| follows;<br>Accumulated depreciation Increase/(Decrease) (R8 151 879)<br>Retained Earnings Increase/(Decrease) R15 589 637<br>Current years depreciation expense Increase/(Decrease) R7 437 757 | | | | | |
| CoAF 07: Property plant and equipment: Estimates for Useful lives' and note disclosure. The narrative disclosed under note 8 Property plant and equipment states the following.<br>There are 27 assets included in the infrastructure fixed asset register with a zero carrying value. The initial capital cost of these assets were cumulatively below R300 000.<br>Based on our review of the fixed assets registers for infrastructure assets it was noted that the narrative is not fairly presented as there are 3 895 assets with nil book values with initial capital cost of R133 424 333.60. | Review the useful life estimates on the fixed asset register | | 15-Jun-25 | Implemented | 5 |
| **Payable** | | | | | |
| CoAF 10: Retention register is not complete<br>On testing retentions, it was identified that, retention for contract number JGDM2021/22-004 with contract value of R26 925 512 , with retention amount of R488 995 was not included on the register, however these were not paid at year end, thus suggesting that the register submitted for audit purposes is not complete. | Ensure all construction contracts are on the retention register | Director Technical Services, Chief Financial officer | 15-Apr-25 | Implemented | 5 |
| **Predetermined objectives** | | | | | |

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| CoAF 09: AoPO: - Service delivery indicators and targets incorrectly presented in the APR<br>Finding 1<br>A cumulative achievement reported in the annual performance report is inconsistence between these two indicators as the denominator being the total households is as per 2016 STATS SA, data was not changed to reflect the latest 2022 STATS SA data with increased households, thus causing inconsistencies in the reported achievement as a result, an over achievement reported for indicator SD03-03 at 100.40%, which is misleading.<br><br>Furthermore, the latest available information should be used, and management should perform data validation process to confirm correctness, thereof. As a result, reported achievement is based on an outdated information, thus misleading users of the report. | Determine the latest projection of the Census data to ensure accuracy and completeness<br><br>Link the captial projects into the main part of the SDBIP to assist to reflect on progress made<br><br>Improve on narrative explaining percentages to enable the public to have better understanding on service delivery targets.<br><br>Improve explanation of the legends for snapshots to improve understanding | COO | 15-Apr-25 | Implemented | 5 |
| CoAF 09: AoPO: - Service delivery indicators and targets incorrectly presented in the APR<br>Finding 2<br>Indicator SD03-02, has been reported as achieved with a reflection of a snapshot of, however this is misleading as there is backlog of about 24 680 households with no access to basic level of water, as reflected in the calculation report which is used as a portfolio of evidence. | | | | | |
| CoAF 09: AoPO: - Service delivery indicators and targets incorrectly presented in the APR<br>Finding 3<br>Information included in PART3: MEASUREABLE PERFORMANCE INDICATORS LINKED TO SERVICE DELIVERY PROJECTS, is not linked to the service delivery indicators disclosed in PART 2 of the report, thus not easy to make a direct link as a result , not able to determine to assess progress and plans to deal with backlogs. | | | | | |
| **Procurement and Contract Management** | | | | | |

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| CoAF 12: Incomplete note disclosure (not 48): Not all interest is disclosed<br>On review of supply chain management processes noted the deficiencies detailed below<br><br>1. Interest family<br>On testing Quotation, noted an award of R18 750 was made to Centabi (Pty) (Ltd). On assessing the award, noted Molantwa John Mohai who works as a general assistant had a family member (Cecilia Nthabiseng Mohai) that have an interest in Centabi (Pty) (Ltd) traded with the municipality which is not disclosed in note 48 to the Financial Statements.<br><br>2. Furthermore on, per CAATs findings, noted the below suppliers which does business with the municipality are partners with the directors of the companies that traded with the municipality, and this interest is not disclosed in note 48 to the financial statement | Management will continuously conduct workshops regarding the conflict of interest so that there is adequate knowledge of the consequences of employees not declaring business interest, furthermore in cases where employees declared the interest, this must be included in the financial statements as required | Chief Financial Officer, Director Corporate Services | 15-Apr-25 | Implemented | 5 |
| COAF 12: SCM non-disclosure of interest<br>On review of supply chain management processes noted the deficiencies detailed below<br><br>2. Furthermore on, per CAATs findings, noted the below suppliers which does business with the municipality are partners with the directors of the companies that traded with the municipality, and this interest is not disclosed in note 48 to the financial statement | Management will continuously conduct workshops regarding the conflict of interest so that there is adequate knowledge of the consequences of employees not declaring business interest, furthermore in cases where employees declared the interest, this must be included in the financial statements as required | Chief Financial Officer | 30-Jun-25 | Implemented | 5 |
| **Revenue** | | | | | |
| CoAF 02: Revenue from non-exchange transactions: Presentation & disclosure issue noted. On review of the disclosure note relating to revenue from non-exchange transaction – donated assets, it was noted that note 21 of the annual financial statements is not compliant to the GRAP disclosure requirements.<br><br>Below is the issue identified relating to the disclosure of note 21 of the AFS:<br>1. It was identified that JGDM received assets by way of a donation. The donated assets were correctly measured initially at their fair value in line | Donated assets should be correctly recorded and reflected on the AFS | Chief Financial Officer | 25-Jul-25 | Implemented | 5 |

| Finding | Action | Who - Director | When | Progress | Score (1 - 5) |
|---|---|---|---|---|---|
| with GRAP 23 – revenue from non-exchange transactions requirements. However, JGDM did not disclose the basis on which the fair value of the donated assets were measured. | | | | | |
| CoAF 04: Revenue from exchange transactions - excessive interim billing<br>1. From the review of customer statements for service charges there were instances identified where the number of days lapsed from the previous reading to the current reading were more than 90 days.<br><br>2. The readings applied for charges for the month were found not to be consistent with the recalculation of the reading from previous and current reading. This was found on accounts that had been charged using estimates and the time passed between previous and current reading was more than 90 days. New Note<br><br>This inconsistency in readings charged and readings recalculated from previous reading to current reading results in a misstatement of service charges. | Continue to check meter readings to reduce estimates. Where possible replace meters where access is still not possible or where meter is broken | Chief Financial Officer | Ongoing | Implemented | 5 |
| **Taxes** | | | | | |
| CoAF 01: Incomplete VAT disclosure | Review the AFS to consider VAT and other disclosures | Chief Financial Officer | 15-Apr-25 | Implemented | 5 |

## 6.2 COMPONENT B: AUDITOR GENERAL OPINION (CURRENT YEAR – 2024/25FY)

.1.1 AUDIT ACTION PLAN (CURRENT YEAR)

**[TO BE INSERTED AFTER RECEIVING REPORT FROM AG FOLLOWING THE AUDIT]**

**APPENDIXES**

**[TO BE INSERTED WITH FINAL  AFS]**

## COGTA-EC INDICATORS

COGTA-EC INDICATORS

**Organisational Transformation and Institutional Development**

**Annual performance as per key performance indicators in municipal transformation and organizational development**

| | Indicator name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|---|---|---|---|---|---|
| 1 | Vacancy rate for all approved and budgeted posts; | Out of 884 position 220 were vacant | 664 | 81.7% | Positions were not filled due to outstanding OD Project. |
| 2 | Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers) | 7 | 6 | 88% | All positions have since been filled |
| 3 | Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY | 7 | 1 | 14,28% | Training is conducted per approved Work Place Skills Plan |
| 4 | Percentage of Managers in Technical Services with a professional qualification | 3 | 3 | 100% | None |
| 5 | Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only) | 4 (100%) | 4 (100%) | 100% | None |
| 8 | Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term | 100% | 100% | 100% | None |
| 9 | Percentage of councillors who attended a skill development training within the current 5 | 100% | 100% | 47% | Other Councillors benefited in the previous financial year |

| | Indicator name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|---|---|---|---|---|---|
| | year term | | | | |
| 10 | Percentage of staff complement with disability | 884 | 4 | 0,45% | Recruitment process encourages people with disabilities to apply |
| 11 | Percentage of female employees | 884 | 262 | 29,63% | Employment Equity Plan is being implemented. |
| 12 | Percentage of employees that are aged 35 or younger | 884 | 86 | 9,73% | None |

**Basic Service delivery performance highlights**

Annual performance as per key performance indicators in water services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the FY under review (actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year |
|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to potable water | 24 674 | 24 674 | 500 | 0 | Target was not met – see detailed APR |
| 2 | Percentage of indigent households with access to free basic potable water | 100% | 0 | 100% | 100% | None |
| 4 | Percentage of clinics with access to potable water | N/A | N/A | N/A | N/A | N/A |
| 5 | Percentage of schools with access to potable water | N/A | N/A | N/A | N/A | N/A |
| 6 | Percentage of households | 0 | 1.3% | 0 | 0 | None – these are informal settlements |

| | | | | | | |
|---|---|---|---|---|---|---|
| | using buckets | | | | | that are in process of relocation through RDP housing |

Annual performance as per key performance indicators in Electricity services

| | **Indicator name** | **Total number of household/customer expected to benefit** | **Estimated backlogs (actual numbers)** | **Target set for the f. year under review (actual numbers)** | **Number of HH/customer reached during the FY** | **Percentage of achievement during the year** |
|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to electricity services | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of indigent households with access to basic electricity services | N/A | N/A | N/A | N/A | N/A |
| 4 | Percentage of indigent households with access to free alternative energy sources | N/A | N/A | N/A | N/A | N/A |

Annual performance as per key performance indicators in sanitation services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the year under review | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to sanitation services | 124 294 | 25546 | 1000 | 1024 | The project to have budget reallocation in the new year |
| 2 | Percentage of indigent households with access to free basic sanitation services | 100.65% (Based on CS 2016 and updated by Census2022) | 100.40%* Based on CS 2016 and updated by Census2022) | 94,4%** | 94.6%*** | None |
| 4 | Percentage of clinics with access to sanitation services | N/A | N/A | N/A | N/A | N/A |
| 5 | Percentage of schools with access to sanitation services | N/A | N/A | N/A | N/A | N/A |

Annual performance as per key performance indicators in road maintenance services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review (Actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year |
|---|---|---|---|---|---|---|
| 1 | Percentage of households without access to gravel or graded roads | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of road infrastructure requiring upgrade | N/A | N/A | N/A | N/A | N/A |
| 4 | Percentage | N/A | N/A | N/A | N/A | N/A |

| | | | | | | |
|---|---|---|---|---|---|---|
| | of planned new road infrastructure actually constructed | | | | | |
| 5 | Percentage of capital budget reserved for road upgrading and maintenance effectively used. | N/A | N/A | N/A | N/A | N/A |

Annual performance as per key performance indicators in waste management services

| | **Indicator name** | **Total number of household/customer expected to benefit** | **Estimated backlogs (actual numbers)** | **Target set for the f. year under review** | **Number of HH/customer reached** | **Percentage of achievement during the year** |
|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to refuse removal services | N/A | N/A | N/A | N/A | N/A |

Annual performance as per key performance indicators in housing and town planning services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (Actual numbers) | Target set for the year under review | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|---|---|---|---|---|
| 1 | Percentage of households living in informal settlements | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of informal settlements that have been provided with basic services | N/A | N/A | N/A | N/A | N/A |
| 3 | Percentage of households in formal housing that conforms to the minimum building standards for residential houses | N/A | N/A | N/A | N/A | N/A |

## MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

**Annual performance as per key performance indicators in LED**

| | Indicator name | Target set for the year | Achievement level during the year (absolute figure) | Achievement percentage during the year |
|---|---|---|---|---|
| 1 | Percentage of LED Budget spent on LED related activities. | R1 425 531 | R1 228 834.56 | 86.20% |
| 2 | Number of LED stakeholder forum held | 4 | 4 | 100% |
| 3 | Percentage of SMME that have benefited from a SMME support program | 1 | 1 | 100% |
| 4 | Number of job opportunities created through EPWP | 650 | 714 | 223,23% |
| 5 | Number of job opportunities created through PPP | N/A | N/A | N/A |

## MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

**Annual performance as per key performance indicators in financial viability**

| | **Indicator name** | **Target set for the year R(000)** | **Achievement level during the year R(000)** | **Achievement percentage during the year** |
|---|---|---|---|---|
| 1 | Percentage expenditure of capital budget | R221 376 000 | R209 089 470 | 94% |
| 2 | Salary budget as a percentage of the total operational budget | R258355210 | 130591882 | 51% |
| 3 | Trade creditors as a percentage of total actual revenue | R136 879 | R829 141 | 17% |
| 4 | Total municipal own revenue as a percentage of the total actual Revenue | R320 151 | R829 141 | 39% |
| 5 | Rate of municipal consumer debt reduction | R649 507 | R861 764 | -33% |
| 6 | Percentage of MIG budget appropriately spent | R178 376 000 | R178 376 000 | 100% |
| 7 | Percentage of MSIG budget appropriately spent | R0 | R0 | There were no allocation in the year under review |
| 8 | Functionality of the Audit Committee | 5 | 5 | 100% |
| 9 | Submission of AFS after the of financial year | 31 August 2025 | 31 August 2025 | 100% |

## GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

| **No** | **Indicator name** | | |
|---|---|---|---|
| 1 | % of ward committees established | N/A | N/A |
| 2 | % of ward committees that are functional | N/A | N/A |
| 3 | Existence of an effective system to monitor CDWs | N/A | N/A |
| 4 | Existence of an IGR strategy | Adopted | Yes |
| 5 | Effective of IGR structural meetings | Yes | Yes |
| 6 | Existence of an effective communication strategy | Adopted | Yes |
| 7 | Number of mayoral imbizos conducted | 2 per LM | Physical Mayoral outreaches were held in Senqu Local Municipality , Walter Sisulu Local Municipality and Elundini Local Municipality. |
| 8 | Existence of a fraud prevention mechanism | Adopted Policy | Yes |

JOE GQABI
DISTRICT MUNICIPALITY
SIYA PHAMBILI - ASIJIKI

# ANNUAL PERFORMANCE REPORT

2024/25
FINANCIALYEAR

**August 2025**

JOE GQABI
DISTRICT
MUNICIPALITY

# Contents

**MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, **MP Nonjola,** in my capacity as the Municipal Manager of the Joe Gqabi District Municipality submit the Annual Performance Report for the 2024/25 financial year to the Executive Mayor. This Annual Performance Report has been prepared in terms of the stipulated requirements of the Municipal Finance Management Act of 2003 and its Regulations.

MP Nonjola

Municipal Manager: Joe Gqabi District Municipality

Digitally Signed 31.08.2025 IT reference: 29795 File plan:5/1/3

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**MP Nonjola**
**Municipal Manager**
**Joe Gqabi District Municipality**

**PART 1: BACKGROUND**

## 1.1 Legislative Imperative

The Constitution of the Republic of South Africa, 1996, Section 152, deals with the objectives of local government and paves the way for performance management. Section 152 of the Constitution outlines the objects of local government as follows:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The democratic values and principles in terms of Section 195 (1) of the Constitution of the Republic of South Africa are also linked with the concept of performance management, by:

- Promoting efficient, economic and effective use of resources;
- Accountable public administration;
- Transparently providing information;
- Being responsive to the needs of the community; and
- Facilitating a culture of public service and accountability amongst staff.

The Local Government: Municipal Systems Act 32 of 2000 (MSA) requires a municipality to establish a performance management system. Further, the MSA and the Municipal Finance Management Act 56 of 2003 (MFMA) require the municipal budget to be aligned to the Integrated Development Plan (IDP) and create a mechanism for the implementation of the budget against the IDP using the Service Delivery and Budget Implementation Plan (SDBIP).

This Annual Performance Report is prepared in terms of Section 46(1) of the MSA, as amended, which stipulates that a municipality must prepare an annual performance report reflecting:

- the performance of the municipality and of each external service provider during that financial year;
- a comparison of the performance referred to above with targets set for and performance in the previous financial year; and
- measures taken to improve performance.

Thus, the first section of this report provides an abridged account of the locale. The second section details reporting on the Institutional performance on predetermined objectives and targets. The section covers the five Key Performance Areas (KPAs) of the Local Government Strategic Agenda. These are:

- Service Delivery and Infrastructure Provision;

- Local Economic Development;
- Financial Management and Viability;
- Institutional Development and Municipal Transformation; and
- Good Governance and Public Participation.

The third section provides a report on the performance of service providers that were appointed by the municipality in the 2024/25 financial year.

The Annual Performance Report is based on reported performance information only and is unaudited. The report is subject to change during and after the audit from the Auditor-General of South Africa (AGSA). The audited Annual Performance Report will form part of the 2024/25 financial year's Consolidated Annual Report which will be tabled before Council for adoption with nine months of the end of the financial year to which the reporting applies in compliance with the MFMA.

**1.2 Municipal Overview**

The Joe Gqabi District municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province in the Republic of South Africa. It borders the Free State Province and country of Lesotho to the north as depicted in the figure below. The District is located to the west of Alfred Nzo, north of OR Tambo and Chris Hani District Municipalities and to the east of the Northern Cape Province (see figure 1). The JGDM covers an area of 25 663 km² and is composed of three local municipalities (Elundini, Senqu and Walter Sisulu local municipalities). Towns that are found in the District are Maletswai, Burgersdorp, James Calata, Steynsburg, Venterstad, Lady Grey, Barkly East, Rhodes, Rossouw, Sterkspruit, Nqanqarhu, Mount Fletcher andUgie.


*Figure 1: The local context*

Census 2022 shows that the population of the District is the smallest in the Province as depicted in the table below.

*Table 1: Provincial context (Census 2022)*

| Municipality | Population size 2011 | Population size 2022 | % change | % Annual increase |
|---|---|---|---|---|
| O.R. Tambo | 1 366 039 | 1 501 702 | 9,0% | 0.9% |
| Nelson Mandela Bay | 1 152 115 | 1 190 496 | 12,3% | 1.2% |
| Buffalo City | 854 967 | 975 255 | 13,9% | 1,4% |
| Alfred Nzo | 806 478 | 936 462 | 8,1% | 0.8% |
| Amathole | 801 344 | 871 601 | 5,6% | 0,6% |
| Chris Hani | 781 853 | 828 387 | 15,5% | 1,2% |
| Sarah Baartman | 450 584 | 533 253 | 11,3% | 1,1% |
| **Joe Gqabi** | **348 673** | **393 048** | **9,0%** | **0.9%** |

Census 2022 shows that the population of the District increased from 348 673 in 2011 to 393 048 in 2022. The number of households increased from 97 471 in 2011 to 124 294 in 2022.

For purposes of the Annual Performance Report, levels of access to the basic level of services will be limited to water and sanitation which are the direct function of the District municipality, per table below. For water provision basic level of access is defined as access to water within 200 meters of a household. This includes water connections meeting minimum standards (supply of water is piped (tap) water inside dwelling, piped (tap) water inside yard, and/or community stand less than 200 meters). Linked to this definition is government's Free Basic Water (FBW) policy, which aligns with the constitutional right to sufficient water (Section 27 of the Constitution of 1996) which entitles every household to 6,000 liters of free water per month for qualifying indigent households. With respect to sanitation, basic level of access to sanitation service refers to households accessing (or "using") a toilet facility that meets minimum standards for basic sanitation which is either a flush toilet (sewerage system) and/or flush toilet (septic tank), and/or a pit toilet connected to ventilation (VIP). Tables 2 and 3 below shows levels of access to water and sanitation, respectively.

*Table 2: Current level of access to water services (Census 2022)*

| Municipality | Piped water | | % Change | Current backlog % | Piped water in yard | |
|---|---|---|---|---|---|---|
| | 2011 | 2022 | | | 2011 | 2022 |
| JGDM | 74% | 80.5% | 6.5% | **19,5% (24 237)** | 17,6% | 63,9% |
| SENQU | 81.2% | 74.6% | 6.6% | **25,4% (12 424)** | 8.7% | 65,5% |
| WSLM | 98.1% | 98.2% | 0.1% | **1,8% 615)** | 45,4% | 94,2% |
| ELUNDINI | 52.9% | 72.8% | 19.9% | **27,2% (11 209)** | 10,4% | 53,2% |

*Table 3: Current level of access to sanitation services (Census 2022)*

| Municipality | Sanitation | Current backlog % | Flush toilets connected to sewerage |
|---|---|---|---|

| | 2011 | 2022 | | 2011 | 2022 |
|---|---|---|---|---|---|
| JGDM | 77.7% | 93.6% | **6,4% (7 955)** | 26.9% | 54,0% |
| SENQU | 80% | 92.8% | **7,2% (3 522)** | 13.6% | 40.4% |
| WSLM | 83.9% | 95.4% | **4,6% (1 572)** | 76,6% | 89.7% |
| ELUNDINI | 71.5% | 93.1% | **6,9% (2 844)** | 11,3% | 40.5% |

## PART 2: PERFORMANCE ON PREDETERMINED OBJECTIVES AND TARGETS

### 2.1 Quarterly Reporting

In terms of Section 53 (1) of the Municipal Finance Management Act of 2003, the Mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the Executive Mayor. Annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act for the Municipal Manager and all senior managers must also be concluded and they must be linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan. The SDBIP and these performance agreements therefore gives effect to the Integrated Development Plan (IDP) and budget of the municipality in ensuring that the execution of the budget, performance of senior management and achievement of the strategic objectives set by the Council are monitored.

Under the general responsibilities of Mayors as stipulated in Section 52 (d) of the MFMA, the Mayor of a municipality must within 30 days of the end of each quarter submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality. Accordingly, the table below depicts dates on which the quarterly SDBIP performance reports were tables before Council.

*Table 4: Tabling of quarterly reports before Council*

| Quarterly Report | Date tabled before Council | Compliance status |
|---|---|---|
| Quarter 1 (01 July 2024 – 30 September 2024 | 31st October 2024 | Yes |
| Quarter 2 (01 October 2024 – 31 December 2024) | 30th January 2025 | Yes |
| Quarter 3 (01 January 2025 – 31 March 2025) | 25th April 2025 | Yes |
| Quarter 4 (01 April 2025– 30 June 2025) | 31st July 2025 | Yes |

#### 2.2 Annual Performance reporting

The legislation emphasizes the need for municipalities to establish efficient, effective, and transparent systems to monitor and evaluate their performance, ensuring alignment with constitutional principles and the developmental mandate of local government. The Annual

Performance Report is a critical tool for assessing whether municipalities are fulfilling their obligations to provide services, promote social and economic development, and ensure community participation. In terms of Section 46 of the MSA, the Annual Performance Report is a mandatory report that municipalities must prepare and submit to assess their performance for a specific financial year. This report is a key component of the municipality's accountability and transparency obligations, ensuring that performance is measured against set objectives and that the public is informed about the municipality's achievements and challenges.

The purpose of the APR is to evaluate the municipality's performance in relation to its development priorities, objectives, and key performance indicators (KPIs) outlined in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). The performance against set targets details the municipality's progress in meeting the performance targets set for the financial year, including outcomes and impacts related to service delivery and development objectives. Measures to improve performance are also included which include information on actions taken or planned to enhance performance where targets were not met.

Table 5: Current and prior year overall performance rating comparison

| **KPA** | **2022/23 FY** | | | **2023/24 FY** | | | | **2024/25 FY** | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Targets set | Targets achieved | % Achieved | Targets set | Targets achieved | % Achieved | Targets set | Targets achieved | Significant progress achieved | % Achieved |
| **KPA 1 Service Delivery and Infrastructure provision** | 7 | 4 | 57% | 7 | 5 | 71.42% | 21 | 12 | 1 | 57.14% |
| **KPA 2 Local Economic Development** | 3 | 2 | 66% | 3 | 3 | 100% | 3 | 2 | 0 | 66.66% |
| **KPA 3 Financial Viability and Management** | 8 | 4 | 50% | 8 | 6 | 75% | 12 | 7 | 2 | 58.33 % |
| **KPA 4: Institutional Development and Transformation** | 4 | 0 | 0% | 4 | 1 | 25% | 4 | 1 | 1 | 25% |
| **KPA 5 Good Governance and Public Participation** | 10 | 10 | 100% | 10 | 10 | 100% | 10 | 10 | 0 | 100% |
| **Total** | 32 | 20 | 62.5% | 32 | 25 | 78.12% | 50 | 32 | 4 | 64% |

The above tabulation shows that with regard to overall performance of the municipality, overall achieved moved from 78,12% to 64%. The determination for achieved targets is defined under each target through the snapshot definitions. In that way the tabulation considers the fingers pointing upward as achieved.

## PART 3: ANNUAL PERFORMANCE ON PREDETERMINED SERVICE DELIVERY OBJECTIVES AND TARGETS

### KPA 1: Service Delivery and infrastructure Development

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **STRATEGIC OBJECTIVE: PROVIDE ACCESS TO BASIC SERVICES** | | | | | | | | |
| **Strategy:** SD01:Develop and maintain water and sanitation infrastructure | | | | | | | | |
| SD01-01 | Percentage of Drinking Water Compliance to SANS 241 | 95% | 94.98 | 95% | 93.94% | ☞ | **Frequency of reporting:** Annually<br><br>**Means of verification:** 1) IRIS Report | WSP |

**Indicator definition:**
Measures the percentage of monthly water samples measured that comply with the South African National Standards (SANS) 241 requirements over a 12 month period. The SANS 241 requires a number of tests to ascertain water quality. Water sampling is undertaken as per a Standard Operating Procedure (SOP) by Environmental Health Practitioners (EHPs) at set points in the system. Water samples are delivered at an accredited laboratory for analysis. The laboratory then sends the results to Department of Water and Sanitation(DWS), who in turn uploads them on the DWS's IRIS system. The municipality receives the results from this system as the final product, indicating drinking water compliance percentage.

**Indicator formula:**
(1) Number of water samples that complied with SANS 241 requirements / (2) Total number of water samples tested x 100.

**Snapshot definition:**
👍- target met as planned (≥95%)
☞- significant progress achieved (91% – 94,99%
👎– not much progress achieved (≤90%)

**Variance:**
The current old and ageing infrastructure (Water Treatment Works and pipelines), vandalism of key components and illegal connections on bulk lines impact on ability to treat and distribute quality water and therefore negatively impacts on the consistent meeting of compliance standards.

In addition skills deficiencies have been identified among personnel (process controllers, supervisors, area based management personnel and environmental health practitioners) which are in process of being upgraded or recapacitated (eg through bid JGDM2024/25-011). These deficiencies may contribute towards consistent quality results. To limit the impact of poor water quality, public notices have been issued when there may have been poor water quality and a risk to public health.

**Corrective Action:**
During the year under review there were numerous interventions such as:
- Environmental Health practitioners had focused in-house engagement to improve their sample methodology.
- A communication protocol was developed to improve communication to the public on failures in water services.
- Awareness on vandalism and its impact on water services have been undertaken.
- Continuous upgrade of water infrastructure in line with the long term plans for water services improvements
- Continuous training and monitoring of those involved in the processing and testing of water,
- Actions geared to improve the process of water through repairs and maintenance

| KPI No | KPI | Annual targets: 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| **Strategy:** SD02: Provide effective and efficient disaster risk management, fire and rescue services | | | | | | | | |
| SD02-01 | % of fire incidents timely responded to as a proportion of entries in the Occurrence Book | 01:01 | 01:01 | 100% | 100% | 👍 | **Frequency of reporting:** Quarterly<br><br>**Means of verification:**<br>1) OB Book | Community Services |
| **Indicator definition:**<br>After receiving a phone call from the community/ stakeholder/ other emergency service reporting a fire incident (grass/veldt, house/shack etc). An entry is made in the Occurrence book. It indicates the time, location and information about the incident and the person reporting. Upon return from the incident and entry is made in the OB book. Action taken is included in the incident report. | | **Indicator formula:**<br>Number of incidents reported / number of incident entries responded to as captured in the OB book.<br><br>**Snapshot definition:**<br>👍- target met as planned (≥100%)<br>👉- significant progress achieved (91 - 99%<br>👎– not much progress achieved (≤90%) | | | | | | |
| **Variance:**<br>None. | | **Corrective Action:**<br>None. | | | | | | |
| **Strategy:** SD03: Expand and fast-track provision of universal access to basic services | | | | | | | | |
| SD03-01 | % of households earning less than national indigent declaration (equivalent of two old age pension amount) per month with access to free basic services | 100% | 100% | 100% | 102% | 👍 | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1) Billing Report | Finance |
| **Indicator definition:**<br>This is a National KPI per 2001 Regulations. The District relies on indigent data supplied by local municipalities. It measures the number of households with access to free basic services. The indicator seeks to ensure that households earning less than double the old age grant, who are categorised as indigent, have access to basic services. Indigent households are entitled to 6kl of potable per month. | | **Indicator Formula:**<br>Number of indigents receiving Free Basic Services / Total number of registered indigents per local municipalities' data<br><br>**Snapshot definition:**<br>👍- target met as planned (≥100%)<br>👉- significant progress achieved (91 - 99%<br>👎-not much progress achieved (≤90%) | | | | | | |
| **Variance:**<br>None. Insignificant variance due to a small timing issues between the changes on the LM register and changes being effected in the District register which affects the total number of indigents registered and this does not affect the service. | | **Corrective Action:**<br>None | | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-02 | Percentage of households with access to basic water supply | 74.1%* | 74.1%*<br><br>With revised population figures the baseline is 79.51%** | 80,9%** | 80,5%***<br><br>With revised population figures the baseline is 78,57,%**** | 👎 | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1. **Calculation Report** | Technical Services |

**Indicator definition:**

This is a National KPI per 2001 Regulations. Percentage of households with access to basic water supply, is defined as the household's main source of drinking water is: piped (tap) water inside a dwelling/house, piped (tap) water inside the yard, and/or piped water is available in a community stand: <200 m.

* The 2023/24 actual cumulative achievement of 74,1% is a calculated baseline. It refers to the information sourced from 2016 Community Survey of StatsSA. Based on the 2016 Community Survey it was recognised that there was backlog of 25,9% or 24680 households that still did not have access to a basic level of water in 2016. There were no additional households provided with new additional connections until the last audited Annual Report of 2023/24 financial year. This meant that level of access remained at 74,1% as the baseline. This is a cumulative type baseline per PMS Regulations of 2001.

** The 2024/25 target was formulated as follows: The 2022 Census results released by StatsSA in October 2023 were used as a baseline for planning in the 2024/25 financial year. According to the 2022 Census, the cumulative level of access to the basic level of water stood at 80,5%. The planned provision of the basic level of water to additional 500 households (SD03-02-01) would have resulted to 80,9% of households having cumulative access had that been achieved and was therefore the target for the year.

*** The actual achievement of 80,5% is the baseline level of access per 2022 Census, as the target for the year under review was not achieved ( as further explained under SD03-02-01).

**** StatsSA has not released projected annual figures to accommodate growth in households. We have therefore determined an assumed population for June 2025 based on: a) the 2022 Census population, projected by the same rate of population growth experienced between 2011 and 2022 Census, (as indicated in the Census 2022: Municipal Fact Sheet), at an exponential growth rate of

**Indicator formula:**

Number of households with the main source of drinking water (1) piped (tap) water inside dwelling/institution + (2) Number of households with the main source of drinking water piped (tap) water inside yard + (3) Number of households with the main source of drinking water piped (tap) water on community stand: distance less than 200m from dwelling/institution / (4) Total number of households in the municipality X 100

**Snapshot definition:**

👍- target met as planned (≥80,9%)

☞- significant progress achieved (80,6% – 80,8%)

👎- not much progress achieved (<80,6%)

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| 1.2% per annum. b) The household size of 3.2 person per household (as reflected in the 2022 Census) is kept constant for June 2025. This is based on there not being significant social changes (war, pandemic, in-migration etc) that may have changed the population size and or changed the size of the households. The percentage and number of households with access to basic level of water supply was determined in the 2022 Census. The access has been added to through adding the audited achieved actuals from 2022/23 (0) and 2023/24 (0) to form the baseline number of households with achieved access 2024/25 which is divided by the assumed population to determine the percentage access for the year under review.<br><br>The indicator and targets in the rows below provide more detail on the individual projects linked to this target. They reflect on the capital projects being implemented as steps to address the backlog and sustain current services. | | | | | | | | |
| **Variance**:<br>For the year under review no new water connections were added but the population (and households) have grown therefore the overall cumulative access to water services has declined. The focus was on sustaining existing services and development of bulk water resources for future expansion. NB: This does not imply that JGDM is content with this achievement. Water Services is the priority focus of the institution, and all grants are being directed towards the service.<br>The target was not achieved as the tender process to appoint the contractor for the (Elundini rural water supply programme, which is funded by MIG and Orio) ORIO project zone 1 which would have increased the number of households with piped drinking waterwas not completed during the year. At year end, the tender process was at tender evaluation stage.<br>The Orio project is funded by the Netherlands government and as per the funding agreement both South African and the funder's Tender standards will apply, it has taken time from the date of submission to receive their final approval on 29th November 2024 to therefore advertise this phase of the project.<br>The Project is a estimated to cost around R200m so both bidder interest and the interest of compliance has to be carefully managed. The SCM processes were followed as early as possible in the year however the municipality does not have full control of the bidding | **Corrective Action:**<br>The tender adjudication for bid JGDM2023/24-029 - Construction of Elundini Rural Water Programme Zone 1 (A) is expected to be completed in Q1 of the 2025/6 financial year, and implementation thereof will correct this performance. The main consultant for the designs and a number of sub consultants have been appointed and design development is in progress. Drilling of boreholes and testing are underway. In areas where water is not found alternative sources are being explored including springs and sharing sources from other villages as well as rainwater harvesting in some areas. | | | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| processes as some are defined by the funder .<br>The tender for JGDM2023/24-029 - Construction of Elundini Rural Water Programme Zone 1 (A) tender closed on 24/03/2025, and it has had initial evaluation. It was discussed in Bid Evaluation Committees (BEC) held on 17/06/2025 and 24/06/2025. BEC additional due diligence and as such it was not concluded by year end | | | | | | | | |
| SD03-02-01 | Water supply<br>* Number of new water connections meeting minimum standards | N/A | N/A | 500 | 0 | 👎 | **Frequency of reporting:**<br>Annually<br><br>**Means of verification:**<br>1) Completion certificates (with number of beneficiaries)<br>2. Beneficiary Closeout Report | Technical Services |
| **Indicator definition:**<br>Total number of new water connections meeting minimum standards relates to access and it means: supply of water is Piped (tap) water inside dwelling/institution, Piped (tap) water inside yard, and/or access to water at a Community stand: <200 m. This is inclusive of new water connections that meet minimum standards.<br><br>This represents a measurable indicator in alignment with the SDBIP.<br><br>Projects linked to this indicator are detailed below: in SD03-02-01-01<br><br>This information also has an impact on SD03-02 which uses this to determine the percentage (%) of households with access to basic water services | | | **Indicator formula:**<br>The (1) number of new water connections to piped (tap) water + (2) number of new water connections to public/communal taps.<br><br>**Additional notes:**<br>The indicator measures connections and not the total number of delivery points (taps) that may benefit from a single connection.<br><br>**Snapshot definition:**<br>👍- target met as planned (≥500)<br>👉- significant progress achieved (400 – 499)<br>👎– not much progress achieved (<400) | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Variance**:<br>For the year under review no new water connections were added and therefore the baseline remains. The focus was on sustaining existing services and development of bulk water resources for future expansion. NB: This does not imply that JGDM is content with this achievement. Water Services is the priority focus of the institution, and all grants are being directed towards the service.<br><br>The target was not achieved as the tender process to appoint the contractor for the (Elundini rural water supply programme, which is funded by MIG and Orio) JGDM2023/24-029 - Construction of Elundini Rural Water Supply Programme Zone 1 (A) which would have increased the number of households with piped drinking water was not completed during the year. At year end, the tender process was at tender evaluation stage.<br><br>The Orio project is funded by the Netherlands government and as per the funding agreement both South African and the funder's Tender standards will apply, it has taken time from the date of submission to receive their final approval in29th November 2024 to therefore advertise this phase of the project.<br><br>The Project is a estimated to cost around R200m so both bidder interest and the interest of compliance has to be carefully managed. The SCM processes were followed as early as possible in the year however the municipality does not have full control of the bidding processes as some are defined by the funder.<br><br>The tender for JGDM2023/24-029 - Construction of Elundini Rural Water Programme Zone 1 (A) tender closed on 24/03/2025, and it has had initial evaluation. It was discussed in Bid Evaluation Committees (BEC) held on 17/06/2025 and 24/06/2025. BEC additional due diligence and as such it was not concluded by year end. | | | **Corrective Action:**<br>The tender adjudication for bid JGDM2023/24-029 - Construction of Elundini Rural Water Supply Programme Zone 1 (A) is expected to be completed in Q1 of the 2025/6 financial year, and implementation thereof will correct this performance. The main consultant for the designs and a number of sub consultants have been appointed and design development is in progress. Drilling of boreholes and testing are underway. In areas where water is not found alternative sources are being explored including springs and sharing sources from other villages as well as rainwater harvesting in some areas. | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-02-01-01 | Number of new households water connections to the basic level of water | N/A | N/A | 500 H/H Elundini Rural Water Supply Programme Zone 1 (A) Cicira (80HH) Elalini (91HH) Gqaqhala 1 (329HH) | 0 | | 1. Completion certificate (with number of beneficiaries)<br>2. Beneficiary Close-out report | Technical Services |
| **Variance:** Same as above (SD03-02-01) | | | **Corrective Action:** Same as above (SD03-02-01) | | | | | |
| SD03-03 | Percentage of households with access to basic sanitation | 100.65%* | 100.40%*<br><br>****Actual based on updated households numbers: 93.88% | 94,4%** | 94.6%***<br><br>****Actual based on updated households numbers: 93.74% | | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1) Calculation report | Technical Services |

**Indicator definition:**
This is a National KPI per 2001 Regulations. Percentage of households accessing ("using") a toilet facility that meets minimum standards for basic sanitation out of all households within the municipality. Minimum standards are currently defined as either a flush toilet (sewerage system) and/or flush toilet (septic tank), and/or a pit toilet connected to ventilation (VIP).

* The overachievement of the original 2016 Community Survey results was based on the annual construction of toilets from the time of that survey to the end of the 2023/24 year which totaled 24 210. The 2016 Community Survey showed that the level of backlogs at the time was 23859. The meant that the backlog was exceeded by 351 leading to the 100,4% achievement in the prior year.

** The 2022 Census results released by StatsSA in October 2023 were used as a baseline for planning in the 2024/25 financial year. At that time, the Census indicated that 116 339 households (93,6%) had cumulative access to sanitation services, while 6.4% (7 955) households backlog. The target then used this and the intended provision of 1000 toilets to determine the target for the year of 94.4%

*** Since then, additional sanitation units of 1240 have been provided, resulting in a cumulative achievement of 94.6% for the current year.

**Indicator Formula:**
(1) Number of households using a flush toilet (connected to sewerage system) + (2) Number of households using a flush toilet (with septic tank) + (3) Number of households using pit toilets with ventilation (VIP)/ (4) Total number of households in the municipality (per Census 2022 figures) x 100.

Taking into account the requirement to include population changes, The formula includes revised population figure from StatsSA.

**Snapshot definition:**
-target met as planned (≥94,4%)
-significant progress achieved (93,6% – 94,3%)
- not much progress achieved (<93,5%)

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **** StatsSA has not released projected annual figures to accommodate growth in households. The JGDM has therefore determined an assumed population for June 2025 based on: a) the 2022 Census population, projected by the same rate of population growth experienced between 2011 and 2022 Census, (as indicated in the Census 2022: Municipal Fact Sheet as published by StatsSA), at an exponential growth rate of 1.2% per annum. b) The household size of 3.2 person per household (as reflected in the 2022 Census) is kept constant for June 2025. This is based on there not being significant social changes (war, pandemic, in-migration etc) that may have changed the population size and or changed the size of the households. The percentage and number of households with access was determined in the 2022 Census. The access has been added to through adding the audited achieved actuals from 2022/23 and 2023/24 to form the baseline number of households with achieved access 2024/25 which is divided by the assumed population to determine the percentage access for the year under review. Thus, JGDM constructing an additional 1240 units (from SD03-03-01-01 and SD03-03-01-02) in the year under review takes the total number of households with access to 119335 households, translating to 93,74% cumulative access as a baseline. | | | | | | | | |
| **Variance:** The initial target was exceeded by 0.2% due to a budget adjustment that was approved in February 2025 as the number of identified households in the identified villages exceeded what planned, reflecting population growth between initial planning and implementation. However the revised actual when compared to the revised figures for the prior year show a slight decline as the population (and households) have grown therefore the overall cumulative access to water services has declined. Having term tenders in place to construct Ventilated Improved Pit Latrines through JGDM's implementing agent JoGeda allowed flexibility in responding to demands, ability to adjust if there were delays in any particular area (therefore keeping pace with outcomes) and efficiencies in spending. The budget was adjusted to reflect changes on the ground. This is a MIG funded programme and the projects are multi year, multi site programmes and the approved grant allocation was not exceeded. This positive outcome of over achievement on this target is meeting a basic service need and improves the quality of life of residents. | | | **Corrective Action:** Going forward, planning documents will be updated to ensure they are in line with what is on the ground. In addition JGDM will continue to make budget and performance target adjustments to cater for changes identified on site if they are within the grant funding approval parameters | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-03-01 | Number of new sewer connections meeting minimum standards | N/A | N/A | 1000 | 1240 | 👍 | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>**Refer to:**<br>SD03-03-01-01<br>SD03-03-01-02 | Technical Services |

**Indicator definition:**
The total number of new sewer connections (defined as connections to a flush toilet connected to the sewerage system or a septic tank or a VIP toilet) made as part of state-subsidised human settlements development. This is inclusive of new sewer connections to communal facilities that meet basic sanitation standards.

Projects linked to this indicator are detailed under below.

**Indicator formula:**
The (1) number of new sewer connections to consumer units + (2) the number of new sewer connections to communal toilet facilities.
**Additional notes:**
The indicator measures connections and not the total number of delivery points (toilets) that may benefit from a single connection.

**Snapshot definition:**

👍- target met as planned (≥1000)

👉- significant progress achieved (801 - 999)

👎– not much progress achieved (<300)

**Variance**:
Target exceeded by 240 units due to a budget adjustment that was approved in February 2025 as the number of identified households in the identified villages exceeded what planned, reflecting population growth between initial planning and implementation. Having term tenders in place to construct Ventilated Improved Pit (VIP) Latrines through JGDM's implementing agent JoGeda allowed flexibility in responding to demands, ability to adjust if there were delays in any particular area (therefore keeping pace with outcomes) and efficiencies in spending. The budget was adjusted to reflect changes on the ground. This is a MIG funded programme and the projects are multi year, multi site programmes and the approved grant allocation was not exceeded. This positive outcome of over achievement on this target is meeting a basic service need and improves the quality of life of residents

Details of the variance are provided under each individual project under SD03-03-01-01 and SD03-03-01-02 below

**Corrective Action:**
Going forward, planning documents will be updated to ensure they are in line with what is on the ground. In addition JGDM will continue to make budget and performance target adjustments to cater for changes identified on site if they are within the grant funding approval parameters

Where there has been a need for project specific corrective action , it is detailed per project below: SD03-03-01-01 and SD03-03-01-02

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-03-01-01 | Number of new sewer connections meeting minimum standards | N/A | N/A | **500H/H** **Project Name:** Senqu Rural Sanitation Programme Ward 08- New Rest (74HH) Ward 10 - Makheteng (201HH) Ward 02 - Mtshiza (48HH) Ward 11 - Skisazana (100HH) Ward 16 - Rossouw (77HH) | **483 HH achieved.** New Rest (0HH); Makheteng (201 HH); Mzimtsha (*name corrected to Mzimtsha and not Mtshiza)* (106 HH); Skisazana (100 HH); Rossouw (77 HH) | | 1. Happy letters | Technical Services |

| Variance: | Corrective Action: |
|---|---|
| The target was not achieved due to the following:<br>**New Rest:** The supplier for material underperformed due to damage to their plant as a result of a natural disaster resulting in them having delayed ability to supply. VIP toilet pit linings have been constructed in the interim.<br><br>The financial impact was that budget was then redirected to project SD03-03-01-02 . This is a multiyear project over numerous sites and as such there is some flexibility to redirect funds and resources. | This is a multiyear programme and challenges in the year under review have been corrected by year end and the identified toilets will continue to be constructed in the new financial year. The obligation will still be met.<br><br>**New Rest:** The existing contractor will deliver by 1st September of 2025. The number of beneficiaries has been revised to 52due to limited capacity of that appointed contractor. The remaining number will be allocated to a new supplier which will be procured during the first quarter of the 2025/26 financial year. |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-03-01-02 | Number of new sewer connections meeting minimum standards | N/A | N/A | **500 H/H Project Name:** Elundini Rural Sanitation Programme<br>Ward 05- Mcwangele (102HH)<br>Ward 09 - Showini (66HH)<br>Ward 10 - Tsolobeng (169HH)<br>Ward 11 - Fletcherville (52HH)<br>Ward 11 - Fairview (50HH)<br>Ward 15 - Liphofong (61HH) | **757 HH achieved.** Ward 05- Mcwangele (120 HH); Ward 09 Showini (120 HH); Ward 10 Tsolobeng (169 HH); Ward 11 Fletcherville (52 HH); Ward 11 Farview (50); Ward 15 Liphofong (40 HH); Ward 3 Polar Park (103 HH); Ward 12 Polokoe (103 HH) | | 1. Happy letters | Technical Services |
| **Variance:**<br>**Mcwangele**: The 102 was allocated to the original contractor who delayed to start and was terminated. A new contractor was appointed for 120 due to increased households on the ground. An adjustment budget was approved in February 2025.<br><br>**Liphofong**: 61 pits were dug and 40 structure were completed. There was a rock that fell from the mountain and blocked access to the village. Material could not be delivered for some time while that was being removed, hence only pits could be dug. To compensate for potential slow expenditure, **Polar park and Polokoe** were added to the project (still part of the business plan and still in need of the service). This assisted to keep the appointed contractors active while awaiting removal of the rock that blocked access.<br><br>Due to increased availability of budget through a budget adjustment, contractors on site and demand identified on site, the number of toilets allocated were increased in Showini and Mcwangele. This is a multi year and multi-site funded project so funds were redirected to this project so as to compensate with slow delivery in project SD03-03-01-01. This resulted in more toilets being built in this location in the year under review, bringing forward the programme of service delivery to this area. | | | **Corrective Action:** The programme of toilet construction will be amended to compensate for the increased construction in this area and remaining demands in other areas<br><br>Liphofong unfinished toilets will be completed in the 2024/25 financial year once the access is resolved by the relevant authority | | | | | |

<table>
<tr><th rowspan="2">KPI No</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td>SD03-04</td><td>% of completion progress on basic water supply refurbishment projects</td><td>N/A</td><td>N/A</td><td>% of completion progress on basic water supply refurbishment projects</td><td>% of completion progress on basic water supply refurbishment projects</td><td>N/A</td><td rowspan="2">Refer to:<br>1) SD03-01-03<br>2) SD03-01-04</td><td rowspan="3">Technical Services</td></tr>
<tr><td colspan="3">Indicator definition:<br>Total number of projects meant to refurbish non-functional water supply schemes meeting minimum standards (supply of water is Piped (tap) water inside dwelling/institution, Piped (tap) water inside yard, and/or Community stand: <200 m) as part of state- subsidised human settlements development. This is inclusive of refurbishment of water connections to communal facilities that meet minimum standards.<br><br>Projects linked to this indicator are detailed below in SD03-01-03and SD03-01-02.</td><td colspan="4">Indicator formula:: Achievements from the two individual projects (SD03-01-03 and SD03-01-04) /total number of projects) / 100<br><br>Snapshot definition:<br>👍 - target met as planned (≥67%)<br>👉 - significant progress achieved (59% – 66%)<br>👎- not much progress achieved (<59%)</td></tr>
<tr><td colspan="3">Variance:<br>There was over-performance on Senqu Rural Water Supply package 6 as the project was completed earlier due to efficiencies. The improved performance was accommodated in budget adjustments in February 2025. These are multiyear projects with multiple sites allowing for flexibility in budget allocation.</td><td colspan="5">Corrective Action:<br>This is a positive progress. Budgets are adjusted going forward to accommodate for project achievements in terms of the approved business plans</td></tr>
<tr><td>SD03-01-03</td><td>Senqu Rural Water Supply: Work Package 6: % of construction progress completed on villages under construction for 2024/25 FY</td><td>N/A</td><td>N/A</td><td>60% of construction progress by June 2025</td><td>100% construction progress was completed by June 2025</td><td>👍</td><td>1) PSP Progress report</td><td rowspan="2">Technical Services</td></tr>
<tr><td colspan="3">Variance:<br>There was over performance on Senqu Rural Water Supply package 6 due to the solar element of the project being efficiently resolved and the anticipated geotechnical delay being addressed quicker than expected.<br><br>The more rapid expenditure than planned was accommodated through an adjustment budgets.</td><td colspan="5">Corrective Action: None as the project is complete.</td></tr>
</table>

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| SD03-01-04 | **Senqu Rural Water Supply: Work Package 7:** % of construction progress completed on villages under construction for 2024/25 FY | N/A | N/A | 60% of construction progress by June 2025 | 66% construction progress by June 2025 | | 1) PSP Progress report | Technical Services |
| **Variance:** The project progressed more efficiently than anticipated. Budget adjustments were done to accommodate expenditure on this multi year project. | | | **Corrective Action:** The budgets for the outer years were adjusted to accommodate improved progress. | | | | | |
| SD03-01-05 | **Lady Grey Water Supply -** New trunk and Reticulation Main for Kwezi Naledi and Transwilger: Process to appoint Construction service provider started by June 2025 | N/A | N/A | Tender process to appoint a contractor | Tender in bid evaluation stage | | 1. Bid Specification submitted to the BSC 2. LOA for Contractor 3.Professional Service Provider (PSP) Progress Report | Technical Services |
| **Variance:** None. | | | **Corrective Action**: None | | | | | |
| SD03-01-06 | **RBIG Sterkspruit Regional Wastewater Treatment Works (Mokhesi Bulk Sewer Infrastructure):** % of construction progress by June 2025 | N/A | N/A | 80% of construction progress for Sterkspruit Regional Wastewater Treatment Works by June 2025 | 32% of construction progress for Sterkspruit Regional Wastewater Treatment Works by June 2025 | | 1. PSP Progress Report | Technical Services |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Variance:**<br>The target was not achieved due to the slow pace of performance by the contractor mainly due to low tendered rates for addressing the rock on site, affecting the contractors cash flow and therefore the ability to implement the project at the desired rate.<br><br>The contractor brought in machinery to deal with the rock on site but the machinery did not succeed and blasting was undertaken which is currently underway. Blasting is a lengthy process and monitoring is being implemented though progress is at a slow pace.<br><br>The onsite consultant has been monitoring progress and issuing notices for non-performance of the project as and when required and in line with the contract.<br><br>This has had both a negative impact on service delivery and expenditure of the Regional Bulk Infrastructure Grant contained in FM01-01 | | | **Corrective Action:**<br>If the contractor still fails to meet performance targets, a decision will be make in Q1 of 2025/26 to possibly terminate the contract as a last resort. | | | | | |
| SD03-01-07 | **Jamestown Bucket Eradication and Sanitation Phase 2- Completion of existing project):** % of progress on commissioning of Jamestown infrastructure by June 2025 | N/A | N/A | Completion Stage reached | 99% | | 1.100% complete by June 2025 | Technical Services |
| **Variance**:<br>The project could not be completed due to the court challenge by the contractor against the municipality with regards to the snags that the contractor refuted to be their responsibility. This affected then the payment of final retention funds. The court case was concluded in May 2025.<br><br>The impact of the snags not implemented is that the system is not at its desired final state. | | | **Corrective Action:**<br>In Q1 of the 2025/26 financial year, the municipality will instruct the existing professional service provider on the project to complete the remaining scope on the project to reach 100% complete. | | | | | |
| SD03-01-08 | **Aliwal North Bulk Housing Infrastructure for Housing Development:** Process to appoint professional service provider started by June 2025 | N/A | N/A | Tender process to appoint a contractor | Not achieved | | 1. Bid spec item<br>2. Tender advert<br>3. Tender closing register | Technical Services |

| KPI No | KPI | Annual targets: 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| **Variance:** The tender is not yet at evaluation stage, as the specifications are not finalized and the bid has not been advertised. The allocated funds for this project were then reallocated to other projects during the adjustment budgets. It does not yet have an impact on the housing projects as they are not yet implementation ready | | | **Corrective Action:** Tender to be advertised in quarter 1 of 2025/26 FY. Planned expenditure timeframes were adjusted and included in later budgets | | | | | |
| SD03-01-09 | **Aliwal North Asbestos Pipe replacement:** Process to appoint professional service provider started by June 2025 | N/A | N/A | Tender process to appoint a contractor | Not achieved | 👎 | 1. Bid spec item<br>2. Tender advert<br>3. Tender closing register | Technical Services |
| **Variance:** The tender is not yet at evaluation stage, as the specifications are not finalized and the bid has not been advertised. The allocated funds for this project were then reallocated to other projects during the adjustment budgets. | | | **Corrective Action:** Tender to be advertised in quarter 1 of 2025/26 FY. Planned expenditure timeframes were adjusted and included in later budgets | | | | | |
| SD03-01-10 | **Rehabilitation of Burgersdorp sanitation infrastructure (emergency fixing of spillages on sewer network:** % progress completed by June 2025 | N/A | N/A | 100% completion | 100% completed | 👍 | 1. PSP Progress report<br>2. Completion certificate | Technical Services |
| **Variance:** None | | | **Corrective Action:** None | | | | | |
| **Strategy:** SD04: Render effective municipal health services | | | | | | | | |
| SD04-01 | Number of inspections on health establishment | 2 of 60 health establishment premises inspected | 1 of 88 health establishments premises inspected by second quarter and 110 health Establishments Premises inspected by quarter 4 | 2 of 75 health establishment premises inspected | 2 of 101 health establishment premises inspected<br><br>3 additional premises inspected once | 👍 | **Frequency of reporting:** Bi-Annually<br><br>**Means of verification:**<br>1) Inspections reports | Community Services |
| **Indicator definition:** Measures the number of each public health establishments and premises inspected. The indicator seeks to ensure ongoing inspection of health establishment premises with the intention of reducing risk to public health through the enforcement of health standards. | | | **Indicator formula:** Total number of public health establishments and premises inspected. Out of the 75 identified premises each one will be inspected once in the first half of the financial year and once again in the second half of the financial year.<br><br>**Snapshot definition:**<br>👍- target met as planned (≥2 inspections of 75 establishments)<br>👎– not much progress achieved <2 inspections of 75 establishments) | | | | | |

| KPI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Variance:**<br>A **s**pecial request was received from the Department of Health to inspect additional sites not planned for during the year under review. This resulted in the redirection of resources from other inspection programmes to accommodate this need and therefore an overachievement of this indicator. | | | **Corrective Action:**<br>The target has been revised upwards from 75 to 85 health facilities in the 2025/26 financial year so as to accommodate the consistent demands from the Department of Health but attempting to not negatively impact on other responsibilities. | | | | | |
| **Strategy:** SD05: Support maintenance of road networks in the District | | | | | | | | |
| SD05-01 | Number of kilometers of gravel roads graded | 2000km | 2011,3km | 2000km | 2105km | 👍 | **Frequency of reporting:**<br><br>Quarterly<br><br>**Means of verification:**<br>Monthly Progress report submitted to Department of Roads and Transport<br><br>DPW Report | Technical Services |
| **Indicator definition:**<br>The District is implementing maintenance of proclaimed Provincial roads in the Walter Sisulu local municipality through a service level agreement. | | | **Indicator formula:**<br>Sum of total number of roads graded based on the month logs submitted to the Department of Roads and Transport per approved SLA.<br>**Additional notes:**<br>Graded roads may be affected by inclement weather and climate change rendering verification challenging at the end of the financial year. Alternative physical verification depends on verifiable month to month performance reports that are submitted to the Department of Roads and Transport.<br>**Snapshot definition:**<br>👍- target met as planned (≥2000)<br>👉- significant progress achieved (1800 - 1999)<br>👎– not much progress achieved (≤1800) | | | | | |
| **Variance:**<br>Insignificant overachievement (5.25%).Target is met | | | **Corrective Action:**<br>None | | | | | |

## KPA 2: Local Economic Development

| KPI No. | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **STRATEGIC OBJECTIVE: FACILITATE AND IMPLEMENT JOB CREATION AND POVERTY ALLEVIATION INITIATIVES** | | | | | | | | |
| **Strategy:** LED01: Implement and expand implementation of EPWP and creation initiatives other job | | | | | | | | |
| LED01-01 | Number of jobs created through local economic development initiatives including capital projects | 650 | 1451 | 650 | 714 | 👍 | **Frequency of reporting:** Quarterly and Annually<br>**Means of verification:**<br>1) List of participants<br>2) MIS Report from EPWP System | WSP & DTS |
| **Indicator definition:**<br>This is a National KPI per 2001 Regulations. EPWP work opportunity (job) is define as "Paid work created for an individual on an EPWP project for any period of time." There is no standard length of time for a work opportunity. EPWP Target group refers to poor and unemployed, local South Africans willing and able to work at the wage rate offered. The target group is further disaggregated, with predetermined targets for women, youth and persons with disability. | | | **Indicator Formula:**<br>Sum total of work opportunities created per project list as captured in the MIS Report from the EPWP System.<br>**Additional notes:**<br>The same individual may be employed on different projects and each period of employment, in each project, will be counted as a work opportunity.<br>**Snapshot definition:**<br>👍- target met as planned (≥650)<br>👉- significant progress achieved (500 - 649)<br>👎– not much progress achieved (<400) | | | | | |
| **Variance:**<br>The target was overachieved with 64 job opportunities due to additional jobs created on the rural sanitation projects. Additional jobs were due to additional sanitation projects that were implemented (Polar Park 103 HH and Polokoe 103 HH) under SD03-03-01-02 which subsequently created more job opportunities. | | | **Corrective Action:**<br>None, this is a positive outcome. | | | | | |
| **Strategy:** LED02: Facilitate and actively participate in youth, women and people with disability, elderly and children development programs | | | | | | | | |
| LED02-01 | Number of Trainings and capacity building workshop for coops, youth, women and people with disabilities | 1 | 2 | 1 | 1 | 👍 | **Frequency of reporting:** Annually | OMM |

| KPI No. | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Indicator definition:**<br>This is an indicator that measures activities that are implemented to capacitate the special groups as defined above. | | | **Indicator Formula:**<br>Total number of capacity building initiatives undertaken<br><br>**Snapshot definition:**<br>👍- target met as planned (≥1)<br>👎– not much progress achieved (≤1) | | | | **Means of verification:**<br>Attendance Register | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| **STRATEGIC OBJECTIVE: FACILITATE AND SUPPORT REGIONAL ECONOMIC DEVELOPMENT INITIATIVES** | | | | | | | | |
| **Strategy:** LED03: Strengthening the development agency | | | | | | | | |
| LED03-01 | Number of SMMEs registered for training through JoGEDA/USB | 20 SMMEs | 23 SMMEs | 16 | 0 | 👎 | **Frequency of reporting:**<br>Annually<br><br>**Means of verification:**<br>1) Proof of registration<br>2) One attendance Register | OMM |
| **Indicator definition:**<br>The District Entity, JoGEDA, recruits individuals from SMMEs throughout the District who have then been trained by the University of Stellenbosch. The indicator measures the number of persons registered for training in the current financial year. | | **Indicator formula:**<br>Total of all participants that are registered to participate in the programme, also as shown in the attendance register for the first module as proof that the registered persons actually do participate in the training.<br><br>**Snapshot definition:**<br>👍- target met as planned (≥30)<br>👉- significant progress achieved (20 - 27)<br>👎- not much progress achieved (<20) | | | | | | |
| **Variance:**<br>The recruitment process for the 2025 academic year commenced on 7 January 2025 and closed 7 February 2025. A total of 31 participants were selected but registration was not effected due to budget constraintsaffecting implementation.. | | **Corrective Action:**<br>Funding for the programme has been approved for the 2025/27 financial year and the programme has continued with the applicants from earlier in the calendar year. | | | | | | |

## KPA 3: Financial Viability and Management

| K PI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **STRATEGIC OBJECTIVE: ENSURE SOUND AND EFFECTIVE FINANCIAL MANAGEMENT AND REPORTING** | | | | | | | | |
| **Strategy:** FM01: Comply with all statutory financial management and reporting requirements | | | | | | | | |
| FM01-01 | % of capital budget actually spent on capital projects identified in the IDP | 100% | 100% | 100% | 94% | ☞ | **Frequency of reporting:** Quarterly | Technical Services |
| **Indicator definition:** This is a National KPI per 2001 Regulations. It measures the capital budget expenditure for capital projects contained in the IDP. Measures cumulative expenditure of the MIG, WSIG and RBIG combined. | | | **Indicator formula:** Total capital projects expenditure / total budgeted amount x100<br>**Snapshot definition:**<br>👍- target met as planned (≥100%)<br>☞- significant progress achieved (90% - 99)<br>👎– not much progress achieved (≤89) | | | | **Means of verification:** 1) Income and expenditure report | |
| **Variance**: The under expenditure was due to slow pace of performance of the contractor on the RBIG grant funded project SD03-01-06.This resulted in under expenditure. This was caused by low tendered rates for addressing the rock on site, affecting the contractors cash flow and therefore the ability to implement the project at the desired rate and invoice for work performed.<br>The onsite consultant has been monitoring progress and issuing notices for non-performance of the project as and when required and in line with the contract. | | | **Corrective Action:** If the contractor still fails to meet performance targets, a decision will be make in Q1 of 2025/26 to possibly terminate the contract as a last resort.<br>An application for rollover of the RBIG grant is to be undertaken | | | | | |
| FM01-02 | Debt coverage ratio | 2.03 | 3030.85 | 2.03 | >10 | 👍 | **Frequency of reporting:** Annually | Finance |

<table>
<tr><th rowspan="2">K PI No</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This is a National KPI per 2001 Regulations. The indicator is a measure of cashflow available to pay current debt obligations.</td><td colspan="4">Indicator formula: $A = \frac{B-C}{D}$<br>Where -<br>“A” represents debt coverage<br>“B” represents total operating revenue received – “C” represents operating grants “D’ represents debt service payments (i.e. interest + redemption) due within the financial year;<br>👍- target met as planned (2)<br>☞- significant progress achieved ( between 0,7-1,9)<br>👎– not much progress achieved (0,6 or less)</td><td>Means of verification:<br>1) AFS/Section 71 Report</td><td></td></tr>
<tr><td colspan="3">Variance:<br>The municipality does not taken up debt with external financial institutions. A positive debt coverage ratio with no debt demonstrates good financial health and provides maximum flexibility for future debt sourcing opportunities</td><td colspan="5">Corrective Action:<br>Maintain the positive debt coverage ratio</td><td></td></tr>
<tr><td>FM01-02</td><td>Outstanding service debtors to revenue ratio</td><td>1.8</td><td>5.23</td><td>4.5</td><td>37</td><td>👎</td><td rowspan="2">Frequency of reporting:<br>Annually<br><br>Means of verification:<br>1) AFS/Section 71 Report</td><td rowspan="3">Finance</td></tr>
<tr><td colspan="3">Indicator definition:<br>This is a National KPI per 2001 Regulations. The indicator measures the average number of days the municipality takes to collect payments from customers who use credit.</td><td colspan="4">Indicator formula: $A = B/C$<br>Where –<br>“A” represents outstanding service debtors to revenue<br>“B” represents total outstanding service debtors net of impairment<br>“C” represents annual revenue billed for services<br>Snapshot definition:<br>👍- target met as planned (4.5)<br>☞- significant progress achieved (between 5.23 – 4.5)<br>👎– not much progress achieved (5.23)</td></tr>
<tr><td colspan="3">Variance:<br>Service debtors are not paying their obligations. This has resulted in a negative ratio with a negative impact on cash flow, creating financial constraints, limiting operational spending, jeopardizing service delivery and financial sustainability.</td><td colspan="5">Corrective Action:<br>The action taken during the financial year on this programme will continue into the new year</td></tr>
</table>

| K PI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| During the year there were programmes to install prepaid meters. Debt Collectors were appointed. Data cleansing was initiated. A process to amend the Credit Control bylaw was initiated. Programmes to inform the public to pay services were implemented. Those in debt and able to be cut (such as businesses) had their services disconnected as a means to force payment. | | | | | | | | |
| FM01-04 | Cost coverage ratio | 2.02 | 0.6 | 1 | 1.61 | 👍 | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1) AFS/Section 71 Report | Finance |
| **Indicator definition:**<br>This is a National KPI per 2001 Regulations. The indicator is a matrix that measures a municipality's ability to service its debt and meet financial obligations | | | **Indicator formula:** (B+C)/D<br>Where –<br>"A" represents cost coverage<br>"B" represents all available cash at a particular time<br>"C" represents investments<br>"D" represents monthly fixed operating expenditure<br><br>**Snapshot definition:**<br>👍- target met as planned (1)<br>👉- significant progress achieved (between 0.6 - 1)<br>👎– not much progress achieved (0.6 or less) | | | | | |
| **Variance:**<br>Service debtors are not paying their obligations. This has resulted in a negative ratio with a negative cost coverage ratio impacting oncash flow, creating financial constraints, limiting operational spending, jeopardizing service delivery and financial sustainability.<br><br>During the year there were programmes to install prepaid meters. Debt Collectors were appointed. Data cleansing was initiated. A process to amend the Credit Control bylaw was initiated. Programmes to inform the public to pay services were implemented. Those in debt and able to be cut (such as businesses) had their services disconnected as a means to force payment. | | | **Corrective Action:**<br>The action taken during the financial year on this programme will continue into the new year | | | | | |
| FM01-05 | % of budget actually spent on implementing workplace skills plan | 100% | 100% | 100% | 54% | 👎 | **Frequency of reporting:** Quarterly | Corporate Services |

<table>
<tr><th rowspan="2">K PI No</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This is a National KPI per 2001 Regulations. The indicator seeks to measure total expenditure of the budget as per workplace skills plan.</td><td colspan="4">Indicator formula:<br>(Total of approved invoices received / Total budgeted amount) X100<br><br>Additional notes: The calculation for this indicator will be limited to measure invoiced amounts for trainings implemented. The Director will sign to approve the invoice as a confirmation that the training was actually implemented.<br><br>Snapshot definition:<br>- target met as planned (≥100%)<br>- significant progress achieved (90% - 99)<br>– not much progress achieved (≤89)</td><td>Means of verification:<br><br>Received and approved invoices</td><td></td></tr>
<tr><td colspan="3">Variance:<br>The drafting of some specification took longer as expected, this delayed the tender awards (bid specification forJGDM2024/25-009, JGDM2024/25-011, JGDM2024/25-011 were approved at year end). The bid has not yet completed evaluation so no bidder has been appointed and therefore less expenditure on implementation of the work place skills plan incurred. Some bids such as JGDM2024/25- RFQ-04 was concluded during the year but not yet implemented<br>Expenditure reflected is due to ad hoc training programmes implemented by the institution</td><td colspan="5">Corrective Action:<br>A term tenders to provide various skills programmes will be finalized during 2025/26 FY</td><td></td></tr>
<tr><td>FM01-06</td><td>Infrastructure Grant Expenditure - % of expenditure by June 2025</td><td>N/A</td><td>N/A</td><td>100% ofexpenditure by June 2025</td><td>100% spent</td><td></td><td>Frequency of reporting:<br>Quarterly</td><td rowspan="3">Technical Services</td></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures the performance on Capital Grant allocated for the financial year under review.Specifically for Municipal Infrastructure Grant (MIG) and Regional Bulk infrastructure grant (RBIG)</td><td colspan="4">Indicator formula:<br>The expenditure recorded against the grant as reported to the funder divided by the amount formally allocated to the municipality x 100</td><td>Means of verification:<br>Refer to:<br>FM01-06-01<br>FM01-06-02<br>FM01-06-03</td></tr>
<tr><td colspan="3">Variance:<br>None</td><td colspan="5">Corrective Action:<br>None</td></tr>
<tr><td>FM01-06-01</td><td>Municipal Infrastructure Grant (MIG) Expenditure</td><td>N/A</td><td>N/A</td><td>100%</td><td>100%</td><td></td><td>PMU Expenditure Status quo Report</td><td>Technical Services</td></tr>
</table>

| K PI No | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| FM01-06-02 | Regional Bulk Infrastructure Grant (RBIG) Expenditure | N/A | N/A | 100% | 69% | | PMU Expenditure Status quo Report | Technical Services |
| **Variance:**<br>Target was not achieved due to the slow pace of performance by the contractor mainly due to low tendered rates for addressing the rock on site, affecting the contractors cash flow and therefore the ability to implement the project at the desired rate<br>The onsite consultant has been monitoring progress and issuing notices for non-performance of the project as and when required and in line with the contract. | | | **Corrective Action:**<br>A decision will be make in Q1 of 2025/26 to possibly terminate the contract as a last resort.<br>An application for rollover of the RBIG grant is to be undertaken | | | | | |
| FM01-06-03 | Expanded Public Works Programme (EPWP) Incentive Grant | N/A | N/A | 100% | 100% | | PMU Expenditure Status quo Report | Technical Services |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| ~~FM01-06~~ FM01-07* | % of operational budget allocated for repairs and maintenance | 8% | 12% | 8% | 11% | | **Frequency of reporting:**<br>Annually<br><br>**Means of verification:**<br>1) Approved budget allocation | Finance |
| **Indicator definition:**<br>This is a National KPI per 2001 Regulations. This indicator measures % of operational budget allocated to repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to services delivery. The 8% figure is a benchmark provided by the National Treasury, often referenced in circulars related to the Municipal Finance Management Act (MFMA). | | | **Indicator formula:**<br>(Expenditure classified as repairs and maintenance + 50% of employee related costs of the WSP employee expenditure)/total operating expenditure<br>**Snapshot definition:**<br>- target met as planned (≥8%)<br>– not much progress achieved (< 8%) | | | | | |
| **Variance:**<br>The JGDM as water services authority provides an in house water services provision service and is therefore implementing the operations of water services. This includes the constant repairs and maintenance of infrastructure. As a priority service, funds are directed towards the service | | | **Corrective Action:**<br>None. As water services is a priority service, any additional budget allocation for operations and maintenance is to support functioning of the service and meeting basic needs<br><br>*KPI numbering has been corrected to be FM01-07 from FM01-06 as this KPI number is duplicated. | | | | | |

| K PI No | KPI | Annual targets: 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| in an attempt to meet needs however the demand far exceeds the available budget | | | | | | | | |
| **Strategy**: FM02: Implement revenue collection and enhancement strategy initiatives | | | | | | | | |
| FM02-01 | % of billed revenue collected | 20% | 20% | 25% | 22% | | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1) Billing Report | Finance |
| **Indicator definition:**<br>It measures levels of collection of billed revenue for water and sanitation services and rental income. | | | **Indicator formula:**<br>Realised billed revenue / Total billed revenue x100<br><br>**Snapshot definition:**<br>- target met as planned (≥25%)<br>- significant progress achieved (20% - 24%)<br>– not much progress achieved (<20%) | | | | | |
| **Variance:**<br>Service debtors are not paying their obligations. This has resulted in a poor collection rate with negative impact on cash flow, limiting operational spending, jeopardizing service delivery and financial sustainability.<br><br>During the year there were programmes to install prepaid meters. Debt Collectors were appointed. Data cleansing was initiated. A process to amend the Credit Control bylaw was initiated. Programmes to inform the public to pay services were implemented. Those in debt and able to be cut ( such as businesses) had their services disconnected as a means to force payment. | | | **Corrective Action:**<br>This programme to improve collection will continue into the new year | | | | | |
| **Strategy**: FM03: Implement anti-fraud and anti-corruption measures | | | | | | | | |
| FM03-01 | Turnaround time to report to SAPS acts of vandalism and theft. | N/A | N/A | 48hrs | 48hrs** | | **Frequency of reporting:** Quarterly | Corporate Services |

<table>
<tr><th rowspan="2">K PI No</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This is a new indicator with intention to measures acts of vandalism and theft that have been reported to SAPS by JGDM once the incident became known by a competent person. Measures incidents that are affecting service delivery which is often affected by vandalism and theft. It includes reports made by JGDM service providers (security services) who are reporting on JGDM infrastructure. It includes reports made following the outcome of disciplinary processes that might have included Theft or Vandalism in the charge or such was determined through the process. The basis of the indicator is time between vandalism or theft being known by a competent person and the matter being reported to the police, indicated by the receipt of a CAS (case) number.</td><td colspan="4">Indicator formula:<br>Hours taken to reported incidents<br><br>Snapshot definition:<br>- target met as planned (≤48Hrs)<br>– not much progress achieved (>48hrs)</td><td>Means of verification:<br>1) Vandalism and theft register with case numbers</td><td></td></tr>
<tr><td colspan="3">Variance: ** When gathering evidence at year end to demonstrate compliance with the 48-hour reporting requirement, several significant challenges were identified that affect the completeness, reliability, and accuracy of the data:<ul><li>While incidents are known (14 incidents) and SAPS case numbers exist (14 incidents), these case numbers are not reliable indicators of actual reporting timeframes. The SAPS system sometimes takes several days to generate or issue case numbers after an incident is reported - a delay that is beyond JGDM's control.</li><li>There is no way to verify whether all incidents registered with SAPS are captured in the available records, raising questions about the completeness of the evidence base.</li></ul>These systemic delays and data gaps make it difficult to accurately measure whether the 48-hour reporting standard is being always met, as the available evidence may not reflect actual reporting timelines.</td><td colspan="5">Corrective Action: Revise the indicator to accommodate means to improve completeness, accuracy and reliability of the indicator. Prepare an Standard Operating Procedure to better articulate process, information and reporting.</td><td></td></tr>
</table>

## KPA 4: Institutional Development and Transformation

| KPI No. | KPI | Annual targets: 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| **STRATEGIC OBJECTIVE:** Improve human resource capacity and potential | | | | | | | | |
| **Strategy** ID01: Effectively empower and develop skills base within the District | | | | | | | | |
| ID01-01 | Number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP | 11 | 2 | 4 | 7 | 👍 | **Frequency of reporting:** Annually<br>**Means of verification:**<br>1) Employment Equity Report | Corporate Services |
| **Indicator definition:**<br>This is a National KPI per 2001 Regulations. This indicator measures employment equity groups in management levels. Three highest levels of Management per approved Institutional Organisational Structure are defined as Level 1: Municipal Manager and Directors; Level 2: Sectional Managers; and Level 3: Supervisors. | | **Indicator formula:**<br>Number of people employed in the three highest levels of management appointed per EEP<br>**Snapshot definition:** 👍- target met as planned (≥4)<br>👉- significant progress achieved 2 to 4)<br>👎– not much progress achieved (<2) | | | | | | |
| **Variance:**<br>More vacancies became available and increased the achievement of this target. | | **Corrective Action:**<br>Target will be reviewed in the 2025/26 EEP. | | | | | | |
| ID01-02 | Number of internships opportunities created | N/A | N/A | 17 | 10 | 👎 | **Frequency of reporting:** Annually<br>**Means of verification:**<br>1) Appointment letters | Corporate Services |
| | **Indicator definition:**<br>This indicator measures the number of job opportunities created for unemployed graduates to equip them with skills development | **Indicator formula:**<br>Number of interns appointed during the year<br>**Snapshot definition:**<br>👍- target met as planned (≥17)<br>👉- significant progress achieved (13 - 16)<br>👎– not much progress achieved (<13) | | | | | | |
| **Variance:**<br>During the year internship opportunities were advertised. Following a recruitment and selection process 7 opportunities were found to be non-responsive (and unfilled), either due to the applicants not meeting the specific qualification requirements or shortlisted candidates were found not to meet minimum standards in the interviews | | **Corrective Action:**<br>The programmes will be readvertised in the new financial year making use of additional means to disseminate information such as through Speaker's offices of the Local Municipalities so as to attempt to source suitable applicants for all the opportunities available<br>, | | | | | | |

<table>
<tr><th rowspan="2">KPI No.</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td>ID01-03</td><td>% of new vacant budgeted posts filled within 3 months</td><td>100% vacant budgeted posts filled</td><td>Out of 884 position 220 were vacant</td><td>100%</td><td>81,7%</td><td>👎</td><td rowspan="2">Frequency of reporting:<br>Annually<br><br>Means of verification:<br>1) Recruitment report</td><td rowspan="3">Corporate Services</td></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures the percentage of vacant budgeted post to strengthen workforce capacity. The indicator measures the vacant and excludes placement posts.<br>The indicator excludes<br>• EPWP positions (designated with a ‘T’ in their employee number) as these are employment opportunities and not linked to the organizational structure and<br>• DOT positions (designated with a DOT in their employee number) which are linked to the Service Level Agreement with the Dept of Transport and are not part of JGDM power and function<br>The organogram approved in December 2024 is the indicator of the staff establishment.</td><td colspan="4">Indicator formula:<br>Number of current year vacant budgeted positions / Total number of positions in the approved organogram X 100<br><br>Snapshot definition:<br>👍- target met as planned (≥100%)<br>👉- significant progress achieved (90% - 99%)<br>👎– not much progress achieved (<90%)</td></tr>
<tr><td colspan="3">Variance:<br>During the year under review a new organogram was approved by council. Filing of numerous posts was held in abeyance where internal staff could be placed. Out of 1219 positions 223 were vacant. The institution is therefore in a transitional phase between one organizational structure and the filling of the new organizational structure. Numerous positions on the new organizational structure have been task graded and a new placement policy has been approved. The process of task grading has been delayed by external challenges within the Provincial Job Evaluation Committee and Provincial Audit Committee. It should also be noted that while 25 positions have been filled during the financial year in question, that a total of 29 positions became vacant due to resignations, retirements and staff dismissals.</td><td colspan="5">Corrective Action:<br>This will be addressed through the placement of the current staff on the new organogram. Any remaining funded position on the new structure will be advertised following the placement process. .</td></tr>
<tr><td colspan="9">Strategy: ID02: Maintain conducive working conditions for staff</td></tr>
<tr><td>ID02-01</td><td>Number of LLF meetings facilitated</td><td>4</td><td>3</td><td>4</td><td>3</td><td>👉</td><td>Frequency of reporting:<br>Quarterly</td><td>Corporat e Services</td></tr>
</table>

<table>
<tr><th rowspan="2">KPI No.</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures Local Labour Forum meetings initiatives to ensure conducive work conditions</td><td colspan="4">Indicator formula:<br>Total number of meetings held<br><br>Snapshot definition:<br>👍- target met as planned (≥4)<br>☞- significant progress achieved (3)<br>👎– not much progress achieved (<3)</td><td>Means of verification:<br>Minutes<br>Attendance registers</td><td></td></tr>
<tr><td colspan="3">Variance:<br>While only 3 meeting of the Local Labour forum sat, an additional one had been called but did not sit as there was no quorum for the meeting.<br>While the target was not met, engagement between employer and employees still continued through other platforms such as the Local Labour Forum subcommittees and bi-lateral meetings between the employer and trade unions.</td><td colspan="4">Corrective Action:<br>Going forward, include the LLF on the meeting schedule for the year, and continue to call meetings as per the planned dates.</td><td></td><td></td></tr>
</table>

## KPA 5: Good Governance and Public Participation

| KPI No. | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **STRATEGIC OBJECTIVE: FACILITATE INTERGOVERNMENTAL COOPERATION AND COORDINATION** | | | | | | | | |
| **Strategy:** GG01: Support and facilitate in intergovernmental cooperation initiatives | | | | | | | | |
| GG01-01 | Number of DIMAFOmeetings held | 2 | 2 | 2 | 2 | | **Frequency of reporting:** Bi-annually<br>**Means of verification:** Minutes<br>2) Attendance registers | OMM |
| **Indicator definition:**<br>This indicator measures the number of meetings of the District Mayors Forum. The Forum is an IGR mechanism between the District, Local Municipalities, Sector Departments and Government Agencies. | | | **Indicator formula:**<br>Total sum of meetings held<br>**Snapshot definition:**<br>- target met as planned (≥2)<br>– not much progress achieved (<2) | | | | | |
| **Variance:**<br>None | | **Corrective Action:**<br>None | | | | | | |
| **Strategy:** GG02: Establish and maintain stakeholder engagement initiatives | | | | | | | | |
| GG02-01 | Number of Council meetings held | 11 | 11 | 10 | 10 | | **Frequency of reporting:** Quarterly<br>**Means of verification:** Council minutes<br>2) Attendance registers | Corporate Services |
| **Indicator definition:**<br>This indicator measures the number of meetings of the Council meetings held. | | | **Indicator formula:** Total number of meetings<br>**Snapshot definition** Total number of meetings held<br>- target met as planned (≥10)<br>- significant progress achieved (7- 9)<br>– not much progress achieved (<7) | | | | | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| GG02-02 | Number of Mayoral outreach programs held in each Local Municipality | 1 Mayoral outreaches held in each Local Municipality | 1 Mayoral outreaches was held in each Local Municipality | 1 Mayoral Outreach held in each Local Municipality | 1 Mayoral Outreach held in each Local Municipality | | **Frequency of reporting:** Annually<br>**Means of verification:** Outreach report<br>2) Attendance registers | OMM |

| KPI No. | KPI | Annual targets | | | | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| | | 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | | | |
| **Indicator definition:**<br>This indicator measures number of meetings of the Executive Mayor held with the communities/stakeholders as a mechanism for community consultation for the review of the IDP and the budget. | | | **Indicator formula:**<br>Total sum of meetings held<br>**Snapshot definition:**<br>👍- target met as planned (≥1 meeting in each LM)<br>👎– not much progress achieved (<1 meeting in each LM) | | | | | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| **STRATEGIC OBJECTIVE: ESTABLISH AND SUPPORT MUNICIPAL OVERSIGHT SYSTEMS, MECHANISMS AND PROCESSES** | | | | | | | | |
| **Strategy:** GG03: Ensure and maintain corporate governance | | | | | | | | |
| GG03-01 | Compile annual report | 2022/23 FY Consolidated Annual Report approved by Council | 2022/23 FY Consolidated Annual Report was approved by Council | 2023/24 FY Consolidated Annual Report approved by Council | 2023/24 FY Consolidated Annual Report approved by Council | 👍 | **Frequency of reporting:**<br>Annually<br>**Means of verification:**<br>1) Approved consolidated annual report<br>2) Council Resolution | OMM |
| **Indicator definition:**<br>This indicator measures whether Council develops and approves the Consolidated annual report. The Draft of the annual report must be tabled before Council within seven months of the end of the financial year. The final annual report must be approved by Council within nine months after the end of the financial year. | | | **Indicator formula:**<br>Minutes of Council meeting where the draft and final consolidated annual report was tabled and approved.<br>**Snapshot definition:**<br>👍- target met as planned (Final Report Approved by Council)<br>👎– not much progress achieved (Final Report not Approved by Council) | | | | | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| GG03-02 | Compile 2025/26 FY MTEF Budget | 2024/25 MTEF Budget approved by Council | MTEF Budget was approved by Council | 2026/27FY MTEF Budget approved by Council | 2026/27FY MTEF Budget was approved by Council | 👍 | **Frequency of reporting**:<br>Annually<br>**Means of verification**:<br>Approved 2025/26 FY MTEF Budget<br>Council Resolutions for draft and final Budget | Finance |

<table>
<tr><th rowspan="2">KPI No.</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures whether Council develops and approves the MTEF Budget. The Draft of the budget must be tabled before Council 90 days before the start of the budget year. The final budget must be approved by Council before the start of the budget year.</td><td colspan="5">Indicator formula:<br>Table final budget before the legislated deadline. Council must approve a funded budget.<br><br>Snapshot definition:<br>- target met as planned (Final Budget Approved by Council)<br>– not much progress achieved (Final Budget not Approved by Council)</td><td></td></tr>
<tr><td colspan="3">Variance:<br>None</td><td colspan="5">Corrective Action:<br>None</td><td></td></tr>
<tr><td>GG03-03</td><td>Compile 2025/26 FY IDP</td><td>2024/25 reviewed IDP approved by Council</td><td>IDP review was approved by Council</td><td>2025/26 FY final reviewed IDP approved by Council</td><td>2025/26 FY final reviewed IDP approved by Council</td><td></td><td rowspan="2">Frequency of reporting:<br>Annually<br>Means of verification:<br>Approved 2025/26 FY IDP Council Resolutions for draft and final IDP</td><td rowspan="3">OMM</td></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures whether Council develops and approves the IDP. The Draft of the IDP must be tabled before Council 90 days before the start of the budget year. The final IDP must be approved by Council before the start of the budget year.</td><td colspan="4">Indicator formula:<br>Minutes of Council meeting where the draft and final IDP were tabled and approved.<br><br>Snapshot definition:<br>- target met as planned (Final IDP Approved by Council)<br>– not much progress achieved (Final IDP not Approved by Council)</td></tr>
<tr><td colspan="3">Variance:<br>None</td><td colspan="5">Corrective Action:<br>None</td></tr>
<tr><td>GG03-04</td><td>Number of signed performance agreements for Directors & Managers directly reporting to the Municipal Manager including the Municipal Manager</td><td>7</td><td>7</td><td>7</td><td>7</td><td></td><td rowspan="2">Frequency of reporting:<br>Annually<br><br>Means of verification:<br>1) Seven signed performance agreements</td><td rowspan="3">OMM</td></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures whether Council develops and approves performance agreements for senior managers in time. The performance agreements must be approved by July 2024. These include agreements with: Municipal Manager, Chief Financial Officer, Director Corporate Services, Director Community Services, Director Technical Services, Manager Water Services Provision and Chief Operations Officer</td><td colspan="4">Indicator formula:<br>Signed performance agreements of senior managers.<br><br>Snapshot definition:<br>- target met as planned ( 7 signed agreements)<br>– not much progress achieved (Not all agreements signed)</td></tr>
<tr><td colspan="3">Variance:<br>None</td><td colspan="5">Corrective Action:<br>None</td></tr>
</table>

| KPI No. | KPI | Annual targets: 2023/24 FY Target | 2023/24 FY Actual | 2024/25 FY Target | 2024/25 FY Actual | Snapshot | Means of verification | Custodian |
|---|---|---|---|---|---|---|---|---|
| GG03-05 | Clean audit outcomes achieved | Clean audit outcomes achieved | Clean audit outcomes was achieved | Clean audit outcomes achieved | Clean audit achieved for 2023/2024 | 👍 | **Frequency of reporting:** Annually<br><br>**Means of verification:**<br>1) AG's Audit Report | All Directorates |
| **Indicator definition:**<br>This indicator measures the status of an audit report of the municipality from the AG for the prior year which becomes known in the year under review. | | | **Indicator formula:**<br>Audit status as indicated in the AG's Audit Report<br><br>**Snapshot definition:**<br>👍- target met as planned (Clean audit report)<br>☞- significant progress achieved (Unqualified audit report with findings material)<br>👎– not much progress achieved (Qualified audit report) | | | | | |
| **Variance:**<br>None | | | **Corrective Action:**<br>None | | | | | |
| GG03-06 | Number of MPAC meetings held | 4 | 6 | 4 | 4 | 👍 | **Frequency of reporting:** Quarterly<br><br>**Means of verification:**<br>1. Attendance Register Minutes | OMM |
| **Indicator definition:**<br>This indicator measures the number of meetings of the MPAC. | | | **Indicator formula:**<br>Total number of meetings held<br>**Snapshot definition:**<br>👍- target met as planned (≥4)<br>☞- significant progress achieved (3)<br>👎– not much progress achieved (<3) | | | | | |
| **Variance: None** | | | **Corrective Action: None** | | | | | |
| GG03-07 | Number of Audit and Performance Committee meetings held | 5 | 6 | 5 | 5 | 👍 | **Frequency of reporting:** Quarterly | OMM |

<table>
<tr><th rowspan="2">KPI No.</th><th rowspan="2">KPI</th><th colspan="4">Annual targets</th><th rowspan="2">Snapshot</th><th rowspan="2">Means of verification</th><th rowspan="2">Custodian</th></tr>
<tr><th>2023/24 FY Target</th><th>2023/24 FY Actual</th><th>2024/25 FY Target</th><th>2024/25 FY Actual</th></tr>
<tr><td colspan="3">Indicator definition:<br>This indicator measures the number of meetings of the Audit and Performance Management Committee.</td><td colspan="4">Indicator formula:<br>Total number of meetings held<br><br>Snapshot definition:<br>👍- target met as planned (≥5)<br>☞- significant progress achieved (3-4)<br>👎– not much progress achieved (<3)</td><td>Means of verification:<br>1. Attendance Register Minutes</td><td rowspan="2"></td></tr>
<tr><td colspan="3">Variance:<br>None</td><td colspan="5">Corrective Action:<br>None</td></tr>
</table>

## PART 4. DETAILED CAPITAL WORKS PLAN

### 4.1 THREE-YEAR INFRASTRUCTURE PLAN (AS PER DORA 2023): 2024/25 to 2026/27

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| **MIG** | | | | | | | | | |
| Elundini Rural water Programme (ORIO) | The project is aimed at providing potable water to Elundini rural areas. The project scope entails the development of raw water sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. The projectis targeting to supply +/- 107 villages in Elundini LM | Elundini LM, Multiple villages | Design and Tender | R 143 813 803 | MIG | CAPITAL | R 15 000 000 | R 15 000 000 | R 20 000 000 |
| Maclear Water Treatment & Distribution Upgrade (AC PIPE REPLACEMENT) | Development of Water Treatment Works in Maclear Town with associated bulk infrastructure | Elundini LM, Maclear | Design and Tender | R 95 995 638 | MIG | CAPITAL | R 2 000 000 | R 0 | R 0 |
| Senqu Rural Sanitation Programme: Phase 6 | Provision of VIP Toilets in Senqu LM. The toilets are built of pre- cast concrete. The municipality utilises SMMEs for construction in order to develop our own local contractors | Senqu LM, Multiple villages | Construction | R 132 220 684 | MIG | OPERATIONAL | R 15 000 000 | R 5 000 000 | R 5 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| Elundini Rural Sanitation Programme: Phase 6 | Provision of VIP Toilets in Elundini LM. The toilets are built of pre-cast concrete. The municipality utilises SMMEs for construction in order to develop our own local contractors | Elundini LM, Multiple villages | Construction | R 173 519 999 | MIG | OPERATIONAL | R 15 000 000 | R 5 000 000 | R 5 000 000 |
| Bulk Sanitation Infrastructure Upgrade for Maclear Phase 3B/Stage 2 | Upgrading of Bulk Sanitation Infrastructure in Maclear. The project entails the construction of sewer gravity main, Concrete Sewage Pump Station, rising main to the WWTW and WWTW inlet works upgrade | Elundini LM, Maclear | Construction | R 54 737 276 | MIG | CAPITAL | R 15 000 000 | R 0 | R 0 |
| ALIWAL NORTH WATER TREATMENT WORKS HOLDING DAMS | Development of two raw water holding dams in Aliwal North WTW. The project is aimed at have some level of raw water storage as in Aliwal North raw water is abstracted from the Orange River, these dams will also assist the WTW by removing silt before raw water goes to the WTW. | WSLM, Aliwal North | Design and Tender | R 29 185 579 | MIG | CAPITAL | R 600 000 | R 5 000 000 | R 15 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| Provision of Sanitation Infrastructure for Ugie: Phase 1 | The project is aimed at decommissioning the communal septic tanks that are dilapidated and a health hazard in Ugie Park and Ugie Park Extension. The project will entail destruction of existing septic tanks, the sewer reticulation network, sewage pump station, rising main to the WWTW and Refurbishment of Ugie WWTW | Elundini LM, Ugie | Design and Tender | R 27 478 319 | MIG | CAPITAL | R 10 906 399 | R 5 000 000 | R 10 000 000 |
| Senqu Rural Water Supply for Joe Gqabi District Municipality – Work Package1 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. | Senqu LM, Multiple villages | Design | R 82 987 000 | MIG | CAPITAL | R 11 000 000 | R 3 000 000 | R 5 000 000 |
| Senqu Rural Water: Work Package 2 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal | Senqu LM, Multiple villages | Construction | R 123 848 088 | MIG | CAPITAL | R 11 000 000 | R 3 000 000 | R 5 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| | standpiping. | | | | | | | | |
| Senqu Rural Water: Work Package 3 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. | Senqu LM, Multiple villages | Construction | R 76 309 845 | MIG | CAPITAL | R 11 000 000 | R 3 000 000 | R 5 000 000 |
| Senqu Rural Water Supply for Joe Gqabi District Municipality - Work Package 4 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. | Senqu LM, Multiple villages | Design and Tender | R 76 461 394 | MIG | CAPITAL | R 11 000 000 | R 3 000 000 | R 5 000 000 |
| Senqu Rural Water Supply For Joe Gqabi District Municipality – Work Package 5 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network | Senqu LM, Multiple villages | Construction | R 54 594 823 | MIG | CAPITAL | R 11 000 000 | R 3 000 000 | R 0 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| | infrastructure and communal standpiping. | | | | | | | | |
| Senqu Rural Water Supply Scheme for Joe Gqabi District Municipality - WP6 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. | Senqu LM, Multiple villages | Construction | R 31 945 218 | MIG | CAPITAL | R 5 000 000 | R 3 000 000 | R 5 000 000 |
| SENQU WATER SUPPLY FOR JOE GQABI DISTRICT MUNICIPALITY – WORK PACKAGE 7 | The project is aimed at providing potable water to Senqu rural areas. The project scope entails the development of raw waster sources, pumping facilities to the storage reservoirs, bulk pipeline infrastructure, reticulation network infrastructure and communal standpiping. | Senqu LM, Multiple villages | Construction | R 136 514 258 | MIG | CAPITAL | R 13 486 750 | R 11 000 000 | R 5 000 000 |
| Lady Grey Water Supply: New Trunk and Reticulation Water Mains for Kwezi Naledi & Transwilger | The project is aimed at maximising the available potable water in Lady Grey that is lost in the reticulation network. The project entails zoning of the network by installing pressure reducing valves, isolation valves, and | Senqu LM, Lady Grey | Design and Tender | R 27 486 722 | MIG | CAPITAL | R 5 000 000 | R 10 000 000 | R 11 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| | connect the network in the scader system to monitor water losses. | | | | | | | | |
| Aliwal North Asbestos Pipe Replacement | The project is aimed at improving Aliwal North Network/bulk infrastructure to allow for town development.<br>The project scope will entail the replacement of old AC pipeline with PVC pipes. | WSLM,<br>Aliwal North | Planning | 138 405 341.36 | MIG | CAPITAL | R 100 000 | R 5 000 000 | R 20 000 000 |
| Jamestown Bucket Eradication and Sanitation Phase 2-1(Completion of existing project) | Completion of outstanding scope of connecting the households to the new sewer network | WSLM,<br>James Calata | Construction | R 74 876 755 | MIG | CAPITAL | R 6 956 001 | R 2 453 585 | R 0 |
| Aliwal North Bulk Water Infrastructure for Housing Development | The project is intended to provide bulk water and sanitation infrastructure for housing development in Aliwal North. The project scope will include water and sanitation infrastructure to the identified site for housing development. | WSLM,<br>Aliwal North | Planning | R 17 112 419 | MIG | CAPITAL | R 100 000 | R 5 000 000 | R 6 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| Rehabilitation of Burgersdorp Sanitation Infrastructure: Sewage Pump Stations | The aim of the project is fix the sewage spillages in Burgersdorp. The project scope will entail the refurbishment of 5 sewage pump station in Burgersdorp, installation of Mechanical and Electrical works and security measures to prevent vandalism. | WSLM, Burgersdorp | Not yet registered | Not yet registered | MIG | CAPITAL | R 7 000 000 | R 0 | R 0 |
| Development of an Infrastructure Management Plan | Development Asset Management systems and updated register | District wide | Implementation | R 2 500 000 | MIG | OPERATIONAL | R 5 000 000 | R 5 000 000 | R 5 000 000 |
| Maclear Water Treatment & Distribution Upgrade (WTW) | Development of Water Treatment Works in Maclear Town with associated bulk infrastructure | Elundini LM, Maclear | Design and Tender | R 226 644 753 | MIG | CAPITAL | R 0 | R 15 347 415 | R 15 000 000 |
| Mt. Fletcher Wasterwater Treatment Works and Associated Bulk Infrastructure: Phase 1 | Construction of Wastewater treatment in Mt. Fletcher | Elundini LM, Mt. Fletcher | Planning | Not yet registered | MIG | CAPITAL | R 0 | R 10 000 000 | R 10 000 000 |
| Provision of Sanitation Infrastructure for Ugie: Phase 2 | Construction of new Wastewater treatment work in Ugie | Elundini LM, Ugie | Planning | Not yet registered | MIG | CAPITAL | R 0 | R 15 000 000 | R 5 000 000 |
| Barkly East - Sewer Replacement | Replacement of aging sewer infrastructure | Senqu LM, Barkly East | Planning | Not yet registered | MIG | CAPITAL | R 0 | R 20 000 000 | R 5 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| Upgrading of WWTW - Aliwal North | Upgrading and refurbishment of Maletswai Wastewater Treatment Works and associated bulk infrastructure | WSLM, Maletswai | Planning | Not yet registered | MIG | CAPITAL | R 0 | R 10 000 000 | R 5 000 000 |
| Aliwal North Sewer Replacement - Phase 1 | Replacement of aging sewer infrastructure | WSLM, Maletswai | Planning | Not yet registered | MIG | CAPITAL | R 0 | R 18 051 100 | R 29 050 550 |
| PMU Top Slice | - | N/A | Planning | Registered | MIG | OPERATIONAL | R 9 007 850 | R 9 465 900 | R 10 318 450 |
| **TOTAL** | | | | | | | **R 180 157 000** | **R 189 318 000** | **R 206 369 000** |
| **RBIG (DWS)** | | | | | | | | | |
| Sterkspruit Regional Bulk Sanitation | Development of Sterkspruit WWTW and Associated Bulk Infrastructure. The project will provide waterborne sanitation infrastructure for Sterkspruit Town/CBD and surrounding townships | Senqu LM, Sterkspruit | Design | 388 182 775,63 | RBIG | CAPITAL | R 50 000 000 | R 75 000 000 | R 78 450 000 |
| Lady Grey Bulk Water Supply (Zachtevlei Dam) | Development of Zachtevlei Dam in Lady Grey. The project is to provide much needed raw water capacity for the town of Lady Grey | Senqu LM, Lady Grey | Design | 260 000 000,00 | RBIG | CAPITAL | R 0 | R 25 226 000 | R 21 386 000 |
| **TOTAL** | | | | | | | **R 50 000 000** | **R 100 226 000** | **R 99 836 000** |
| **WATER SERVICES INFRASTRUCTURE GRANT (WSIG)** | | | | | | | | | |
| Telemetry Project | Installation of Telemetry system throughout the district | District wide | Planning | 14 000 000,00 | WSIG | CAPITAL | R 14 000 000 | R 26 000 000 | R 15 000 000 |
| Elundini Rural Water reticulation to 5 villages | Upgrading of Ugie Water Treatment plant to restore the design capacity of the | Elundini LM | Planning | 20 000 000,00 | WSIG | CAPITAL | R 20 000 000 | R 20 000 000 | R 22 000 000 |

| Project Name | Project Description | LM | Project Status | Approved Budget | Source Of Funding | Budget Implication | Projected Expenditure (Incl. VAT) | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2024/25 FY | 2025/26 FY | 2026/27FY |
| | treatment plant | | | | | | | | |
| Bulk Meters | Installation of smart domestic meters across the district | | Planning | 10 000 000,00 | WSIG | CAPITAL | R 10 000 000 | R 10 000 000 | R 10 000 000 |
| Procurement of Domestic Pre-paid Meters: | | | Planning | 16 610 000,00 | WSIG | CAPITAL | R 16 610 000 | R 10 000 000 | R 10 000 000 |
| TOTAL | | | | | | | **R 60 610 000** | **R 66 000 000** | **R 57 000 000** |
| **GRAND TOTAL** | | | | | | | **R 290 767 000** | **R 355 544 000** | **R 363 205 000** |

## 4.2 ADDITIONAL PROJECTS COMPLETED OVER THE PERIOD UNDER REVIEW

| No | Project Name and Area | Stage | Target | Actual | Snapshot | Variance | Corrective Action | Expenditure | Progress Comments |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Aliwal North WTW Holding Dams: Process to appoint Construction service provider started by June 2025 | Procurement Stage | Tender process to appoint a contractor | The tender is at the Adjudication Stage | 👍 | None | None | 599 174,74 | The project is at the Tender stage: The project has gone out for re-tender in March 2025 after the initial tender was cancelled.<br>Area: Aliwal North<br>% of progress: 0%<br>No. of SMMEs: 0<br>No. of Labourers: 0 |
| 2 | Maclear Water Treatment and Distribution upgrade (WTW): Process to appoint Construction service provider started by June 2025 | Procurement stage | Tender process to appoint a contractor | The tender is at the Adjudication Stage | 👍 | None | None | R0 | The project is at the Tender stage: The project went out to tender on 20/09/2024 and closed on 25/10/2025Area: Nqanqarhu<br>% of progress: 0%<br>No. of SMMEs: 0<br>No. of Labourers: 0 |
| 3 | Senqu Rural Water Supply: Work Package 1:<br>% of construction progress completed on villages under construction for 2024/25 FY | Construction stage | 60% of construction progress by June 2025 | 67% | 👍 | 7% over the target | None required, the actual achieved is close to the target that was set. The contractor is doing well. | R 16 263 566,41 | Project is at Construction Stage:<br>Villages to benefit:<br>Walaza, Ndofela<br>% of progress: 67%<br>2024/25<br>Villages under implementation:<br>(1) Walaza – Under Construction – 67%<br>(2) Ndofela – Design Stage<br>No. of SMMEs: 1<br>No. of labourers: 15 |

| No | Project Name and Area | Stage | Target | Actual | Snapshot | Variance | Corrective Action | Expenditure | Progress Comments |
|---|---|---|---|---|---|---|---|---|---|
| **4** | Senqu Rural Water Supply: Work Package 2:<br>% of construction progress completed on villages under construction for 2024/25 FY | Construction stage | 60% of construction progress by June 2025 | 100% | 👍 | 40% over the target | None required. The village of Rockliff is situated on the mountainous area which is rocky. It was anticipated at planning that due to terrain and rock, it was going to take longer to complete the works. However, the contractor managed the risks identified very well and was not delayed at all. | R 20 936 584,79 | Project is at Construction Stage:<br>% of progress: 100%<br><u>2024/25</u><br>Villages under implementation:<br>(1) Rockliff – under construction<br>No. of SMMEs: No SMME<br>No. of labourers: 11 |
| **5** | Senqu Rural Water Supply: Work Package 3: % of construction progress completed on villages under construction for 2024/25 FY | Construction stage | 60% of construction progress by June 2025 | 76% | 👍 | 16% over the target | None required. The reasons for exceeding the target on this project were due to the good performance of the Contractor in Hohobeng ph2, Hinana and Storom villages | R 15 804 505,44 | **Project is at Construction Stage:**<br>Villages to benefit: Hohobeng (100%),<br>% of progress: **76%**<br>**<u>2024/25</u>**<br>Villages under implementation:<br>(1) Hohobeng ph2 – **100%**<br>(2) Hinana ph1 - **100%**<br>(3) Storom ph1– **100%**<br>(4) Sitoromu ph2 **– 50%**<br>(5) Ndingishe – **On planning**<br>(6) Macacum – **32%**<br>No. of SMMEs: 0<br>No. of labourers: 15 |
| **6** | Senqu Rural Water Supply: Work Package 4: % of construction progress completed on villages under construction for 2024/25 FY | Construction stage | 60% of construction progress by June 2025 | 50% | 👎 | 10% below the target<br><br>The project was on hold in Blikana and Mfinci as the SBS tank material could not be delivered to site due to bad access road. | Budget to have the least access road in Blikana and Mfinci has been set aside in 2025/26 financial to the SBS tank material to these sites. | R 18 952 841,01 | **Project is at Construction** Stage:<br>% of overall progress: 50**%**<br>No. of SMMEs: 2<br>No. of labourers: 45<br>2024/25<br>Villages under implementation:<br>Blinkana ph1&2 51%<br>Mlamli – 51%<br>Mahlabathini – 78%<br>Mfinci&Mdlambona – 17% |
| 7 | **Senqu Rural Water Supply: Work Package 5**:<br>% of construction | Construction stage | 60% of construction progress by June 2025 | 92% | 👎 | 32% over the target | None required<br><br>The target that was set for these | R 15 499 997,85 | **Project is at Construction Stage:**<br>% of progress**: 92%**<br>No. of SMMEs: 2<br>No. of labourers: **79** |

| No | Project Name and Area | Stage | Target | Actual | Snapshot | Variance | Corrective Action | Expenditure | Progress Comments |
|---|---|---|---|---|---|---|---|---|---|
| | progress completed on villages under construction for 2024/25 FY | | | | | | villages took into consideration the terrain and access of these villages. However, the Contractor performed exceptionally well to surpass the target set. | | **<u>2024/25</u>**<br>Planned villages:<br>Mazizni, Kwarob & Ngxamagele – **94%**<br>eDwaleni, Mkuzo & Mnundu – **82%**<br>Trappan & Nkalweni– **100%**<br>Ekra &Trustini – **88%**<br>Mathafazaneni**– 94%** |

**PART 5: CONCLUSION**

This Annual Performance report is based on the Service Delivery and Budget Implementation Plan (SDBIP) of the District municipality for the 2024/25 financial year. An SDBIP is a key management, implementation and monitoring tool which provides operational content to the end-of-year service delivery targets as set out in the budget and IDP. It determines the performance agreements for the Municipal Manager and all Top Managers whose performance is monitored through Section 71 monthly reports and evaluated through the annual process.

SIYA PHAMBILI - ASIJIKI

JOE GQABI

DISTRICT MUNICIPALITY

# UNAUDITED ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 30 JUNE 2025

# JOE GQABI DISTRICT MUNICIPALITY

## INDEX

# JOE GQABI DISTRICT MUNICIPALITY

## GENERAL INFORMATION

**NATURE OF BUSINESS**

Joe Gqabi District Municipality performs the functions as set out in the Constitution. (Act no 108 of 1996)

**LEGAL FORM**

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

**JURISDICTION**

The Joe Gqabi District Municipality includes the following areas:

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Maletswai (Aliwal North) and James Calata (Jamestown))
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)
Elundini Local Municipality (NqanqaRhu (Maclear), Ugie and Tlokoeng (Mt Fletcher))

**MEMBERS OF THE MAYORAL COMMITTEE**

| **Position** | **Councillor** | |
|---|---|---|
| Executive Mayor | NP Mposelwa | |
| Speaker | M Bomela | |
| Portfolio head: Financial Services | NU Hlatuka | |
| Portfolio head: Technical Services | SE Ntsoelinyane | Up to 31 January 2025 |
| Portfolio head: Technical Services | NR Lengs | Appointed on 1 February 2025 |
| Portfolio head: Corporate Services | N Mabunu | Up to 31 January 2025 |
| Portfolio head: Corporate Services | S Mei | Appointed on 1 February 2025 |
| Portfolio head: Community Services | A Skoti | |

**MUNICIPAL MANAGER**

Mr M P Nonjola

**CHIEF FINANCIAL OFFICER**

Ms S du Toit Appointed 1 January 2025

**OTHER DIRECTORS AND SENIOR MANAGERS DIRECTLY REPORTING TO THE ACCOUNTING OFFICER**

| | | |
|---|---|---|
| Mr R J Fortuin | - Director: Technical Services | |
| Ms N Mketelwa-Libazi | - Director: Community Services | |
| Mr S Matubatuba | - Director: Corporate Services | Appointed 1 January 2025 |
| Ms N Mshumi | - Chief Operations Officer | Contract ended 15 May 2025 |
| Mr D Lusawana | - Manager Water Service provider | Contract ended 30 June 2025 |

# JOE GQABI DISTRICT MUNICIPALITY

## GENERAL INFORMATION

**REGISTERED OFFICE**

C/o Cole and Graham Street, Barkly East, 9786

**POSTAL ADDRESS**

P/Bag X102, Barkly East, 9786

**AUDITORS**

Office of the Auditor General

**PRINCIPLE BANKERS**

ABSA, PO Box 323, Bloemfontein, 9300

**ATTORNEYS**

Clark Laing Inc

**AUDIT COMMITTEE**

| | | |
|---|---|---|
| C Sparg | - Chairperson | Up to 31 January 2025 |
| T Cumming | - Chairperson | Appointed on 1 February 2025 |
| L Smith | - Member | Up to 31 January 2025 |
| A Jordan | - Member | Up to 31 January 2025 |
| M Tshofela | - Member | |
| L Mabombo | - Member | Appointed on 1 February 2025 |
| N Hlongwane | - Member | Appointed on 1 February 2025 |
| T de Beer | - Member | Appointed on 1 February 2025 |

**RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

**RELEVANT LEGISLATION (CONTINUED)**

Municipal Regulation on Standard Chart of Accounts (mSCOA)
Disaster Management Act 57 of 2002
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Municipal Cost Containment Regulations, 2019

**MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - PROPORTIONAL ELECTED COUNCILLORS**

| Position | Councillor |
|---|---|
| Executive Mayor | NP Mposelwa |
| Speaker | M Bomela |
| Councillors: JGDM | SE Ntoelinyane |
| | A Skoti |
| | S Mei |
| | N Mabunu |
| | NU Hlatuka |
| | NR Lengs |
| | Cllr GJ Shaw |
| | SG Maroahae |

**MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - REPRESENTATIVE COUNCILLORS**

| Municipality | Councillor |
|---|---|
| Senqu Local Municipality | N Ngendane |
| | S Mfisa |
| | N Nyongwana |
| | L Ndakisa |
| | M Moahloli |
| | NM Phama |
| Elundini Local Municipality | FM Maqanda |
| | Z Mampintsha |
| | M Siphamla |
| | S Mdoda |
| | M Telile |
| | A Mayisha |
| Walter Sisulu Local Municipality | V Davids |
| | NS Mathetha |
| | E Theron |

# JOE GQABI DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

**APPROVAL OF ACCOUNTING OFFICER**

I am responsible for the preparation of these annual financial statements year ended 30 June 2025, which are set out on pages 1 to 123 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2026 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

MP Nonjola

Municipal Manager: Joe Gqabi District Municipality

Digitally Signed 31.08.2025 IT reference: 29795 File plan:5/1/3

14c68edcc553a69f445c69cdeaf12627

31 August 2025

**MR MP Nonjola** **Date**

**Municipal Manager**

# JOE GQABI DISTRICT MUNICIPALITY
## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

| | Notes | 2025<br>R<br>(Actual) | 2024<br>R<br>(Restated) |
|---|---|---|---|
| **Assets** | | | |
| **Total Current Assets** | | **193 708 045** | **165 199 184** |
| **Current Assets** | | **64 501 011** | **42 740 924** |
| Cash and Cash Equivalents | 2 | 31 591 478 | 3 346 597 |
| Inventory | 3 | 13 983 495 | 3 204 441 |
| South African Revenue Services | 14 | 18 926 039 | 36 189 886 |
| **Current Assets from Exchange Transactions** | | **124 182 861** | **116 196 685** |
| Receivables from Exchange Transactions | 4 | 124 182 861 | 116 196 685 |
| **Current Assets from Non-Exchange Transactions** | | **5 024 172** | **6 261 575** |
| Unpaid Conditional Government Grants | 5 | 5 024 172 | 6 261 575 |
| **Total Non-Current Assets** | | **2 239 941 856** | **2 108 261 841** |
| Investment Property | 7 | 1 727 558 | 1 750 486 |
| Property, Plant And Equipment | 8 | 2 238 168 152 | 2 106 419 065 |
| Intangible Assets | 9 | 46 145 | 92 289 |
| **Total Assets** | | **2 433 649 900** | **2 273 461 025** |
| **Total Current Liabilities** | | **215 331 991** | **229 820 099** |
| **Current Liabilities** | | **45 800 401** | **44 170 352** |
| Current Employee Benefits | 10 | 45 800 401 | 44 170 352 |
| **Current Liabilities from Exchange Transactions** | | **155 061 388** | **183 199 748** |
| Current Portion of Long-Term Liabilities | 11 | 906 884 | - |
| Consumer Deposits | 12 | 1 520 344 | 1 451 143 |
| Payables from Exchange Transactions | 13 | 152 634 159 | 181 748 605 |
| **Current Liabilities from Non-Exchange Transactions** | | **14 470 202** | **2 450 000** |
| Unspent Conditional Government Grants | 15 | 14 470 202 | 200 000 |
| Payables from Non-Exchange Transactions | 16 | - | 2 250 000 |
| **Total Non-Current Liabilities** | | **40 517 545** | **40 373 330** |
| **Non-Current Liabilities** | | **36 424 430** | **40 373 330** |
| Employee Benefits | 17 | 36 424 430 | 40 373 330 |
| **Non-Current Liabilities from Exchange Transactions** | | **4 093 116** | **-** |
| Long-Term Liabilities | 11 | 4 093 116 | - |
| **Total Liabilities** | | **255 849 536** | **270 193 429** |
| **Net Assets** | | **2 177 800 365** | **2 003 267 596** |
| **Community Wealth** | | | |
| Accumulated Surplus | 18 | 2 177 800 365 | 2 003 267 596 |
| **Total Community Wealth** | | **2 177 800 365** | **2 003 267 596** |

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

| REVENUE | Notes | 2025 R (Actual) | 2024 R (Restated) |
|---|---|---|---|
| **REVENUE FROM NON-EXCHANGE TRANSACTIONS** | | **694 158 952** | **646 011 503** |
| **Transfer Revenue** | | **686 307 855** | **645 131 277** |
| Government Grants and Subsidies - Capital | **19** | 201 193 848 | 196 866 959 |
| Government Grants and Subsidies - Operating | **19** | 485 114 007 | 444 300 124 |
| Public Contributions and Donations - Operating | **20** | - | 459 408 |
| Contributed Assets | **21** | - | 3 504 786 |
| **Other Revenue** | | **7 851 097** | **880 226** |
| Actuarial Gains | **22** | 7 837 752 | 774 447 |
| Inventory Adjustments | **40** | 13 345 | 105 779 |
| **REVENUE FROM EXCHANGE TRANSACTIONS** | | **341 613 938** | **320 701 738** |
| **Operating Activities** | | **341 613 938** | **320 701 738** |
| Service Charges | **23** | 216 100 084 | 209 723 790 |
| Interest Earned - External Investments | **24** | 6 738 171 | 5 619 204 |
| Interest Earned - Outstanding Debtors | **25** | 116 329 565 | 103 346 291 |
| Other Income | **26** | 2 446 117 | 2 012 454 |
| **TOTAL REVENUE** | | **1 035 772 890** | **966 713 241** |
| **EXPENDITURE** | | | |
| Employee Related Costs | **27** | 275 295 557 | 261 800 626 |
| Remuneration of Councillors | **28** | 7 260 778 | 7 050 525 |
| Debt Impairment | **29** | 280 294 494 | 254 824 220 |
| Depreciation and Amortisation | **30** | 70 931 889 | 75 290 981 |
| Impairments | **31** | 365 395 | 621 319 |
| Actuarial Losses | **32** | 13 218 | 2 887 543 |
| Repairs and Maintenance | **33** | 12 914 647 | 11 916 033 |
| Finance Charges | **34** | 5 814 113 | 5 063 772 |
| Bulk Purchases | **35** | 8 167 059 | 8 035 675 |
| Contracted Services | **36** | 20 846 908 | 16 255 514 |
| Transfers and Grants | **37** | 9 565 217 | 11 304 348 |
| VIP Toilet Expenditure | **38** | 15 878 441 | 15 811 555 |
| Other Expenditure | **39** | 151 587 830 | 132 469 044 |
| Loss on Disposal of PPE | **41** | 2 304 574 | 475 779 |
| **TOTAL EXPENDITURE** | | **861 240 121** | **803 806 934** |
| **NET SURPLUS FOR THE YEAR** | | **174 532 769** | **162 906 308** |

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2025

| | ACCUMULATED SURPLUS<br>R | TOTAL<br>R |
|---|---|---|
| **Balance on 30 June 2023** | **2 380 795 100** | **2 380 795 100** |
| Prior period adjustment - Refer to note 42.08 | (540 433 812) | (540 433 812) |
| **Restated Balance on 30 June 2023** | **1 840 361 288** | **1 840 361 288** |
| Net Surplus for the Year | 162 906 308 | 162 906 308 |
| **Restated Balance on 30 June 2024** | **2 003 267 596** | **2 003 267 596** |
| Net Surplus for the Year | 174 532 769 | 174 532 769 |
| **Balance on 30 June 2025** | **2 177 800 365** | **2 177 800 365** |

# JOE GQABI DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

| | Notes | 2025<br>R<br>(Actual) | 2024<br>R<br>(Restated) |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Service Charges | | 46 975 338 | 31 718 639 |
| Other Revenue | | 1 724 951 | 2 323 473 |
| Transfers and Subsidies - Operational | | 487 684 979 | 439 725 198 |
| Transfers and Subsidies - Capital | | 214 130 481 | 196 866 959 |
| Interest | | 6 738 171 | 5 619 204 |
| **Payments** | | | |
| Suppliers | | (234 422 976) | (204 953 867) |
| Employees | | (282 851 653) | (268 226 439) |
| Finance Charges | | - | (144 741) |
| Transfers and Grants | | (11 521 739) | (9 347 826) |
| **NET CASH FROM OPERATING ACTIVITIES** | **43** | **228 457 552** | **193 580 601** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| **Receipts** | | | |
| Decrease in non-current investments | | - | 2 147 455 |
| **Payments** | | | |
| Purchase of Property, Plant and Equipment | | (205 281 873) | (197 132 348) |
| **NET CASH USED INVESTING ACTIVITIES** | | **(205 281 873)** | **(194 984 893)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| **Receipts** | | | |
| Increase in Consumer Deposits | | 69 202 | 60 756 |
| Borrowing long term/refinancing | | 5 000 000 | - |
| **Payments** | | | |
| Repayment of borrowing | | - | (1 299 613) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | | **5 069 202** | **(1 238 857)** |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | **28 244 881** | **(2 643 149)** |
| Cash and Cash Equivalents at the beginning of the year | | 3 346 597 | 5 989 746 |
| Cash and Cash Equivalents at the end of the year | **44** | 31 591 478 | 3 346 597 |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | **28 244 881** | **(2 643 149)** |

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2025<br>R<br>(Actual) | 2025<br>R<br>(Final Budget) | 2025<br>R<br>(Variance) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 31 591 478 | 54 584 429 | (22 992 951) |
| Trade and other receivables from exchange transactions | 124 182 861 | 906 012 921 | (781 830 060) |
| Receivables from non-exchange transactions | 5 024 172 | 14 678 375 | (9 654 203) |
| Inventory | 13 983 495 | 3 204 441 | 10 779 054 |
| VAT | 18 926 039 | 83 556 602 | (64 630 563) |
| Other current assets | - | 144 961 | (144 961) |
| **Total Current Assets** | **193 708 045** | **1 062 181 729** | **(868 473 684)** |
| **Non-Current Assets** | | | |
| Investment property | 1 727 558 | 1 704 534 | 23 024 |
| Property, plant and equipment | 2 238 168 152 | 2 385 471 229 | (147 303 077) |
| Intangible Assets | 46 145 | 84 543 | (38 398) |
| **Total Non-Current Assets** | **2 239 941 856** | **2 387 260 306** | **(147 318 450)** |
| **TOTAL ASSETS** | **2 433 649 900** | **3 449 442 035** | **(1 015 792 135)** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Financial liabilities | 906 884 | - | 906 884 |
| Consumer deposits | 1 520 344 | 1 451 143 | 69 201 |
| Trade and other payables from exchange transactions | 152 634 159 | 160 317 505 | (7 683 346) |
| Trade and other payables from non-exchange transactions | 14 470 202 | (5 454 032) | 19 924 234 |
| Provision | 45 800 401 | 48 177 015 | (2 376 614) |
| VAT | - | 205 376 778 | (205 376 778) |
| **Total Current Liabilities** | **215 331 991** | **409 868 409** | **(194 536 418)** |
| **Non-Current Liabilities** | | | |
| Financial liabilities | 4 093 116 | 30 000 000 | (25 906 884) |
| Provision | 11 699 000 | 9 599 000 | 2 100 000 |
| Other non-current liabilities | 24 725 430 | 30 774 330 | (6 048 900) |
| **Total Non-Current Liabilities** | **40 517 545** | **70 373 330** | **(29 855 785)** |
| **TOTAL LIABILITIES** | **255 849 536** | **480 241 739** | **(224 392 203)** |
| **NET ASSETS** | **2 177 800 365** | **2 969 200 296** | **(791 399 931)** |
| **COMMUNITY WEALTH** | | | |
| Accumulated Surplus | 2 177 800 365 | 2 969 200 296 | (791 399 931) |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **2 177 800 365** | **2 969 200 296** | **(791 399 931)** |

Refer to note 45.2 for further details relating to material variances.

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2025<br>R<br>(Original Budget) | 2025<br>R<br>(Adjustments) | 2025<br>R<br>(Final and Approved Budget) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 197 730 | 47 386 699 | 54 584 429 |
| Trade and other receivables from exchange transactions | 702 621 054 | 203 391 867 | 906 012 921 |
| Receivables from non-exchange transactions | 6 219 652 | 8 458 723 | 14 678 375 |
| Inventory | 2 981 629 | 222 812 | 3 204 441 |
| VAT | 18 639 176 | 64 917 426 | 83 556 602 |
| Other current assets | 2 586 556 | (2 441 595) | 144 961 |
| **Total Current Assets** | **740 245 797** | **321 935 932** | **1 062 181 729** |
| **Non-Current Assets** | | | |
| Investment property | 1 727 462 | (22 928) | 1 704 534 |
| Property, plant and equipment | 2 235 541 007 | 149 930 222 | 2 385 471 229 |
| Intangible Assets | 130 818 | (46 275) | 84 543 |
| **Total Non-Current Assets** | **2 237 399 287** | **149 861 019** | **2 387 260 306** |
| **TOTAL ASSETS** | **2 977 645 084** | **471 796 951** | **3 449 442 035** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Financial liabilities | 22 645 461 | (22 645 461) | - |
| Consumer deposits | 1 390 387 | 60 756 | 1 451 143 |
| Trade and other payables from exchange transactions | 129 617 843 | 30 699 662 | 160 317 505 |
| Trade and other payables from non-exchange transactions | - | (5 454 032) | (5 454 032) |
| Provision | 51 327 292 | (3 150 277) | 48 177 015 |
| VAT | 31 921 682 | 173 455 096 | 205 376 778 |
| **Total Current Liabilities** | **236 902 665** | **172 965 744** | **409 868 409** |
| **Non-Current Liabilities** | | | |
| Financial liabilities | 454 722 | 29 545 278 | 30 000 000 |
| Provision | 12 034 404 | (2 435 404) | 9 599 000 |
| Other non-current liabilities | 27 577 386 | 3 196 944 | 30 774 330 |
| **Total Non-Current Liabilities** | **40 066 512** | **30 306 818** | **70 373 330** |
| **TOTAL LIABILITIES** | **276 969 177** | **203 272 562** | **480 241 739** |
| **NET ASSETS** | **2 700 675 907** | **268 524 389** | **2 969 200 296** |
| **COMMUNITY WEALTH** | | | |
| Accumulated Surplus | 2 700 675 907 | 268 524 389 | 2 969 200 296 |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **2 700 675 907** | **268 524 389** | **2 969 200 296** |

Refer to note 45.2 for further details relating to material variances.

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2025<br>R<br>(Actual) | 2025<br>R<br>(Final Budget) | 2025<br>R<br>(Variance) |
|---|---|---|---|
| **REVENUE BY SOURCE** | | | |
| **Exchange Revenue** | | | |
| Service charges - Water | 179 968 648 | 279 221 718 | (99 253 070) |
| Service charges - Waste Water Management | 36 186 500 | 53 580 926 | (17 394 426) |
| Sale of Goods and Rendering of Services | 557 297 | 1 738 197 | (1 180 900) |
| Agency services | 468 506 | 650 000 | (181 494) |
| Interest earned from Receivables | 116 329 565 | 65 635 333 | 50 694 232 |
| Interest earned from Current and Non Current Assets | 6 738 171 | 10 474 929 | (3 736 758) |
| Rental from Fixed Assets | 901 905 | 1 488 000 | (586 095) |
| Licence and permits | 390 286 | 148 183 | 242 103 |
| Operational Revenue | 66 565 | 1 068 639 | (1 002 074) |
| **Non-Exchange Revenue** | | | |
| Fines, penalties and forfeits | 6 495 | - | 6 495 |
| Transfer and subsidies - Operational | 485 114 007 | 480 427 850 | 4 686 157 |
| Other Gains | 7 851 097 | 553 807 | 7 297 290 |
| **TOTAL OPERATING REVENUE** | **834 579 042** | **894 987 582** | **(60 408 540)** |
| **EXPENDITURE BY TYPE** | | | |
| Employee related costs | 272 901 161 | 280 576 002 | (7 674 841) |
| Remuneration of councillors | 7 260 778 | 8 040 275 | (779 497) |
| Inventory consumed | 32 150 717 | 61 034 252 | (28 883 535) |
| Debt impairment | 274 118 904 | 166 401 322 | 107 717 582 |
| Depreciation and amortisation | 71 297 284 | 88 404 139 | (17 106 855) |
| Interest | 5 814 113 | 5 440 252 | 373 861 |
| Contracted services | 72 039 039 | 86 642 445 | (14 603 406) |
| Transfers and subsidies | 9 652 617 | 11 635 000 | (1 982 383) |
| Irrecoverable debts written off | 6 175 591 | 9 014 036 | (2 838 445) |
| Operational costs | 107 512 125 | 137 892 654 | (30 380 529) |
| Losses on disposal of Assets | 2 304 574 | - | 2 304 574 |
| Other Losses | 13 218 | 4 253 181 | (4 239 963) |
| **TOTAL OPERATING EXPENDITURE** | **861 240 121** | **859 333 558** | **1 906 563** |
| **OPERATING SURPLUS/(DEFICIT) FOR THE YEAR** | **(26 661 079)** | **35 654 024** | **(62 315 103)** |
| Transfers and subsidies - Capital | 201 193 848 | 223 368 150 | (22 174 302) |
| **NET SURPLUS FOR THE YEAR** | **174 532 769** | **259 022 174** | **(84 489 405)** |

Refer to note 45.2 for further details relating to material variances.

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2025<br>R<br>(Original Budget) | 2025<br>R<br>(Adjustments) | 2025<br>R<br>(Approved Budget) | 2025<br>R<br>(Virements) | 2025<br>R<br>(Final Budget) |
|---|---|---|---|---|---|
| **REVENUE BY SOURCE** | | | | | |
| **Exchange Revenue** | | | | | |
| Service charges - Water | 279 221 718 | - | 279 221 718 | - | 279 221 718 |
| Service charges - Waste Water Management | 53 580 926 | - | 53 580 926 | - | 53 580 926 |
| Sale of Goods and Rendering of Services | 1 738 197 | - | 1 738 197 | - | 1 738 197 |
| Agency services | 650 000 | - | 650 000 | - | 650 000 |
| Interest earned from Receivables | - | 65 635 333 | 65 635 333 | - | 65 635 333 |
| Interest earned from Current and Non Current Assets | 10 474 929 | - | 10 474 929 | - | 10 474 929 |
| Rental from Fixed Assets | 1 488 000 | - | 1 488 000 | - | 1 488 000 |
| Licence and permits | 148 183 | - | 148 183 | - | 148 183 |
| Operational Revenue | 1 068 639 | - | 1 068 639 | - | 1 068 639 |
| **Non-Exchange Revenue** | | | | | |
| Transfer and subsidies - Operational | 480 427 850 | - | 480 427 850 | - | 480 427 850 |
| Interest | 65 635 333 | (65 635 333) | - | - | - |
| Other Gains | 553 807 | - | 553 807 | - | 553 807 |
| **TOTAL OPERATING REVENUE** | **894 987 582** | **-** | **894 987 582** | **-** | **894 987 582** |

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

**ADJUSTMENTS TO APPROVED BUDGET (CONTINUED)**

| | 2025<br>R<br>(Original Budget) | 2025<br>R<br>(Adjustments) | 2025<br>R<br>(Approved Budget) | 2025<br>R<br>(Virements) | 2025<br>R<br>(Final Budget) |
|---|---|---|---|---|---|
| **EXPENDITURE BY TYPE** | | | | | |
| Employee related costs | 280 594 762 | (18 760) | 280 576 002 | - | 280 576 002 |
| Remuneration of councillors | 8 040 264 | 11 | 8 040 275 | - | 8 040 275 |
| Inventory consumed | 55 413 514 | 2 761 738 | 58 175 252 | 2 859 000 | 61 034 252 |
| Debt impairment | 150 384 478 | 16 016 844 | 166 401 322 | - | 166 401 322 |
| Depreciation and amortisation | 88 404 139 | - | 88 404 139 | - | 88 404 139 |
| Interest | 5 440 252 | - | 5 440 252 | - | 5 440 252 |
| Contracted services | 91 226 349 | (1 523 094) | 89 703 255 | (3 060 810) | 86 642 445 |
| Transfers and subsidies | 11 635 000 | - | 11 635 000 | - | 11 635 000 |
| Irrecoverable debts written off | 9 014 036 | - | 9 014 036 | - | 9 014 036 |
| Operational costs | 127 992 272 | 9 698 572 | 137 690 844 | 201 810 | 137 892 654 |
| Other Losses | 4 253 181 | - | 4 253 181 | - | 4 253 181 |
| **TOTAL OPERATING EXPENDITURE** | **832 398 247** | **26 935 311** | **859 333 558** | **-** | **859 333 558** |
| **OPERATING SURPLUS/(DEFICIT) FOR THE YEAR** | **62 589 335** | **(26 935 311)** | **35 654 024** | **-** | **35 654 024** |
| Transfers and subsidies - capital | 220 149 150 | 3 219 000 | 223 368 150 | - | 223 368 150 |
| **NET SURPLUS FOR THE YEAR** | **282 738 485** | **(23 716 311)** | **259 022 174** | **-** | **259 022 174** |

Refer to note 45.2 for further details relating to material variances.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2025<br>R<br>(Actual) | 2025<br>R<br>(Final Budget) | 2025<br>R<br>(Variance) |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Service Charges | 46 975 338 | 166 401 322 | (119 425 984) |
| Other Revenue | 1 724 951 | 4 514 577 | (2 789 626) |
| Transfers and Subsidies - Operational | 487 684 979 | 431 327 850 | 56 357 129 |
| Transfers and Subsidies - Capital | 214 130 481 | 268 368 150 | (54 237 669) |
| Interest | 6 738 171 | 10 474 929 | (3 736 758) |
| **Payments** | | | |
| Suppliers and Employees | (517 274 629) | (544 145 275) | 26 870 646 |
| Finance Charges | - | (5 440 252) | 5 440 252 |
| Transfers and Grants | (11 521 739) | (11 635 000) | 113 261 |
| **NET CASH FROM OPERATING ACTIVITIES** | **228 457 552** | **319 866 301** | **(91 408 749)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| **Receipts** | | | |
| Decrease in non-current investments | - | (621 319) | 621 319 |
| **Payments** | | | |
| Capital Assets | (205 281 873) | (297 999 150) | 92 717 277 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(205 281 873)** | **(298 620 469)** | **93 338 596** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| **Receipts** | | | |
| Borrowing long term/refinancing | 5 000 000 | 30 000 000 | (25 000 000) |
| **Receipts** | | | |
| Increase/(Decrease) in Consumer Deposits | 69 202 | - | 69 202 |
| **NET CASH FROM FINANCING ACTIVITIES** | **5 069 202** | **30 000 000** | **(24 930 799)** |
| **NET INCREASE IN CASH HELD** | **28 244 881** | **51 245 832** | **(23 000 951)** |
| Cash/cash equivalents at the year begin: | 3 346 597 | 3 338 597 | 8 000 |
| Cash/cash equivalents at the year end: | 31 591 478 | 54 584 429 | (22 992 951) |
| **NET INCREASE IN CASH HELD** | **28 244 881** | **51 245 832** | **(23 000 951)** |

Refer to note 45.2 for further details relating to material variances.

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2025<br>R<br>(Original Budget) | 2025<br>R<br>(Adjustments) | 2025<br>R<br>(Final and Approved Budget) |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Service Charges | 191 345 865 | (24 944 543) | 166 401 322 |
| Other Revenue | 4 857 504 | (342 927) | 4 514 577 |
| Transfers and Subsidies - Operational | 478 827 850 | (47 500 000) | 431 327 850 |
| Transfers and Subsidies - Capital | 220 149 150 | 48 219 000 | 268 368 150 |
| Interest | - | 10 474 929 | 10 474 929 |
| **Payments** | | | |
| Suppliers and Employees | (656 210 008) | 112 064 733 | (544 145 275) |
| Finance Charges | (5 440 252) | - | (5 440 252) |
| Transfers and Subsidies | - | (11 635 000) | (11 635 000) |
| **NET CASH FROM OPERATING ACTIVITIES** | **233 530 109** | **86 336 192** | **319 866 301** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| **Receipts** | | | |
| Decrease in non-current investments | - | (621 319) | (621 319) |
| **Payments** | | | |
| Capital Assets | (256 270 150) | (41 729 000) | (297 999 150) |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(256 270 150)** | **(42 350 319)** | **(298 620 469)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| **Receipts** | | | |
| Borrowing long term/refinancing | 30 000 000 | - | 30 000 000 |
| **Payments** | | | |
| Repayment of borrowing | (8 199 430) | 8 199 430 | - |
| **NET CASH FROM FINANCING ACTIVITIES** | **21 800 570** | **8 199 430** | **30 000 000** |
| **NET INCREASE/(DECREASE) IN CASH HELD** | **(939 471)** | **52 185 303** | **51 245 832** |
| Cash/cash equivalents at the year begin: | 8 137 201 | (4 798 604) | 3 338 597 |
| Cash/cash equivalents at the year end: | 7 197 730 | 47 386 699 | 54 584 429 |
| **NET INCREASE/(DECREASE) IN CASH HELD** | **(939 471)** | **52 185 303** | **51 245 832** |

Refer to note 45.2 for further details relating to material variances.

### 1 ACCOUNTING POLICIES

### 1.01 BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

### 1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

### 1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

### 1.04 GOING CONCERN ASSUMPTION

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

## 1.05 COMPARATIVE INFORMATION

### 1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. No significant amendments were made to the accounting policy in the current year.

## 1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

## 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

## 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

**1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

The Municipality resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

*1.08.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)*

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

(a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
(b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
(c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
(d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose

*1.08.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)*

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

No significant impact is expected as the Municipality is not exposed to any foreign currency transactions.

**1.08.2 Effective dates not yet determined**

Where a Standard of GRAP has been issued but is not yet effective and the Minister of Finance has not yet determined an effective date for implementation, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

*1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets*

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The impact of this Standard on the financial statements will not be significant, as the Municipality does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.

*1.08.2.2 GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

*1.08.2.3 GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or does not foresee that it will be party to any transfers of functions in the near future.

*1.08.2.4 GRAP 107 (Revised 2023) - Mergers*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or does not foresee that it will be party to any mergers in the near future.

*1.08.2.5 Amendments to GRAP 1 on Presentation of Financial Statements (2022)*

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

*1.08.2.6 Improvements to the Standards of GRAP (2023)*

The effect of the improvements to the current pronouncements to the Standard of GRAP is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

## 1.09 INVESTMENT PROPERTY

### 1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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 measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

### 1.09.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

### 1.09.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

**1.09 INVESTMENT PROPERTY (CONTINUED)**

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

| | YEARS |
|---|---|
| Buildings | 20 - 30 |
| Land | Indefinite |

**1.09.4 Impairment**

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.09.5 Derecognition**

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

**1.10 PROPERTY, PLANT AND EQUIPMENT**

**1.10.1 Initial Recognition**

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is 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 or fair value of the item can be measured reliably.

**1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

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, its 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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

**1.10.2 Subsequent Measurement - Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

**1.10.3 Depreciation**

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

| | YEARS |
|---|---|
| **Infrastructure** | |
| Sewerage Network | 7 - 118 |
| Water Network | 8 - 101 |
| | |
| **Land and Buildings** | |
| Land | Indefinite |
| Buildings | 20 - 30 |
| | |
| **Other Assets** | |
| Special Vehicles | 10 – 16 |
| Motor vehicles | 5 – 17 |
| Office Equipment | 7 – 15 |
| Furniture and Fittings | 7 – 16 |
| Tool and Equipment | 5 – 15 |
| Computer Equipment | 3 – 17 |
| Fire Engines | 5 – 12 |

### 1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.11 INTANGIBLE ASSETS

### 1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 1.11.2 Subsequent Measurement - Cost Model

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

### 1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

### 1.11 INTANGIBLE ASSETS (CONTINUED)

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

| | Years |
|---|---|
| Computer Software and Website | 3 - 10 |

#### 1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

## 1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

### 1.12.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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

### 1.12.2 Recoverable amount of Non-cash-generating assets

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

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

### 1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

### 1.12.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

### 1.13 INVENTORIES

#### 1.13.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

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 recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

#### 1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.13 INVENTORIES (CONTINUED)**

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

**1.14 EMPLOYEE BENEFITS**

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

**1.14.1 Post-Retirement Benefits**

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

*1.14.1.1 Multi-employer defined contribution plans*

The municipality contributes to various defined contribution plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

*1.14.1.2 Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.14 EMPLOYEE BENEFITS (CONTINUED)**

**1.14.2 Long-term Benefits**

*1.14.2.1* Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

*1.14.2.2* Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.14.3 Short-term Benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.14 EMPLOYEE BENEFITS (CONTINUED)**

*1.14.3.1 Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

*1.14.3.2 Staff Bonuses Accrued*

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

*1.14.3.3 Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.15 PROVISIONS**

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

**1.15 PROVISIONS (CONTINUED)**

(b) The Municipality 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

**1.16 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.

**1.16.1 Municipality as Lessee**

*1.16.1.1 Finance Leases*

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

*1.16.1.2 Operating leases*

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

**1.16.2 Municipality as Lessor**

*1.16.2.1 Operating Leases*

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

### 1.17 FINANCIAL INSTRUMENTS

#### 1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

(i) derivatives;
(ii) combined instruments that are designated at fair value;
(iii) instruments held for trading;
(iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

**1.17 FINANCIAL INSTRUMENTS (CONTINUED)**

**1.17.3 Impairment and uncollectibility of financial assets**

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

*1.17.3.1 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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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 is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

*1.17.3.2 Financial assets measured at cost*

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

**1.17.4 Derecognition of financial instruments**

*1.17.4.1 Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

*1.17.4.2 Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

#### 1.17.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### 1.18.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### 1.18.3 Impairment and uncollectibility of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. 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 any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

### 1.18 STATUTORY RECEIVABLES (CONTINUED)

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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### 1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.21 SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

**1.22 PAYABLES AND ANNUITY LOANS**

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23 CONSUMER DEPOSITS**

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or 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.

**1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS**

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions 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 conditions 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.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as an individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor 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.

**1.25 UNPAID CONDITIONAL GRANTS AND RECEIPTS**

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

### 1.26 NON-CURRENT INVESTMENTS

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### 1.27 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

### 1.27.1 Revenue from Non-Exchange Transactions

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 generally 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.

#### *1.27.1.1 Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

#### *1.27.1.2 Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

**1.27 REVENUE (CONTINUED)**

*1.27.1.3 Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

*1.27.1.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

*1.27.1.5 Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

*1.27.1.6* Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

**1.27.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

*1.27.2.1 Service Charges*

Service Charges are levied in terms of approved tariffs.

**1.27 REVENUE (CONTINUED)**

Service charges relating to water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without 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 sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

*1.27.2.2 Investment income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

*1.27.2.3 Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

*1.27.2.4 Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

*1.27.2.5 Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

**1.27 REVENUE (CONTINUED)**

*1.27.2.6 Sale of goods*

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

(a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.

(b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

*1.27.2.7 Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

**1.28 BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

**1.29 UNAUTHORISED EXPENDITURE**

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

**1.30 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.31 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

**1.33 CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.34 EVENTS AFTER REPORTING DATE**

Events after the 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:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

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

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

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. 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.

### 1.36 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

### 1.36 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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 the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the transaction.

(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
(c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria on whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it 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 other Standards of GRAP.

**1.37 LIVING AND NON-LIVING RESOURCES**

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

**1.38 SEGMENT REPORTINGS**

A segment is an activity of the Municipality:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
(c) for which separate financial information is available.

Management comprises 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality’s financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

**1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**1.39.1 Application of Directive 7**

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.39.2 Impairment of Receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.39.3 Useful lives and residual values**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

**1.39.4 Impairment of non-monetary assets**

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

### 1.39.5 Post-Retirement, Long-term Benefits and Ex gratia gratuities

The cost of post-retirement medical obligations, long-service awards and Ex gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### 1.39.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

### 1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

### 1.39.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

#### 1.39.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

#### 1.39.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

#### 1.39.12 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### 1.39.13 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 2 | **CASH AND CASH EQUIVALENTS** | | |
| | Primary Bank Account | 2 968 750 | 2 027 379 |
| | Call and short-term investments deposits | 28 514 284 | 1 201 618 |
| | Cash floats | 300 | 300 |
| | Petty cash | 108 143 | 117 300 |
| | **Total** | **31 591 478** | **3 346 597** |
| | **Balance previously reported** | | **3 338 597** |
| | Prior period adjustment - Refer to note 42.01 | | 8 000 |
| | **Restated on 30 June 2024** | | **3 346 597** |

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

| | 2025 | 2024 |
|---|---|---|
| Unspent Conditional Grants | 14 470 202 | 200 000 |
| Unspent Loans | 5 000 000 | - |
| Less: Unpaid Conditional Grants | (5 024 172) | (6 261 575) |
| Resources available for internal distribution | 17 145 448 | 9 408 172 |
| **Total** | **31 591 478** | **3 346 597** |

**Primary Bank Account**

ABSA Bank - Barkly East Branch - 23 800 000 19

| | 2025 | 2024 |
|---|---|---|
| Bank Statement Balance - Opening Balance | 1 953 070 | 509 761 |
| Bank Statement Balance - Closing Balance | 2 967 690 | 1 953 070 |
| Cashbook Balance - Opening Balance | 2 027 379 | 586 706 |
| Cashbook Balance - Closing Balance | 2 968 750 | 2 027 379 |

**Call and short-term investments deposits**

Call and Notice Deposits consist of the following accounts:

| | 2025 | 2024 |
|---|---|---|
| ABSA - Acc no 9084169245 | 15 515 374 | 719 704 |
| ABSA - Acc no 9185426744 | 7 530 803 | 48 307 |
| ABSA - Acc no 9072226158 | 71 915 | 67 364 |
| ABSA - Acc no 9122637071 | 1 635 | 1 558 |
| ABSA - Acc no 9270029895 | 5 007 170 | 2 095 |
| ABSA - Acc no 9276836949 | 387 387 | 362 590 |
| **Total** | **28 514 284** | **1 201 618** |

Interest between 4.25% and 6.75 % (2024 - 4.6%) were attracted by these short term deposits.

## 3 INVENTORY

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Fuel and oil – at cost | 60 313 | 81 793 |
| Stationery and materials - at cost | 264 788 | 275 299 |
| Spare parts - at cost | 1 900 969 | 2 089 540 |
| Water stock - net realisable value | 771 154 | 757 809 |
| Pre-Paid Meters - at cost | 10 986 271 | - |
| **Total** | **13 983 495** | **3 204 441** |

The prior year figures were restated. Refer to note 42.02

No inventory were pledged as security for liabilities.

Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.

| | 2025 | 2024 |
|---|---|---|
| Inventory recognised as an expense during the year. | 3 676 425 | 8 891 |
| Inventory Adjustments made for the year (loss) | - | - |

Water inventory Consumed - In terms of GRAP 12.50

Some entities adopt a format for surplus or deficit that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period. Included in the following line items are expenses related to inventory consumed and inventory losses during the year:

**Nature of expenditure:**

| | 2025 | 2024 |
|---|---|---|
| Bulk purchases | 8 167 059 | 8 035 675 |
| Contracted Services | 1 711 407 | 105 931 |
| Depreciation and Amortisation | 54 796 159 | 58 716 598 |
| Employee related costs | 87 550 004 | 81 324 269 |
| Other Expenditure | 54 266 124 | 47 133 860 |
| Repairs and Maintenance | 7 267 316 | 5 518 031 |
| Total cost | **213 758 067** | **200 834 365** |
| The above cost can be classified as follows: | | |
| Inventory consumed | 141 210 888 | 163 899 213 |
| Inventory loss - Refer to note 47 | 72 547 179 | 36 935 152 |
| | **213 758 067** | **200 834 365** |

Council took a decision to replace the conventional water meters with pre paid water meters. Below are the detail of the meters procured and balance in store at year end. The cost of the meters were expensed during the year.

| | 2025 | 2024 |
|---|---|---|
| Number of pre paid meters procured for the period: | 3 945 | - |
| Number of pre paid meters in stores at year end: | 3 001 | - |

### 4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

**30 JUNE 2025**

| | Gross Balance<br>R | Allowance for impairment<br>R | Net Receivable<br>R |
|---|---|---|---|
| **Service Receivables** | **1 858 082 510** | **1 734 515 477** | **123 567 033** |
| Water | 1 466 007 204 | 1 381 876 143 | 84 131 061 |
| Sewerage | 387 692 570 | 352 639 334 | 35 053 235 |
| Walter Sisulu Local Municipality | 4 382 736 | - | 4 382 736 |
| **Other Receivables** | **7 858 568** | **7 242 740** | **615 828** |
| Deposits | 144 961 | - | 144 961 |
| Staff and other debtors | 7 713 608 | 7 242 740 | 470 868 |
| **Total** | **1 865 941 078** | **1 741 758 217** | **124 182 861** |

**30 JUNE 2024**

| | Gross Balance<br>R | Allowance for impairment<br>R | Net Receivable<br>R |
|---|---|---|---|
| **Service Receivables** | **1 548 606 116** | **1 433 216 004** | **115 390 111** |
| Water | 1 223 448 311 | 1 147 316 134 | 76 132 177 |
| Sewerage | 310 479 429 | 285 899 870 | 24 579 559 |
| Walter Sisulu Local Municipality | 14 678 375 | - | 14 678 375 |
| **Other Receivables** | **7 191 171** | **6 384 597** | **806 574** |
| Deposits | 144 961 | - | 144 961 |
| Staff and other debtors | 7 046 211 | 6 384 597 | 661 614 |
| **Total** | **1 555 797 287** | **1 439 600 602** | **116 196 685** |
| **Balance previously reported** | **1 555 797 287** | **694 033 041** | **861 764 246** |
| Prior period adjustment - Refer to note 42.03 | - | 745 567 561 | (745 567 561) |
| **Restated on 30 June 2024** | **1 555 797 287** | **1 439 600 602** | **116 196 685** |

Walter Sisulu Local Municipality (Previously known as Gariep Local Municipality and Maletswai Local Municipality) owe the Municipality for cash received for water and sanitation as per the billing agreement. An amount of R10 295 639 was set off against the debt that relates to monies that was due to Walter Sisulu Local Municipality, previously disclosed under Payables.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 2% is charged on overdue accounts.

| | | 2025 | 2024 |
|---|---|---|---|
| **4** | **RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)** | **R** | **R** |
| | **Ageing of service receivables:** | | |
| | **Water Ageing** | | |
| | Current (0 - 30 days) | 37 421 331 | 28 355 670 |
| | Past Due (31 - 60 Days) | 31 780 356 | 25 828 387 |
| | Past Due (61 - 90 Days) | 24 345 657 | 24 467 461 |
| | Past Due (90 Days +) | 1 372 459 859 | 1 144 796 794 |
| | **Total** | **1 466 007 204** | **1 223 448 312** |
| | **Sewerage Ageing** | | |
| | Current (0 - 30 days) | 6 141 121 | 5 223 037 |
| | Past Due (31 - 60 Days) | 5 956 782 | 4 927 625 |
| | Past Due (61 - 90 Days) | 4 675 154 | 4 814 108 |
| | Past Due (90 Days +) | 370 919 512 | 295 514 659 |
| | **Total** | **387 692 570** | **310 479 429** |
| | **Other Services Ageing** | | |
| | Current (0 - 30 days) | 148 145 | 218 380 |
| | Past Due (31 - 60 Days) | 135 834 | 152 524 |
| | Past Due (61 - 90 Days) | 96 064 | 155 860 |
| | Past Due (90 Days +) | 11 861 262 | 21 342 783 |
| | **Total** | **12 241 304** | **21 869 547** |
| | **Total Service Receivables Ageing** | | |
| | Current (0 - 30 days) | 43 710 598 | 33 797 086 |
| | Past Due (31 - 60 Days) | 37 872 972 | 30 908 536 |
| | Past Due (61 - 90 Days) | 29 116 875 | 29 437 428 |
| | Past Due (90 Days +) | 1 755 240 633 | 1 461 654 237 |
| | **Total** | **1 865 941 078** | **1 555 797 287** |

**Ageing per Customer Classification - 30 June 2025**

| | Consumers<br>R | Business/ Commercial<br>R | National and Provincial Government<br>R |
|---|---|---|---|
| Current (0 - 30 days) | 33 485 288 | 1 771 988 | 8 453 322 |
| Past Due (31 - 60 Days) | 34 613 410 | 1 265 680 | 1 993 883 |
| Past Due (61 - 90 Days) | 27 376 491 | 587 740 | 1 152 644 |
| Past Due (90 Days +) | 1 696 341 980 | 42 009 927 | 16 888 726 |
| **Sub-Total** | **1 791 817 169** | **45 635 334** | **28 488 575** |
| Less Allowance for Impairment | (1 706 199 661) | (34 993 045) | (565 511) |
| **Total** | **85 617 508** | **10 642 289** | **27 923 065** |

### 4 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

**Ageing per Customer Classification -**

| | Consumers<br>R | Business/<br>Commercial<br>R | National and<br>Provincial<br>Government<br>R |
|---|---|---|---|
| Current (0 - 30 days) | 32 404 361 | 928 144 | 464 581 |
| Past Due (31 - 60 Days) | 29 199 955 | 520 492 | 1 188 089 |
| Past Due (61 - 90 Days) | 28 074 237 | 562 209 | 800 982 |
| Past Due (90 Days +) | 1 391 033 929 | 29 461 626 | 41 158 682 |
| **Sub-Total** | **1 480 712 482** | **31 472 471** | **43 612 334** |
| Less Allowance for Impairment | (1 413 190 418) | (25 894 182) | (516 001) |
| **Total** | **67 522 064** | **5 578 289** | **43 096 333** |

| **Reconciliation of Allowance for impairment** | | |
|---|---|---|
| Balance at the beginning of the year | 1 439 600 602 | 1 163 741 541 |
| Contribution to the provision | 308 333 206 | 280 192 578 |
| Water | 239 389 325 | 242 264 896 |
| Sewerage | 68 031 970 | 48 564 124 |
| Walter Sisulu Local Municipality | - | (13 031 811) |
| Staff and other debtors | 911 912 | 2 395 369 |
| Bad Debts Written off | (6 175 591) | (4 333 518) |
| Water | (4 829 316) | (3 147 636) |
| Sewerage | (1 292 505) | (1 185 882) |
| Staff and other debtors | (53 769) | - |
| **Balance at the end of the year** | **1 741 758 217** | **1 439 600 602** |

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **5 UNPAID CONDITIONAL GOVERNMENT GRANTS** | | |
| Provincial Government | 5 024 172 | 6 261 575 |
| **Total Unpaid Grants** | **5 024 172** | **6 261 575** |
| | | |
| **Balance previously reported** | | **10 824 815** |
| Prior period adjustment - Refer to note 42.04 | | (4 563 240) |
| **Restated on 30 June 2024** | | **6 261 575** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **5** | **UNPAID CONDITIONAL GOVERNMENT GRANTS (CONTINUED)** | | |
| | Unpaid Conditional Grants and Receipts consist out of the following: | | |
| | Public Works - Special Programme | 5 024 172 | 6 261 575 |
| | **Total Unpaid Grants** | **5 024 172** | **6 261 575** |
| **6** | **NON-CURRENT INVESTMENTS** | | |
| | **Unlisted** | | |
| | Joe Gqabi Economic Development Agency (Soc) Ltd | - | - |
| | Cost | 6 886 141 | 6 886 141 |
| | Provision for Impairment | (6 886 141) | (6 886 141) |
| | **Total** | **-** | **-** |

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA). The purpose of the entity is to promote economic development in the district.

Prior to 1 July 2012, JoGEDA was still in its establishment phase. All contributions made by the Municipality during the establishment phase was capitalised as part of the investment. In the 2012/13 year, JoGEDA became operational as a result thereof, contributions made by the Municipality are no longer capitalised. These contributions are treated as Grants and Subsidies Paid.

The provision for impairment is based on the difference between the amount invested and the net asset value of JoGEDA. The provision for impairment is calculated on an annual basis. Although the net asset value of the entity is in a positive, due to corrections that were made in prior years, the entity still operates at a loss in the past 2 financial years. Accordingly, no reversal of the impairment previously recognised is considered.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **7** | **INVESTMENT PROPERTY** | | |
| | Investment Property - Carrying Value | **1 727 558** | **1 750 486** |
| | The movement in investment properties is reconciled as follows: | | |
| | **Opening Carrying Value** | **1 750 486** | **1 773 414** |
| | Cost | 2 117 526 | 2 117 526 |
| | Accumulated Depreciation | (367 039) | (344 111) |
| | Depreciation for the year | (22 928) | (22 928) |
| | **Closing Carrying Value** | **1 727 558** | **1 750 486** |
| | Cost | 2 117 526 | 2 117 526 |
| | Accumulated Depreciation | (389 968) | (367 039) |

**7 INVESTMENT PROPERTY (CONTINUED)**

No revenue derived from the rental of investment property.

No operating expenditure was incurred on investment property during the 2023/2024 and 2024/2025 financial years on investment properties.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

**8 PROPERTY PLANT AND EQUIPMENT**

Reconciliation of Carrying Value:

| 30 June 2025 | Opening | Cost | | | | | Accumulated Depreciation | | | | Accumulated Impairment | | | | Closing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying Value R | Opening Balance R | Additions R | Write Offs R | Transfers R | Closing Balance R | Opening Balance R | Additions R | Write Offs R | Closing Balance R | Opening Balance R | Additions R | Write Offs R | Closing Balance R | Carrying Value R |
| **Land and Buildings** | **7 741 736** | **17 787 494** | **-** | **-** | **-** | **17 787 494** | **10 045 758** | **587 753** | **-** | **10 633 511** | **-** | **103 477** | **-** | **103 477** | **7 050 506** |
| Land | 2 043 000 | 2 043 000 | - | - | - | 2 043 000 | - | - | - | - | - | - | - | - | 2 043 000 |
| Buildings | 5 698 736 | 15 744 494 | - | - | - | 15 744 494 | 10 045 758 | 587 753 | - | 10 633 511 | - | 103 477 | - | 103 477 | 5 007 506 |
| **Infrastructure** | **2 084 903 351** | **2 892 556 255** | **202 595 257** | **(6 146 542)** | **-** | **3 089 004 970** | **802 630 225** | **68 553 946** | **(4 288 055)** | **866 896 116** | **5 022 679** | **261 917** | **(4 501)** | **5 280 095** | **2 216 828 759** |
| Sewerage network | 350 829 330 | 519 763 754 | - | (82 026) | 21 154 467 | 540 836 194 | 165 302 539 | 13 757 787 | (35 924) | 179 024 402 | 3 631 885 | 119 584 | (4 501) | 3 746 967 | 358 064 824 |
| Water network | 1 136 273 699 | 1 774 992 178 | - | (6 064 515) | 157 112 756 | 1 926 040 419 | 637 327 686 | 54 796 159 | (4 252 131) | 687 871 713 | 1 390 794 | 142 334 | - | 1 533 128 | 1 236 635 578 |
| Work in Progress | 597 800 322 | 597 800 322 | 202 595 257 | - | (178 267 222) | 622 128 357 | - | - | - | - | - | - | - | - | 622 128 357 |
| **Other Assets** | **13 773 977** | **46 794 017** | **2 686 616** | **(4 129 968)** | **-** | **45 350 665** | **32 892 549** | **1 721 118** | **(3 662 983)** | **30 950 684** | **127 491** | **-** | **(16 397)** | **111 094** | **14 288 887** |
| Office Equipment | 474 746 | 1 503 645 | 96 548 | (96 762) | - | 1 503 431 | 1 028 899 | 93 307 | (72 375) | 1 049 831 | - | - | - | - | 453 600 |
| Furniture & Fittings | 526 044 | 3 282 396 | 1 119 169 | (233 654) | - | 4 167 911 | 2 754 134 | 92 158 | (209 767) | 2 636 526 | 2 218 | - | - | 2 218 | 1 529 167 |
| Motor Vehicles | 5 465 390 | 16 662 849 | - | (1 118 872) | - | 15 543 976 | 11 197 459 | 209 218 | (992 121) | 10 414 556 | - | - | - | - | 5 129 420 |
| Fire Engines | 1 890 478 | 10 228 477 | - | - | - | 10 228 477 | 8 337 998 | 59 068 | - | 8 397 066 | - | - | - | - | 1 831 410 |
| Computer Equipment | 1 835 199 | 5 049 529 | 1 470 899 | (811 125) | - | 5 709 303 | 3 210 348 | 715 296 | (727 972) | 3 197 672 | 3 982 | - | (3 982) | - | 2 511 631 |
| Special Vehicles | 2 710 550 | 7 258 846 | - | (1 760 193) | - | 5 498 654 | 4 548 297 | 402 842 | (1 584 029) | 3 367 109 | - | - | - | - | 2 131 544 |
| Tools and Equipment | 871 570 | 2 808 275 | - | (109 362) | - | 2 698 913 | 1 815 414 | 149 229 | (76 720) | 1 887 923 | 121 291 | - | (12 415) | 108 876 | 702 114 |
| **Total** | **2 106 419 065** | **2 957 137 766** | **205 281 873** | **(10 276 510)** | **-** | **3 152 143 129** | **845 568 531** | **70 862 817** | **(7 951 037)** | **908 480 311** | **5 150 169** | **365 395** | **(20 898)** | **5 494 666** | **2 238 168 152** |

**8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

| 30 JUNE 2024 | | Cost | | | | | Accumulated Depreciation | | | | Accumulated Impairment | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying Value R | Opening Balance R | Additions R | Write Offs R | Transfers R | Closing Balance R | Opening Balance R | Additions R | Write Offs R | Closing Balance R | Opening Balance R | Additions R | Write Offs R | Closing Balance R | Carrying Value R |
| **Land and Buildings** | **8 329 489** | **17 787 494** | **-** | **-** | **-** | **17 787 494** | **9 458 006** | **587 753** | **-** | **10 045 758** | **-** | **-** | **-** | **-** | **7 741 736** |
| Land | 2 043 000 | 2 043 000 | - | - | - | 2 043 000 | - | - | - | - | - | - | - | - | 2 043 000 |
| Buildings | 6 286 489 | 15 744 494 | - | - | - | 15 744 494 | 9 458 006 | 587 753 | - | 10 045 758 | - | - | - | - | 5 698 736 |
| **Infrastructure** | **1 959 489 834** | **2 694 848 840** | **198 712 733** | **(1 005 318)** | **-** | **2 892 556 255** | **730 336 327** | **72 886 092** | **(592 195)** | **802 630 225** | **5 022 679** | **-** | **-** | **5 022 679** | **2 084 903 351** |
| Sewerage network | 364 931 215 | 519 771 715 | - | (81 465) | 73 504 | 519 763 754 | 151 208 616 | 14 169 494 | (75 571) | 165 302 539 | 3 631 885 | - | - | 3 631 885 | 350 829 330 |
| Water network | 1 155 864 610 | 1 736 383 116 | 1 711 411 | (923 853) | 37 821 505 | 1 774 992 178 | 579 127 711 | 58 716 598 | (516 624) | 637 327 686 | 1 390 794 | - | - | 1 390 794 | 1 136 273 699 |
| Work in Progress | 438 694 009 | 438 694 009 | 197 001 322 | - | (37 895 009) | 597 800 322 | - | - | - | - | - | - | - | - | 597 800 322 |
| **Other Assets** | **13 660 166** | **44 981 927** | **1 924 401** | **(112 311)** | **-** | **46 794 017** | **31 192 116** | **1 747 934** | **(47 501)** | **32 892 549** | **129 645** | **-** | **(2 154)** | **127 491** | **13 773 977** |
| Office Equipment | 470 591 | 1 460 833 | 99 212 | (56 400) | - | 1 503 645 | 989 293 | 79 749 | (40 142) | 1 028 899 | 949 | - | (949) | - | 474 746 |
| Furniture & Fittings | 604 278 | 3 284 864 | 12 127 | (14 594) | - | 3 282 396 | 2 677 163 | 79 717 | (2 747) | 2 754 134 | 3 423 | - | (1 205) | 2 218 | 526 044 |
| Motor Vehicles | 5 853 788 | 16 662 849 | - | - | - | 16 662 849 | 10 809 060 | 388 399 | - | 11 197 459 | - | - | - | - | 5 465 390 |
| Fire Engines | 1 954 570 | 10 228 477 | - | - | - | 10 228 477 | 8 273 906 | 64 092 | - | 8 337 998 | - | - | - | - | 1 890 478 |
| Computer Equipment | 2 464 643 | 5 010 455 | 42 140 | (3 066) | - | 5 049 529 | 2 541 829 | 671 358 | (2 840) | 3 210 348 | 3 982 | - | - | 3 982 | 1 835 199 |
| Special Vehicles | 1 340 607 | 5 568 825 | 1 690 021 | - | - | 7 258 846 | 4 228 219 | 320 078 | - | 4 548 297 | - | - | - | - | 2 710 550 |
| Tools and Equipment | 971 688 | 2 765 624 | 80 902 | (38 250) | - | 2 808 275 | 1 672 645 | 144 541 | (1 772) | 1 815 414 | 121 291 | - | - | 121 291 | 871 570 |
| **Total** | **1 981 479 488** | **2 757 618 261** | **200 637 134** | **(1 117 629)** | **-** | **2 957 137 766** | **770 986 449** | **75 221 778** | **(639 696)** | **845 568 531** | **5 152 324** | **-** | **(2 154)** | **5 150 169** | **2 106 419 065** |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance Previously Reported** | **1 982 837 797** | **2 758 767 673** | **200 637 134** | **(1 055 917)** | **-** | **2 958 348 890** | **770 777 553** | **75 207 498** | **(639 696)** | **845 345 355** | **5 152 324** | **-** | **(2 154)** | **5 150 169** | **2 107 853 365** |
| Prior Period Adjustment | (1 358 308) | (1 149 412) | - | (61 712) | - | (1 211 124) | 208 896 | 14 280 | | 223 177 | - | - | - | - | (1 434 301) |
| **Restated on 30 June 2023** | **1 981 479 488** | **2 757 618 261** | **200 637 134** | **(1 117 629)** | **-** | **2 957 137 766** | **770 986 449** | **75 221 778** | **(639 696)** | **845 568 531** | **5 152 324** | **-** | **(2 154)** | **5 150 169** | **2 106 419 065** |

The detail of the Work in progress follows. No depreciation was recorded against these assets as they are still under construction.

There are no assets pledged as security for liabilities.

**8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

Reconciliation of Work in Progress

| 30 June 2025<br>Project Name | Opening Balance<br>R | Expenditure Incurred (VAT Exclusive)<br>R | Completed<br>R | Closing Balance<br>R | Civil<br>R | Electrical<br>R | Mechanical<br>R | Other<br>R | Project started | Number of years project is on WIP | Current phase starting date | Number of years current phase is on WIP | Comment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ugie Bulk Water Infrastructure Phase B | 779 473 | - | - | 779 473 | - | - | - | 779 473 | 2014/15 | 11 | 2019/20 | 6 | This phase started in 2019/20 and consists of the construction of the new dam in Ugie. The project has gone through the feasibility stage and the dam design was approved by Department of Water & Sanitation (DWS). The project is in pre-tender phase. |
| RBIG - LADY GREY BULK WATER | 16 360 397 | 376 390 | - | 16 736 787 | 15 224 013 | 504 258 | 1 008 516 | - | 2015/16 | 10 | 2017/18 | 8 | This RBIG project started in 2017/18 and has since gone through the Feasibility phase, Design phase as well as the Implementation Ready Study (IRS) Phase. Currently there is a delay in approval of the IRS by National DWS due to design queries. Construction can only commence once the IRS is approved by DWS. |
| MT FLETCHER BULK WATER SUPPLY-PHASE 2 | 36 643 024 | - | - | 36 643 024 | 33 953 501 | 1 610 983 | 1 078 540 | - | 2010/11 | 15 | 2024/25 | 1 | There is a delay in the close out of the project due to untimely death of the consultant. Council approved budget for 2025/26 financial year for a new phase to achieve close out of the project. |
| UPGRADING STERKSPRUIT WATER TREATMENT WORKS | 36 115 934 | - | (36 115 934) | - | - | - | - | - | 2010/11 | 15 | 2010/11 | 15 | Linked with Project 73. This phase of the project was completed and unbundled. |
| JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2 | 6 305 985 | - | - | 6 305 985 | 5 519 953 | 80 729 | 705 303 | - | 2010/11 | 15 | 2024/25 | 1 | The bulk infrastructure as well as the reticulation have been completed in phase 1 and phase 2 respectively. The 3rd phase has been budgeted for in 2025/26 financial year in order to commssion the pumpstations and close out the project. |
| MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE | 64 353 064 | 10 274 998 | - | 74 628 062 | 52 770 465 | 3 642 933 | 18 214 664 | - | 2012/13 | 13 | 2018/19 | 7 | This is a multi-year project with multiple phases. The current one, Phase 3B in construction phase and due for completion in 2025/26. The project was delayed due to waiting for SANRAL approvals as well contractual non-compliance by the contractor resulting in construction being stopped. |
| ORIO & MIG ELUNDINI RURAL WATER PROGRAMME | 57 776 726 | 3 118 287 | - | 60 895 012 | 60 895 012 | - | - | - | 2012/13 | 13 | 2017/18 | 8 | Linked with Project No.147. This is a multi-year project with multiple phases. The Project is in Final Design Stage and the tender process to appoint a contractor for Zone 1 is underway with construction to start in 2024/25. Zone 2 & 3 in in the prelim Design stage. |
| WSOS STERKSPRUIT WTW REFURBISHMENT | 146 751 | - | (146 751) | - | - | - | - | - | 2012/13 | 13 | 2012/13 | 13 | This project is linked with Project 59. This phase of the project was completed and unbundled. |
| SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7) | 80 042 115 | - | (3 335 088) | 76 707 027 | 69 471 994 | - | 7 235 033 | - | 2013/14 | 12 | 2013/14 | 12 | This is a multi-year project. This project is linked with projects No. 153 to 159, Senqu Rural Water Work Packages 1 to 7. There is no delay in these projects and partial unbundling will occur as and when stages of the projects are being completed. |
| SENQU RURAL WATER SUPPLY: Work Package 1 | 7 714 873 | 14 142 232 | - | 21 857 104 | 19 795 535 | - | 2 061 569 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village | 15 505 833 | 18 205 726 | (15 505 833) | 18 205 726 | 16 488 556 | - | 1 717 170 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction. Partial unbundling done on completed villages. |
| SENQU RURAL WATER SUPPLY: Work Package 3 | 18 351 589 | 13 743 049 | - | 32 094 638 | 29 067 461 | - | 3 027 177 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 4 | 13 045 427 | 16 480 731 | - | 29 526 158 | 26 741 241 | - | 2 784 917 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 5 | 16 265 313 | 13 478 259 | (16 265 313) | 13 478 259 | 12 206 985 | - | 1 271 274 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction. Partial unbundling done on completed villages. |
| SENQU RURAL WATER SUPPLY: Work Package 6 | 9 197 795 | 4 596 590 | - | 13 794 384 | 12 493 293 | - | 1 301 091 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 7 | 27 956 514 | 25 813 632 | - | 53 770 146 | 48 698 528 | - | 5 071 618 | - | 2022/23 | 3 | 2022/23 | 3 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |

**8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

| 30 June 2025<br>Project Name | Opening Balance<br>R | Expenditure Incurred (VAT Exclusive)<br>R | Completed<br>R | Closing Balance<br>R | Civil<br>R | Electrical<br>R | Mechanical<br>R | Other<br>R | Project started | Number of years project is on WIP | Current phase starting date | Number of years current phase is on WIP | Comment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases) | 2 866 193 | 1 866 150 | (4 732 344) | - | - | - | - | - | 2013/14 | 12 | 2018/19 | 7 | This is a multi-year project with multiple phases. The current phase consists of the construction of a new WTW and is at tender adjudication stage. |
| RBIG - Sterkspruit Bulk Sanitation - started 2015 | 18 396 810 | 12 266 959 | - | 30 663 769 | 28 823 943 | 306 638 | 1 533 188 | - | 2014/15 | 11 | 2014/15 | 11 | This is a multi-year project with multiple phases. This project relates to the consulting services and will be on WIP for the full duration of this multi-year projects which has multiple phases. |
| RBIG - Sterkspruit Construction of Bulk Sewer Lines & Pumpstation for Mokhesi | 10 469 084 | 11 266 403 | - | 21 735 488 | 19 685 389 | - | 2 050 099 | - | 2023/24 | 2 | 2023/24 | 2 | This project is linked to Project No. 78 and is Phase 1 of a multi-year project. This project is currently under construction and experienced some delays due to hard rock excavation for pipe laying. This project is due for completion in December 2025/26. |
| WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station) | 1 854 271 | - | (1 854 271) | - | - | - | - | - | 2016/17 | 9 | 2016/17 | 9 | This project is linked with Project No. 112a. All project phases was completed and the project was unbundled. |
| Refurbish WTWs | 40 734 942 | - | - | 40 734 942 | 7 119 865 | 6 548 391 | 26 193 566 | 873 119 | 2017/18 | 8 | 2017/18 | 8 | Project to be completed and commissioned in 2025/26 |
| Augment clear water storage | 23 164 973 | - | - | 23 164 973 | 23 164 973 | - | - | - | 2017/18 | 8 | 2017/18 | 8 | Project to be completed and commissioned in 2025/26 |
| Bulk meters | 4 077 895 | 4 342 892 | - | 8 420 787 | - | - | 8 420 787 | - | 2017/18 | 8 | 2017/18 | 8 | Project in implementation phase. Unbundling to be done as meters are commissioned. |
| MIG PLANNING STUDIES | 930 587 | - | - | 930 587 | - | - | - | 930 587 | 2012/13 | 13 | 2012/13 | 13 | No delays. Planning studies. To remain in WIP |
| Refurbishment of Aliwal North & Burgersdorp WWTW | 3 896 154 | - | - | 3 896 154 | - | 797 724 | 3 098 430 | - | 2019/20 | 6 | 2019/20 | 6 | Linked to project 149. Refurbishment carried out by WSP to be completed and commissioned in 2025/26 |
| Refurbishment of Mt Fletcher WTW | 727 827 | - | (727 827) | - | - | - | - | - | 2019/20 | 6 | 2019/20 | 6 | Project phase completed and unbundled. |
| Electro-mechanical Assets Replacement | 4 296 951 | - | - | 4 296 951 | - | - | 4 296 951 | - | 2019/20 | 6 | 2019/20 | 6 | Project phase still in process. |
| District Wide Drought Relief Mitigation | 13 116 310 | - | (13 116 310) | - | - | - | - | - | 2019/20 | 6 | 2019/20 | 6 | Project phase completed and unbundled. |
| Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie) | 9 347 952 | - | (9 347 952) | - | - | - | - | - | 2020/21 | 5 | 2020/21 | 5 | Project phase completed and unbundled. |
| District Wide Refurbishment of WWTW | 8 100 869 | - | (8 100 869) | - | - | - | - | - | 2020/21 | 5 | 2020/21 | 5 | Project phase completed and unbundled. |
| Geohydrological Professional Services Provider for Elundini Rural Water Supply Project | 11 280 377 | 3 729 511 | - | 15 009 888 | 8 857 876 | - | 4 847 627 | 1 304 386 | 2021/22 | 4 | 2021/22 | 4 | This project is linked with Project No.71 and provide geohydrological services. No delays are experienced. |
| Upgrade Ugie Water Treatment works sedimentation tank | 21 600 587 | 9 135 781 | (30 736 368) | - | - | - | - | - | 2023/24 | 2 | 2023/24 | 2 | Project phase completed and unbundled. |
| Aliwal North Water Treatment Works Holding Dams | 1 741 980 | 521 022 | - | 2 263 001 | 2 263 002 | - | - | - | 2021/22 | 4 | 2021/22 | 4 | Multi-year project. Delay due to tender process being cancelled and re0advertised in 2023/24 |
| Provision of Sanitation Infrastructure For Ugie: Phase 1 | 6 020 478 | 3 545 063 | - | 9 565 541 | 4 941 756 | - | - | 4 623 785 | 2023/24 | 2 | 2023/24 | 2 | Multi-year project. Project commenced in 2023/24 and is under construction. |
| Thembisi Water Supply | - | 1 589 147 | - | 1 589 147 | 953 488 | 158 915 | 476 744 | - | 2023/24 | 2 | 2023/24 | 2 | Project started and completed in 2023/24. Unbundled to FAR. |
| District Wide Telemetry | - | 9 346 704 | (9 346 704) | - | - | - | - | - | 2023/24 | 2 | 2023/24 | 2 | Multi-year project. Project commenced in 2023/24 and is under construction. Unbundling is being done as telemetry is commsisioned. |
| Burgersdorp Sanitation updgrade | 8 615 270 | 2 334 030 | (10 949 300) | - | - | - | - | - | 2023/24 | 2 | 2023/24 | 2 | Project phase completed and unbundled. |
| WSIG - Macacuma water supply | - | 4 435 343 | - | 4 435 343 | 2 661 206 | 443 534 | 1 330 603 | - | 2024/25 | 1 | 2024/25 | 1 | Project phase still in process. |
| WSIG - Elundini water reticulation to 5 Villages | - | 16 902 920 | (16 902 920) | - | - | - | - | - | 2024/25 | 1 | 2024/25 | 1 | Project phase completed and unbundled. |
| Capitalised from O&M (Water) | - | 833 412 | (833 412) | - | - | - | - | - | | | | | |
| Capitalised from O&M (Sewerage) | - | 250 026 | (250 026) | - | - | - | - | - | | | | | |
| **Total** | **597 800 321** | **202 595 258** | **(178 267 222)** | **622 128 357** | **501 798 035** | **14 094 105** | **97 724 869** | **8 511 350** | | | | | |

**8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

| 30 June 2024<br>Project Name | Opening Balance<br>R | Expenditure Incurred (VAT Exclusive)<br>R | Completed<br>R | Closing Balance<br>R | Civil<br>R | Electrical<br>R | Mechanical<br>R | Other<br>R | Project started | Number of years project is on WIP | Current phase starting date | Number of years current phase is on WIP | Comment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ugie Bulk Water Infrastructure Phase B | 779 473 | - | - | 779 473 | - | - | - | 779 473 | 2014/15 | 10 | 2019/20 | 5 | This phase started in 2019/20 and consists of the construction of the new dam. The project has gone through the feasibility stage and the dam design was approved by Department of Water & Sanitation (DWS). The tender documentation and construction drawings must be still be finalized. |
| RBIG - LADY GREY BULK WATER | 15 678 808 | 681 589 | - | 16 360 397 | 14 881 642 | 492 918 | 985 836 | - | 2015/16 | 9 | 2017/18 | 7 | This RBIG project started in 2017/18 and has since gone through the Feasibility phase, Design phase as well as the Implementation Ready Study (IRS) Phase. Currently there is a delay in approval of the IRS by National DWS due to design queries. Construction can only commence once the IRS is approved by DWS. |
| MT FLETCHER BULK WATER SUPPLY-PHASE 2 | 37 182 224 | 4 676 526 | (5 215 726) | 36 643 024 | 33 953 501 | 1 610 983 | 1 078 540 | - | 2010/11 | 14 | 2010/11 | 14 | There is a delay in the close out of the project due to untimely death of the consultant. Council approved VO to close out project which was completed in 2023/24. Close out of project to be achieved in 2024/25. |
| UPGRADING STERKSPRUIT WATER TREATMENT WORKS | 35 411 854 | 704 080 | - | 36 115 934 | 30 970 496 | 528 459 | 4 616 979 | - | 2010/11 | 14 | 2010/11 | 14 | Linked with Project 73. This project is in Retention Phase. There was a delay in completion of Herschel pipeline due to contractor's dispute which was subsequently resolved and the project to be Closed Out in 2014/15. |
| JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2 | 6 305 985 | - | - | 6 305 985 | 5 342 894 | 98 914 | 864 178 | - | 2010/11 | 14 | 2018/19 | 6 | The bulk infrastructure as well as the reticulation have been completed in phase 1 and phase 2 respectively. The project is currently in retention stage after which it will be Closed Out. |
| MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE | 58 092 041 | 6 261 023 | - | 64 353 064 | 45 504 881 | 3 141 364 | 15 706 819 | - | 2012/13 | 12 | 2018/19 | 6 | This is a multi-year project with multiple phases. The current one, Phase 3B in construction phase and due for completion in 2024/25. The project was delayed due to waiting for SANRAL permission for a pipe crossing a section of road. |
| ORIO & MIG ELUNDINI RURAL WATER PROGRAMME | 53 267 839 | 4 508 886 | - | 57 776 726 | 57 776 726 | - | - | - | 2012/13 | 12 | 2017/18 | 7 | Linked with Project No.147. This is a multi-year project with multiple phases. The Project is in Final Design Stage and the tender process to appoint a contractor for Zone 1 is underway with construction to start in 2024/25. Zone 2 & 3 in in the prelim Design stage. |
| WSOS STERKSPRUIT WTW REFURBISHMENT | 146 751 | - | - | 146 751 | 146 751 | - | - | - | 2012/13 | 12 | 2012/13 | 12 | This project is linked with Project 59 which is in Retention Phase and will reach Closed Out stage in 2024/25. |
| SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7) | 80 042 115 | - | - | 80 042 115 | 72 492 516 | - | 7 549 599 | - | 2013/14 | 11 | 2013/14 | 11 | This is a multi-year project. This project is linked with projects No. 153 to 159, work packages 1 to 7. There is no delay in these projects and partial unbundling will occur as and when stages of the projects are being completed. |
| SENQU RURAL WATER SUPPLY: Work Package 1 | 845 978 | 6 868 894 | - | 7 714 873 | 6 987 203 | - | 727 669 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village | - | 15 505 833 | - | 15 505 833 | 14 043 318 | - | 1 462 515 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 3 | 5 812 095 | 12 539 495 | - | 18 351 589 | 16 620 661 | - | 1 730 928 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 4 | 3 990 711 | 9 054 716 | - | 13 045 427 | 11 814 978 | - | 1 230 449 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 5 | 2 098 622 | 14 166 691 | - | 16 265 313 | 14 731 163 | - | 1 534 150 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 6 | - | 9 197 795 | - | 9 197 795 | 8 330 255 | - | 867 539 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |
| SENQU RURAL WATER SUPPLY: Work Package 7 | 6 107 034 | 21 849 480 | - | 27 956 514 | 25 319 646 | - | 2 636 868 | - | 2022/23 | 2 | 2022/23 | 2 | Linked with Project No.76. Multi-year project. Under design phase and/or construction |

**8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

| 30 June 2024<br>Project Name | Opening Balance<br>R | Expenditure Incurred (VAT Exclusive)<br>R | Completed<br>R | Closing Balance<br>R | Civil<br>R | Electrical<br>R | Mechanical<br>R | Other<br>R | Project started | Number of years project is on WIP | Current phase starting date | Number of years current phase is on WIP | Comment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases) | 1 441 917 | 1 424 277 | - | 2 866 193 | 2 652 366 | 35 638 | 178 190 | - | 2013/14 | 11 | 2018/19 | 6 | This is a multi-year project with multiple phases. The current phase consists of the construction of a new WTW. This phase was delayed in court proceedings related to the appointment of the contractor. The tender is due to be re-advertised in 2024/25. |
| RBIG - Sterkspruit Bulk Sanitation - started 2015 | 10 959 149 | 7 437 661 | - | 18 396 810 | 17 293 001 | 183 968 | 919 840 | - | 2014/15 | 10 | 2014/15 | 10 | This is a multi-year project with multiple phases. This project relates to the consulting services and will be on WIP for the full duration of this multi-year projects which has multiple phases. |
| RBIG - Sterkspruit Construction of Bulk Sewer Lines & Pumpstation for Mokhesi | - | 10 469 084 | - | 10 469 084 | 9 481 637 | - | 987 448 | - | 2023/24 | 1 | 2023/24 | 1 | This project is linked to Project No. 78 and is Phase 1 of a multi-year project. This project is currently under construction and experienced some delays due to hard rock excavation for pipe laying. This project is due for completion in 2024/25. |
| WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station) | 1 854 271 | - | - | 1 854 271 | 1 854 271 | - | - | - | 2016/17 | 8 | 2016/17 | 8 | This project is linked with Project No. 112a. Emergency procurement was done to complete all 6 pumpstations and the project was under construction in the 2023/24 financial year, to be completed in 2024/25. |
| Refurbish WTWs | 40 734 942 | - | - | 40 734 942 | 7 119 865 | 6 548 391 | 26 193 566 | 873 119 | 2017/18 | 7 | 2017/18 | 7 | Project to be completed and commissioned in 2024/25 |
| Augment clear water storage | 23 164 973 | - | - | 23 164 973 | 23 164 973 | - | - | - | 2017/18 | 7 | 2017/18 | 7 | Project to be completed and commissioned in 2024/25 |
| Bulk meters | 3 555 926 | 4 125 813 | (3 603 845) | 4 077 895 | - | - | 4 077 895 | - | 2017/18 | 7 | 2017/18 | 7 | Project in implementation phase. Partial unbundling done. |
| MIG PLANNING STUDIES | 930 587 | - | - | 930 587 | - | - | - | 930 587 | 2012/13 | 12 | 2012/13 | 12 | No delays. Planning studies. To remain in WIP |
| Refurbishment of Aliwal North & Burgersdorp WWTW | 3 896 154 | - | - | 3 896 154 | - | 797 724 | 3 098 430 | - | 2019/20 | 5 | 2019/20 | 5 | Linked to project 149. Refurbishment carried out by WSP to be completed and commissioned in 2024/25 |
| Refurbishment of Mt Fletcher WTW | 727 827 | - | - | 727 827 | - | - | 727 827 | - | 2019/20 | 5 | 2019/20 | 5 | Project to be completed and commissioned in 2024/25 |
| Electro-mechanical Assets Replacement | 4 296 951 | - | - | 4 296 951 | - | - | 4 296 951 | - | 2019/20 | 5 | 2019/20 | 5 | Project to be completed and commissioned in 2024/25 |
| District Wide Drought Relief Mitigation | 13 116 310 | - | - | 13 116 310 | 2 292 537 | 2 108 527 | 8 434 109 | 281 137 | 2019/20 | 5 | 2019/20 | 5 | Project to be completed and commissioned in 2024/25 |
| Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie) | 9 347 952 | - | - | 9 347 952 | 1 695 692 | 1 559 588 | 5 884 726 | 207 945 | 2020/21 | 4 | 2020/21 | 4 | Linked to project 71 and to completed and commissioned in 2024/25 |
| District Wide Refurbishment of WWTW | 8 100 869 | - | - | 8 100 869 | 1 415 912 | 1 302 264 | 5 209 057 | 173 635 | 2020/21 | 4 | 2020/21 | 4 | Linked to project 131. Refurbishment carried out by WSP to be completed and commissioned in 2024/25 |
| Replacement of asbestos water pipeline - Oviston WTWS | 5 216 771 | 3 470 804 | (8 687 575) | - | - | - | - | - | 2022/23 | 2 | 2022/23 | 2 | Project completed and unbundled in 2023/24 financial year. |
| Geohydrological Professional Services Provider for Elundini Rural Water Supply Project | 4 560 417 | 6 719 960 | - | 11 280 377 | 6 656 957 | - | 3 643 136 | 980 285 | 2021/22 | 3 | 2021/22 | 3 | This project is linked with Project No.71 and provide geohydrological services. No delays are experienced. |
| Upgrade Ugie Water Treatment works sedimentation tank | - | 21 600 587 | - | 21 600 587 | 3 775 463 | 3 472 427 | 13 889 707 | 462 990 | 2023/24 | 1 | 2023/24 | 1 | This project is linked to Project No. 126. Construction in 2023/24 and to be completed in 2024/25. |
| Aliwal North Water Treatment Works Holding Dams | 1 027 464 | 714 516 | - | 1 741 980 | 1 741 980 | - | - | - | 2021/22 | 3 | 2021/22 | 3 | Multi-year project. Delay due to tender process being cancelled and re0advertised in 2023/24 |
| Provision of Sanitation Infrastructure For Ugie: Phase 1 | - | 6 020 478 | - | 6 020 478 | 3 010 239 | - | - | 3 010 239 | 2023/24 | 1 | 2023/24 | 1 | Multi-year project. Project commenced in 2023/24 and is under construction. |
| Thembisi Water Supply | - | 4 076 326 | (4 076 326) | - | - | - | - | - | 2023/24 | 1 | 2023/24 | 1 | Project started and completed in 2023/24. Unbundled to FAR. |
| District Wide Telemetry | - | 15 267 677 | (15 267 677) | - | - | - | - | - | 2023/24 | 1 | 2023/24 | 1 | Multi-year project. Project commenced in 2023/24 and is under construction. |
| Burgersdorp Sanitation updgrade | - | 8 615 270 | - | 8 615 270 | 7 802 675 | - | 812 595 | - | 2023/24 | 1 | 2023/24 | 1 | This project is linked with Project No. 112 and was under construction in 2023/24 and to be completed in 2024/25. |
| Capitalised from O&M | - | 1 043 859 | (1 043 859) | - | - | - | - | - | 2023/24 | 1 | 2023/24 | 1 | Operational expenditure capitalised |
| **Total** | **438 694 009** | **197 001 321** | **(37 895 009)** | **597 800 321** | **448 874 200** | **21 881 165** | **119 345 546** | **7 699 410** | | | | | |

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### 8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed, and accordingly adjusted. The effect on the current and future periods are as follows:

| | 2025<br>R | 2026<br>R | 2026 onwards<br>R |
|---|---|---|---|
| Increase / (Decrease) in Depreciation and Amortisation | (7 355 314) | (6 642 612) | 13 997 926 |
| Increase / (Decrease) in Accumulated Surplus | 7 355 314 | 6 642 612 | (13 997 926) |
| Increase / (Decrease) in Property, Plant and Equipment | 7 355 314 | 6 642 612 | (13 997 926) |

### 9 INTANGIBLE ASSETS

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Intangible Assets - Carrying Value | **46 145** | **92 289** |

The movement in intangible assets is reconciled as follows:

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **Opening Carrying Value** | **92 289** | **138 563** |
| Cost | 1 252 409 | 1 252 409 |
| Accumulated Amortisation | (1 160 120) | (1 113 846) |
| Amortisation for the year | (46 144) | (46 274) |
| **Closing Carrying Value** | **46 145** | **92 289** |
| Cost | 1 252 409 | 1 252 409 |
| Accumulated Amortisation | (1 206 264) | (1 160 120) |

No Work In Progress was included in carrying value of intangible assets.

Intangible Assets consist only out of Computer Software and Websites

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **10** | **CURRENT EMPLOYEE BENEFITS** | | |
| | Bonuses | 6 531 560 | 6 364 843 |
| | Staff Leave | 22 384 178 | 19 331 984 |
| | Performance Bonuses | 13 733 220 | 13 080 082 |
| | Other Provisions | 582 343 | 582 342 |
| | Current Portion of Non-Current Employee Benefits - Refer to note 17 | 2 569 100 | 4 811 100 |
| | Post-Retirement Medical Benefits | 890 000 | 1 885 000 |
| | Long Service Awards | 1 604 000 | 2 766 000 |
| | Ex Gratia Gratuities | 75 100 | 160 100 |
| | **Total** | **45 800 401** | **44 170 352** |

The movement in current employee benefits are reconciled as follows:

**Bonuses**

| | 2025 | 2024 |
|---|---|---|
| Opening Balance | 6 364 843 | 6 092 215 |
| Contribution during the year | 13 897 526 | 13 235 604 |
| Payments made | (13 730 809) | (12 962 976) |
| **Closing Balance** | **6 531 560** | **6 364 843** |

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out annually in December or pro-rata when employment is terminated.

**Staff Leave**

| | 2025 | 2024 |
|---|---|---|
| Opening Balance | 19 331 984 | 19 210 526 |
| Contribution during the year | 5 269 457 | 3 066 436 |
| Payments made | (2 217 263) | (2 944 978) |
| **Closing Balance** | **22 384 178** | **19 331 984** |

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 10 | **CURRENT EMPLOYEE BENEFITS** | | |
| | **Performance Bonuses** | | |
| | Opening Balance | 13 080 082 | 12 909 570 |
| | Contribution during the year | 5 851 347 | 5 850 912 |
| | Payments made | (5 198 209) | (5 680 400) |
| | **Closing Balance** | **13 733 220** | **13 080 082** |

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council.

| | | 2025 | 2024 |
|---|---|---|---|
| | **Other Provisions** | | |
| | Opening Balance | 582 342 | 582 342 |
| | **Closing Balance** | **582 342** | **582 342** |

Other provisions are non-recurring provisions which consists out of the following at year end:

- Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

| | | 2025 | 2024 |
|---|---|---|---|
| 11 | **LONG-TERM LIABILITIES** | | |
| | Annuity Loans | 5 000 000 | - |
| | **Sub-Total** | **5 000 000** | **-** |
| | Less: Current portion of Long-term Liabilities | 906 884 | - |
| | Annuity Loans | 906 884 | - |
| | **Total** | **4 093 116** | **-** |

Detail relating to Annuity Loans is included in Appendix A.

| | 2025 | 2024 |
|---|---|---|
| **Annuity Loans** | | |
| Amalgamated Banks of South Africa (ABSA) | 5 000 000 | - |
| Interest is calculated at 9.57% and instalments are paid every 6 months (March and September). The loan will be fully redeemed on 31 March 2030. | | |
| | **5 000 000** | **-** |

### 11 LONG-TERM LIABILITIES (CONTINUED)

The municipality opted to raise external funding to acquire new fleet. The entire funding raised in the current year were still unspent on 30 June 2025. Details are as follows:

| | | |
|---|---|---|
| Loans Raised | 5 000 000 | |
| Assets purchased | - | - |
| **Closing Balance - Unspent Loans** | **5 000 000** | **-** |

The total outstanding financing on 30 June 2025 relates to fleet additions which were approved to be financed from external loans. It is expected that a further R 25 million loans will be raised after 30 June 2025 in line with previous Council Resolutions. The first tranche was received on 20 June 2025 and no purchase took place as at 30 June 2025.

Annuity loans are payable as follows:

| | | |
|---|---|---|
| Payable within one year | 1 255 619 | - |
| Payable within two to five years | 5 026 317 | - |
| Payable after five years | - | - |
| **Total amount payable** | **6 281 936** | **-** |
| **Less:** Outstanding Future Finance Charges | (1 281 936) | - |
| **Present value of annuity loans** | **5 000 000** | **-** |

### 12 CONSUMER DEPOSITS

| | | |
|---|---|---|
| Water | 1 520 344 | 1 451 143 |
| **Total** | **1 520 344** | **1 451 143** |
| Guarantees held in lieu of Water Deposits | **-** | **-** |

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit when consumers do open the account themselves, in cases where the municipality opened an account to ensure completeness of billing, deposits might not have been paid.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 13 | **PAYABLES FROM EXCHANGE TRANSACTIONS** | | |
| | Trade Payables | 132 526 249 | 163 729 138 |
| | Balance previously reported | | 133 884 448 |
| | Prior period adjustment - Refer to note 42.06 | | 29 844 690 |
| | Retentions | 8 926 150 | 8 366 024 |
| | Balance previously reported | | 9 999 563 |
| | Prior period adjustment - Refer to note 42.06 | | (1 633 539) |
| | Interest Accrued | 13 113 | - |
| | Unallocated Receipts | 2 080 124 | 1 457 628 |
| | Payments received in advance | 5 659 458 | 4 554 926 |
| | Senqu Local Municipality | 3 429 066 | 3 640 889 |
| | Balance previously reported | | 2 994 408 |
| | Prior period adjustment - Refer to note 42.06 | | 646 481 |
| | **Total** | **152 634 159** | **181 748 605** |

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Deposits amounting to R144 961 (2024 - R144 961) serve as security for Payables. The remainder of Payables are unsecured.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 14 | **SOUTH AFRICAN REVENUE SERVICES** | | |
| | VAT (Receivable)/Payable | (18 926 039) | (36 189 886) |
| | Balance previously reported | | 37 314 322 |
| | Prior period adjustment - Refer to note 42.07 | | (73 504 208) |
| | **Total** | **(18 926 039)** | **(36 189 886)** |

The VAT Payable can be summarised as follows:

| | 2025 | 2024 |
|---|---|---|
| VAT Output in Suspense | 8 410 107 | 10 029 840 |
| VAT Input in Suspense | (20 953 722) | (40 551 752) |
| VAT Payable to/(Refundable from) SARS | (6 382 425) | (5 667 974) |
| **Total** | **(18 926 039)** | **(36 189 886)** |

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 15 | **UNSPENT CONDITIONAL GOVERNMENT GRANTS** | | |
| | National Government | 14 470 202 | 200 000 |
| | **Total Unspent Grants** | **14 470 202** | **200 000** |
| | Total Conditional Grants and Receipts due to Municipality taking into account unpaid grants included in note 5 | **(9 446 030)** | **6 061 575** |

Also refer to Appendix B for further detail relating to grants.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 16 | **PAYABLES FROM NON-EXCHANGE TRANSACTIONS** | | |
| | Joe Gqabi Economic Development Agency (SoC) Ltd | - | 2 250 000 |
| | **Total** | **-** | **2 250 000** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 17 | **EMPLOYEE BENEFITS** | | |
| | Post-Retirement Medical Benefits | 25 232 000 | 32 321 000 |
| | Ex Gratia Gratuities | 458 530 | 498 430 |
| | Long Service Awards | 13 303 000 | 12 365 000 |
| | **Sub-Total** | **38 993 530** | **45 184 430** |
| | Less: Current portion of Employee Benefits - Refer to note 10 | **2 569 100** | **4 811 100** |
| | Post-Retirement Medical Benefits | 890 000 | 1 885 000 |
| | Ex Gratia Gratuities | 75 100 | 160 100 |
| | Long Service Awards | 1 604 000 | 2 766 000 |
| | **Total** | **36 424 430** | **40 373 330** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **17** | **EMPLOYEE BENEFITS (CONTINUED)** | | |

**17.1 Post-Retirement Medical Benefits**

The movement in Post-Retirement Medical Benefits are reconciled as follows:

| | 2025 | 2024 |
|---|---|---|
| **Opening Balance** | **32 321 000** | **26 411 000** |
| Contribution during the year | 1 242 000 | 5 064 000 |
| Current and Past Service Cost | (3 323 000) | 1 294 000 |
| Interest Expense | 4 565 000 | 3 770 000 |
| Payments made | (802 818) | (1 496 046) |
| Actuarial Loss/(Gain) | (7 528 182) | 2 342 046 |
| Change in Financial Assumptions | 1 267 000 | (501 000) |
| Change in Demographic Assumptions | - | - |
| Experience Adjustments | (8 795 182) | 2 843 046 |
| **Total balance at year-end** | **25 232 000** | **32 321 000** |
| Less Current Portion | 890 000 | 1 885 000 |
| **Total** | **24 342 000** | **30 436 000** |

The Post-Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

| | 2025 | 2024 |
|---|---|---|
| In-service members | 224 | 211 |
| Continuation members | 17 | 41 |
| **Total** | **241** | **252** |

The liability in respect of past service has been estimated to be as follows:

| | 2025 | 2024 |
|---|---|---|
| In-service members | 18 329 000 | 16 085 000 |
| Continuation members | 6 903 000 | 16 236 000 |
| **Total Unfunded Liability** | **25 232 000** | **32 321 000** |

The obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of any asset ceiling.

**Last Valuation and Actuarial Valuation Method**

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Characteristics of defined benefit plans and risks associated with them**

The municipality provides post employment medical benefits as follows:

- Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
- Continuation members and their eligible dependants receive a 70% subsidy.
- All post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5,791 per principal member per month for the year ending 30 June 2026, and has been assumed to increase annually on 1 July at 75% of salary inflation.
- Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. In June 2025, the Municipality amended its policy: for deaths occurring after 30 June 2025, surviving spouses will no longer be entitled to a continuation of the subsidy.
- A further condition was introduced requiring members to have been on medical aid for at least the final 12 months prior to retirement.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

**Significant Actuarial Assumptions**

| | 2025 | 2024 |
|---|---|---|
| **Interest Rates** | | |
| Discount rate | 11.30% | 12.23% |
| Medical aid contribution inflation rate | 7.10% | 7.71% |

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

**Mortality Rates**

The SA 85-90 is utilised as reference for mortality during employment. The PA 90 -1 with a 1% mortality improvement per annum from 2010 is utilised as reference for mortality post-employment.

### 17 EMPLOYEE BENEFITS (CONTINUED)

**Average Retirement Age**

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

**Member Continuation**

The continuation of membership at retirement is estimated at 75% (2024 - 75%).

**Other Assumptions**

| | 2025 | 2024 |
|---|---|---|
| **Interest Rates** | | |
| CPI Inflation | 5.30% | 6.21% |
| Net Discount Rate (medical aid contributions) | 3.90% | 4.20% |
| Maximum subsidy inflation rate | 4.70% | 5.41% |
| Net Discount Rate (maximum subsidy) | 6.30% | 6.47% |

**Replacement Ratio**

A Replacement Ratio (expected pension as a percentage of final salary, at retirement) of 65% (2024 - 65%) was used.

**Termination of Service**

If an eligible employee leaves due to resignation or retrenchment, the employer’s Defined-Benefit Obligation in respect of that employee ceases. The termination rates are as follows:

| | 2025 | 2024 |
|---|---|---|
| Age: 20 - 24 | 9.00% | 9.00% |
| Age: 25 - 29 | 8.00% | 8.00% |
| Age: 30 - 34 | 6.00% | 6.00% |
| Age: 35 - 39 | 5.00% | 5.00% |
| Age: 40 - 44 | 5.00% | 5.00% |
| Age: 45 - 49 | 4.00% | 4.00% |
| Age: 50 - 54 | 3.00% | 3.00% |
| Age: 55 + | 0.00% | 0.00% |

**Other Assumptions**

The proportion with a spouse dependant at retirement is estimated at 60% (2024 - 60%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2024 - 15%). It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, its assumed that 60% (2024 - 60%) of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Medical Schemes**

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas Keyhealth Samwumed LA Health Sizwe-Hosmed

It is assumed that the that continuation members and in service members will remain on the same medical scheme and option. In-service non-members were assumed to join Samwumed B, should they join a scheme by retirement and continue to receive the post-employment subsidy

**Sensitivity Analysis - Defined Benefit Obligation at year-end**

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

| Assumption | In-service members R m | Continuation members R m | Total liability R m | % change |
|---|---|---|---|---|
| Liability | 18.329 | 6.903 | 25.232 | |
| Medical aid contribution inflation rate | | | | |
| + 1% | 19.542 | 7.163 | 26.705 | 6% |
| - 1% | 16.665 | 6.625 | 23.290 | -8% |
| Discount rate | | | | |
| + 1% | 15.690 | 6.473 | 22.163 | -12% |
| - 1% | 21.619 | 7.391 | 29.010 | 15% |
| Post-employment mortality | | | | |
| + 1 year | 17.882 | 6.652 | 24.534 | -3% |
| - 1 year | 18.768 | 7.155 | 25.923 | 3% |
| Average retirement age | | | | |
| - 1 year | 20.576 | 6.903 | 27.479 | 9% |
| Membership continuation | | | | |
| - 10% | 15.885 | 6.903 | 22.788 | -10% |

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Expected contributions and maturity analysis**

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

The municipality expects to make contributions to the various medical schemes amounting to R 939 000 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows (Undiscounted):

| Future years | Expected Benefit Payments R m | % contribution of bracket |
|---|---|---|
| Future year 1 to 10 | 22.590 | 3% |
| Future year 11 to 20 | 79.074 | 10% |
| Future year 21 to 30 | 172.579 | 21% |
| Future year 31 to 40 | 224.062 | 27% |
| Future year 41 to 50 | 188.527 | 23% |
| Future year 51 to 60 | 100.968 | 12% |
| Future year 61 to 70 | 29.360 | 4% |
| Future year 71 to 80 | 3.593 | 0% |
| **Total** | **820.753** | **100%** |

The contributions subsequent 80 years (relating to current eligible employees and continuation member) is considered insignificant to be included in the analysis.

**17.2 Ex Gratia Gratuities**

The movement in Ex Gratia Gratuities are reconciled as follows:

| | | |
|---|---|---|
| **Opening Balance** | **498 430** | **27 830** |
| Contribution during the year | 43 000 | 1 390 |
| Interest Expense | 43 000 | 1 390 |
| Payments made | (96 118) | (76 287) |
| Actuarial Loss/(Gain) | 13 218 | 545 497 |
| Change in Financial Assumptions | 22 600 | - |
| Change in Demographic Assumptions | - | - |
| Experience Adjustments | (9 382) | 545 497 |
| **Total balance at year-end** | **458 530** | **498 430** |
| Less Current Portion | 75 100 | 160 100 |
| **Total** | **383 430** | **338 330** |

**17 EMPLOYEE BENEFITS (CONTINUED)**

The Ex Gratia Gratuities plans are defined benefit plans.

The following members are eligible for Ex Gratia benefits:

| | 2025 | 2024 |
|---|---|---|
| Ex Gratia Members | 55 | 59 |

**Last Valuation and Actuarial Valuation Method**

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

**Characteristics of Plan and Associated Risks**

The municipality provides a Ex-Gratia benefits as follows:

- A gratuity is granted to eligible employees on retirement, death whilst in service, resignation, ill health, dismissal, or retrenchment.
- The gratuity granted is calculated as follows:

  Lowest historical annual earnings x whole years of service to 30 June 1995 x 6% (Non-Department of Roads and Public Works employees)
  Lowest historical annual earnings x 3 x 6% (Non-Department of Roads and Public Works employees)

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more benefits will be payable than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

| | 2025 | 2024 |
|---|---|---|
| Key Actuarial Assumptions used are as follows: | | |
| **Interest Rates** | | |
| Discount rate | 9.40% | 10.22% |

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

### 17 EMPLOYEE BENEFITS (CONTINUED)

**Normal and Average Retirement Age**

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

**Mortality Rates**

The SA 85-90 is utilised as reference for mortality during employment.

**Termination of Service**

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

| | 2025 | 2024 |
|---|---|---|
| Age: 20 - 24 | 9.00% | 9.00% |
| Age: 25 - 29 | 8.00% | 8.00% |
| Age: 30 - 34 | 6.00% | 6.00% |
| Age: 35 - 39 | 5.00% | 5.00% |
| Age: 40 - 44 | 5.00% | 5.00% |
| Age: 45 - 49 | 4.00% | 4.00% |
| Age: 50 - 54 | 3.00% | 3.00% |
| Age: 55 + | 0.00% | 0.00% |

**Sensitivity Analysis - Defined Benefit Obligation at year-end**

The impact of the aforementioned assumptions are disclosed below:

**Sensitivity Analysis - Liability at year-end**

| Assumption | Total liability R m | % change |
|---|---|---|
| Liability | 0.459 | |
| Discount rate | | |
| + 1% | 0.430 | -6% |
| - 1% | 0.490 | 7% |
| Rates of termination (withdrawal) of service | | |
| x 200 % | 0.565 | 23% |
| x 50 % | 0.391 | -15% |
| Average retirement age | | |
| + 1 years | 0.443 | -3% |
| - 1 years | 0.476 | 4% |

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Expected contributions and maturity analysis**

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes ex-gratia payments when it becomes due).

The municipality expects to make ex-gratia awards payments amounting to R78 800 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

| Future years | Expected Benefit Payments R m | % contribution of bracket |
|---|---|---|
| Future year 1 to 10 | 0.446 | 42% |
| Future year 11 to 20 | 0.418 | 40% |
| Future year 21 to 30 | 0.185 | 18% |
| **Total** | **1.049** | **100%** |

**17.3 Long Service Awards**

The movement in Long Service Awards are reconciled as follows:

| | | |
|---|---|---|
| **Opening Balance** | **12 365 000** | **11 616 000** |
| Contribution during the year | 2 388 000 | 2 343 000 |
| Current Service Cost | 1 195 000 | 1 158 000 |
| Interest Expense | 1 193 000 | 1 185 000 |
| Payments made | (1 140 430) | (819 554) |
| Actuarial Gain | (309 570) | (774 447) |
| Change in Financial Assumptions | (79 000) | (157 000) |
| Change in Demographic Assumptions | - | - |
| Experience Adjustments | (230 570) | (617 447) |
| **Total balance at year-end** | **13 303 000** | **12 365 000** |
| Less Current Portion | 1 604 000 | 2 766 000 |
| **Total** | **11 699 000** | **9 599 000** |

The following members are eligible for long service bonuses:

| | **2025** | **2024** |
|---|---|---|
| In-service members | 504 | 490 |

### 17 EMPLOYEE BENEFITS (CONTINUED)

**Last Valuation and Actuarial Valuation Method**

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

**Characteristics of Plan and Associated Risks**

The municipality provides a long service award benefits as follows:

- The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.
- In the month that each “Completed Service” milestone is reached, the employee is granted a Long Service Award.
- The award ranges from 4% of total earnings for the first “Completed Service” milestone reached (i.e. 5 years) up to 12% of total annual earnings for the last “Completed Service” milestone reached (i.e. 45 years)
- Earnings relates to the officials basic salary.
- The Municipality does not pay any pro-rata Long Service Awards
- Several eligible fixed-term five-year contract employees have been included in the valuation. Some of these employees are serving their second or subsequent five-year contracts.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

| | **2025** | **2024** |
|---|---|---|
| Key Actuarial Assumptions used are as follows: | | |
| **Interest Rates** | | |
| Discount rate | 9.60% | 10.83% |
| CPI inflation rate | 3.60% | 4.98% |
| General earnings inflation rate | 4.60% | 5.98% |
| Net Discount Rate | 4.80% | 4.57% |

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Normal and Average Retirement Age**

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

**Mortality Rates**

The SA 85-90 is utilised as reference for mortality during employment.

**Termination of Service**

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

| | 2025 | 2024 |
|---|---|---|
| Age: 20 - 24 | 9.00% | 9.00% |
| Age: 25 - 29 | 8.00% | 8.00% |
| Age: 30 - 34 | 6.00% | 6.00% |
| Age: 35 - 39 | 5.00% | 5.00% |
| Age: 40 - 44 | 5.00% | 5.00% |
| Age: 45 - 49 | 4.00% | 4.00% |
| Age: 50 - 54 | 3.00% | 3.00% |
| Age: 55 + | 0.00% | 0.00% |

**Sensitivity Analysis - Defined Benefit Obligation at year-end**

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumptions which tends to have the greatest impact on the results are as follows:

- the general earnings inflation rate assumption;
- the discount rate assumption;
- the average retirement age of employees; and
- assumed service termination rates.

The impact of the aforementioned assumptions are disclosed below:

**17 EMPLOYEE BENEFITS (CONTINUED)**

**Sensitivity Analysis - Liability at year-end**

| Assumption | Total liability R m | % change |
|---|---|---|
| Liability | 13.303 | |
| General earnings inflation rate | | |
| + 1% | 13.993 | 5% |
| - 1% | 12.667 | -5% |
| Discount rate | | |
| + 1% | 12.655 | -5% |
| - 1% | 14.017 | 5% |
| Average retirement age | | |
| + 2 years | 14.169 | 7% |
| - 2 years | 11.500 | -14% |
| Rates of termination of service | | |
| x 200 % | 11.125 | -16% |
| x 50 % | 14.698 | 10% |

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

**Expected contributions and maturity analysis**

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes long service awards when it becomes due).

The municipality expects to make long service awards payments amounting to R 1 692 000 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

| Future years | Expected Benefit Payments R m | % contribution of bracket |
|---|---|---|
| Future year 1 to 10 | 24.169 | 48% |
| Future year 11 to 20 | 19.582 | 39% |
| Future year 21 to 30 | 6.530 | 13% |
| Future year 31 to 40 | 0.385 | 1% |
| **Total** | **50.666** | **100%** |

The benefits vesting subsequent 40 years (relating to current eligible employees) is considered insignificant to be included in the analysis.

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.4 Defined Contribution Plans

Council contributes to the following defined contribution plans:

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Government Employees Pension Fund | 629 368 | 605 885 |
| Municipal Councillors Pension Fund | 164 220 | 136 798 |
| IMATU Retirement Fund | 3 417 635 | 3 204 994 |
| SAMWU National Provident Fund | 1 819 937 | 1 944 603 |
| SALA Pension Fund | 1 899 260 | 1 887 404 |
| Consolidated Retirement Fund | 16 977 653 | 15 561 531 |
| **Total** | **24 908 073** | **23 341 215** |

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

### 18 RESERVES

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Accumulated Surplus | 2 177 800 365 | 2 003 267 596 |
| **Total** | **2 177 800 365** | **2 003 267 596** |

### 19 GOVERNMENT GRANTS AND SUBSIDIES

| | 2025 | 2024 |
|---|---|---|
| **Unconditional Grants - National Government** | **377 427 000** | **356 119 000** |
| Equitable Share | 377 427 000 | 356 119 000 |
| **Unconditional Grants - Other National Departments** | **586 375** | **523 860** |
| LG Seta | 586 375 | 523 860 |
| **Conditional Grants - National Government** | **285 298 798** | **261 232 965** |
| Finance Management Grant (FMG) | 1 500 000 | 1 500 000 |
| Municipal Infrastructure Grant (MIG) | 178 376 000 | 175 999 000 |
| Expanded Public Works Program (EPWP) | 1 836 000 | 1 732 000 |
| Water Services Infrastructure Grant (WSIG) | 75 610 000 | 62 000 000 |
| Regional Bulk Infrastructure Grant (RBIG) | 27 063 367 | 20 000 000 |
| Rural Roads Asset Management System | 913 431 | 1 965 |
| **Conditional Grants - Provincial Government** | **21 535 290** | **23 291 259** |
| Public Works - Special Programme | 21 535 290 | 23 291 259 |
| **Other Grant Providers** | **1 460 392** | **-** |
| Orio | 1 460 392 | - |
| **Total** | **686 307 855** | **641 167 083** |

| | | 2025 R | 2024 R |
|---|---|---|---|
| **19** | **GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)** | | |

Disclosed as:

| | 2025 R | 2024 R |
|---|---|---|
| Government Grants and Subsidies - Capital | 201 193 848 | 196 866 959 |
| Government Grants and Subsidies - Operating | 485 114 007 | 444 300 124 |
| **Total** | **686 307 855** | **641 167 083** |

The Municipality does not expect any significant changes to the level of grants.

Grants per Vote (MFMA Sec 123 (c)):

| | 2025 R | 2024 R |
|---|---|---|
| Equitable share | 377 427 000 | 356 119 000 |
| Financial Services | 1 500 000 | 1 500 000 |
| Corporate Services | 586 375 | 523 860 |
| Technical Services | 231 184 480 | 221 024 223 |
| Water Services Provision | 75 610 000 | 62 000 000 |
| **Total** | **686 307 855** | **641 167 083** |

The movements per grant can be summarised as follows:

**19.01 Equitable Share**

| | 2025 R | 2024 R |
|---|---|---|
| Grants Received | 377 427 000 | 356 119 000 |
| Transferred to Revenue - Operating | (377 427 000) | (356 119 000) |
| **Closing Unspent Balance** | - | - |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**19.02 LG Seta**

| | 2025 R | 2024 R |
|---|---|---|
| Grants Received | 586 375 | 523 860 |
| Transferred to Revenue - Operating | (586 375) | (523 860) |
| **Closing Unspent Balance** | - | - |

This grant is used to assist with the training needs of the Municipality.

**19.03 Finance Management Grant (FMG)**

| | 2025 R | 2024 R |
|---|---|---|
| Grants received | 1 500 000 | 1 500 000 |
| Transferred to Revenue - Operating | (1 500 000) | (1 500 000) |
| **Closing Unspent Balance** | - | - |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

## 19 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

### 19.04 Municipal Infrastructure Grant (MIG)

| | 2025 R | 2024 R |
|---|---|---|
| Grants received | 178 376 000 | 175 999 000 |
| Transferred to Revenue - Operating | (46 468 302) | (45 791 889) |
| Transferred to Revenue - Capital | (131 907 698) | (130 207 111) |
| **Closing Unspent Balance** | - | - |

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Municipality's programmes covers both Sanitation and Water projects.

### 19.05 Expanded Public Works Program (EPWP)

| | 2025 R | 2024 R |
|---|---|---|
| Grants Received | 1 836 000 | 1 732 000 |
| Transferred to Revenue - Operating | (1 836 000) | (1 732 000) |
| **Closing Unspent Balance** | - | - |

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

### 19.06 Water Services Infrastructure Grant (WSIG)

| | 2025 R | 2024 R |
|---|---|---|
| Grants Received | 75 610 000 | 62 000 000 |
| Transferred to Revenue - Operating | (29 857 213) | (13 246 897) |
| Transferred to Revenue - Capital | (45 752 787) | (48 753 103) |
| **Closing Unspent Balance** | - | - |

The WSIG grant is a conditional grant used to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities as well as support to municipalities in implementing water conservation and water demand management projects.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 19 | **GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)** | | |
| **19.07** | **Regional Bulk Infrastructure Grant (RBIG)** | | |
| | Grants Received | 40 000 000 | 20 000 000 |
| | Transferred to Revenue - Operating | (3 530 004) | (2 093 255) |
| | Transferred to Revenue - Capital | (23 533 363) | (17 906 745) |
| | **Closing Unspent Balance** | **12 936 633** | **-** |

The grant is utilised to upgrade bulk infrastructure in the municipal area.

| | | 2025 | 2024 |
|---|---|---|---|
| **19.08** | **Rural Roads Asset Management System** | | |
| | Opening balance | 200 000 | 151 965 |
| | Grants Received | 2 447 000 | 200 000 |
| | Transferred to Revenue - Operating | (913 431) | (1 965) |
| | Monies returned to National Treasury | (200 000) | (150 000) |
| | **Closing Unspent Balance** | **1 533 569** | **200 000** |

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

| | | 2025 | 2024 |
|---|---|---|---|
| **19.09** | **Public Works - Special Programme** | | |
| | Grants Received | 22 772 693 | 18 668 297 |
| | Transferred to Revenue - Operating | (21 535 290) | (23 291 259) |
| | Transfer to/(from) Receivables | (1 237 403) | 4 622 961 |
| | **Closing Unspent Balance** | **-** | **-** |

This grant is used for the maintenance of gravel roads in the Walter Sisulu Local Municipal area of the district. At times special projects are also allocated to the Municipality by the Department of Roads and Public Works in other parts of the district.

| | | 2025 | 2024 |
|---|---|---|---|
| **19.10** | **Orio** | | |
| | Grants Received | 1 460 392 | - |
| | Transferred to Revenue - Operating | (1 460 392) | - |
| | **Closing Unspent Balance** | **-** | **-** |

This grant is used to assist in providing water in the Elundini rural areas. This grant is funded by the Netherlands Government.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **19** | **GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)** | | |
| **19.11** | **Total Grants** | | |
| | Opening Balance | 200 000 | 151 965 |
| | Grants Received | 702 015 460 | 636 742 157 |
| | Transferred to Revenue - Capital | (201 193 848) | (196 866 959) |
| | Transferred to Revenue - Operating | (485 114 007) | (444 300 124) |
| | Monies returned to National Treasury | (200 000) | (150 000) |
| | Transfer to/(from) Receivables | (1 237 403) | 4 622 961 |
| | **Closing Unspent Balance** | **14 470 202** | **200 000** |
| **20** | **PUBLIC CONTRIBUTIONS AND DONATIONS** | | |
| | Sanlam | - | 459 408 |
| | **Total** | **-** | **459 408** |
| | Disclosed as: | | |
| | Public Contributions and Donations - Operating | - | 459 408 |
| | **Total** | **-** | **459 408** |

The municipality received consumables from Sanlam.

| | | 2025 | 2024 |
|---|---|---|---|
| **21** | **CONTRIBUTED ASSETS** | | |
| | DBSA - Water Truck | - | 1 606 102 |
| | Sanlam - Branded Trailer and Computer Equipment | - | 187 273 |
| | United Nations (via Rhodes University) - Reservoirs | - | 1 711 411 |
| | **Total** | **-** | **3 504 786** |

The fair value of contributed assets was determined with reference to actual cost.

| | | 2025 | 2024 |
|---|---|---|---|
| **22** | **ACTUARIAL GAINS** | | |
| | Post-Retirement Medical Obligations | 7 528 182 | - |
| | Long Service Awards | 309 570 | 774 447 |
| | **Total** | **7 837 752** | **774 447** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 23 | **SERVICE CHARGES** | | |
| | Water Revenue | 225 153 002 | 193 028 056 |
| | Sewerage and Sanitation Revenue | 55 866 265 | 48 301 201 |
| | **Total Revenue** | **281 019 267** | **241 329 257** |
| | Less: Rebates | (64 919 183) | (31 605 468) |
| | Water Revenue | (45 239 418) | (21 771 791) |
| | Sewerage and Sanitation Revenue | (19 679 764) | (9 833 676) |
| | **Total** | **216 100 084** | **209 723 790** |

Rebates are based on the indigents registers being implemented at each of the local municipalities within the Districts' borders. Accordingly, the registers are based on the policies and procedures being implemented at each of the local municipality (Elundini -, Senqu - and Walter Sisulu Local Municipality).

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

The municipality experience a significant increase in indigent registrations during 2024/2025 resulting in the increase in rebates compared to the prior year.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 24 | **INTEREST EARNED - EXTERNAL INVESTMENTS** | | |
| | Call Investment Deposits | 6 112 666 | 5 379 856 |
| | Primary Bank Account | 625 505 | 239 348 |
| | **Total** | **6 738 171** | **5 619 204** |
| 25 | **INTEREST EARNED - OUTSTANDING DEBTORS** | | |
| | Water Debtors | 98 255 914 | 89 157 109 |
| | Sewerage Debtors | 17 282 519 | 13 576 566 |
| | Other | 791 133 | 612 615 |
| | **Total** | **116 329 565** | **103 346 291** |
| 26 | **OTHER INCOME** | | |
| | Sundry Income | 2 446 117 | 2 012 454 |
| | **Total** | **2 446 117** | **2 012 454** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 27 | **EMPLOYEE RELATED COSTS** | | |
| | Salaries and Wages | 174 353 102 | 164 176 531 |
| | Bonuses | 13 897 526 | 13 235 604 |
| | Contributions for UIF, Pensions and Medical Aids | 38 837 281 | 35 852 935 |
| | Housing Benefits and Allowances | 6 299 553 | 6 473 751 |
| | Overtime Payments | 19 843 623 | 17 978 490 |
| | Performance Bonuses | 5 851 347 | 5 850 912 |
| | Travel, Motor Car, Telephone, Subsistence and Other Benefits and Allowances | 13 071 668 | 12 713 968 |
| | Staff Leave | 5 269 457 | 3 066 436 |
| | Long Service Awards | 1 195 000 | 1 158 000 |
| | Post-Retirement Medical | (3 323 000) | 1 294 000 |
| | **Total** | **275 295 557** | **261 800 626** |

**Remuneration of Key Personnel**

The Municipal Manager, including other senior managers directly reporting to the Municipal Manager, is appointed on a 5-year fixed contract. All other directors, appointed in terms Section 56 of the Municipal Systems Act, No 32 of 2000, are appointed on a permanent basis. All the aforementioned appointments have signed a performance agreement in terms of section 51(1)(b) of the Municipal Systems Act, No 32 of 2000

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| **Remuneration of the Remuneration of the Municipal Manager - MP Nonjola** | | |
| Salary and other allowances | 1 672 855 | 1 501 850 |
| Travel Allowance | 204 000 | 204 000 |
| Telephone allowance | 37 200 | 37 200 |
| Contributions to UIF, Medical and Pension Funds | 2 269 | 2 125 |
| Performance Bonuses | 336 653 | 431 937 |
| **Total** | **2 252 977** | **2 177 112** |

During the prior year, the former Municipal Manager, ZA Williams, received a performance bonus amounting to R 407 613 relating to the 2021/2022 financial year.

| | 2025 | 2024 |
|---|---|---|
| **Remuneration of the Director Technical Services - RJ Fortuin** | | |
| Salary and other allowances | 1 401 090 | 872 988 |
| Backpay (dated back to 1 April 2023) | 703 875 | - |
| Travel Allowance | 120 000 | 120 000 |
| Telephone allowance | 29 628 | 29 628 |
| Contributions to UIF, Medical and Pension Funds | 327 184 | 195 479 |
| Acting Allowance | - | 54 000 |
| Performance Bonuses | 378 012 | 378 012 |
| **Total** | **2 959 789** | **1 650 107** |

**27 EMPLOYEE RELATED COSTS (CONTINUED)**

RJ Fortuin also acted as Director Community Services up to July 2023.

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **Remuneration of the Director Corporate Services - HZ Jantjie** | | |
| Salary and other allowances | - | 54 216 |
| Contributions to UIF, Medical and Pension Funds | - | 177 |
| Performance Bonuses | 315 010 | 378 012 |
| **Total** | **315 010** | **432 405** |

the current year he received a performance bonus relating to the 2022/2023 financial year. During the prior year he only received back pay as well as his performance bonus for the 2021/2022 financial year.

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **Remuneration of the Acting Director Corporate Services - SL Botha** | | |
| Salary and other allowances | 651 261 | 1 125 258 |
| Travel Allowance | 68 868 | 137 735 |
| Telephone allowance | 13 614 | 27 228 |
| Acting Allowance | 150 431 | 327 362 |
| Contributions to UIF, Medical and Pension Funds | 102 795 | 177 613 |
| Long Service Awards | - | 29 248 |
| Performance Bonuses | 146 938 | 222 235 |
| **Total** | **1 133 906** | **2 046 679** |

SL Botha acted in the position from 1 August 2023 to 31 December 2024.

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **Remuneration of the Director Financial Services - S du Toit** | | |
| Salary and other allowances | 896 073 | 985 115 |
| Travel Allowance | 68 868 | 114 779 |
| Telephone allowance | 28 428 | 27 628 |
| Contributions to UIF, Medical and Pension Funds | 228 693 | 181 711 |
| Acting Allowance | 136 196 | 232 218 |
| Leave pay | 133 918 | 37 612 |
| Performance Bonuses | 322 141 | 344 542 |
| **Total** | **1 814 317** | **1 923 606** |

S du Toit acted as the Director Financial Services from 1 March 2023 to 31 December 2024 before being permanently employed in the position.

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **27 EMPLOYEE RELATED COSTS (CONTINUED)** | | |

**Remuneration of the Director Community Services - N Mketelwa-Libazi**

| | 2025 | 2024 |
|---|---|---|
| Salary and other allowances | 1 245 234 | 1 153 906 |
| Backpay (dated back to 1 April 2024) | 420 960 | - |
| Telephone allowance | 29 628 | 27 828 |
| Contributions to UIF, Medical and Pension Funds | 311 437 | 171 764 |
| Acting Allowance | - | 212 675 |
| Performance Bonuses | 148 128 | 246 385 |
| Leave pay | - | 92 883 |
| **Total** | **2 155 388** | **1 905 439** |

N Mketelwa-Libazi acted as the Director Community Services from 1 August 2023 to 31 March 2024, whereafter she was appointed full-time. The leave pay and performance bonus relates to her previous position held.

During the 2023/2024 financial year, a performance bonus amounting to R 220 507 was paid to former director Community Services, F Sephton.

**Remuneration of the Chief Operations Officer - N Mshumi**

| | 2025 | 2024 |
|---|---|---|
| Salary and other allowances | 1 322 881 | 1 269 122 |
| Travel Allowance | 55 000 | 60 000 |
| Telephone allowance | 5 159 | 5 628 |
| Contributions to UIF, Medical and Pension Funds | 287 482 | 281 608 |
| Acting Allowance | - | 39 000 |
| Performance Bonuses | 321 727 | 424 285 |
| Leave pay | 226 848 | - |
| **Total** | **2 219 097** | **2 079 642** |

N Mshumi contract came to an end on 15 May 2025.

**Remuneration of the Water Service provision Manager - D Lusawana**

| | 2025 | 2024 |
|---|---|---|
| Salary and other allowances | 1 455 133 | 1 279 951 |
| Contributions to UIF, Medical and Pension Funds | 309 526 | 269 055 |
| Telephone allowance | 5 628 | 5 628 |
| Performance Bonuses | 310 264 | 413 601 |
| **Total** | **2 080 550** | **1 968 234** |

D Lusawana contract came to an end on 30 June 2025.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **28** | **REMUNERATION OF COUNCILLORS** | | |
| | Councillors' Allowances | 6 789 212 | 6 623 310 |
| | Councillors' Pension and Medical Aid Contributions | 471 566 | 427 215 |
| | **Total** | **7 260 778** | **7 050 525** |

**In-kind Benefits**

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor and the Speaker may utilise official Council transportation when engaged in official duties.

**30 JUNE 2025**

| Remuneration per Councillor | Remuneration<br>R | Contributions<br>R | Total<br>R |
|---|---|---|---|
| Executive Mayor - NP Mposelwa | 1 052 199 | 21 733 | 1 073 932 |
| Speaker - M Bomela | 828 232 | 28 980 | 857 212 |
| Mayoral Committee - NU Hlathuka | 708 225 | 99 183 | 807 408 |
| Mayoral Committee - SE Ntsoelinyane | 468 252 | 11 833 | 480 085 |
| Mayoral Committee - N Mabunu | 406 219 | 73 866 | 480 085 |
| Mayoral Committee - A Skoti | 807 408 | - | 807 408 |
| Mayoral Committee - S Mei | 266 475 | 60 848 | 327 323 |
| Mayoral Committee - NL Lengs | 315 441 | 11 882 | 327 323 |
| Proportional - G Shaw | 367 578 | - | 367 578 |
| Proportional - SG Moroahae | 313 868 | 53 710 | 367 578 |
| Proportional - NL Lengs | 257 218 | 15 040 | 272 258 |
| Proportional - S Mei | 214 110 | 58 148 | 272 258 |
| Proportional - SE Ntsoelinyane | 176 990 | 9 162 | 186 152 |
| Proportional - N Mabunu | 158 972 | 27 180 | 186 152 |
| Representative Councillors | 448 026 | - | 448 026 |
| **Sub-Total** | **6 789 212** | **471 566** | **7 260 778** |

### 28 REMUNERATION OF COUNCILLORS (CONTINUED)

**30 JUNE 2024**

| Remuneration per Councillor | Remuneration R | Contributions R | Total R |
|---|---|---|---|
| Executive Mayor - NL Mposelwa | 1 038 327 | 5 227 | 1 043 554 |
| Speaker - M Bomela | 818 763 | 26 651 | 845 414 |
| Mayoral Committee - NU Hlathuka | 702 652 | 92 924 | 795 576 |
| Mayoral Committee - SE Ntsoelinyane | 776 460 | 19 116 | 795 576 |
| Mayoral Committee - N Mabunu | 679 324 | 116 252 | 795 576 |
| Mayoral Committee - A Skoti | 795 576 | - | 795 576 |
| Proportional - G Shaw | 349 716 | - | 349 716 |
| Proportional - SG Moroahae | 317 253 | 49 154 | 366 408 |
| Proportional - NL Lengs | 430 594 | 24 638 | 455 232 |
| Proportional - S Mei | 361 980 | 93 252 | 455 232 |
| Representative Councillors | 352 665 | - | 352 665 |
| **Total** | **6 623 310** | **427 215** | **7 050 525** |

| | 2025 R | 2024 R |
|---|---|---|
| **29 DEBT IMPAIRMENT** | | |
| Contributions to provision | 308 333 206 | 280 192 578 |
| Less Movement VAT included in debt impairment | (28 038 711) | (25 368 359) |
| **Total** | **280 294 494** | **254 824 220** |
| **30 DEPRECIATION AND AMORTISATION** | | |
| Investment Property | 22 928 | 22 928 |
| Property, Plant and Equipment | 70 862 817 | 75 221 778 |
| Intangible Assets | 46 144 | 46 274 |
| **Total** | **70 931 889** | **75 290 981** |
| **31 IMPAIRMENTS** | | |
| Property, Plant and Equipment | 365 395 | - |
| Non-Current Investments - Joe Gqabi Economic Development Agency (Soc) Ltd | - | 621 319 |
| **Total** | **365 395** | **621 319** |
| **32 ACTUARIAL LOSSES** | | |
| Post-Retirement Medical Obligations | - | 2 342 046 |
| Ex Gratia Gratuities | 13 218 | 545 497 |
| **Total** | **13 218** | **2 887 543** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **33** | **REPAIRS AND MAINTENANCE** | | |
| | Infrastructure | 10 092 038 | 9 816 031 |
| | Land and Buildings | - | 403 107 |
| | Other Assets | 2 822 609 | 1 696 895 |
| | **Total** | **12 914 647** | **11 916 033** |

It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Employee related cost due to the fact that the repairs and maintenance are done internally.

| | | 2025 | 2024 |
|---|---|---|---|
| **34** | **FINANCE CHARGES** | | |
| | Long-term Liabilities | 13 113 | 107 382 |
| | Non-current Employee Benefits | 5 801 000 | 4 956 390 |
| | Post-Retirement Medical | 4 565 000 | 3 770 000 |
| | Ex Gratia Gratuities | 43 000 | 1 390 |
| | Long Service Awards | 1 193 000 | 1 185 000 |
| | **Total** | **5 814 113** | **5 063 772** |
| **35** | **BULK PURCHASES** | | |
| | Water | 8 167 059 | 8 035 675 |
| | **Total** | **8 167 059** | **8 035 675** |
| **36** | **CONTRACTED SERVICES** | | |
| | Sanitation Services | 19 135 501 | 16 149 583 |
| | Water Services | 1 711 407 | 105 931 |
| | **Total** | **20 846 908** | **16 255 514** |
| **37** | **TRANSFERS AND GRANTS** | | |
| | Joe Gqabi Economic Development Agency (SoC) Ltd | 9 565 217 | 11 304 348 |
| | **Total** | **9 565 217** | **11 304 348** |

The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA.

| | | 2025 | 2024 |
|---|---|---|---|
| **38** | **VIP TOILET EXPENDITURE** | | |
| | Technical Services | 15 878 441 | 15 811 555 |
| | **Total** | **15 878 441** | **15 811 555** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **39** | **OTHER EXPENDITURE** | | |
| | Advertising Fees | 403 102 | 690 104 |
| | Audit Fees | 4 738 939 | 4 647 139 |
| | Bank Charges | 379 399 | 547 580 |
| | Bursaries | 106 577 | 37 517 |
| | Chemicals | 13 866 652 | 11 776 583 |
| | Consulting Fees | 8 681 251 | 8 458 860 |
| | Fuel and oil | 11 902 343 | 14 079 683 |
| | Insurance | 2 573 860 | 4 397 098 |
| | IT Cost | 4 101 329 | 2 733 269 |
| | Legal Fees | 1 010 607 | 809 349 |
| | Local Economic Development | - | 3 000 |
| | Material and protective clothing | 10 701 430 | 4 818 485 |
| | Membership Fees | 2 631 390 | 2 788 787 |
| | Occupational Health | 968 981 | 105 306 |
| | Printing and Stationary | 324 864 | 447 372 |
| | Security | 8 828 257 | 4 677 922 |
| | Special Programmes | 578 602 | 256 410 |
| | Telephone | 1 037 807 | 758 007 |
| | Training | 316 255 | 205 274 |
| | Travel and Subsistence | 13 220 146 | 15 464 700 |
| | Vehicle and Other Rentals | 9 630 457 | 7 395 748 |
| | Water and Electricity | 48 843 052 | 41 150 075 |
| | Water Testing & Quality Monitoring | 3 304 045 | 3 184 361 |
| | Other | 3 438 485 | 3 036 416 |
| | **Total** | **151 587 830** | **132 469 044** |
| **40** | **INVENTORY ADJUSTMENTS** | | |
| | Stock (Surpluses)/Losses - Refer to note 3 | (13 345) | (105 779) |
| | **Total** | **(13 345)** | **(105 779)** |
| **41** | **LOSS ON DISPOSAL OF PPE** | | |
| | Carrying value of Property, Plant and Equipment disposed or written off | 2 304 574 | 475 779 |
| | **Total** | **2 304 574** | **475 779** |

| | | 2024<br>R |
|---|---|---|
| **42** | **PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3** | |
| **42.01** | **CASH AND CASH EQUIVALENTS** | |
| | **Balance previously reported** | **3 338 597** |
| | Petty cash payout incorrectly recognised against expenditure vote - Refer to note 42.09 | 8 000 |
| | **Restated Balance on 30 June 2024** | **3 346 597** |
| **42.02** | **INVENTORY** | |
| | **Balance previously reported** | **3 204 441** |
| | Inventory incorrectly classified on 30 June 2024 | - |
| | Effect on Fuel and oil – at cost | (245 768) |
| | Effect on Stationery and materials - at cost | 258 172 |
| | Effect on Spare parts - at cost | (12 404) |
| | **Restated Balance on 30 June 2024** | **3 204 441** |
| **42.03** | **RECEIVABLES FROM EXCHANGE TRANSACTIONS** | |
| | **Balance previously reported** | **861 764 246** |
| | Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to notes 42.07 and 42.08. | (563 246 872) |
| | Effect on Water | (441 294 297) |
| | Effect on Sewerage | (120 335 160) |
| | Effect on Staff and Other Debtors | (1 617 414) |
| | Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to notes 42.07 and 42.09. | (182 320 689) |
| | Effect on Water | (160 893 862) |
| | Effect on Sewerage | (19 614 707) |
| | Effect on Staff and Other Debtors | (1 812 120) |
| | **Restated Balance on 30 June 2024** | **116 196 685** |
| **42.04** | **UNPAID CONDITIONAL GOVERNMENT GRANTS** | |
| | **Balance previously reported** | **10 824 815** |
| | Correction of MIG receivable incorrectly raised during 2018/19 - Refer to note 42.08 | (4 563 240) |
| | **Restated Balance on 30 June 2024** | **6 261 575** |

### 42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

#### 42.05 PROPERTY PLANT AND EQUIPMENT

| | 2024<br>R |
|---|---|
| **Balance previously reported** | **2 107 853 365** |
| Correction of retention payment incorrectly capitalised during 2022/23 - Refer to note 42.06 | (1 420 469) |
| Correction of prior year disposals where cost associated with these assets were not removed from asset register - Refer to note 42.09 | (61 712) |
| Effect on Furniture and Fittings | (10 560) |
| Effect on Tools and Equipment | (36 478) |
| Effect on Office Equipment | (14 448) |
| Effect on Computer Equipment | (226) |
| Correction of assets incorrectlty disposed of in years up to 30 June 2023 - Refer to note 42.08 | 38 824 |
| Effect on Furniture and Fittings (Cost) | 77 542 |
| Effect on Office Equipment (Cost) | 18 229 |
| Effect on Computer Equipment (Cost) | 136 222 |
| Effect on Furniture and Fittings (Accumulated Depreciation) | (74 385) |
| Effect on Office Equipment (Accumulated Depreciation) | (16 353) |
| Effect on Computer Equipment (Accumulated Depreciation) | (102 431) |
| Recognise movable assets previously not recognised up to 30 June 2023 - Refer to note 42.08 | 23 336 |
| Effect on Furniture and Fittings (Cost) | 20 066 |
| Effect on Tools and Equipment (Cost) | 1 287 |
| Effect on Office Equipment (Cost) | 9 979 |
| Effect on Computer Equipment (Cost) | 7 732 |
| Effect on Furniture and Fittings (Accumulated Depreciation) | (8 236) |
| Effect on Tools and Equipment (Accumulated Depreciation) | (515) |
| Effect on Office Equipment (Accumulated Depreciation) | (3 884) |
| Effect on Computer Equipment (Accumulated Depreciation) | (3 093) |
| Correction of depreciation during 2023/24 due to correction of errors recognised - Refer to note 42.09 | (14 280) |
| Effect on Furniture and Fittings | (2 498) |
| Effect on Tools and Equipment | (184) |
| Effect on Office Equipment | (1 814) |
| Effect on Computer Equipment | (9 785) |
| **Restated Balance on 30 June 2024** | **2 106 419 065** |

### 42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

#### 42.06 PAYABLES FROM EXCHANGE TRANSACTIONS

| | 2024<br>R |
|---|---|
| **Balance previously reported** | **152 890 973** |
| Correction of retention payment incorrectly capitalised during 2022/23 | (1 633 539) |
| Effect on Property Plant and Equipment (WIP) - Refer to note 42.05 | (1 420 469) |
| Effect on South African Revenue Services - Refer to note 42.07 | (213 070) |
| Recognise claims from the Department of Water and Sanitation dating back to 2022 as a payable - Refer to note 42.08 | 29 844 690 |
| Correction of Senqu payable balance up to 30 June 2024 | 646 481 |
| Effect on Accumulated Surplus - Refer to note 42.08 | 655 833 |
| Effect on Statement of Financial Performance - Refer to note 42.09 | (9 353) |
| **Restated Balance on 30 June 2024** | **181 748 605** |

#### 42.07 SOUTH AFRICAN REVENUE SERVICES

| | 2024<br>R |
|---|---|
| **Balance previously reported** | **37 314 322** |
| Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to note 42.03 | (57 814 663) |
| Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to note 42.03 | (15 902 615) |
| Correction of retention payment incorrectly capitalised during 2022/23 - Refer to note 42.06 | 213 070 |
| **Restated Balance on 30 June 2024** | **(36 189 886)** |

#### 42.08 ACCUMULATED SURPLUS

| | 2024<br>R |
|---|---|
| **Balance previously reported** | **2 710 178 122** |
| Corrections during 2023/2024 - Refer to note 42.09 | (166 476 714) |
| **Corrections up to 30 June 2023** | (540 433 812) |
| Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to note 42.03 | (505 432 209) |
| Correction of MIG receivable incorrectly raised during 2018/19 - Refer to note 42.04 | (4 563 240) |
| Recognise claims from the Department of Water and Sanitation dating back to 2022 as a payable - Refer to note 42.06 | (29 844 690) |
| Correction of assets incorrectlty disposed of in years up to 30 June 2023 - Refer to note 42.05 | 38 824 |
| Recognise movable assets previously not recognised up to 30 June 2023 - Refer to note 42.05 | 23 336 |
| Correction of Senqu payable balance up to 30 June 2024 - Refer to note 42.06 | (655 833) |
| **Restated Balance on 30 June 2024** | **2 003 267 596** |

| | | 2024 R |
|---|---|---|
| **42** | **PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)** | |
| **42.09** | **STATEMENT OF FINANCIAL PERFORMANCE** | |
| | **Surplus previously reported** | **329 383 022** |
| | **Debt Impairment** | (166 418 074) |
| | Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to note 42.03 | (166 418 074) |
| | **Depreciation and Amortisation** | (14 280) |
| | Correction of depreciation during 2023/24 due to correction of errors recognised - Refer to note 42.05 | (14 280) |
| | **Repairs and Maintenance** | 5 000 |
| | Petty cash payout incorrectly recognised against expenditure vote (Fleet) - Refer to note 42.01 | 5 000 |
| | **Other Expenditure** | 12 353 |
| | Petty cash payout incorrectly recognised against expenditure vote (Water) - Refer to note 42.01 | 3 000 |
| | Correction of Senqu payable balance up to 30 June 2024 - Refer to note 42.06 | 9 353 |
| | **Loss on Disposal of PPE** | (61 712) |
| | Correction of prior year disposals where cost associated with these assets were not removed from asset register - refer to note 42.05 | (61 712) |
| | **Restated Surplus on 30 June 2024** | **162 906 308** |

**42.1 DISCLOSURE AND OTHER ADJUSTMENTS**

- The Segment report for the year ending 30 June 2024 incorrectly included capital revenue amounting to R 17 906 745 as part of the Finance and Administration Segment. This error was corrected in the current year to correctly disclose the revenue as part of Planning and Development segment.
- The employee related cost included in the disclosure by nature in note (Inventory) incorrectly included employee related cost relating to the sewerage department. An amount of R 32 437 457 was removed from disclosure. This allocation also impacted the Segment report in note 62 as well as the cost of water in note 47.
- The municipality incorrectly recorded the claim from the Department of Water and Sanitation of R 27 128 802 as a contingent liability. Based on the facts, the municipality should have recorded the total expense as a liability as it relates to invoices for services delivered to the municipality in periods dating back to 2002.
- The financial instruments disclosure in note 51 and liquidity risk disclosure in note 50.4 incorrectly excluded payables from Non-Exchange Transations amounting to R 2 250 000.
- Refer to note 50.1 for restatement of receivables past due not impaired resulting from the restatement of debt impairment in note 42.03.

| | | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **43** | **NET CASH FROM OPERATING ACTIVITIES** | | |
| | **Net Surplus for the year adjusted for** | 174 532 769 | 162 906 308 |
| | Non-Cash Revenue | (7 851 097) | (4 844 420) |
| | Actuarial Gains | (7 837 752) | (774 447) |
| | Inventory Adjustments | (13 345) | (105 779) |
| | Public Contributions and Donations | - | (459 408) |
| | Contributed Assets | - | (3 504 786) |
| | Non-Cash Expenditure | 359 710 571 | 339 515 639 |
| | Debt Impairment | 280 294 494 | 254 824 220 |
| | Depreciation and Amortisation | 70 931 889 | 75 290 981 |
| | Impairments | 365 395 | 621 319 |
| | Actuarial Losses | 13 218 | 2 887 543 |
| | Finance Charges | 5 801 000 | 4 956 390 |
| | Public Contributions and Donations | - | 459 408 |
| | Loss on disposal of PPE | 2 304 574 | 475 779 |
| | Contributions - Provisions and Employee Benefits | 22 890 330 | 24 604 952 |
| | Post-Retirement Medical Benefits | (3 323 000) | 1 294 000 |
| | Long Service Awards | 1 195 000 | 1 158 000 |
| | Performance Bonuses | 5 851 347 | 5 850 912 |
| | Bonuses | 13 897 526 | 13 235 604 |
| | Staff Leave | 5 269 457 | 3 066 436 |
| | Expenditure - Provisions and Employee Benefits | (23 185 648) | (23 980 240) |
| | Post-Retirement Medical Benefits | (802 818) | (1 496 046) |
| | Long Service Awards | (1 140 430) | (819 554) |
| | Ex Gratia Gratuities | (96 118) | (76 287) |
| | Performance Bonuses | (5 198 209) | (5 680 400) |
| | Bonuses | (13 730 809) | (12 962 976) |
| | Staff Leave | (2 217 263) | (2 944 978) |
| | Other adjustments | (6 375 591) | (4 483 518) |
| | Bad Debts Written Off | (6 175 591) | (4 333 518) |
| | Grants Returned to National Treasury | (200 000) | (150 000) |
| | Operating Surplus before changes in working capital | 519 721 334 | 493 718 721 |
| | Movement in working capital | (291 263 782) | (300 138 121) |
| | Receivables from Exchange Transactions | (279 999 887) | (276 706 904) |
| | Inventory | (10 765 709) | (203 004) |
| | Payables from Exchange transactions | (29 114 446) | (10 469 641) |
| | Payables from Non-Exchange transactions | (2 250 000) | 2 250 000 |
| | Unspent Conditional Government Grants | 14 470 202 | 198 035 |
| | Unpaid Conditional government grants | 1 237 403 | (4 622 961) |
| | South African Revenue Services | 15 158 655 | (10 583 646) |
| | **Cash Flow from Operating Activities** | **228 457 552** | **193 580 601** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **44** | **CASH AND CASH EQUIVALENTS** | | |

Cash and Cash Equivalents comprise out of the following:

| | 2025 | 2024 |
|---|---|---|
| Primary Bank Account | 2 968 750 | 2 027 379 |
| Call and short-term investments deposits | 28 514 284 | 1 201 618 |
| Cash floats | 300 | 300 |
| Petty cash | 108 143 | 117 300 |
| **Total** | **31 591 478** | **3 346 597** |

Refer to note 2 for more details relating to cash and cash equivalents. There are no reconciling items to report on in terms of GRAP 2 paragraph 46.

**45 BUDGET COMPARISONS**

**45.1 COMPARABLE BASIS**

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

**Statement of financial position**

South African Revenue Services is disclosed as VAT in the budget statement.

Receivables from Exchange Transactions are included in Trade and other receivables from exchange transactions in the budget statement, while Unpaid Conditional Government Grants are disclosed as Receivables from non-exchange transactions.

Current Portion of Long-Term Liabilities are disclosed as Financial liabilities (Current), while Long-Term Liabilities are disclosed as Borrowing (Non-Current).

Payables from Exchange Transactions is disclosed as part of Trade and other payables from exchange transactions in the budget statement.

Unspent Conditional Government Grants are disclosed as Trade and other payables from non-exchange transactions in the budget statement.

Current Employee Benefits are disclosed Provisions (current) in the budget statement.

Employee Benefits (Long Service Awards) are disclosed as Provisions (Non-Current) in the budget statement.

Employee Benefits (Post-Retirement Medical Benefits and Ex Gratia Gratuities) are disclosed as Other non-current liabilities in the budget statement.

**Statement of financial performance**

In order to ensure that the actual results for the year is compared to the final budget on a comparable basis, the following reclassifications are done on the actuals to ensure alignment (Where applicable, the budget title is disclosed in brackets, where both the actuals and budgets figures are similar in nature, but the naming of the item differs between the 2 statements):

**45 BUDGET COMPARISONS (CONTINUED)**

| Revenue | Statement of Financial Performance R | Reclassification due to mSCOA/NT versus GRAP classification R | Per Budget Comparison R |
|---|---|---|---|
| **Revenue from Non-Exchange Transactions** | | | |
| Government Grants and Subsidies - Operating / (Transfer and subsidies - Operational) | 485 114 007 | - | 485 114 007 |
| Fines / (Fines, penalties and forfeits) | - | 6 495 | 6 495 |
| Actuarial Gains / (Other Gains) | 7 837 752 | 13 345 | 7 851 097 |
| Inventory Adjustments | 13 345 | (13 345) | - |
| **Revenue from Exchange Transactions** | | | |
| Service Charges | 216 100 084 | 55 064 | 216 155 148 |
| Service charges - Water | 179 913 584 | 55 064 | 179 968 648 |
| Service charges - Waste Water Management | 36 186 500 | - | 36 186 500 |
| Sale of Goods and Rendering of Services | - | 557 297 | 557 297 |
| Rental from Fixed Assets | - | 901 905 | 901 905 |
| Interest Earned - External Investments / (Interest earned from Current and Non Current Assets) | 6 738 171 | - | 6 738 171 |
| Interest Earned - Outstanding Debtors / (Interest earned from Receivables) | 116 329 565 | - | 116 329 565 |
| Licences and Permits | - | 390 286 | 390 286 |
| Agency Services | - | 468 506 | 468 506 |
| Other Income | 2 446 117 | (2 446 117) | - |
| Operational Revenue | - | 66 565 | 66 565 |
| **Capital Revenue** | | | |
| Government Grants and Subsidies - Capital / (Transfers and subsidies - Capital) | 201 193 848 | - | 201 193 848 |
| **Total Revenue** | **1 035 772 890** | **-** | **1 035 772 890** |

**45 BUDGET COMPARISONS (CONTINUED)**

Significant reclassifications relating to revenue are as follows:

Service Charges are consolidated on the face of the Statement of Financial Performance, while being disclosed per service in the budget statements.

Other income is included in Service Charges, Sale of Goods and Rendering of Services, Operational Revenue, Licences and Permits, Agency Services and Fines, penalties and forfeits in the budget statement.

**Expenditure**

| | | | |
|---|---|---|---|
| Employee Related Costs | 275 295 557 | (2 394 396) | 272 901 161 |
| Remuneration of Councillors | 7 260 778 | - | 7 260 778 |
| Debt Impairment | 280 294 494 | (6 175 591) | 274 118 904 |
| Irrecoverable debts written off | - | 6 175 591 | 6 175 591 |
| Depreciation and Amortisation | 70 931 889 | 365 395 | 71 297 284 |
| Impairments | 365 395 | (365 395) | - |
| Actuarial Losses | 13 218 | (13 218) | - |
| Repairs and Maintenance | 12 914 647 | (12 914 647) | - |
| Finance Charges / (Interest) | 5 814 113 | - | 5 814 113 |
| Bulk Purchases | 8 167 059 | (8 167 059) | - |
| Inventory Consumed | - | 32 150 717 | 32 150 717 |
| Contracted Services | 20 846 908 | 51 192 131 | 72 039 039 |
| Transfers and Grants / (Transfers and Subsidies) | 9 565 217 | 87 400 | 9 652 617 |
| VIP Toilet Expenditure | 15 878 441 | (15 878 441) | - |
| Other Expenditure / (Operational Costs) | 151 587 830 | (44 075 705) | 107 512 125 |
| Loss on Disposal of Property, Plant and Equipment/ (Loss on Disposal of Assets) | 2 304 574 | - | 2 304 574 |
| Other Losses | - | 13 218 | 13 218 |
| **Total Expenditure** | **861 240 121** | **-** | **861 240 121** |

Significant reclassifications relating to expenditure are as follows:

Employee Related Costs is only affected by Skills Development Levy being disclosed as Operational Costs in the budget statement.

Irrecoverable debts written off is separated from Debt Impairment in the budget statement.

Bulk Purchases are included as Inventory Consumed in the budget statement.

Repairs and Maintenance, VIP Toilets and Other Expenditure are budgeted for as Operational Costs, Contracted Services, Inventory Consumed and a small portion under Transfers and Subsidies.

**Cash Flow Statement**

The Cash flow statement is comparable on a line by line basis except for the following:

Suppliers and Employees are aggregated on the budget statement while shown separately in the Cash Flow Statement.

Capital Assets includes additions to both Property Plant and Equipment as well as Intangible assets.

**45 BUDGET COMPARISONS (CONTINUED)**

**45.2 MATERIAL VARIANCES**

**Statement of financial position - Budget Adjustments**

| | |
|---|---|
| Cash and cash equivalents | The municipality expected to raise all loans (R 30 million) during the current year relating to the fleet. Procurement was not expected to be done in the current year. |
| Trade and other receivables from exchange transactions | Align debtors to prior year audited results taking into account non-collectability in the current year. |
| Receivables from non-exchange transactions | Align debtors to prior year audited results also taking into account grant spending that will not be fully settled on year-end.. |
| VAT (Asset) | Align to prior year audited results, taking into account additional payables to be raised during the year. |
| Property, plant and equipment | Align to prior year audited results, taking into account proposed capital program for the year.. |
| Financial liabilities (Current and Non-Current) | The municipality incorrectly budgeted for the entire loan as non-current without taking into account the portion to be settled within 12 months after year end. The municipality expected to raise a R 30 million loan to procure a new fleet. |
| Trade and other payables from | Align budget to prior year audited results. |
| VAT (liability) | Align to prior year audited results, taking into account non-collection of receivables to be raised during the year. |
| Accumulated Surplus | Align budget to prior year audited results, also taking into account budgeted surplus for the 2024/25 financial year. |

**Statement of financial position - Budget versus Actual**

| | |
|---|---|
| Cash and cash equivalents | The municipality only raised R 5 million of the proposed R30 million loan before year-end. |
| Trade and other receivables from exchange transaction | The municipality reviewed and restated their debt impairment provision based on the collectability of each debtor. This resulted in a significant increase in the provision for bad debts. |
| Receivables from non-exchange transactions | The municipalty proposed a correction of error in the prior year amounting to R 4.5 million to reverse a MIG receivable incorrectly recorded. The municipality further expected an increase in balance which did not materialise. |
| Inventory | The municipality purchased pre-paid meters amounting to R 16.6 million (VAT Inclusive) which were budgeted for as operating expenses. A significant portion remained in store at year-end. |
| VAT (Receivable) | The proposed budget of the municipality did not align the budgeted payable figure, resulting in this significant variance between actual results and the budget for VAT. |
| Property, Plant And Equipment | The municipality did not fully spend the capital budget in the current year. The proposed effect of depreciation was also not fully accounted for in the projected figure for property plant and equipment. |
| Trade and other payables from exchange transactions | Improved management of payables resulting a positive result at year-end. |

**45 BUDGET COMPARISONS (CONTINUED)**

| | |
|---|---|
| Trade and other payables from non-exchange transactions | Unspent grants higher than expected during the budget process, specifically the Regional Bulk Infrastructure Grant amounting to approximately R 13 million. |
| VAT (Payable) | The VAT balance ended the year in a net receivable, mainly due to the significant debt impairment raised during current and prior years. |
| Financial Liabilities (Non-Current) | The municipality only raised R 5 million of the proposed R30 million loan before year-end. |
| Accumulated Surplus | The variance is mainly due to the restatement of debt impairment resulting in decrease in accumulated surplus in current and prior years. |

**Statement of financial performance - Budget Adjustments**

| | |
|---|---|
| Interest earned from Receivables | The municipality incorrectly budgeted for interest as Non-exchange Revenue rather than Exchange Revenue. Accordingly, the budget wat moved to correct the error made. |
| Interest (Revenue) | The municipality incorrectly budgeted for interest as Non-exchange Revenue rather than Exchange Revenue. Accordingly, the budget wat moved to correct the error made. |
| Debt Impairment | The budget was increased to account for projected non-collections of receivables. |
| Operational Costs | Higher-than-expected costs for honey sucking, pressure jetting, and water carting due to unplanned infrastructure failures in December 2024. The delayed procurement of fleet vehicles for these services further necessitates increased budget allocation. |

**Statement of financial performance - Budget versus Actual**

| | |
|---|---|
| Service charges - Water | Proposed budget too optimistic. Variance also impacted by significantly higher than expected rebates granted. |
| Service charges - Waste Water Management | Proposed budget too optimistic. Variance also impacted by significantly higher than expected rebates granted. |
| Interest earned from Receivables | Non-collection Higer than expected resulting in Higer interest raised on debtors outstanding. |
| Inventory Consumed | Cost containment measures contributing to the positive result. Also refer to comment in inventory above. |
| Debt impairment | Total review of debt impairment resulting in significant Higer than expected impairment charge. |
| Depreciation and amortisation | Fewer projects completed during the year resulting in lower depreciation charge being recognised. |
| Contracted Services | Cost containment measures contributing to the positive result. |
| Operational Costs | Cost containment measures contributing to the positive result. |
| Transfers and subsidies - Capital | Underspending of amongst other the Regional Bulk Infrastructure Grant (Approximately R 13 million). VAT portion of capital grants budgeted for as capital, while recorded as operating grant revenue. |

**45 BUDGET COMPARISONS (CONTINUED)**

**Cash Flow Statement - Budget Adjustments**

| | |
|---|---|
| Service Charges | Adjustment to account for non-collection of service charges. |
| Transfers and Subsidies - Operational | Mainly due to allocation correction between operating and capital grants received. |
| Transfers and Subsidies - Capital | Mainly due to allocation correction between operating and capital grants received. |
| Interest | The original budget incorrectly omitted interest. This was corrected in the final budget. |
| Suppliers and Employees | The adjustment mainly due to figure corrected in line with trend analysis performed on this line item. |
| Transfers and Subsidies | The original budget incorrectly omitted to budget for the grant payable to JoGeda. |
| Capital Assets | Adjustment mainly linked to transfer of grant funds between operating and capital. |
| Repayment of Borrowing | The budget was removed due to the municipality not expecting to settle any loans in the current financial year. |
| Cash (Opening Balance) | current year relating to the fleet. Procurement was not expected to be done in the current year. |

**Cash Flow Statement - Budget versus Actual**

| | |
|---|---|
| Service Charges | Actual collection rate lower than expected during the budget process. |
| Transfers and Subsidies - Operating | VAT portion of expenditure accounted as part of operating while budgeted as part of capital. The operating portion of grants was also Higer than expected on MIG and WSIG projects. |
| Transfers and Subsidies - Capital | VAT portion of expenditure accounted as part of operating while budgeted as part of capital. The operating portion of grants was also Higer than expected on MIG and WSIG projects. |
| Suppliers and Employees | Cost containment measures contributing to the positive result. |
| Capital Assets | All projects did not materialise in the current year. The budget also incorrectly included VAT. |
| Borrowing long term/refinancing | The municipality only raised R 5 million of the proposed R 30 million loan in the current year. |
| Cash/cash equivalents at the year end: | The municipality only raised R 5 million of the proposed R 30 million loan in the current year. |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

### 46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

### 46.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | 164 753 | 24 178 356 |
| Unauthorised expenditure current year - operating | 78 939 462 | - |
| Unauthorised expenditure current year - capital | - | - |
| Written off by Council | - | (24 013 603) |
| **Unauthorised expenditure awaiting approval** | **79 104 215** | **164 753** |

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. The current year unauthorised is mainly linked to debt impairment (non-cash). The unauthorised expenditure is still under investigation. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred pending the outcome of the investigation.

| | 2025 (Actual) R | 2025 (Final Budget) R | 2025 (Unauthorised) R |
|---|---|---|---|
| **Unauthorised expenditure - Operating** | | | |
| Office of the Municipal Manager | 52 742 592 | 64 640 517 | - |
| Financial Services | 59 154 620 | 89 457 065 | - |
| Corporate Services | 56 590 919 | 68 151 146 | - |
| Technical Services | 86 329 775 | 108 073 118 | - |
| Community Services | 40 324 481 | 41 853 442 | - |
| Water Services Provision | 566 097 734 | 487 158 272 | 78 939 462 |
| **Total** | **861 240 121** | **859 333 560** | **78 939 462** |
| **Unauthorised expenditure - Capital** | | | |
| Financial Services | 2 590 067 | 3 300 000 | - |
| Technical Services | 156 688 993 | 217 413 808 | - |
| Community Services | - | 1 471 000 | - |
| Water Services Provision | 46 002 813 | 59 000 001 | - |
| **Total** | **205 281 873** | **281 184 809** | **-** |

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)**

**46.2 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure consist out of the following:

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | 625 130 | 639 488 |
| Fruitless and wasteful expenditure incurred | - | - |
| Written of by Council | - | (14 358) |
| **Fruitless and wasteful expenditure awaiting approval** | **625 130** | **625 130** |

Incurred up to 30 June 2021

On the 28 March 2019 the Council resolved to rescind its previous resolution to extend the employment contracts of the Municipal Manager, the Director: Corporate Services, the Director: Technical Services and the Director: Community Services.

The matter was determined to be unlawful. A Council meeting did not sit to reverse the decision. The matter was taken to the Labour Court by the affected senior managers and a Rule Nisi was granted in favour of the managers and Joe Gqabi District Municipality was directed to pay the applicant's costs associated with this matter.

An advice was then sought form the National Treasury in this regard and they indicated that is likely fruitless and wasteful expenditure and that it must establish an interim committee to investigate the recoverability of the identified fruitless and wasteful expenditure if the MPAC members are conflicted. The Audit committee was then tasked to investigate the matter and found that the money must be recovered from Councillors.

Incurred during 2022/2023

Interest were recognised for late payments on invoices of the Auditor General. Preliminary investigations indicate an amount of R 13 730 relates to invoices received in SPAM mailbox and was therefore paid late. This was reported to council as part of the June 2023 SCM report and is still under investigation.

**46.3 IRREGULAR EXPENDITURE**

None

### 47 MATERIAL LOSSES

| | 2025 | 2024 |
|---|---|---|
| **Water distribution losses** | | |
| Kilo litres raw | 13 719 408 | 13 212 841 |
| Kilo litres treated | 12 837 803 | 11 044 574 |
| Kilo litres sold | (8 181 373) | (8 614 630) |
| Kilo litres lost during cleaning | 881 605 | 2 168 267 |
| Kilo litres lost from treated | 4 656 430 | 2 429 944 |
| Kilo litres lost from raw | 5 538 035 | 4 598 211 |
| Percentage water lost during cleaning | 6.43% | 16.41% |
| Percentage lost from treated vs billed | 36.27% | 22.00% |
| Percentage water lost since abstraction | 40.37% | 34.80% |
| Average cost per kilolitre in Rands (Treated) | 15.58 | 15.20 |
| Average cost per kilolitre in Rands (Untreated) | 0.8200 | 0.6900 |
| Loss in Rand value (Treated) at Treated Value | 72 547 179 | 36 935 152 |
| Loss in Rand value (Raw) at Untreated Value | 722 916 | 1 496 104 |

The prior year average cost per kilolitre (Treated) was restated from R17.65 to R 15.20 due to the error identified in note 42.1. This reduced the Loss in Rand value (Treated) from R 42 888 515 to R 36 935 152.

For the 2024/25 financial year, Joe Gqabi District Municipality recorded an overall NRW level of 40.4%, of which only 20.6% are attributed to Water Losses, and 19.8% relates to authorised but unbilled consumption supplied to indigent households in rural communities and informal settlements. It is important to note that NRW figures do not only reflect water physically lost through leaks, bursts, or unauthorised consumption, but also include legitimate unbilled supply. In municipalities such as Senqu, where there is a significant proportion of both indigent households and dispersed rural communities, the contribution of authorised but unbilled consumption is substantial. This increases the reported NRW percentage even though the water is reaching end-users.

The Rand value of treated water losses, estimated at R72 547 179, therefore includes both actual water losses and the cost of supplying unbilled consumption to indigent households in rural areas and informal settlements. While this supply is necessary to meet social obligations and ensure equitable access to water, it impacts the municipality's financial position by reducing potential revenue recovery.

In this context, the higher NRW figure for 2024/25 should not be viewed as a deterioration, but as a more representative measure of system performance. A significant share of the reported NRW is not water "lost" to the system, but authorised unbilled consumption supplied to indigent households in rural communities and informal settlements. This remains a consistent contributor to the overall NRW percentage and is an important factor when interpreting the figures and their impact on municipal financial stability.

| | | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| 48 | **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT** | | |
| 48.1 | **SALGA Contributions [MFMA 125 (1)(b)]** | | |
| | Council subscriptions | 2 600 530 | 2 752 869 |
| | Payments | (2 600 530) | (2 752 869) |
| | **Outstanding Balance** | **-** | **-** |
| 48.2 | **Audit Fees [MFMA 125 (1)(c)]** | | |
| | Opening balance | - | 43 207 |
| | Current year audit fee | 5 449 780 | 5 344 210 |
| | Amount paid | (5 449 780) | (5 387 417) |
| | **Outstanding Balance** | **-** | **-** |
| 48.3 | **VAT [MFMA 125 (1)(c)]** | | |
| | Opening balance | 5 667 974 | 231 162 |
| | Amounts received during the year | (73 526 110) | (34 846 512) |
| | Amounts claimed during the year | 74 240 561 | 40 283 325 |
| | **Outstanding Balance** | **6 382 425** | **5 667 974** |

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

| | | 2025 | 2024 |
|---|---|---|---|
| 48.4 | **PAYE, SDL and UIF [MFMA 125 (1)(c)]** | | |
| | Opening balance | 3 383 299 | - |
| | Current year payroll deductions and Council Contributions | 46 726 929 | 41 863 719 |
| | Amount paid - current year | (46 354 198) | (38 480 419) |
| | **Outstanding Balance** | **3 756 030** | **3 383 299** |

The prior year total incorrectly totalled to R 3 385 323 instead of R 3 383 299. This error was corrected in the current year.

| | | 2025 | 2024 |
|---|---|---|---|
| 48.5 | **PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]** | | |
| | Opening balance | 4 817 400 | - |
| | Current year payroll deductions and Council Contributions | 59 948 373 | 56 566 709 |
| | Amount paid - current year | (64 765 773) | (51 749 309) |
| | **Outstanding Balance** | **-** | **4 817 400** |

| | | 2025 R | 2024 R |
|---|---|---|---|
| 48 | **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)** | | |

### 48.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following councillors had overdue accounts at year-end (Balances 90 days plus disclosed):

| | 2025 R | 2024 R |
|---|---|---|
| Z Mampintsha | 871 | 766 |
| NS Mathetha | 8 366 | 9 370 |
| M Bomela | - | 16 749 |
| NP Mposelwa | - | 32 395 |
| E Theron | 64 599 | 63 683 |
| N Mabunu | 68 898 | 63 750 |
| **Outstanding Balance (90 Days plus)** | **142 734** | **186 714** |

The prior year incorrectly included disclosure relating to S Mfisa amounting to R 67 963. The property is not registered in the name of the Councillor and accordingly the disclosure of the arrear amount is not considered appropriate.

### 48.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

| | 2025 R | 2024 R |
|---|---|---|
| Emergencies | 15 179 772 | 25 362 737 |
| Goods and services are available from a Single provider only | - | 306 189 |
| Other exceptional cases where it is impractical or impossible to follow the official procurement processes e.g. Strip and Quotes | 605 209 | 716 476 |
| **Total** | **15 784 981** | **26 385 402** |

The term “strip and quote” is an estimate by a technical person to scope to ascertain any hidden or latent defects before repairs can be started.

It is considered “impractical” where, for example, repairs need to be done and it is not possible for the municipality to ascertain or specify the nature or extent of the work required. This may require a "strip and quote" to determine the scope of work to be done to rectify the situation. This may require dismantling of the asset. This is common on mechanical, electrical and related repairs.

| Deviations per department: | 2025 R | 2024 R |
|---|---|---|
| Financial Services | 51 503 | 120 750 |
| Corporate Services | 233 441 | 50 761 |
| Community Services | - | 155 847 |
| Water Service Provision | 15 101 699 | 25 362 737 |
| Technical Services | 398 338 | - |
| Office of the Municipal Manager/ISA | - | 695 307 |
| **Total** | **15 784 981** | **26 385 402** |

## 48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

### 48.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

### 48.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality did not engage with the employees in service of the state (SCM 44).

During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45):

| Supplier | Awarded Amount | 2025 R | 2024 R |
|---|---|---|---|
| SMS ICT Choice (Pty) Ltd | Rates Based | 1 823 483 | 135 556 |
| Zutari (Pty) Ltd | Rates Based | 3 442 482 | 630 881 |
| Sikhokhele Business Consulting | Rates Based | 19 838 | - |
| Liqha Group | Per Quotation/Rates Based | - | 20 100 |
| Direction Repairs | Per Quotation | 83 319 | 5 740 |
| Inzalo EMS (Pty) Ltd | Rates Based | - | 3 510 457 |
| Centabi (Pty) Ltd | Per Quotation | 12 600 | 18 750 |
| **Total** | | **5 381 721** | **4 321 483** |

The amount disclosed above relates to the actual expenditure on the relevant contracts during the 2 years under review.

Further disclosure relating to the suppliers above:

| Supplier | Initials and Surname of family member and relationship | Organ of State | Capacity of family member |
|---|---|---|---|
| SMS ICT Choice (Pty) Ltd (Sydwell Maqula) | NJ Maqula (Spouse) | Department of Human Settlements | Director: Contracts Management |
| Zutari (Pty) Ltd (Richard John Ahlschlager) | HC Ahlschlager (Spouse) | SIU (Accountable to parliament and president) | Legal Representative |
| Zutari (Pty) Ltd (Kevin Pragasen Nadasen) | K Nadasen (Spouse) | National Department of Public Works | Director: Key Account Management |
| Zutari (Pty) Ltd (Ismail Gasant) | S Seegers (Sibling) | City of Cape Town | Head of Security Architecture |
| Sikhokhele Business Consulting (Abongile Peter) | M Peter (Spouse) | Western Cape Provincial Treasury | Assistant Director: Local Government Finance |

**48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

| | | | |
|---|---|---|---|
| Liqha Group (Loyiso Hlathuka) | UH Hlatuka (Spouse) | Joe Gqabi District Municipality | Councillor |
| Direction Repairs (N Labuschagne) | JR Labuschagne (Spouse) | Joe Gqabi District Municipality | Technician |
| Inzalo EMS (Pty) Ltd (Trinity Sibonelo Mazibuko) | N.T. Mazibuko (Spouse) - Was not employed by Inzalo 2024/2025. | KZN Department of Arts and Culture | Provincial Archivist |
| Centabi (Pty) Ltd (CN Mohai) | MJ Mohai (Spouse) | Joe Gqabi District Municipality | General Worker |

**49 CAPITAL COMMITMENTS**

| | 2025<br>R | 2024<br>R |
|---|---|---|
| **Commitments in respect of Capital Expenditure:** | **694 128 081** | **843 813 184** |
| Approved and contracted for: | | |
| Infrastructure | 694 128 081 | 843 813 184 |
| **Total** | **694 128 081** | **843 813 184** |
| This expenditure will be financed from: | | |
| Government Grants | 694 128 081 | 843 813 184 |
| **Total** | **694 128 081** | **843 813 184** |

Commitments are disclosed inclusive of Value Added Tax (VAT)

**50 FINANCIAL RISK MANAGEMENT**

The municipality is potentially exposed to the following risks:

**50.1 Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Receivables from Exchange Transactions | 124 182 861 | 116 196 685 |
| Cash and Cash Equivalents | 31 483 034 | 3 228 997 |
| Unpaid Conditional Grants and Subsidies | 5 024 172 | 6 261 575 |
| **Total** | **160 690 068** | **125 687 258** |

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE Stock Exchange. The credit quality is regular monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents.

Credit risk is further managed and guided by the Cash Management and Investment Policy.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| Water | 78 645 986 | 73 123 941 |
| Sanitation | 25 484 349 | 23 950 040 |
| Other Services | 71 465 | 56 293 |
| Staff and other debtors | 338 853 | 366 002 |
| **Total** | **104 540 653** | **97 496 275** |

The prior year figure was restated from R 813 375 868 to R 97 496 275. This is due to the restatement on the prior year debt impairment.

| | | 2025 R | 2024 R |
|---|---|---|---|
| **50** | **FINANCIAL RISK MANAGEMENT (CONTINUED)** | | |

These receivables can be aged as follows:

| | 2025 R | 2024 R |
|---|---|---|
| 1 Month Past due | 4 609 629 | 2 774 987 |
| 2 Months Past due | 2 742 804 | 2 351 968 |
| 3 Months and more Past due | 97 188 220 | 92 369 321 |
| **Total** | **104 540 653** | **97 496 275** |

Non-Current Investments

Investments consist out of an investment in a municipal entity.

Refer to note 6 for more detail with regards to these assets and any impairment charges raised against these investments to reduce the carrying value of the investment in line with its recoverable amount.

Unpaid Conditional Government Grants

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed. Amounts are receivable from national and provincial government and there are no expectation of counter party will default.

**50.2 Currency risk (Market Risk)**

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.

The financial instruments of the municipality is not directly exposed to any currency risk.

**50.3 Interest rate risk (Market Risk)**

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.

| | 2025 R | 2024 R |
|---|---|---|
| The following balances are exposed to interest rate fluctuations: | | |
| Cash and Cash Equivalents (Excluding Cash on Hand) | 31 483 034 | 3 228 997 |
| Long-term Liabilities (Including Current Portion) | (5 000 000) | - |
| **Net balance exposed** | **26 483 034** | **3 228 997** |
| Potential effect of changes in interest rates on surplus and deficit for the year: | | |
| 0.5% (2024 - 0.5%) increase in interest rates | 132 415 | 16 145 |
| 0.5% (2024 - 0.5%) decrease in interest rates | (132 415) | (16 145) |

Management does not foresee significant interest rate movements during the next 12 months.

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**50.4 Liquidity risk**

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

| **30 JUNE 2025** | | **PAYABLE** | |
|---|---|---|---|
| | **Within 1 Year** | **Two to five years** | **After five years** |
| Annuity Loans | 1 255 619 | 5 026 317 | - |
| Payables from exchange transactions | 144 894 577 | - | - |
| **Total** | **144 894 577** | **-** | **-** |

| **30 JUNE 2024** | | **PAYABLE** | |
|---|---|---|---|
| | **Within 1 Year** | **Two to five years** | **After five years** |
| Payables from exchange transactions | 175 736 051 | - | - |
| Payables from Non-exchange transactions | 2 250 000 | - | - |
| **Total** | **175 736 051** | **-** | **-** |

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under

**50.5 Other price risk (Market 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.

The municipality is not exposed to any other price risk.

### 51 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments
(All balances are recognised at amortised cost.)

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Financial Assets | | |
| Joe Gqabi Economic Development Agency (Soc) Ltd | - | - |
| Receivables from Exchange Transactions | 124 182 861 | 116 196 685 |
| Cash and Cash Equivalents | 31 591 478 | 3 346 597 |
| Unpaid Conditional Government Grants and Receipts | 5 024 172 | 6 261 575 |
| **Total** | **160 798 511** | **125 804 857** |
| Financial Liabilities | | |
| Long-term Liabilities | 4 093 116 | - |
| Payables from Exchange Transactions (Previously Trade and Other Payables) | 144 894 577 | 175 736 051 |
| Payables from Non-Exchange Transactions | - | 2 250 000 |
| Current Portion of Long-term Liabilities | 906 884 | - |
| **Total** | **149 894 577** | **177 986 051** |

### 52 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

| | | |
|---|---|---|
| **Taxes** | | |
| VAT Receivable from SARS (VAT Control) | 6 382 425 | 5 667 974 |
| **Total** | **6 382 425** | **5 667 974** |

The VAT Receivable is considered an Exchange Receivable

The VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

**53 EVENTS AFTER REPORTING DATE**

Subsequent to year-end, the municipality has experienced an escalation in vandalism incidents targeting critical water and sanitation infrastructure. During July and August 2025, five pump stations were vandalised in Burgersdorp and Ugie, with perpetrators stealing electric cables, copper wiring, motors, and destroying control panels and electrical systems. These criminal acts have directly impacted service delivery, causing water supply interruptions and sewer spillages that pose serious public health risks to affected communities.

Burgersdorp Pump Stations, Walter Sisulu LM :On 7 July 2025, vandalism and theft occurred at Thembisa 1 and Thembisa 2 sewer pump stations. Damages included theft of electricity supply cables, stripped electrical distribution boards, damaged pump cables, and vandalized telemetry systems. SAPS case CAS 20/07/2025 was opened. Estimated costs: R974,000. On 12 August 2025, similar incidents occurred at MM and Eureka pump stations, with additional security fence damage. SAPS cases CAS 32/08/2025 and CAS 34/08/2025 were opened. Estimated costs: R853,034.

Ugie Reservoir and Booster Pump Station, Elundini LM: On 1 August 2025, theft and vandalism occurred at the Ugie-Ntokozweni reservoir and booster pump station serving PG Bison. Damages included theft of electrical wiring, stripped distribution boards, vandalized light fixtures, pump damage, and telemetry system vandalism. SAPS case CAS 1/8/2025 was opened. Estimated costs: R196,000.

**54 IN-KIND DONATIONS AND ASSISTANCE**

Refer to note 21 for donated assets received during the year.

**55 PRIVATE PUBLIC PARTNERSHIPS (PPP's)**

The municipality did not enter into any PPP's in the current and prior year.

**56 CONTINGENT LIABILITIES**

The municipality were exposed to the following contingent liabilities at year end:

**56.01** There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Municipality. The insurance is claiming for damages from the municipality and the municipality is contesting the claim. The case is Pending, JGDM filed a notice of exception. Likelihood of the municipality to lose this case is medium to low. The amount of the claim in this case is R382 119.66 and we are waiting for the Court date and the likelihood of losing this case is still low. The matter is still in trial stage. This matter is being negotiated between two parties for a settlement and the outcome is pending.

**56 CONTINGENT LIABILITIES (CONTINUED)**

**56.02** TA Stera Enterprise - This is a case where the plaintiff is claiming an amount of R1 658 488.60 saying there was an illegitimate expectation created by one of the employees of the Municipality where he applied for a tender and such was not granted to him. The likelihood of losing the case is medium. Notice of intention to sue was received and no summons yet. This matter was withdrawn by the Plaintiff. Subsequent to that another summons was received with a different amount of claim and different facts. There is an application to Court by the Municipality for the withdrawal of the case by the Plaintiff on the basis that the Municipality cannot plead to the summons received as there was no notice to amend the first summons received by the Municipality since content is still the same. Rule 30 Notice was served on the Plaintiff. Matter was still pending during 2023/2024 since the plaintiff is not doing anything about the case and the Municipality is the Respondent and it is the duty of the Plaintiff to set the matter down for trial once all pleadings have been closed and in this matter pleadings are not yet closed as the new owner of the company is pursuing the matter. Previous owner passed away. Action was withdrawn during the 2024/2025 financial year.

**56.03** Spec v JGDM - This is a case where Spec interdicted Magnocorp from carrying on with the works after it had been awarded a Tender by the Municipality. This matter was on trial on the 12 of August 2021 at the Grahamstown High Court and we are waiting for the judgment. This matter is on appeal to the full bench of the Grahamstown High Court as the Applicants are not happy with the decision of the single judge. This matter was finalised in the current year. Award of tender was set aside. In process of finalising file for drafting of bill of costs to recover costs once taxed.

**56.04** Fiona Sephton v JGDM - The erstwhile Director: Community Services, Mrs F.J Sephton, following her resignation, which took effect on 31 January 2022, referred a constructive dismissal dispute to the SALGBC, which is associated with alleged intolerable working conditions created by the municipality. An arbitration award has since been awarded in favour of the Municipality, which the ex-employee in question has since taken on review to the Labour Court (LC) and which matter has not been heard by the LC yet. The ex-employee (who has since been employed by the municipality in a different capacity) is seeking relief in the amount of R1 984 780.09 (One million nine hundred and eighty-four thousand seven hundred and eighty rand and nine cents only), interest on the afore-mentioned amount from the date of mora, alternatively from the date of judgment at the prescribed legal rate of interest of 9% per annum, alternatively an order in terms of section 77A(e) of the BCEA as well as the cost of suit. This constitutes a contingent liability to the municipality. The liability rating, based on the merits of the case is regarded as a low risk contingent liability to the municipality. The review to the labour court was dismissed and the said employee took the matter on appeal. The outcome of the appeal is still outstanding.

**57 CONTINGENT ASSETS**

The municipality has the following contingent assets at year end:

**57.01** The municipality identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Municipal attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date. The municipality is awaiting the investigation report to proceed with litigation. No report is forthcoming after numerous correspondence to the Medical Aid and the Municipal Attorneys are proceeding with summons against Medichex and Hosmed. The matter was removed from the Municipal Attorneys roll and reported to the office of the Ombudsman for financial service providers. The outcome is still pending.

## 57 CONTINGENT ASSETS (CONTINUED)

**57.02** There is an amount of R287 823.18 which is a contingent asset in the matter of WDR Earthmoving Enterprise v JGDM which relates to costs that the Municipality has to recover from Amadwala. The attorneys advised that they will apply for Amadwala to be declared insolvent and that is the only route available for now since Amadwala has more debt and could not afford to pay any. This is an ongoing matter. According to the attorneys, Amadwala was liquadated with creditors in excess of R149 million. The matter is being attended to by our attorneys for recovery. Recovery is very low and it is considered to be closed.

**57.03** There is a contingent asset for legal costs in favour of the Municipality in the TA Stera Enterprise matter which was withdrawn by his attorneys for an amount of R141 396.88. The attorneys is attending to the matter through a claim against his estate. The issue of cost will be addressed once the case is finalised (refer to note 56.02.)

## 58 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

## 59 RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 27 and 28

No business transactions took place between the Municipality and management personnel and their close family members (including close members of family members) during the year under review.

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA) as set out in note 6 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA.

The Municipality paid a grant to JoGEDA as disclosed in note 37.

Also refer to note 60 relating to the principle agent relationship between the municipality and JoGEDA.

Also refer to note 48.9 for detail conduction with the Liqha Group where there is a relationship with a Councillor.

### 60 ACCOUNTING FOR PRINCIPALS AND AGENTS

The municipality act as Principle in its binding arrangement with Joe Gqabi Economic Development Agency (Soc) Ltd, which is a fully owned municipal entity. The Joe Gqabi Economic Development Agency (Soc) Ltd engages with service providers and contractors on behalf of the municipality during the implementation of the municipal operating and capital projects. An agency fee is paid to the Joe Gqabi Economic Development Agency (Soc) Ltd in this regard. The following fees were paid and receivables were raised as a result of the agreement:

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Fees Paid to Joe Gqabi Economic Development Agency (Soc) Ltd (Excluding VAT) | 13 428 925 | 10 869 365 |
| Implementing fee payable (Including VAT) | 2 006 897 | - |
| Payables from exchange transactions where the municipality acts as a principal in the principal-agent binding agreement with the Joe Gqabi Economic Development Agency (Soc) Ltd (Including VAT) | 17 446 538 | 2 738 486 |

Then municipality also employed to services of MFS Consulting Chartered Accountants (SA) as implementing agent for Water Services Demand and Conservation. The following agency fee was paid:

| | 2025 | 2024 |
|---|---|---|
| Implementing fees paid (Excluding VAT) | 1 155 569 | 1 131 304 |

### 61 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- Aquifer (from where water is extracted by utilising boreholes)

### 62 SEGMENT REPORTING

#### 62.1 General information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipal departments were aggregated for reporting purposes as follow:

| No | Reportable Segment | Goods and/or services delivered |
|---|---|---|
| 1 | Public Safety | Fire Fighting and Protection Services |
| 2 | Planning and Development | Corporate wide strategic planning, economic development and technical project management services |

**62 SEGMENT REPORTING (CONTINUED)**

| | | |
|---|---|---|
| 3 | Environmental Protection | Nature Conservation |
| 4 | Health | Municipal Health Services |
| 5 | Road transport | Maintenance relating to Provincial Roads Infrastructure |
| 6 | Waste Water Management | Sewerage Services |
| 7 | Water Management | Water Services |
| **No** | **Non-Segments** | **Goods and/or services delivered** |
| 1 | Finance and administration | Supply administrative and related support to all segments. Provide and strengthen the overall governance. |

**62.2 Reporting on segment assets and liabilities**

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

**62.3 Geographic Segment Reporting**

Although the Municipality operates in a number of geographical areas (local municipalities), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

**62.4 Measurement of specific segment information**

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

## 62 SEGMENT REPORTING (CONTINUED)

| | Non - Segments | Segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **30 JUNE 2025** | **Finance and administration R** | **Public Safety R** | **Planning and Development R** | **Environmental Protection R** | **Health R** | **Road transport R** | **Waste Water Management R** | **Water Management R** | **Total R** |
| **REVENUE** | | | | | | | | | |
| **External Revenue from Non-Exchange Transactions** | **387 351 127** | **-** | **208 735 759** | **-** | **-** | **22 448 721** | **-** | **75 623 345** | **694 158 952** |
| Government Grants and Subsidies - Operating | 379 513 375 | - | 53 294 698 | - | - | 22 448 721 | - | 29 857 213 | 485 114 007 |
| Government Grants and Subsidies - Capital | - | - | 155 441 061 | - | - | - | - | 45 752 787 | 201 193 848 |
| Actuarial Gains | 7 837 752 | - | - | - | - | - | - | - | 7 837 752 |
| Inventory Adjustments | - | - | - | - | - | - | - | 13 345 | 13 345 |
| **External Revenue from Exchange Transactions** | **7 895 912** | **-** | **-** | **-** | **737 610** | **468 506** | **53 496 217** | **279 015 694** | **341 613 938** |
| Service Charges | - | - | - | - | - | - | 36 186 500 | 179 913 584 | 216 100 084 |
| Interest Earned - External Investments | 6 738 171 | - | - | - | - | - | - | - | 6 738 171 |
| Interest Earned - Outstanding Debtors | - | - | - | - | - | - | 17 282 519 | 99 047 046 | 116 329 565 |
| Other Income | 1 157 741 | - | - | - | 737 610 | 468 506 | 27 197 | 55 064 | 2 446 117 |
| **TOTAL REVENUE** | **395 247 038** | **-** | **208 735 759** | **-** | **737 610** | **22 917 227** | **53 496 217** | **354 639 039** | **1 035 772 890** |
| **EXPENDITURE** | **164 540 752** | **14 720 949** | **49 778 075** | **-** | **22 418 163** | **23 667 949** | **104 890 009** | **481 224 224** | **861 240 121** |
| Employee Related Costs | 79 891 883 | 14 384 529 | 16 830 570 | - | 21 904 259 | 15 573 604 | 31 959 934 | 94 750 778 | 275 295 557 |
| Remuneration of Councillors | 7 260 778 | - | - | - | - | - | - | - | 7 260 778 |
| Debt Impairment | - | - | - | - | - | - | 25 680 245 | 254 614 250 | 280 294 494 |
| Depreciation and Amortisation | 2 377 943 | - | - | - | - | - | 13 757 787 | 54 796 159 | 70 931 889 |
| Impairments | 103 477 | - | - | - | - | - | 119 584 | 142 334 | 365 395 |
| Actuarial Losses | 13 218 | - | - | - | - | - | - | - | 13 218 |
| Repairs and Maintenance | 2 808 527 | 14 083 | 2 274 123 | - | - | 550 599 | - | 7 267 316 | 12 914 647 |
| Finance Charges | 5 814 113 | - | - | - | - | - | - | - | 5 814 113 |
| Bulk Purchases | - | - | - | - | - | - | - | 8 167 059 | 8 167 059 |
| Contracted Services | - | - | - | - | - | - | 19 135 501 | 1 711 407 | 20 846 908 |
| Transfers and Grants | - | - | 9 565 217 | - | - | - | - | - | 9 565 217 |
| VIP Toilet Expenditure | - | - | 15 878 441 | - | - | - | - | - | 15 878 441 |
| Other Expenditure | 65 820 224 | 322 338 | 5 229 723 | - | 513 903 | 7 543 746 | 14 195 356 | 57 962 538 | 151 587 830 |
| Loss on Disposal of PPE | 450 588 | - | - | - | - | - | 41 602 | 1 812 384 | 2 304 574 |
| **TOTAL EXPENDITURE** | **164 540 752** | **14 720 949** | **49 778 075** | **-** | **22 418 163** | **23 667 949** | **104 890 009** | **481 224 224** | **861 240 121** |
| **NET SURPLUS/(DEFICIT) FOR THE YEAR** | **230 706 287** | **(14 720 949)** | **158 957 684** | **-** | **(21 680 553)** | **(750 722)** | **(51 393 792)** | **(126 585 185)** | **174 532 769** |
| **CAPITAL EXPENDITURE FOR THE YEAR** | 2 590 067 | - | 156 312 603 | - | - | - | 250 026 | 46 129 177 | **205 281 873** |

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 62 SEGMENT REPORTING (CONTINUED)

| | Non - Segments | Segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **30 JUNE 2024** | Finance and administration | Public Safety | Planning and Development | Environmental Protection | Health | Road transport | Waste Water Management | Water Management | Total |
| | R | R | R | R | R | R | R | R | R |
| **REVENUE** | | | | | | | | | |
| **External Revenue from Non-Exchange Transactions** | **358 917 306** | **646 682** | **197 731 000** | **-** | **-** | **23 293 223** | **48 753 103** | **16 670 189** | **646 011 503** |
| Government Grants and Subsidies - Operating | 358 142 860 | - | 49 617 144 | - | - | 23 293 223 | - | 13 246 897 | 444 300 124 |
| Government Grants and Subsidies - Capital | - | - | 148 113 856 | - | - | - | 48 753 103 | - | 196 866 959 |
| Public Contributions and Donations - Operating | - | 459 408 | - | - | - | - | - | - | 459 408 |
| Contributed Assets | - | 187 273 | - | - | - | - | - | 3 317 513 | 3 504 786 |
| Actuarial Gains | 774 447 | - | - | - | - | - | - | - | 774 447 |
| Inventory Adjustments | - | - | - | - | - | - | - | 105 779 | 105 779 |
| **External Revenue from Exchange Transactions** | **7 009 263** | **-** | **-** | **-** | **455 317** | **465 825** | **52 325 910** | **260 445 424** | **320 701 738** |
| Service Charges | - | - | - | - | - | - | 38 467 525 | 171 256 265 | 209 723 790 |
| Interest Earned - External Investments | 5 619 204 | - | - | - | - | - | - | - | 5 619 204 |
| Interest Earned - Outstanding Debtors | 612 615 | - | - | - | - | - | 13 576 566 | 89 157 109 | 103 346 291 |
| Other Income | 777 443 | - | - | - | 455 317 | 465 825 | 281 819 | 32 050 | 2 012 454 |
| **TOTAL REVENUE** | **365 926 569** | **646 682** | **197 731 000** | **-** | **455 317** | **23 759 049** | **101 079 013** | **277 115 613** | **966 713 241** |
| **EXPENDITURE** | **151 344 463** | **16 296 839** | **50 921 913** | **-** | **20 514 191** | **28 633 337** | **119 754 090** | **416 342 100** | **803 806 934** |
| Employee Related Costs | 77 182 138 | 15 506 671 | 15 375 021 | - | 19 853 914 | 15 286 749 | 32 578 946 | 86 017 187 | 261 800 626 |
| Remuneration of Councillors | 7 050 525 | - | - | - | - | - | - | - | 7 050 525 |
| Debt Impairment | - | - | - | - | - | - | 43 881 433 | 210 942 787 | 254 824 220 |
| Depreciation and Amortisation | 2 404 888 | - | - | - | - | - | 14 169 494 | 58 716 598 | 75 290 981 |
| Impairments | 621 319 | - | - | - | - | - | - | - | 621 319 |
| Actuarial Losses | 2 887 543 | - | - | - | - | - | - | - | 2 887 543 |
| Repairs and Maintenance | 2 100 002 | - | 3 523 252 | - | - | 774 747 | - | 5 518 031 | 11 916 033 |
| Finance Charges | 5 063 772 | - | - | - | - | - | - | - | 5 063 772 |
| Bulk Purchases | - | - | - | - | - | - | - | 8 035 675 | 8 035 675 |
| Contracted Services | - | - | - | - | - | - | 16 149 583 | 105 931 | 16 255 514 |
| Transfers and Grants | - | - | 11 304 348 | - | - | - | - | - | 11 304 348 |
| VIP Toilet Expenditure | - | - | 15 811 555 | - | - | - | - | - | 15 811 555 |
| Other Expenditure | 53 971 620 | 790 167 | 4 907 737 | - | 660 278 | 12 571 842 | 12 968 740 | 46 598 660 | 132 469 044 |
| Loss on Disposal of PPE | 62 656 | - | - | - | - | - | 5 894 | 407 229 | 475 779 |
| **TOTAL EXPENDITURE** | **151 344 463** | **16 296 839** | **50 921 913** | **-** | **20 514 191** | **28 633 337** | **119 754 090** | **416 342 100** | **803 806 934** |
| **NET SURPLUS/(DEFICIT) FOR THE YEAR** | **214 582 106** | **(15 650 157)** | **146 809 087** | **-** | **(20 058 875)** | **(4 874 289)** | **(18 675 077)** | **(139 226 487)** | **162 906 308** |
| **CAPITAL EXPENDITURE FOR THE YEAR** | 1 863 187 | 54 614 | 149 134 266 | - | - | - | 73 504 | 49 511 563 | **200 637 134** |

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

## SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2025

| INSTITUTION | LOAN NUMBER | RATE | REDEMPTION DATE | OPENING BALANCE 1 JULY 2024 R | RECEIVED DURING YEAR R | REDEEMED DURING YEAR R | CLOSING BALANCE 30 JUNE 2025 R |
|---|---|---|---|---|---|---|---|
| **ANNUITY LOANS** | | | | | | | |
| ABSA (Fleet) | 3062206538 | 9.57% | 2030/03/31 | - | 5 000 000 | - | 5 000 000 |
| **Total Annuity Loans** | | | | **-** | **5 000 000** | **-** | **5 000 000** |
| **Total Long-Term Liabilities** | | | | **-** | **5 000 000** | **-** | **5 000 000** |

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

## DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2025

| | OPENING BALANCE | GRANTS RECEIVED | TRANSFERRED TO REVENUE (OPERATING) | TRANSFERRED TO REVENUE (CAPITAL) | TRANSFER TO/ (FROM) RECEIVABLES | FUNDS RETURNED TO NT | CLOSING BALANCE |
|---|---|---|---|---|---|---|---|
| **NATIONAL GOVERNMENT** | **R** | **R** | **R** | **R** | **R** | **R** | **R** |
| Equitable Share | - | 377 227 000 | (377 427 000) | - | - | 200 000 | - |
| Financial Management Grant (FMG) | - | 1 500 000 | (1 500 000) | - | - | - | - |
| Municipal Infrastructure Grant (MIG) | - | 178 376 000 | (46 468 302) | (131 907 698) | - | - | - |
| Water Services Infrastructure Grant (WSIG) | - | 75 610 000 | (29 857 213) | (45 752 787) | - | - | - |
| Expanded Public Works Program (EPWP) | - | 1 836 000 | (1 836 000) | - | - | - | - |
| Rural Roads Asset Management Grant | 200 000 | 2 447 000 | (913 431) | - | - | (200 000) | 1 533 569 |
| Regional Bulk Infrastructure Grant | - | 40 000 000 | (3 530 004) | (23 533 363) | - | - | 12 936 633 |
| **Total** | **200 000** | **676 996 000** | **(461 531 950)** | **(201 193 848)** | **-** | **-** | **14 470 202** |
| **PROVINCIAL GOVERNMENT** | | | | | | | |
| Public Works - Special Programme | - | 22 772 693 | (21 535 290) | - | (1 237 403) | - | - |
| **Total** | **-** | **22 772 693** | **(21 535 290)** | **-** | **(1 237 403)** | **-** | **-** |
| **OTHER GRANT PROVIDERS** | | | | | | | |
| LG Seta | - | 586 375 | (586 375) | - | - | - | - |
| Orio | - | 1 460 392 | (1 460 392) | - | - | - | - |
| **Total** | **-** | **2 046 767** | **(2 046 767)** | **-** | **-** | **-** | **-** |
| **ALL SPHERES GOVERNMENT** | **200 000** | **701 815 460** | **(485 114 007)** | **(201 193 848)** | **(1 237 403)** | **-** | **14 470 202** |

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

## NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

| | ORIGINAL BUDGET 2025 R | BUDGET ADJUSTMENTS 2025 R | FINAL BUDGET 2025 R | ACTUAL OUTCOME 2025 R | BUDGET VARIANCE 2025 R | RESTATED OUTCOME 2024 R |
|---|---|---|---|---|---|---|
| **Financial Performance** | | | | | | |
| Service charges | 332 802 644 | - | 332 802 644 | 216 155 148 | (116 647 496) | 209 755 839 |
| Investment revenue | 10 474 929 | - | 10 474 929 | 6 738 171 | (3 736 758) | 5 619 204 |
| Transfer and subsidies - Operational | 480 427 850 | - | 480 427 850 | 485 114 007 | 4 686 157 | 444 759 532 |
| Other own revenue | 71 282 155 | 4 | 71 282 159 | 126 571 715 | 55 289 556 | 106 206 921 |
| **Total Operating Revenue** | **894 987 578** | **4** | **894 987 582** | **834 579 042** | **(60 408 540)** | **766 341 496** |
| Employee costs | 280 594 762 | (18 760) | 280 576 002 | 272 901 161 | (7 674 841) | 259 499 330 |
| Remuneration of councillors | 8 040 264 | 11 | 8 040 275 | 7 260 778 | (779 497) | 7 050 525 |
| Depreciation & asset impairment | 88 404 139 | 166 401 322 | 254 805 461 | 345 416 187 | 90 610 726 | 325 781 682 |
| Interest | 5 440 252 | - | 5 440 252 | 5 814 113 | 373 861 | 5 063 772 |
| Inventory consumed and bulk purchases | 55 413 514 | 5 620 738 | 61 034 252 | 32 150 717 | (28 883 535) | 24 467 171 |
| Transfers and subsidies | 11 635 000 | - | 11 635 000 | 9 652 617 | (1 982 383) | 11 364 448 |
| Other expenditure | 382 870 316 | (145 068 000) | 237 802 316 | 188 044 548 | (49 757 769) | 170 580 005 |
| **Total Expenditure** | **832 398 247** | **26 935 311** | **859 333 558** | **861 240 121** | **1 906 563** | **803 806 934** |
| **Surplus/(Deficit)** | **62 589 331** | **(26 935 307)** | **35 654 024** | **(26 661 079)** | **(62 315 103)** | **(37 465 437)** |
| Transfers and Subsidies - Capital | 220 149 150 | 3 219 000 | 223 368 150 | 201 193 848 | (22 174 302) | 196 866 959 |
| Transfers and subsidies - Capital (in-kind) | - | - | - | - | - | 3 504 786 |
| **Surplus/(Deficit) for the year** | **282 738 481** | **(23 716 307)** | **259 022 174** | **174 532 769** | **(84 489 405)** | **162 906 308** |

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

## NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

| | ORIGINAL BUDGET 2025 R | BUDGET ADJUSTMENTS 2025 R | FINAL BUDGET 2025 R | ACTUAL OUTCOME 2025 R | BUDGET VARIANCE 2025 R | RESTATED OUTCOME 2024 R |
|---|---|---|---|---|---|---|
| **Capital expenditure & funds sources** | | | | | | |
| **Capital expenditure** | **256 270 150** | **24 914 657** | **281 184 807** | **205 281 873** | **(75 902 934)** | **200 637 134** |
| Transfers recognised - capital | 220 149 150 | 26 014 657 | 246 163 807 | 201 193 848 | (44 969 959) | 196 866 959 |
| Transfers recognised - capital (in-Kind) | - | - | - | - | - | 3 504 786 |
| Borrowing | 30 000 000 | - | 30 000 000 | - | (30 000 000) | - |
| Internally generated funds | 6 121 000 | (1 100 000) | 5 021 000 | 4 088 025 | (932 975) | 265 389 |
| **Total sources of capital funds** | **256 270 150** | **24 914 657** | **281 184 807** | **205 281 873** | **(75 902 934)** | **200 637 134** |
| **Cash flows** | | | | | | |
| Net cash from (used) operating | 233 530 109 | 86 336 192 | 319 866 301 | 228 457 552 | (91 408 749) | 193 580 601 |
| Net cash from (used) investing | (256 270 150) | (42 350 319) | (298 620 469) | (205 281 873) | 93 338 596 | (194 984 893) |
| Net cash from (used) financing | 21 800 570 | 8 199 430 | 30 000 000 | 5 069 202 | (24 930 799) | (1 238 857) |
| **Net Cash Movement for the year** | **(939 471)** | **52 185 303** | **51 245 832** | **28 244 880** | **(23 000 952)** | **(2 643 149)** |
| Cash/cash equivalents at the year begin: | 8 137 201 | (4 798 604) | 3 338 597 | 3 346 597 | 8 000 | 5 989 746 |
| **Cash/cash equivalents at the year end** | **7 197 730** | **47 386 699** | **54 584 429** | **31 591 477** | **(22 992 952)** | **3 346 597** |