

2024-2025 HARRY  
GWALA DISTRICT  
MUNICIPALITY  
ANNUAL REPORT



# TABLE OF CONTENTS

## TABLE OF CONTENTS

### CHAPTER 1:

|                                                      |    |
|------------------------------------------------------|----|
| 1.1 Mayor's foreword and Executive Summary.....      | 6  |
| 1.2 Municipal Manager's foreword.....                | 9  |
| 1.3Municipalfunction,populationandenvironmental..... | 12 |
| 1.4 Service delivery overview.....                   | 21 |
| 1.5 Financial overview.....                          | 23 |
| 1.6 Organisational development overview.....         | 24 |
| 1.7 Auditor General's report .....                   | 27 |
| 1.8 Statutory Annual Report.....                     | 27 |

### CHAPTER 2: Governance

|                                                                       |    |
|-----------------------------------------------------------------------|----|
| 2.1 Component A: Political governance and structural governance ..... | 30 |
| 2.2 Component B: Public accountability and public participation.....  | 34 |
| 2.3 Component governance.....                                         | 37 |

### CHAPTER 3: Service delivery performance

|                                                                 |     |
|-----------------------------------------------------------------|-----|
| 3.1 Component A: Financial services.....                        | 51  |
| 3.2 Component B: Sanitation and infrastructure .....            | 62  |
| 3.3 Component C: Corporate Services                             | 107 |
| 3.4 Component D: Social Services and Development Planning ..... | 119 |
| 3.5 Component E: Office of the Municipal Manager.....           | 151 |

### CHAPTER 4: Organizational development and performance

|                                                           |     |
|-----------------------------------------------------------|-----|
| 4.1 Component A: Introduction to municipal workforce..... | 156 |
| 4.2 Component B: Managing the municipal workforce .....   | 158 |
| 4.3 Component C: Capacity in the municipal force.....     | 167 |
| 4.4 Component D: Managing workshop expenditure.....       | 171 |

### CHAPTER 5: Financial performance

|                                                           |     |
|-----------------------------------------------------------|-----|
| 5.1 Component A: Statement of financial performance.....  | 178 |
| 5.2 Component B: Spending against capital budget.....     | 190 |
| 5.3 Component C: Cash flow management and investment..... | 192 |

### CHAPTER 6: Auditor General's finding

### APPENDICES

#### VOLUME 1: ANNUAL PERFORMANCE REPORT

#### VOLUME II: ANNUAL FINANCIAL STATEMENTS

#### VOLUME II: ANNUAL FINANCIAL STATEMENTS

## GLOSSARY OF TERMS AND ABBREVIATIONS

|                          |                                                                                                                                                                                                                                                      |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs.                                                                                                                                                                   |
| Accountability documents | Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities               | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".                                                                                            |
| Adequacy indicators      | The quantity of input or output relative to the need or demand.                                                                                                                                                                                      |
| Annual Report            | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.  |
| Approved Budget          | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.                                                                                                   |
| AR                       | Annual Report                                                                                                                                                                                                                                        |

|                         |                                                                                                                                                                                                                        |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         |                                                                                                                                                                                                                        |
| Baseline                | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.                   |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| BDS                     | Blue Drop Status                                                                                                                                                                                                       |
| Budget year             | The financial year for which an annual budget is to be approved – means a year ending on 30 June.                                                                                                                      |
| Cost indicators         | The overall cost or expenditure of producing a specified quantity of outputs.                                                                                                                                          |
| Distribution indicators | The distribution of capacity to deliver services.                                                                                                                                                                      |
| DMA                     | District Management Area                                                                                                                                                                                               |



## **The purpose of this Annual Report**

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- To reduce the additional reporting requirements that will otherwise arise from Government department, monitoring agencies and financial institutions.



## CHAPTER 1– Mayor’s Foreword and Executive Summary

### 1.1 MAYOR’S FOREWORD

I am pleased to present the Annual Report of Harry Gwala District Municipality for the 2024-2025 financial year. This Annual Report provides a comprehensive overview of the municipalities Integrated Development Plan (IDP), Annual Budget, Service Delivery and Budget Implementation Plan (SDBIP) as adopted by for the financial year 2024-2025. It serves as an account of the municipalities performance in fulfilling its mandate to deliver quality services, promote good governance and improve the lives of our communities.

The Harry Gwala District Municipal Council reviewed it’s Vision and Mission in line with the Municipal Systems Act No. 32 of 2000, which directs municipalities on the core components of their integrated development plans. Integrated development plans must reflect the municipal Council’s vision for the long-term development of the municipality with special emphasis on the most critical developments and internal transformational needs. Our new Vision and Mission read as follows:

#### **Vision**

By 2030, Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from a vibrant agriculture and tourism sector.

#### **Mission**

Working together with its communities and stakeholders Harry Gwala District Municipality will ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities and strive to improve its agriculture and tourism sector to enhance human dignity.

One of the highlights of this year's performance is that we have received an unqualified audit opinion for the 2024-2025 financial year. The municipalities financial management practices reflect continued commitment to transparency, accountability and service delivery excellence, the municipality's commitment in ensuring value for money in all our initiatives and placing people at the centre of our development.

In addressing the dysfunctional billing system mentioned in prior reports, the municipality has made great progress in addressing this issue. We have introduced, installed, and activated prepaid smart meters in parts of Kokstad, Ixopo, Umzimkhulu and Underberg. council also adopted an indigent policy to address challenges such as illegal connections, curb the non-payment culture and to provide affordable water and sanitation services to our communities. Members of the community are encouraged to integrate to prepaid smart meters and to submit applications for indigent support.

On key service delivery improvements, the municipality has worked tirelessly to deliver on its mandate. One the key highlights is the Mayoral Special project, which involves Water Indaba quick intervention projects, so as to enable the municipality to provide 52 boreholes, 43 spring protections and the procurement of four 4 18 000 litre water tank trucks across the family of municipalities within the district. We have also made great strides in improving the turnaround time in the implementation of our multi-year projects which includes the Kempsdale Dam, Greater Summer field water supply scheme, Centecow water supply scheme and Mnqumeni water supply scheme and water infrastructure in Kokstad. The multi-year projects are the municipalities optimistic strategy and will give a lasting solution to the water provision challenges in the district. Apart from the multi-year projects the municipality has also committed to maintaining existing infrastructure and schemes internally through the operations and maintenance unit.

The municipality continues to strengthen Intergovernmental Relations. In collaboration with our stakeholders the municipality recently reviewed and endorsed the District Development Model One Plan for the coordination and facilitation of the implementation of 18 catalytic



projects across all spheres of government. To enhance stakeholder consultation and public participation, the district conducts community engagements and has formed strong collaborative partnerships to ensure that the voices of our communities are effectively attended to. Traditional Leadership, Ward committees, Civil society and other key stakeholders are integrated into our planning processes.

In addressing the socio-economic issues, unemployment, poverty, and inequality the municipality allocated an additional R4 460 Million to the EPWP Grant that we receive from the Provincial government. This allocation enabled the municipality to create more than 300 temporary job opportunities for the people of Harry Gwala District Municipality. Our entity rolled out LED programs. The Enterprise Development Fund has provided support to small businesses and cooperatives across priority sectors of the district's economy. Youth in Business Enterprise afforded young people to pitch their business ideas to experts and received support and funding. Women in Business allows women across the district to benefit and an opportunity has been created to receive support from experts and funding.

As we look forward, we acknowledge the achievements and challenges that remain, particularly around service delivery backlogs. We will continue to prioritize and commit ourselves. In closing the service delivery gaps, we have enhanced stakeholder participation, to build institutional resilience, promote transparency and good governance.

In closing, I wish to express my gratitude to the Executive Committee, Municipal Council, Management, all officials, and stakeholders, especially members of the community, for their continued support and partnership. It is through this shared vision that we will realize our developmental objectives and build a better municipality and better communities.

Yours in development,

Councillor Z.D. Nxumalo

DISTRICT MAYOR

HARRY GWALA DISTRICT MUNICIPALITY



## **MUNICIPAL MANAGERS'S FOREWORD**

As the Municipal Manager of Harry Gwala District Municipality and the Head of administration, I would like to take this opportunity to showcase the significant accomplishments and progress that has been made during the reporting period for the 2024/2025 financial year, by providing the purpose, scope, overview and disclosure of our operating and fiscal activities of our previous financial year. The Annual Report is a critical communication tool that allows for leadership accountability, as it sets the tone and highlights the District municipality's commitment to specific goals and values such as service delivery, economic development and public participation. One of the fundamental and overarching purposes of the Annual report, is to take stock of the service delivery deliverables and to report on the performance of the municipality as a whole. It also serves as a guide to the municipality's effectiveness in addressing opportunities and challenges.

As the Accounting Officer, my duty is to provide a link between the Council and administration and account for the municipality's income and expenditure, assets and obligations such as proper adherence to legislative prescripts that are applicable to the municipality. It is imperative that a comprehensive overview is provided that gives effect and adherence to the needs of our communities to improve their quality of lives through the provision of water and sanitation, which is our core mandate and functionary.

As a district municipality it gives me great pleasure to report that we have taken great strides in the implementation of our planned bulk infrastructure projects, with specific emphasis on those that are funded by grants. Our Water services development plan which has been compiled and adopted by council, focuses on water supply and sanitation services within the district. Our local municipalities have access to piped water inside dwellings, yards and community stand pipes and the supply of water accessibility is a continuous milestone in striving to provide water to our citizenry. The municipality is in a process of installing and activating smart water meters throughout the district which is a program that will cover all satellites so as to decrease the loss of water and promote the enhancement of revenue collection, since the district currently experiences low revenue collection. This program seeks to also address the repairs of damaged meters, the replacement of faulty meters and the activation and installation of operational water meters. Rudimentary water supply is provided such as boreholes with hand pumps or spring protection, in areas where communities cannot be served by regional schemes or stand-alone water schemes.

Our municipality is fully functional as all political and governance structures of council have been established from the Executive committee to the Multi party women's caucus, in order to allow for effective and efficient discussion which is followed by performance in the administration.

As a municipality we have recently reviewed our vision and mission so as to adapt to the changing contexts, improve service delivery and address systematic challenges that still prevail within the local government sphere, in order to remain relevant, effective and responsive to the needs of our communities. In keeping with the objects of local government, which is to provide a democratic and accountable government to our local communities, to ensure the provision of services in a sustainable manner, to promote social and economic development, a safe and healthy environment and to encourage the involvement of community organizations in matters of local government, we are striving to achieve these objectives within our financial and administrative capacity.

Our. During the 2024/2025 financial year, the district municipality received an unqualified audit opinion. Our municipality has taken great strides to remain within the confines of

municipal financial management interrelated components of planning and budgeting, revenue and expenditure management, reporting and oversight. Our municipality is proud to announce the implementation of the Water Indaba Intervention program, by appointing two service providers to develop 28 solar powered boreholes across the district, so as to improve access to portable water to communities. Six projects have been identified for the refurbishment of water and sanitation schemes, as a form of urgent operation and maintenance interventions. We are grateful for the funds that were obtained from the Department of Water and Sanitation through the Municipal Infrastructure Grant (MIG) to fund these important projects.

As a municipality we are in tune to the involvement of our Traditional Leaders in matters of common interest and utilize the District Development Model (DDM) so as to improve service delivery and promote development by fostering collaboration amongst all the three spheres of government, where focus is intended to streamline planning, budgeting and the implementation of programs and projects through the One Plan approach. We have successfully compiled our DDM One Plan, in keeping with the guidelines as provided by KZN Provincial COGTA.

As I reach the end of my introduction, I wish to request that all our stakeholders read our annual report so as to acquaint themselves with the content and context as it unfolds in the different chapters. My continuous gratitude is always expressed to the Municipal Council, Executive Committee, Management, all officials, stakeholders and the citizens that we serve.

Yours in Service,

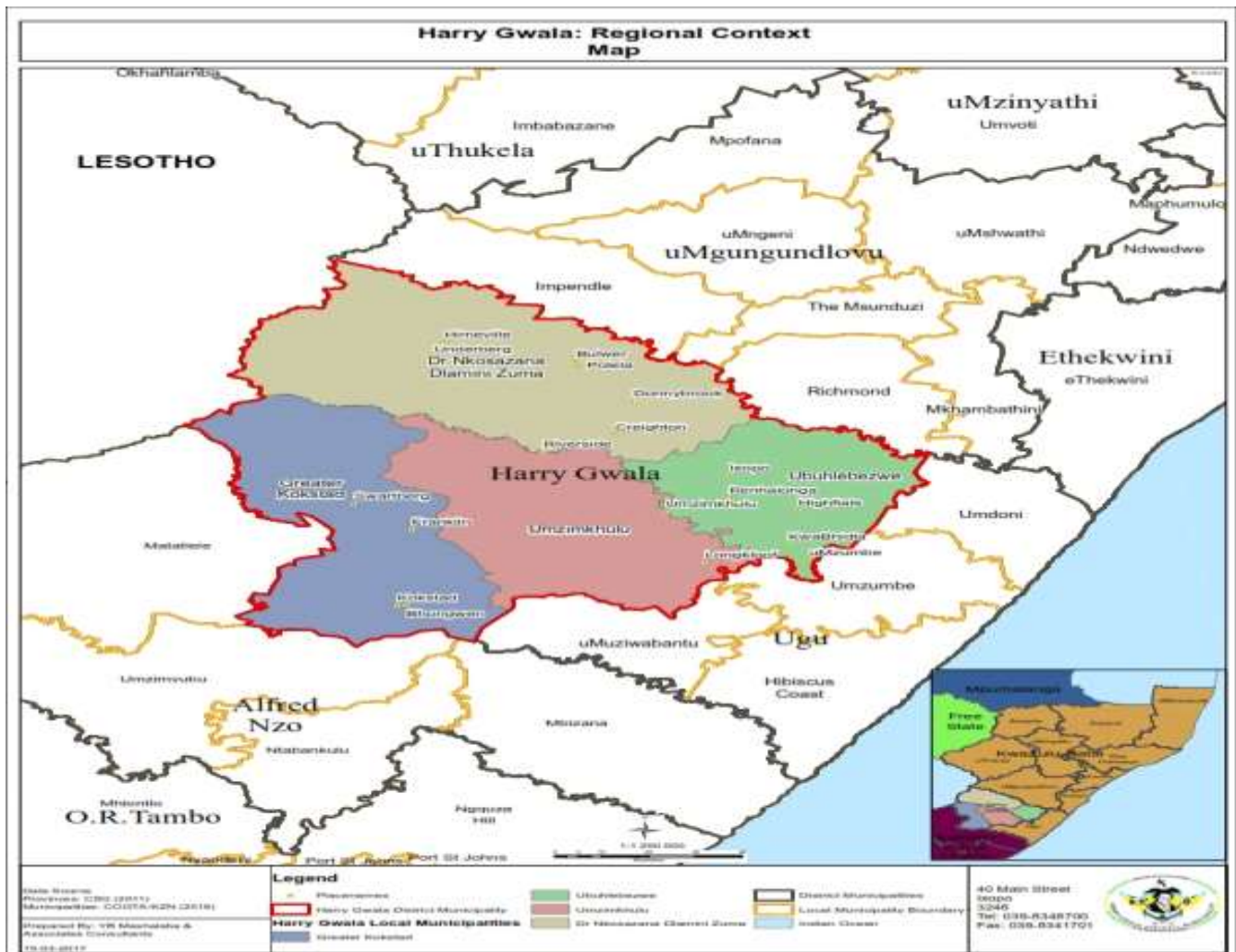
Mr. G.M, Sineke

DISTRICT MUNICIPAL MANAGER

HARRY GWALA DISTRICT MUNICIPALITY

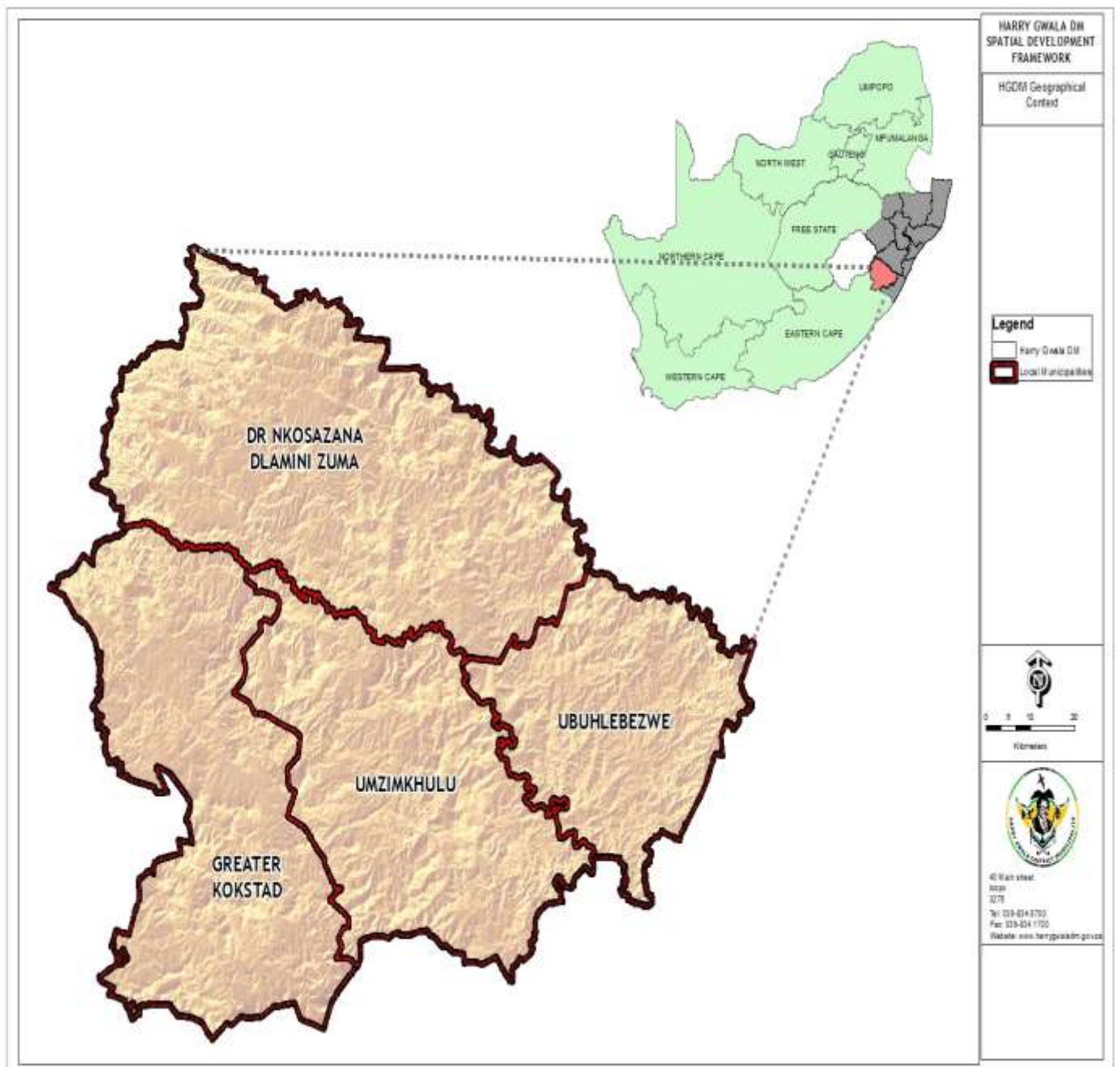
### **1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

The Harry Gwala District Municipality is located to the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 10 618.0 km<sup>2</sup> . The Harry Gwala District municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The Harry Gwala District Municipality (DC43) is composed of the following four local municipalities: UBuhlebezwe; Dr. Nkosazane Dlamini Zuma; Greater Kokstad and UMzimkhulu.



## Historical Perspective

The southern section of the uKhahlamba Drakensberg Park World Heritage Site falls within the Harry Gwala District. This uKhahlamba Drakensberg Park World Heritage Site forms part of the Maloti-Drakensberg Transfrontier Conservation and Development Area which was established in 2001 between Lesotho and South Africa. On 22 June 2013 this Transfrontier Conservation Area was designated as a Transfrontier World Heritage Site when UNESCO inscribed Lesotho's Sehlabathebe National Park as an extension to South Africa's uKhahlamba Drakensberg Park World Heritage Site. The Transfrontier World Heritage Site is now to be named the Maloti Drakensberg Transboundary World Heritage Site (Peace Parks Foundation).



The *Dr Nkosazana Dlamini Zuma Local Municipality* is named in honour of the first woman chairperson of the African Union Commission and national order recipient, who comes from the area. The municipality is the largest municipality of four in the district, accounting for just over a third of its geographical area at 3 602 km<sup>2</sup>. The municipality borders Lesotho and shares boundaries with the Eastern Cape. It was established by the amalgamation of the Ingwe and Kwa Sani Local Municipalities in August 2016. The municipality fulfils the role of being the administrative and commercial centre for the district. The rest of the municipal area consists of tribal lands, which dominate the area. The municipality is known for the World Heritage Site of Ukhahlamba. Key towns are Creighton, Himeville, Bulwer and Underberg. The main economic activities are agriculture and tourism.

The *Greater Kokstad Local Municipality* derives its name from the Dutch Adam Kok III, and it means "town of Kok". The Griquas trekked from Philippolis over the Drakensberg and settled at Mount Currie. With the help of Rev. William Dower and Rev. William Murray the Griquas had, in 1871, surveyed the town. This was done from the centre of the town, now known as the Market Square. In the middle of 1872 Adam Kok called a Volksraad meeting (at the larger) on the slopes of Mount Currie. After a brief review he had them all mount up with an order them to load all government property and they moved into town. At the Market Square each burger was told to build

their houses in town. Mr Charles Bisley then addressed the gathering and suggested that out of respect to Kaptein Adam Kok and with the approval of the council the new town should be named Kokstad. It shares boundaries with Matatiele Local Municipality and a border with Lesotho to the west. To the north is Dr Nkosazana Dlamini Zuma Local Municipality, Umuzimkhulu Local Municipality to the south-east and Eastern Cape to the east. Kokstad serves as the service centre and commercial hub for most of East Griqualand and nearby parts of the Eastern Cape, with which it shares borders. The main economic activities are agriculture (36%), trade (20%), community services (18%), finance (16%), transport (4%), manufacturing (3%), electricity (2%)



The *Ubuhlebezwe Local Municipality* derives its name from isiZulu meaning "The Beauty of the Land". The name is derived from Alan Paton's world famous novel, *Cry, the Beloved Country*, which novel is set in Ixopo which is the administrative centre of the municipality. Ixopo is located approximately 85km south-east of Pietermaritzburg, the capital of KwaZulu-Natal. It is a major education and health centre as well as the primary base for the operation of many departments and service providers.

## **PROFILE: HARRY GWALA DISTRICT MUNICIPALITY**

### "THE UBUHLEBEZWE LOCAL MUNICIPALITY DERIVES ITS NAME FROM ISIZULU MEANING

#### THE BEAUTY OF THE LAND".

It is strategically located at the intersection of four major provincial routes leading to Pietermaritzburg, the Drakensberg, the Eastern Cape and the South Coast. The town of Ixopo forms the primary development node of the municipality and has also been selected as the seat of the Harry Gwala District Council. The importance of Ixopo cannot be underestimated in the socio-economic development of the area as a whole. Ixopo plays an important role in terms of the possible location for industry, commerce and other economic activity. The key economic drivers are agriculture, tourism and business.

The *uMzimkhulu Local Municipality* spanning 2 436 km<sup>2</sup> accounts for a quarter of the Harry Gwala District's geographical area. It is the most populated of the Harry Gwala municipalities. It derives its name from isiXhosa and isiZulu meaning "Big / Great house". The name is derived from the areas of cultural and multi - tribal richness where each small tribe is accommodated by the first three tribes, namely, the AmaBhaca, Intlangwini and the Amachunu, which were joined by the Griquas later.

The name assures all tribes that there is ample land to occupy following certain traditional principles and procedures. It is the most populated of the Harry Gwala municipalities. Households headed by women are in the majority of the population.

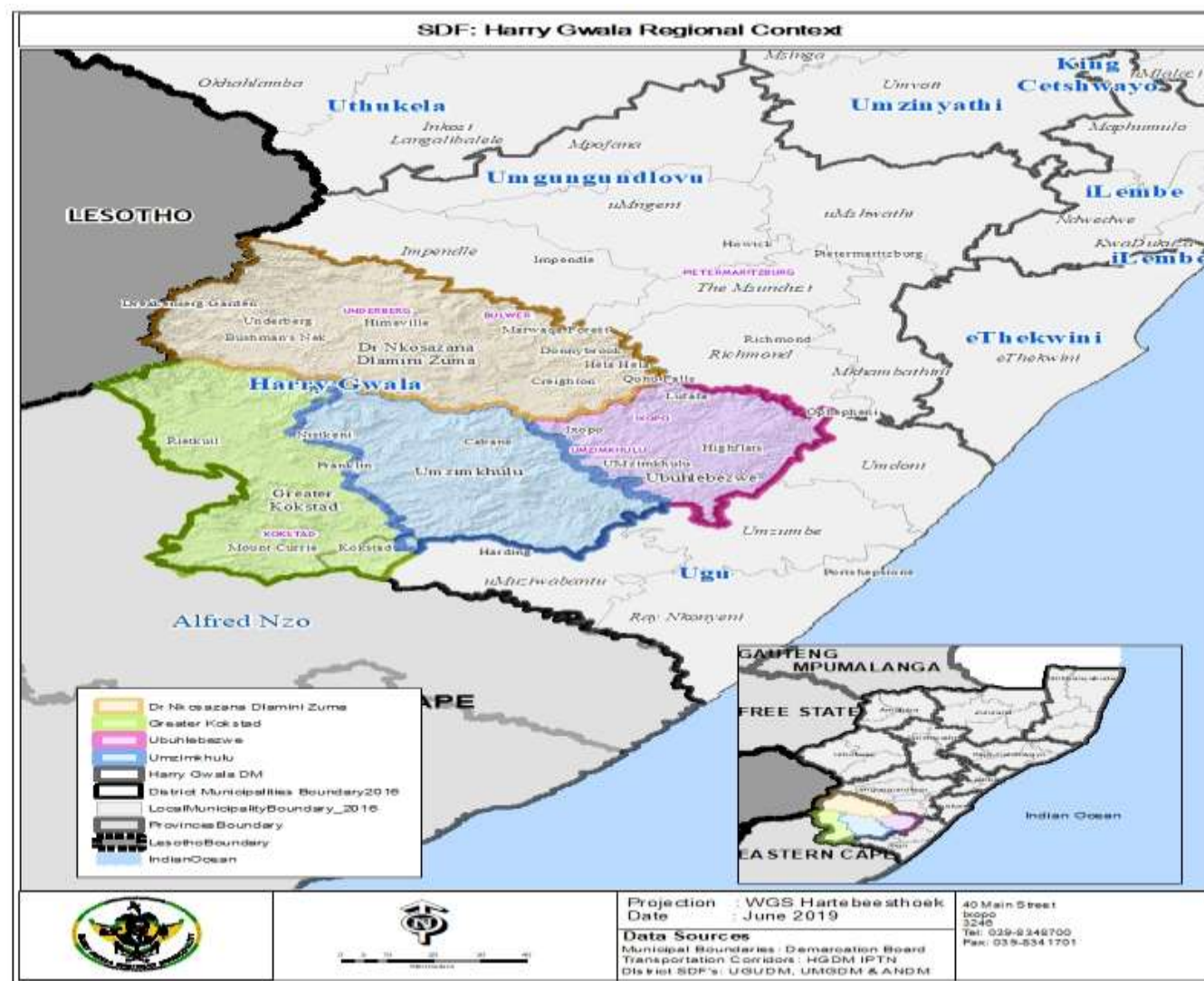
There is a need to implement youth development programmes and, for the most part, to target women in stimulating nodal economic growth.

uMzimkhulu Town (and adjoining Clydesdale peri-urban area) is regarded as the primary node, both administrative and economic, in the municipal area. Rietvlei, Riversdale and Ibisi are regarded as secondary nodes as rural service centres.

Other settlements such as Mountain Home, Glengarry, Ntsikeni and Ncambele (Gowan Lea) can be regarded as minor service centres. The towns of Creighton and Franklin are accessible to the north-western part of the municipal area and Harding is accessible to the southern part, as economic service centres. The main and only town is uMzimkulu and the main economic activities are agriculture; forestry; community, social and personal services; trade and tourism

## **PROVINCIAL LOCATION CONTEXT**

The Harry Gwala District Municipality is one of the ten District Municipalities that forms part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Harry Gwala District Municipality is bordered by the following District Municipalities: Uthukela to the North; Umgungundlovu to the North East; Alfred Nzo and Ugu to the South East. The location of the District in relation to the aforesaid District municipalities means that, any planning and development-taking place in each District will have an impact on the neighboring Districts. It is therefore imperative to align planning and development activities between the Harry Gwala District Municipality and the respective District Municipalities.



## **DEMOGRAPHIC PROFILE**

The Harry Gwala District Municipality (DC43) is one of the ten District Municipalities in KwaZulu-Natal Province and is located South-West of the province. The District Municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The municipality area size is 10 618.0 km<sup>2</sup> and the population spread is 48.1 people per square kilometer. Key rivers in the district are the UMzimkhulu and Umkomaas river.

### **Population per local municipality**

| Municipality                                 | Male   | Female | Total   | Number of wards | No. of Households |
|----------------------------------------------|--------|--------|---------|-----------------|-------------------|
| Harry Gwala District Municipality            | 239582 | 271284 | 563 893 | 61              | 115 036           |
| Greater Kokstad Local Municipality           | 36878  | 39875  | 76753   | 10              | 17 842            |
| UBuhlebezwe Local Municipality               | 55513  | 62834  | 118346  | 14              | 26 801            |
| UMzimkhulu Local Municipality                | 90459  | 106827 | 197286  | 22              | 49 616            |
| Dr Nkosazana Dlamini Zuma Local Municipality | 56732  | 61748  | 118480  | 15              | 28 714            |

## **EDUCATION**

The number of people without any schooling decreased from 44237, and for those with education is 173 230. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education. If the number of people

continues to improve this will call for more investment in economic opportunities to avoid brain drain of our graduate to big cities.

Harry Gwala District has 134 Combined schools, 234 Primary schools, and 76 Secondary schools. These schools are dispersed across the District, however there are higher numbers around the nodes and along the access roads (as to be expected). Though the District appears to have adequate schools, much of education-associated problems are experienced in farm and rural schools. Existing schools do not offer upto-standard science and technical subjects. School property is continuously vandalized. Most schools lack water and sanitation

## **THE ECONOMIC PROFILE**

With a GDP of R 13.9 billion in 2019 (up from R 7.25 billion in 2009), the Harry Gwala District Municipality contributed 1.73% to the KwaZulu-Natal Province GDP of R 805 billion in 2019. In 2019, the Harry Gwala District Municipality achieved an annual growth rate of 0.92% which is a significantly higher GDP growth than the KwaZulu Natal Province's -0.07%, and is higher than that of South Africa, where the 2019 GDP growth rate was 0.15%.

The greatest contributor to the Harry Gwala District Municipality economy is the uMzimkhulu Local Municipality with a share of 26.63% or R 3.7 billion, increasing from R 1.9 billion in 2009. The economy with the lowest contribution is the Greater Kokstad Local Municipality with R 2.91 billion growing from R 1.55 billion in 2009.

The structure of the Economy In 2019, the community services sector is the largest within Harry Gwala District Municipality accounting for R 3.89 billion or 31.0% of the total GVA in the district municipality's economy. The sector that contributes the second most to the GVA of the Harry Gwala District Municipality is the trade sector at 21.1%, followed by the agriculture sector with 11.7%. The sector that contributes the least to the economy of Harry Gwala District Municipality is the mining sector with a contribution of R 38.1 million or 0.30% of the total GVA.

Harry Gwala's Tress Index was estimated at 47.2 which are higher than the 42.2 of KZN province and higher than the 42.2 of the South Africa as a whole. This implies that - on average - Harry Gwala District Municipality is less diversified in terms of its economic activity

spread than the national's economy. The more diverse an economy is, the more likely it is to create employment opportunities across all skills levels (and not only - for instance - employment opportunities that cater for highly skilled labourers), and maintain a healthy balance between labour-intensive and capital-intensive industries. The Harry Gwala District Municipality has a very high concentrated agriculture sector. In Harry Gwala District Municipality, the economic sectors that recorded the largest number of employment in 2019 were the community services sector with a total of PROFILE:

HARRY GWALA DISTRICT MUNICIPALITY 700 employed people or 27.8% of total employment in the district municipality. The trade sector with a total of 19 700 (19.8%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 137 (0.1%) is the sector that employs the least number of people in Harry Gwala District Municipality, followed by the electricity sector with 217 (0.2%) people employed.

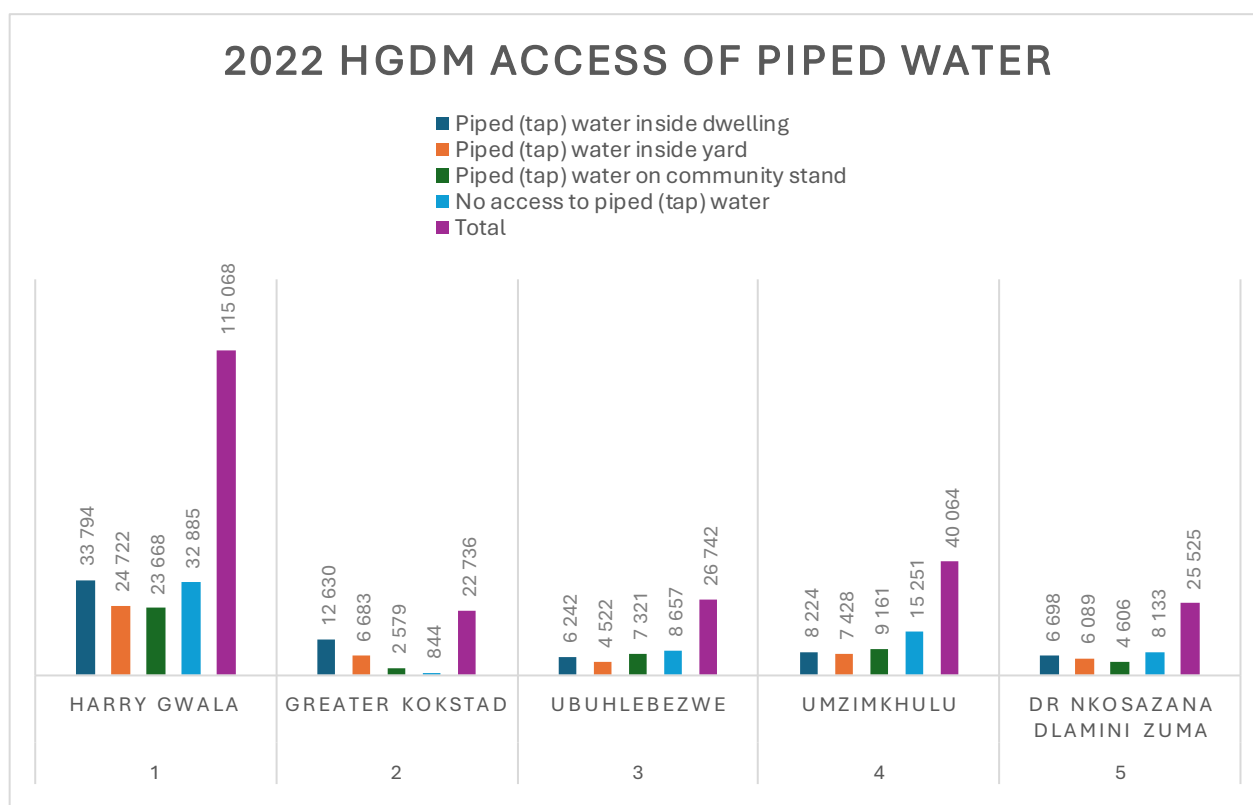
## 1.4 SERVICE DELIVERY OVERVIEW

The municipality is proud to indicate the achievements in chapter 3 of this Annual Report in relation to the implementation of all the planned bulk infrastructure projects, particularly those that are funded by grants.

Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies outlined in a WSDP are free basic services strategy, water resources strategy and national water strategy.

### HGDM ACCESS TO WATER 2022 STATS SA

|   | Municipality              | Piped (tap) water inside dwelling | Piped (tap) water inside yard | Piped (tap) water on community stand | No access to piped (tap) water | Total 2022 |
|---|---------------------------|-----------------------------------|-------------------------------|--------------------------------------|--------------------------------|------------|
| 1 | Harry Gwala               | 33,794                            | 24,722                        | 23,668                               | 32,885                         | 115,068    |
| 2 | Greater Kokstad           | 12,630                            | 6,683                         | 2,579                                | 844                            | 22,736     |
| 3 | Ubuhlebezwe               | 6,242                             | 4,522                         | 7,322                                | 8,657                          | 26,742     |
| 4 | Umzimkhulu                | 8,224                             | 7,428                         | 9,161                                | 15,251                         | 40,064     |
| 5 | Dr Nkosazana Dlamini Zuma | 6,698                             | 6,089                         | 4,606                                | 8,133                          | 25,525     |



The graph above states that out of 115 068 people, the total number of those that have piped (tap) water inside dwelling is 33 794. And those households that totally don't receive water is 32 884. But to be more confident HGDM use it Water Services Development Plan for in order plan accordingly.

### 2022 HGDM SANITATION

| Municipality              | Flush toilet | Chemical toilet | Pit toilet | Bucket toilet | Other | None  | Total 2022 |
|---------------------------|--------------|-----------------|------------|---------------|-------|-------|------------|
| Harry Gwala               | 42,715       | 9,210           | 54,669     | 829           | 4,708 | 2,936 | 115,068    |
| Greater Kokstad           | 18,064       | 1,710           | 2,186      | 267           | 248   | 261   | 22,736     |
| Ubuhlebezwe               | 6,663        | 2,354           | 15,916     | 131           | 845   | 834   | 26,742     |
| Umzimkhulu                | 9,940        | 2,735           | 22,654     | 290           | 2,815 | 1,629 | 40,064     |
| Dr Nkosazana Dlamini Zuma | 8,048        | 2,411           | 13,913     | 141           | 800   | 212   | 25,525     |

Stats SA 2022.





## 022 Stats SA

In relation to the bar graph it is stated that out of a total of 115 068 households in HDGM 42 715. It further state that some households at HGDM still use bucket system. The municipality does no longer have buckets systems they were eradicated few years ago.

## 1.5 FINANCIAL HEALTH OVERVIEW

**LIQUIDITY ANALYSIS:** The liquidity analysis of the municipality shows great improvement from the past 5 years which is 2020/2021 financial year to 2024/2025, the positive improvement in the ratio is due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 100% improvement in this ratio is concrete evidence on improving financial health of the municipality.

**COLLECTION:** Collection amount has increased from R50, 5m in 2020/2021 to R60m in 2021/2022 then in 2022/2023 the revenue collection regressed by R5, 4m to R 54, 6m. In 2023/24 financial year it shows an improvement of R66, 1m and a slightly decrease to R64, 5m in 2024/2025 financial year. In 2024/2025 collection decreased from R66, 1m to R64, 5m. There is a revenue strategy that the municipality is implementing as well as cleansed consumer data. The dilapidated infrastructure have negative impact on our billing and collection.

| FINANCIAL OVERVIEW 2024-25             |                      |                      |                      |
|----------------------------------------|----------------------|----------------------|----------------------|
| Detail                                 | Original Budget      | Adjustment Budget    | Actual               |
| Water & Sanitation revenue             | R 71 195 235         | R 79 208 394         | R 77 718 381         |
| Interest earned on investments         | R 16 034 585         | R 27 689 876         | R 28 011 808         |
| Interest earned on outstanding Debtors | R 16 655 074         | R 15 145 960         | R 14 598 864         |
| Grants & Subsidies - Operational       | R 512 493 491        | R 531 557 566        | R 534 708 190        |
| Grants & Subsidies - Capital           | R 318 123 509        | R 323 856 092        | R 317 693 135        |
| Other revenue                          | R 1 066 311          | R 1 411 892          | R 2 425 260          |
| <b>TOTAL</b>                           | <b>R 935 568 205</b> | <b>R 978 869 780</b> | <b>R 975 155 638</b> |

| Operating Ratios 2023-2024     |    |
|--------------------------------|----|
| Details                        | %  |
| Employee Cost                  | 36 |
| Repairs and Maintenance        | 2  |
| Finance Charges and Impairment | 0  |

| TOTAL CAPITAL EXPENDITURE: Year-2 to Year 0 |                  |                  |                  |
|---------------------------------------------|------------------|------------------|------------------|
| Detail                                      | Year-2 (2024/25) | Year-2 (2023/24) | Year-2 (2022/23) |
| Original Budget                             | R 318 123 509    | R 321 352 114    | R 320 235 725    |
| Adjustment Budget                           | R 323 856 092    | R 351 938 110    | R 316 011 000    |
| Actual                                      | R 317 693 135    | R 332 319 363    | R 311 859 816    |

| TOTAL CAPITAL EXPENDITURE |                      |                      |                      |                    |
|---------------------------|----------------------|----------------------|----------------------|--------------------|
| Detail                    | Original Budget      | Adjustment Budget    | Actual               | Variance           |
| MIG                       | R 218 123 509        | R 217 842 000        | R 194 978 565        | R 22 863 435       |
| WSIG                      | R 100 000 000        | R 100 000 000        | R 98 650 245         | R 1 349 755        |
| DWS                       | R -                  | R 6 014 092          | R 24 064 325         | R -18 050 233      |
| <b>TOTAL</b>              | <b>R 318 123 509</b> | <b>R 323 856 092</b> | <b>R 317 693 135</b> | <b>R 6 162 957</b> |

## 1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year Integrated Development Plan.

| DEPARTMENT                                                 | FUNCTIONS                                                                                                                                                             |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office of the Municipal Manager                            | The functional areas of this department are, namely: Internal Audit; Risk Management; and Legal Services, IDP and PMS.                                                |
| Budget and Treasury Office                                 | The functional areas of this department are, namely: Income; Expenditure; Budget Supply Chain Management and Asset Management                                         |
| Corporate Services Department                              | The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support.  |
| <u>Social Services and Development Planning Department</u> | <u>The functional areas of this department are, namely: Sport and Recreation; Special Programs; Planning and Development; Social Service and Disaster Management;</u> |

|                                    |                                                                                                                     |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|                                    |                                                                                                                     |
| Infrastructure Services Department | The functional areas of this department are, namely: Municipal Works; Project Management; and Technical Services.   |
| Water Services Department          | The functional areas of this department are, namely: Operations & Maintenance; Water Governance; and Customer Care. |
|                                    |                                                                                                                     |

In the 2024-2025 financial year, the municipality has witnessed the following successes:

- Improved blue and green drop
- Completion of Mqhumeni Dam
- Improved municipal liquidity
- Improved municipal GIS
- Increased recruitment by Corporate Services.

While witnessing the fore stated successes, the encountered challenges outweigh them. The challenges that have been noted are as follows: (what were the challenges in 2024-2025 financial year?)

- Huge amounts of overtime paid especially to Water Services employees due to insufficient funding for vacant positions.
- Insufficient funding for capacity building (training and bursaries).
- Inadequate office accommodation and parking for Councillors and Employees.
- Lack of funding for employee compounds for Water Services employees.

- Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were reviewed and are awaiting adoption. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

## **1.7 AUDITOR GENERAL REPORT**

According to the Auditor General, the consolidated and separate financial statements present fairly, in all material respects, the financial opinion of the group as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practices and the requirements of the Municipal Finance Management Act of South Africa 2003 (Act No. 56 of 2003) and the Division of Revenue Act of South Africa, 2022 (Act No. 5 of 2022).

### Emphasis of Matters

Material impairment – receivable from exchange

Restatement of corresponding figures

Material losses- water

## **1.8 STATUTORY ANNUAL REPORT PROCESS**

Section 127 of the Municipal Finance Management Act, sets out that:

“... the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.” [Section 127(2)]

"... the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." [Section 127 (5) (b)]

"... the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report..." [Section 129(1)]

"... the accounting officer must submit copies of the minutes of the meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." [Section 129(2)(b)]

## **CHAPTER 2 – GOVERNANCE**

To ensure accountability and governance arrangements are in place, Section 121 (2)(c) of the MFMA supports the requirements of this Section 18 (1) (d) of the MSA. Information on matters of governance should be communicated to communities. This should, according to Section 65 (1) (a) of the MFMA and of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such Annual Report is to promote accountability to communities for decisions taken by Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied within the political and administrative structures of a municipality/ municipal entity to ensure good governance.

#### Participation:

Participation could either be direct or legitimate intermediate institution or representatives.

#### Rule of law:

Good governance requires legal frameworks that are enforced impartially.

#### Transparency:

Transparency means that stakeholders are provided with information on why decisions were made that directly affects them.

#### Responsiveness:

Good governance requires that institutions and processes try serve all stakeholders with a responsible time frame.

#### Consensus oriented:

Governance requires mediation of the different interests in society to reach consensus in society on what is in the interest of the whole community and how this can be achieved.

Equity and inclusiveness:

Society's well-being depends on ensuring that all its members feel that they have a take in and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Effectiveness and efficiency:

Good governance means that processes and institutions produce results that meet the needs of a society while making the best use of resources at their disposal.

Accountability:

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

Sustainability:

It is a capacity to endure, how systems remain diverse and productive over time. It is the potential for long term improvements, which in turn also depends on the responsible use of natural resources.

## **COMPONENT A: POLITICAL GOVERNANCE AND ADMINISTRATIVE GOVERNANCE STRUCTURES**

### **2.1 POLITICAL GOVERNANCE STRUCTURE**

Harry Gwala District Municipality established and appointed Committees of Council in terms of Section 79 and 80 of the Local Government Municipal Structures Act, No. 117 of 1998.

These Committees have been established for the effective and efficient performance of the municipality. The municipality has established the following Committees:

- Executive Committee;



- Budget and Treasury Office Committee
- Corporate Services Committee;
- Water Services Committee;
- Infrastructure Services Committee;
- Social Services and Development Planning Committee;
- Municipal Public Accounts Committee;
- Risk Management Committee;
- Audit Committee; and
- Multi Party Women's Caucus.

The structure below depicts how the Committees have been established and further indicates the respective Chairpersons and members:

| Executive Committee    |                     |
|------------------------|---------------------|
| Councillor ZD Nxumalo  | Mayor (Chairperson) |
| Councillor TN Jojozi   | Deputy Mayor        |
| Councillor SD Bekwa    | Member              |
| Councillor Z Tshangase | Member              |
| Councillor KS Dlamini  | Member              |
| Inkosi MSI Zulu        | Ex Officio Member   |

| Municipal Public Accounts Committee (MPAC) |             |
|--------------------------------------------|-------------|
| Councillor NW Dladla                       | Chairperson |
| Councillor N Mda                           | Member      |
| Councillor BL Marncé                       | Member      |

|                       |        |
|-----------------------|--------|
| Councillor BR Memela  | Member |
| Councillor HA Lukhozi | Member |

| Budget And Treasury Office Committee |                       |
|--------------------------------------|-----------------------|
| Councillor ZD Nxumalo                | Chairperson (Mayor)   |
| Councillor TN Jojozi                 | Member (Deputy Mayor) |
| Councillor SD Bekwa                  | Member (Exco)         |
| Councillor KS Dlamini                | Member (Exco)         |
| Councillor SRL Nzimande              | Member                |

| Corporate Services Committee |                            |
|------------------------------|----------------------------|
| Councillor TN Jojozi         | Chairperson (Deputy Mayor) |
| Councillor B Sibeni          | Member                     |
| Councillor TSH Gamede        | Member                     |
| Councillor XM Memela         | Member                     |
| Councillor PN Damoyi         | Member                     |
|                              |                            |

| Social Services and Development Planning Committee |                            |
|----------------------------------------------------|----------------------------|
| Councillor TN Jojozi                               | Chairperson (Deputy Mayor) |
| Councillor NH Zaca                                 | Member                     |
| Councillor PK Memela                               | Member                     |
| Councillor NC Dlamini                              | Member                     |
| Councillor N Mhatu                                 | Member                     |
| Inkosi MSI Zulu                                    | Ex Officio Member          |

| Infrastructure Services Committee |                     |
|-----------------------------------|---------------------|
| Councillor ZD Nxumalo             | Chairperson (Mayor) |
| Councillor ZP Dlamini             | Member              |
| Councillor NR Mtshali             | Member              |
| Councillor HV Msomi               | Member              |
| Councillor ZM Ngidi               | Member              |

|                        |                   |
|------------------------|-------------------|
| Councillor Z Tshangase | Member (Exco)     |
| Inkosi VV Zimema       | Ex Officio Member |

| Water Services Committee |             |
|--------------------------|-------------|
| Councillor SD Bekwa      | Chairperson |
| Councillor SG Mkhize     | Member      |
| Councillor TG Soni       | Member      |
| Councillor ZR Tshazi     | Member      |
| Councillor NH Malimela   | Member      |
| Councillor N Mathe       | Member      |

| Local Labour Forum (LLF) |             |
|--------------------------|-------------|
| Councillor SRL Nzimande  | Chairperson |
| Councillor ZR Tshazi     | Member      |
| Councillor ZP Dlamini    | Member      |
| Councillor TSH Gamede    | Member      |
|                          |             |

| Womens' Multi Party Commission            |                            |
|-------------------------------------------|----------------------------|
| Councillor ZP Dlamini                     | Chairperson Women's Caucus |
| <i>All Female Councillors Are Members</i> |                            |

Employee profile in the Office of the Mayor (what is the 2024-2025 status in the office of the mayor in relation to filling of vacant posts)

| Employee profile          | Status of the position |
|---------------------------|------------------------|
| Manager Strategic Support | Filled                 |
| Manager: Communications   | Filled                 |

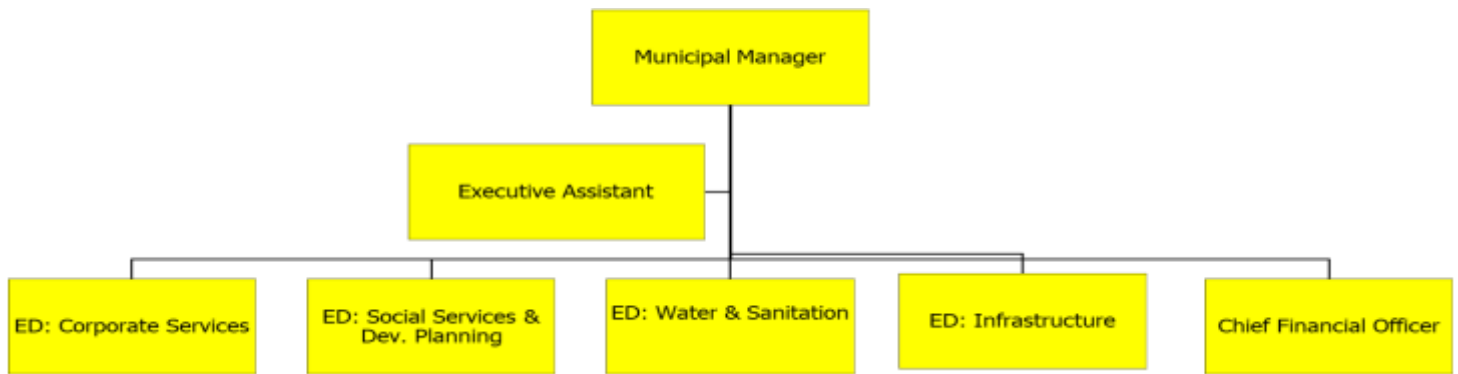
|                                         |        |
|-----------------------------------------|--------|
| Communications Officer                  | Filled |
| Public Relations Officer                | Filled |
| Executive Secretary: Mayor              | Filled |
| Driver: Mayoral Services                | Filled |
| HIV/AIDS Co-ordinator                   | Filled |
| OSS Co-ordinator                        | Filled |
| Protocol Officer                        | Vacant |
| Security Officer                        | Vacant |
| Secretary: Speaker                      | Filled |
| Secretary: Deputy Mayor and EXCO member | Filled |
| Secretary x2: EXCO members              | Filled |

## 2.2 HIGH LEVEL ADMINISTRATIVE GOVERNANCE STRUCTURE

Section 82 of the Local Government Municipal Structures Act, No. 117 of 1998 and Section 54A of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states a Municipal Manager must be appointed as the Head of Administration and also the Accounting Officer of the Municipality with relevant skills and expertise to perform the duties associated with the post. Section 56 of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states that a Municipal Council, after consultation with the

Municipal Manager must appoint managers directly accountable to the Municipal Manager.  
All six positions of Senior Managers are filled with a 55% gender representation.

## TOP STRUCTURE



7 filled

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## **2.3 COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **IDP ROADSHOW 2024-2025 FINANCIAL YEAR.**

In terms of Chapter 4 of the Local Government Municipal Systems Act 32 of 2000, s(16)1 "A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and must for this purpose- (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality in- (i) The preparation, implementation and review of its integrated development plan in terms of chapter 5. (b) Contribute to building capacity of – (i) the local community to enable it to participate in the affairs of the municipality; and (ii) councilors and staff to foster community participation.

During the October/November 2024 IDP Road-Shows the municipality participated together with Local Municipality in the IDP Road Shows. During the month of April 2025, the municipality further participated in a total of DP Road Shows

All the issues gathered during these IDP Road Shows were proceeded by different departments in the municipality, particularly water and infrastructure Services. These issues found expression in the 2025-2026 IDP and Budget documents.

## 2.4 COMPONENT C: CORPORATE GOVERNANCE

### RISK MANAGEMENT

In the 2024/2025 financial year, the Municipal Council reviewed and approved its Risk Management Framework. The enterprise-wide risk management framework gives an overall picture of the risk management atmosphere desired for Harry Gwala District Municipality when the municipality reaches full maturity in implementing risk management within the planning and day-to-day processes. The implementation of the risk management framework is guided by the risk management policy, strategy, and implementation plan. The combined use of these documents gives guide in the implementation of risk management activities in ensuring that management mitigates risks that are a threat in the implementation of its programs to an acceptable level. The municipality's detailed risk management methodology and risk appetite levels are embedded in the enterprise risk management framework.

Amongst the most important objectives of the Council's approved risk management infrastructure are the following: -

- Support Harry Gwala District Municipality's governance responsibilities.
- Ensure compliance.
- Instilling the culture of risk management at all levels. i.e.: at decision making and on the day-to-day running of the municipality.
- Contribute in building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

Management as guided by the approved risk management strategy has further established a Risk Management Committee; and developed human capacity and tools to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place to ensure effective implementation of risk management activities within the municipality: -

- The Performance and Audit Committee, which is an independent advisory committee of the Council.

- The Risk Management Committee, which is the committee of the accounting officer Harry Gwala District Municipality has appointed an independent chairperson of the Risk Committee. The committee constitutes of Independent Chairperson and Senior Management. The risk management committee is now also inclusive of the Harry Gwala Development Agency Management.

**The Risk Management Committee is structured as follows:**

- (1). Ms. N. Sikutshwa: Independent Chairperson
- (2). Municipal Manager: Member
- (3). Chief Financial Officer: Member
- (4). Executive Director Infrastructure Services: Member
- (5). Executive Director Water Services: Member
- (6). Executive Director Social Services and Development Planning: Member
- (7). Executive Director Corporate Services: Member
- (8). Chief Operations Officer: Member
- (9). Harry Gwala Development Agency CEO
- (10). Harry Gwala Development Agency CFO

The Risk Management Committee held its sittings during the following dates in the 2024-2025 financial year:

- 3<sup>rd</sup> September 2024
- 25<sup>th</sup> November 2024
- 10<sup>th</sup> February 2025
- 14<sup>th</sup> May 2025

The risk champions were appointed at the beginning of the financial year. They aid the department in enabling the embedding of risk management within the departments. They also assist management in executing their responsibility of managing risks by coordinating



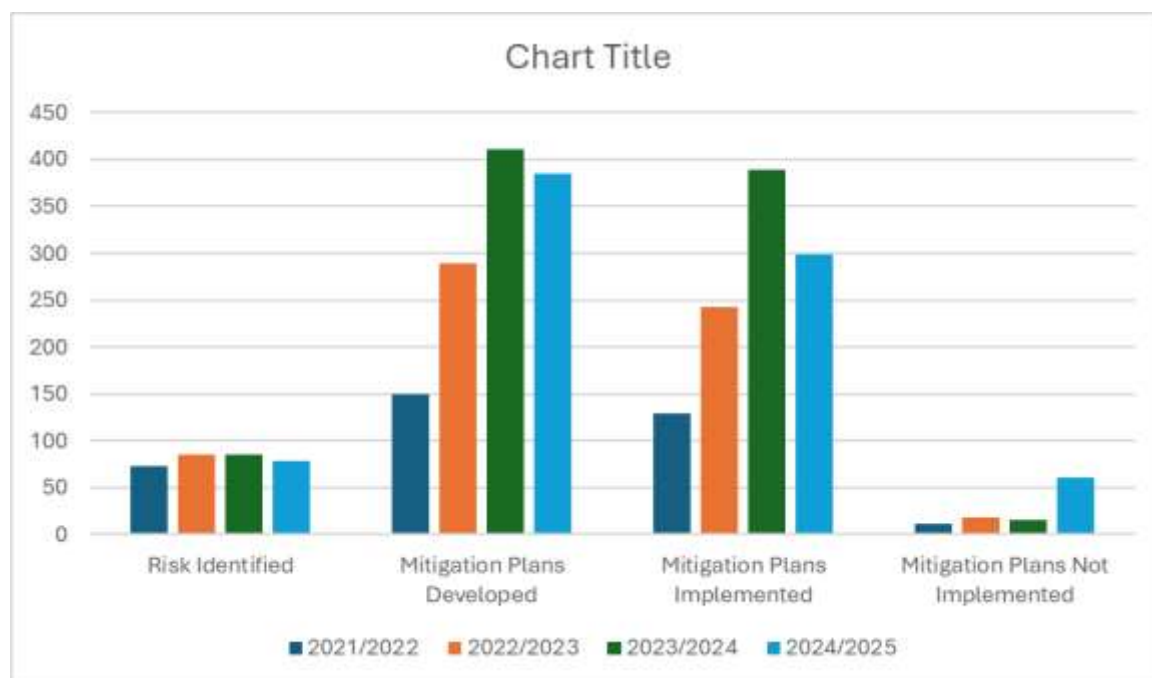
risk management activities within the respective departments. The Risk Champions work closely with the Risk Management Unit in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In terms of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management unit to ensure implementation of mitigation plans as determined at risk assessment stage.

The following table summarizes the results of the overall implementation of risk management action plans for the 2024-2025 financial year.

**Statistical Summary on the implementation of risk mitigation plans for the last four (4) financial year:**



The overall municipality's 2024/2025 implementation of mitigation plans is 79.3%. The results indicate a significant decrease in the implementation of the mitigating measures and could manifest as a decrease in the quality or integration of risk management and

good governance practices, leading to a less effective ability to make risk-informed decisions or achieve desired institutional objectives. The municipality has grown in levels of understanding and embedded risk culture throughout the organization.

**STRATEGIC RISKS FOR 2024/2025:**

| RISK NAME               | RISK DESCRIPTION                                                                                                                        | INHERENT RISK EXPOSURE | RESIDUAL RISK EXPOSURE | RISK ACCEPTABILITY |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Infrastructure Services | Unsafe and unconducive work environment                                                                                                 | High                   | Unacceptable High      | Unacceptable High  |
| Human Resources         | Inadequate and outdated skills                                                                                                          | High                   | Cautionary Medium      | Cautionary Medium  |
| Water Services          | Inability to provide sufficient potable water                                                                                           | High                   | Unacceptable High      | Unacceptable High  |
| Social Services         | Fragmentation on the implementation of Strategic Planning and linking it to Infrastructure planning and development of Harry Gwala town | High                   | Unacceptable High      | Unacceptable High  |
| Corporate Services      | Failure to manage an efficient and effective co-ordination of data recovery and continuity in the event of a disruption.                | High                   | Cautionary Medium      | Cautionary Medium  |
| Municipal Manager       | Inability to achieve clean audit                                                                                                        | High                   | Cautionary Medium      | Cautionary Medium  |
| Infrastructure Services | Inadequate municipal office space                                                                                                       | High                   | Unacceptable High      | Unacceptable High  |

|                            |                                                                                                       |      |                      |                      |
|----------------------------|-------------------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| Water Services             | Inability to control sewerage spillages                                                               | High | Cautionary<br>Medium | Cautionary<br>Medium |
| Infrastructure Services    | Failure to deliver infrastructure within reasonable periods                                           | High | Cautionary<br>Medium | Cautionary<br>Medium |
| Municipal Manager          | Vulnerability to fraud and corruption                                                                 | High | Cautionary<br>Medium | Cautionary<br>Medium |
| Budget and Treasury Office | Financial unsustainability                                                                            | High | Cautionary<br>Medium | Cautionary<br>Medium |
| Municipal Manager          | Ineffective functionality of governance structures/<br>Limited functionality of governance structures | High | Unacceptable<br>High | Unacceptable High    |
| Corporate Services         | Cyber Crime: Escalation in large scale cyber attacks                                                  | High | Cautionary<br>Medium | Cautionary<br>Medium |

## **ANTI- FRAUD, CORRUPTION AND ETHICS**

Harry Gwala District Municipality has an approved anti-corruption and fraud prevention Policy, strategy and plan the following initiatives have been initiated in alignment to the strategy for the 2024/2025 financial year :-

The Office of the Municipal Manager conducted a fraud awareness campaign which was held in uMzimkhulu, Kokstad and uBuhlebezwe satellite offices. Furthermore, Harry Gwala District Municipality in partnership with the National Department of Cooperative Governance and its alliance partners, extended an invitation to Executive Council members and Speakers of Council for uBuhlebezwe Local Municipality, Dr. Nkosazana Dlamini-Zuma Local Municipality, Greater Kokstad Local Municipality and uMzimkhulu Local Municipality under the Harry Gwala District Municipality, to the official Roll-Out programme for the Code of Ethical Leadership in Local Government.

The initiative was part of the International Fraud Awareness week. In attendance, was the Municipal Manager and the Head of Departments. This awareness campaign was publicized on all Municipality social media platforms.

The municipality received fraud awareness posters from the Department of National Cooperative Governance and Traditional Affairs (COGTA). These posters are posted on the main office and are posted on all our satellite offices.

## **COMPLIANCE**

The Harry Gwala District Municipality has developed the Municipal compliance register for all the Departments. The compliance register reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

## **BUSINESS CONTINUITY**

The municipality has established the function of business continuity management. To mitigate the risk of failure to continue with the operations in the event of disruption, the municipality has developed the business continuity plan, strategy, and crisis management plan. The purpose of the plan to set out the mitigation, preparation, warning, response, and business continuity arrangements for the municipality in the event of a disaster.

A disaster is an event that significantly reduces HGDM's ability to provide its official duties. Typically, an outage to HGDM's core processes and systems exceeding 24 hours is deemed to be a disaster. The reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

## LOSS CONTROL

The policy was approved by the council for the 2021-2022 financial year (has the policy ever been updated since 2021-2022?). A loss control committee has been established. Below are the members of the Loss control committee:

The Loss Control Committee is made up of 12 members representing different departments.

|                       |                                            |
|-----------------------|--------------------------------------------|
| Chairperson           | : Chief Operations Officer                 |
| Deputy<br>Chairperson | : Manager- Risk Management                 |
| Secretary             | : Loss Control Manager                     |
| Members               | : Senior Manager- Legal Services           |
|                       | Manager- Asset Management                  |
|                       | Senior Manager- Operations and Maintenance |
|                       | Manager- Municipal Works                   |
|                       | Senior Manager- Human Resources            |
|                       | Manager- Labour Relations                  |
|                       | Manager- Disaster Management               |
|                       | Manager- ICT                               |
|                       | Manager- Fleet Management                  |

## COMPLIANCE

The Harry Gwala District Municipality has developed the Municipal compliance register for all the Departments. The compliance register reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

## BUSINESS CONTINUITY

The municipality has established the function of business continuity management. To mitigate the risk of failure to continue with the operations in the event of disruption, the municipality has developed the business continuity plan, strategy, and crisis management plan. The

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A disaster is an event that significantly reduces HGDM's ability to provide its official duties. Typically, an outage to HGDM's core processes and systems exceeding 24 hours is deemed to be a disaster. The reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

## **SUPPLY CHAIN MANAGEMENT**

### Procedural issues

- The Supply Chain Management Policy was adopted in 2020 (has it ever been reviewed?) and is currently being implemented.
- The procedure manual is in place and currently implemented.
- A compliance checklist has been developed and is currently being implemented.
- The fixed assets policy was adopted and is currently being implemented.
- Bid Committees are fully functional.
- Components within Supply Chain Management
- Supply Chain Management has six components namely:
  - Demand Management
  - Acquisition Management
  - Logistics Management
  - Disposal Management



- Risk Management
- Performance Management
- Demand Management
- Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- Provide for the compilation of the required specifications to ensure that its needs are met; and
- Undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

### **Acquisition Management**

- That goods and services are procured by the municipality in accordance with authorized processes only;
- That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act, No. 5 of 2000.
- That the threshold values for the different procurement processes are complied with; and
- That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

## Logistics Management

- The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.
  - The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
  - The placing of manual or electronic orders for all acquisitions other than those from petty cash.
  - Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.
  - Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
  - Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
- 
- criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act
  - Disposal can be done in the following method:
    - Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
    - Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
    - Selling the asset; or

- Destroying the asset.
- Risk Management

### **Risk management includes:**

- The identification of risks on a case-by-case basis;
- The allocation of risks to the party best suited to manage such risks;
- Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

### **PEFORMANCE MANAGEMENT**

The performance Management system involves the entire supply chain's ability to meet end-customer needs through product availability and responsive on-time delivery.

### **COMMENTS ON BY-LAWS**

The water services by-laws were developed and they were gazzeted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted.

### **PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The municipality did not conduct the Customer Satisfaction Survey in the 2024-2025 financial year to ascertain the levels of satisfaction in relation to service delivery. This was in the main due to financial limitations in the municipality.

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE (HIGH LEVEL PERFORMANCE REPORT)**

Chapter 3 focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resource deployment. The service delivery issues are structured, captured and reflected under the priorities contained in the IDP in order to allow easy comparisons on achievements against budget and SDBIP.

# FINANCIAL PERFORMANCE YEAR 2024-2025 FINANCIAL PERFORMANCE BUDGET AND TREASURY OFFICE

| DETAILS                              | FY 2023-2024         | FY 2024-2025         |                      |                      |                     |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
|                                      | ACTUAL               | ORIGINAL BUDGET      | ADJUSTMENT BUDGET    | ACTUAL               | VARIANCE TO BUDGET  |
| <b>Total Operational Revenue</b>     | R 488 302 302        | R 509 775 020        | R 518 847 892        | R 521 826 906        | R 2 979 014         |
| <b>Expenditure:</b>                  |                      |                      |                      |                      |                     |
| Employees                            | R 42 122 329         | R 40 057 537         | R 38 597 962         | R 37 240 662         | R 1 357 300         |
| Repairs And Maintenance              | R 0                  | R 0                  | R 0                  | R 0                  | R 0                 |
| Other                                | R 54 836 412         | R 65 365 561         | R 62 394 696         | R 48 124 656         | R 14 270 040        |
| <b>Total Operational Expenditure</b> | <b>R 391 343 561</b> | <b>R 404 351 922</b> | <b>R 417 855 234</b> | <b>R 436 461 588</b> | <b>R 12 648 326</b> |

## COMMENTS ON THE HIGH-LEVEL PERFORMANCE OF BUDGET AND TREASURY

### BUDGET AND REPORTING UNIT

The municipality's activities are as per MFMA Section 21 (1)(b)(i), which states that the mayor of a municipality must approve the Budget Process Plan at least 10 months prior the start of the budget year and table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

Section 71 The MFMA Act no.56 of 2003 requires the Municipality to submit budget monitoring report within 10 working days of each month:

The Municipality must submit two sets of reports namely, Data Strings, new electronic submissions called Go Muni and Manual submission which are submitted to the Provincial Treasury and COGTA respectively.

On a monthly basis, these Financial Reports are submitted to the Executive Committee for Reporting purposes.

The Municipality prepares the budget on the basis of the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The Implementation MSA and the MFMA are used to prepare the budget on the basis of the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA).

The Municipality also participates in the internship program that allows graduates in the commercial field to be exposed to financial management for a maximum of three years. This program has five interns who are subjected to rotational plan where they are deployed to different sections with the department for relevant training purposes and this is in line with the conditions of the Financial Management Grant (FMG). In the past decade this program has been a success as evidenced by the absorption of 18 interns by the municipality into permanent roles.

The municipality prepares Annual Financial Statements internally and received a qualified audit opinion with matters of emphasis. An audit action plan to address 2023/2024 audit findings has been prepared. The plan was audited by the Internal Audit to ensure that it adequately addresses the Auditor General findings. Reconciliations are prepared monthly.

## **ASSET MANAGEMENT**

### **Capital Expenditure**

In the 2022/2023 financial year, the Harry Gwala District Municipality managed an asset base of over R2,9 billion 98% of which relates to water and sanitation infrastructure assets. The municipality incurred R250 million on construction of infrastructure projects in the 2022/2023 financial year. The municipality further completed infrastructure projects worth R 341, million during the 2022/2023 financial year. The district municipality is still grappling with the high replacement cost of aged infrastructure whilst it faces new demand from communities who have yet to access sustainable water and sanitation supply. The district municipality has invested heavily in the replacement of aged infrastructure and equally on new infrastructure networks however, it still faces challenges to adequately address water and sanitation backlogs due the scarcity of resources. Despite these challenges, the municipality is committed to improving service delivery in the water & sanitation and this is evidenced by the continued shift towards higher spending on capital assets.

### **Movable of assets**

During the 2024/2025 financial year, Harry Gwala District Municipality purchase a fleet of vehicles to the value of R 6, 3million.

### **Intangible Assets**

During the 2024/2025 financial year, Harry Gwala District Municipality purchase intangible assets (Disaster management system and other software) to the value of R 541 100.00.

### **Disposal of assets and Transfer of Assets to other Organs of the State**

During the 2024/2025 financial year, Harry Gwala District Municipality did not disposed assets and also did not transfer assets to other Organs of the State

## **REVENUE MANAGEMENT UNIT**

Revenue section is responsible for the meter management, billing, collection, indigent management and debt management in an effort to strengthen the healthy cash flow and long-term financial sustainability of the municipality thus ensuring uninterrupted provision of sustainable service delivery to its community.

## **SOCIAL AND ECONOMIC REDRESS VIA INDIGENT MANAGEMENT**

The Council adopted the Indigent Management Policy which is currently implemented. The municipality developed the desktop indigent register in 2015/2016 financial year. The indigent register was developed only for the urban communities or water users to the exclusion of the rural community. Though the rural communities are not include in the indigent register they do get free water services at an RDP level of service, they therefore are accounted for as indigents. The communities were made aware of the procedures to follow in applying for the indigence support application. The indigent register is reviewed and updated on a yearly basis. In 2017/2018 financial year all domestic consumers were receiving the first 6 kl of water for free. The revenue foregone because of 6kl of free water to all domestic consumers was R6 091 364.16. As from July 2018 only the qualifying domestic consumers benefited from the indigent support programme.

The municipality does not budget for the indigent support since indigents receive free 6kl of water which is reported as revenue foregone not as expenditure in the budget. The number of qualifying indigent applicants reflecting on the indigent register in 2018/2019 and 2019/2020 respectively were 1 575 and 1307. In 2018/2019 financial year the revenue foregone because of 6kl of free water to qualifying indigent households was R919 674.00; 2019/2020 was R808 353.36; 2020/2021 was R1 098 563.90; 2021/2022 was R3 116 488.32; 2022/2023 R2 403 339.84 and 2023/2024 is R2 754 984.96 because of removal of deceased, applicants above the municipality threshold and applicants' spouses in the employment of the state.

## **REVENUE RAISING STRATEGIES**

Revenue enhancement strategy was adopted by Council in 2015/2016 financial year, reviewed on annually basis and is fully implemented.

The municipality's adopted revenue enhancement strategy addresses challenges identified in revenue management as well as improvement on revenue collection. Fixing and replacement of faulty meters with smart meters, updating consumer data base as well as converting credit meters to smart meters/prepaid meters were the municipality strategies to improve on revenue collection.

As from June 2019 when the municipality started the activation of smart meters to prepay the total collection amounted to R39 331 106,20 with an average collection of R720 341,18 a month. The prepaid meter collection in Kokstad is from Ext 7, Ntsingizi, Mamisa and town. In Ixopo the prepaid meter collection is from Morning view, Morning side and town; Umzimkhulu prepaid meter collection is at extension 6 & 8, Town, Sisulu, Majaridini and White City.

In area with prepaid meters, consumers can purchase tokens from the vendors even after working hours and an increase in revenue collection has been witnessed, consumers attend to internal water leaks and as a result the rate of water losses has decreased.

## **BILLING**

The Harry Gwala District Municipality is vastly rural with 120 069 households. As a water services provider the municipality provides water services by way of 150 water schemes that are running throughout the district. The rural schemes provide a basic level of service at RDP standard rendering those water schemes incapable of being billed.

The Harry Gwala District Municipality billing covers about 12 438 urban households the majority of whom are indigent, the total number of consumers has decreased from 12 582 as a result of data cleansing and an update of municipal database.

The Harry Gwala District Municipality bills 6 538 water consumers on a flat rate basis and only 5 450 households are billed according to consumption that is determined by meter readings and 450 households are on prepaid. There are cases where estimation/interims and flat rate base billing is applied though it is not acceptable. In areas where there are no meter readers or where meters are faulty or covered we divert from consumption base method.

There is a growing need to improve the integrity of the data base of water consumers. The municipality debtor's data cleansing project is on its final stage.

It is estimated that 90% of the urban household are connected to water meters. The municipality conducted a meter audit exercise in a bid to have a reliable and credible inventory of water meters with relevant current condition. This exercise revealed huge



challenges with the condition of the water meter a considerable number of which was not functioning.

The municipality embarked on a two-pronged process of repairing the faulty meters and replacing the credit meters with smart meters. The water meters are old and break down more frequently. The municipality has embarked on programme to replace the credit meters with smart meters to improve collection. The smart meters provide a range of functionalities. They are capable of being used as credit meters for government institutions like hospitals prisons etc. are also capable of being set to restrict the flow or terminate the service as well as used as prepaid in the case of households thereby ensuring that households; as they constitute the largest percentage of the total outstanding; pay before they use water. The municipality allocated R6 million in 2022/2023 budget year for smart meters.

The communication strategy of the revenue enhancement strategy has not yielded the desired results as only campaigns were used which were at times poorly attended.

## BILLING VERSUS COLLECTION ON CONVENTIONAL METERS

| HARRY GWALA DISTRICT MUNICIPALITY                    |                |               |               |               |               |                            |
|------------------------------------------------------|----------------|---------------|---------------|---------------|---------------|----------------------------|
| SUMMARY OF BILLING VS COLLECTION AS AT END JUNE 2025 |                |               |               |               |               |                            |
| Month                                                | Total Billing  | Interest      | Vat           | Net Billing   | Receipts      | Coll rate vs Total Billing |
| 30/06/2024                                           | 8 826 280,11   | 1 353 491,75  | 974 732,67    | 6 498 055,69  | 5 693 176,88  | 64,5%                      |
| 31/07/2024                                           | 8 264 157,61   | 1 265 586,86  | 912 862,96    | 6 085 707,79  | 8 407 419,08  | 95,3%                      |
| 31/08/2024                                           | 7 568 618,67   | 1 292 495,03  | 809 426,69    | 5 466 696,95  | 6 625 657,31  | 80,2%                      |
| 30/09/2024                                           | 7 516 358,95   | 1 285 619,98  | 812 712,89    | 5 418 026,08  | 7 047 150,91  | 93,1%                      |
| 31/10/2024                                           | 8 048 818,92   | 1 283 307,36  | 882 451,23    | 6 765 511,36  | 4 597 104,66  | 61,2%                      |
| 30/11/2024                                           | 8 124 964,43   | 1 286 957,12  | 893 160,91    | 6 888 007,33  | 6 424 031,65  | 79,1%                      |
| 31/12/2024                                           | 78 329 362,25  | 14 912 386,34 | 8 504 698,25  | 54 912 277,66 | 47 713 929,59 | 86,89                      |
| 31/01/2025                                           | 65 588 377,55  | 12 844 334,28 | 891 381,30    | 51 852 662,27 | 3 192 266,67  | 48,5%                      |
| 31/02/2025                                           | 97 587 668,08  | 11 140 322,36 | 11 345 025,58 | 75 102 320,14 | 51 048 432,43 | 67,97                      |
| 31/03/2025                                           | 77 570 189,50  | 12 994 234,38 | 817 957,87    | 62 770 935,12 | 4 831 693,24  | 63,8%                      |
| 31/04/2025                                           | 101 197 134,74 | 14 750 030,79 | 11 771 618,45 | 74 675 485,50 | 48 457 060,67 | 65,0%                      |
| 31/05/2025                                           | 77 085 283,19  | 11 189 415,68 | 769 034,77    | 58 955 867,51 | 3 371 229,84  | 47,6%                      |
| 31/06/2025                                           | 6 167 669,14   | 1 195 965,20  | 648 473,16    | 4 971 703,94  | 4 682 877,30  | 75,9%                      |
| 31/07/2025                                           | 85 399 925,23  | 10 409 951,54 | 10 539 172,00 | 64 450 801,69 | 56 249 406,11 | 87,27                      |
| 31/08/2025                                           | 7 300 757,44   | 1 209 376,09  | 794 533,36    | 6 091 381,35  | 6 288 642,35  | 86,1%                      |
| 31/09/2025                                           | 77 192 575,66  | 11 829 077,46 | 8 516 798,32  | 56 846 699,88 | 56 652 596,51 | 99,66                      |
| 31/10/2025                                           | 6 632 593,39   | 1 192 633,09  | 709 487,12    | 5 439 960,80  | 7 292 900,09  | 110,0%                     |
| 31/11/2025                                           | 91 768 478,42  | 14 423 032,55 | 9 954 493,49  | 67 390 952,38 | 49 935 355,73 | 54,4%                      |
| 31/12/2025                                           | 7 760 609,48   | 1 130 192,17  | 864 833,40    | 6 630 417,31  | 4 190 733,12  | 63,2%                      |
| TOTAL                                                | 88 626 598,79  | 14 915 337,44 | 9 606 515,66  | 71 176 258,81 | 66 951 706,22 | 75,5%                      |
| 2023/2024                                            | 95 140 530,88  | 17 234 763,45 | 10 232 140,59 | 67 673 626,84 | 64 996 264,78 | 68%                        |
| 2024/2025                                            | 88 626 598,79  | 14 915 337,44 | 9 606 515,66  | 71 176 258,81 | 66 951 706,22 | 75,5%                      |

## COLLECTION ON SALE OF PREPAID TOKENS 2024/2025

| Zone Sales Summary |                             | Prepaid Sale |              |            |              |               | Total Sales    |         |
|--------------------|-----------------------------|--------------|--------------|------------|--------------|---------------|----------------|---------|
|                    | Tariff                      | Qty          | Value        | Water kl   | VAT          | Total ex VAT  | Total Incl VAT | Water   |
| Bhongweni (BHI)    | Domestic Indigent           | 1 518        | 97 851,00    | 12 369,50  | 12 759,58    | 85 071,42     | 97 831,00      | 12380   |
|                    | Domestic + Water Borne      | 7 839        | 363 886,65   | 24 490,90  | 47 446,14    | 316 313,72    | 363 759,86     | 24503   |
|                    | Domestic (no water borne)   | 3            | 240,00       | 17,40      | 31,31        | 208,69        | 240,00         | 17      |
|                    | Commercial (No Water Borne) | 6            | 7 000,00     | 358,40     | 913,04       | 6 086,96      | 7 000,00       | 358     |
|                    |                             | 0            |              |            | 32 960,83    | 219 723,87    | 252 684,70     |         |
| Franklin (FRA)     | Domestic Indigent           | 1 119        | 28 350,00    | 6 922,30   | 3 698,88     | 24 651,12     | 28 350,00      | 6927    |
|                    | Domestic + Water Borne      | 1 201        | 28 510,34    | 2 031,60   | 3 719,85     | 24 790,49     | 28 510,34      | 2037    |
|                    | Domestic (no water borne)   | 92           | 3 360,00     | 243,60     | 438,31       | 2 921,69      | 3 360,00       | 243     |
|                    |                             | 0            |              |            | 2 684,54     | 17 896,87     | 20 581,41      |         |
|                    |                             |              |              |            |              |               |                |         |
| Fairview (FVW)     | Domestic + Water Borne      | 45           | 33 675,03    | 1 405,20   | 4 392,38     | 29 282,65     | 33 675,03      | 1405    |
|                    |                             | 0            |              |            | 1 915,49     | 12 769,46     | 14 684,95      |         |
| Himeville (HVL)    | Domestic Indigent           | 55           | 2 421,00     | 321,10     | 315,80       | 2 105,20      | 2 421,00       | 321     |
|                    | Domestic + Water Borne      | 98           | 3 112,74     | 231,20     | 406,03       | 2 706,71      | 3 112,74       | 231     |
|                    | Domestic (no water borne)   | 248          | 67 456,78    | 3 632,50   | 8 785,69     | 58 571,09     | 67 356,78      | 3625    |
|                    |                             | 0            |              |            | 310,31       | 2 068,63      | 2 378,94       |         |
|                    |                             |              |              |            |              |               |                |         |
| Ibisi (IBISI)      | Domestic Indigent           | 18           | 780,00       | 155,90     | 101,74       | 678,26        | 780,00         | 155     |
|                    | Domestic + Water Borne      | 42           | 6 226,69     | 387,00     | 812,16       | 5 414,53      | 6 226,69       | 387     |
|                    |                             | 0            |              |            | 526,12       | 3 507,07      | 4 033,19       |         |
| Ixopo (Ixopo)      | Domestic Indigent           | 2 658        | 170 838,74   | 19 451,40  | 22 268,56    | 148 480,18    | 170 748,74     | 19461   |
|                    | Domestic + Water Borne      | 4 559        | 520 540,97   | 29 483,50  | 67 889,74    | 452 594,41    | 520 484,15     | 29504   |
|                    | Domestic (no water borne)   | 4 020        | 775 152,23   | 42 625,10  | 101 103,22   | 674 049,01    | 775 152,23     | 42684   |
|                    | Domestic                    | 27           | 4 030,00     | 280,70     | 525,67       | 3 504,33      | 4 030,00       | 280     |
|                    | Commercial + Water Borne    | 1 514        | 223 060,01   | 10 052,30  | 29 093,12    | 193 966,89    | 223 060,01     | 10061   |
|                    | Commercial (No Water Borne) | 361          | 284 628,90   | 12 645,70  | 37 125,36    | 247 503,54    | 284 628,90     | 12647   |
|                    |                             | 0            |              |            | 53 906,81    | 359 359,77    | 413 266,58     |         |
|                    |                             |              |              |            |              |               |                |         |
| Kokstad (KSD)      | Domestic Indigent           | 652          | 41 392,00    | 5 341,30   | 5 394,83     | 35 967,17     | 41 362,00      | 5344    |
|                    | Domestic + Water Borne      | 25 805       | 3 134 344,29 | 171 852,80 | 408 612,63   | 2 724 070,83  | 3 132 683,46   | 171892  |
|                    | Domestic (no water borne)   | 761          | 66 136,00    | 3 235,90   | 8 586,13     | 57 249,87     | 65 836,00      | 3218    |
|                    | Domestic                    | 133          | 9 120,00     | 645,90     | 1 189,32     | 7 930,68      | 9 120,00       | 645     |
|                    | Commercial + Water Borne    | 450          | 174 677,81   | 8 441,70   | 22 783,80    | 151 894,01    | 174 677,81     | 8445    |
|                    | Commercial (No Water Borne) | 14           | 23 500,00    | 1 117,20   | 3 065,24     | 20 434,76     | 23 500,00      | 1117    |
|                    |                             | 0            |              |            | 244 502,97   | 1 629 947,31  | 1 874 450,28   |         |
| Unallocated (Nil)  | Domestic + Water Borne      | 20 023       | 2 370 136,34 | 128 524,60 | 308 613,27   | 2 057 420,15  | 2 366 033,42   | 128439  |
|                    | Domestic (no water borne)   | 0            |              |            | -223,04      | -1 486,96     | -1 710,00      | -73     |
|                    | Commercial + Water Borne    | 0            |              |            | -152,67      | -1 017,81     | -1 170,48      | -60     |
|                    |                             | 0            |              |            | 173 902,43   | 1 159 292,85  | 1 333 195,28   |         |
| Shayamoya (SMA)    | Commercial + Water Borne    | 3            | 3 300,75     | 169,80     | 430,53       | 2 870,22      | 3 300,75       | 169     |
|                    |                             | 0            |              |            | 231,54       | 1 543,68      | 1 775,22       |         |
| Underberg (UBG)    | Domestic (no water borne)   | 316          | 88 913,00    | 4 478,80   | 11 597,16    | 77 315,84     | 88 913,00      | 4479    |
|                    | Commercial (No Water Borne) | 110          | 83 589,34    | 3 978,00   | 10 902,98    | 72 686,36     | 83 589,34      | 3978    |
| Umzimkhulu (UZK)   | Domestic Indigent           | 548          | 83 081,00    | 6 946,10   | 10 836,09    | 72 244,91     | 83 081,00      | 6949    |
|                    | Domestic + Water Borne      | 10 474       | 890 231,03   | 51 759,20  | 115 849,96   | 772 337,40    | 888 187,36     | 51710   |
|                    | Domestic (no water borne)   | 170          | 92 684,00    | 3 469,00   | 12 089,03    | 80 594,97     | 92 684,00      | 3470    |
|                    | Commercial + Water Borne    | 755          | 147 299,79   | 7 064,70   | 19 213,50    | 128 086,29    | 147 299,79     | 7068    |
|                    | Commercial (No Water Borne) | 13           | 10 900,00    | 511,50     | 1 421,70     | 9 478,30      | 10 900,00      | 511     |
|                    |                             | 0            |              |            | 79 613,62    | 530 738,42    | 610 352,04     |         |
| Total              |                             | 85 831       | 9 840 426,43 | 564 641,80 | 1 872 591,70 | 12 483 825,81 | 14 356 417,51  | 564 546 |

Since June 2019, when the municipality began activating smart meters for prepayment,

the total collection amount has been R54 678 133.11, with an average collection of R692 128,27 each month.

## MUNICIPALITY DEBT POSITION

The Municipality bills for the water, sanitation, environmental health services and other miscellaneous services. Major services are provided to domestic consumers. The consumer debt has been in a constant increase since as reflected in table below. Debt management is closely linked with revenue management and thus has been addressed as part of the revenue enhancement strategy. Debt reduction strategies such as appointment of a debt collector to assist the municipality on collection of debt, which is 90 days and older, amnesty programme as well as activation of smart meters to pre-paid, are implemented and covers extensively credit control and debt management issues.

### OUTSTANDING DEBT (2016/2017 – R183 257 743.65)

| <b>Description</b> | <b>2017/2018</b> | <b>2018/2019</b> | <b>2019/2020</b> | <b>2020/2021</b> | <b>2021/2022</b> | <b>2022/2023</b> |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Domestics          | 156 472 953      | 143 056 909      | 148 179 029      | 198 432 692      | 196 629 869      | 179 644 083      |
| Business           | 9 289 262        | 9 407 296        | 12 662 510       | 14 774 748       | 12 064 710       | 15 570 213       |
| Indigents          |                  | 14 407 527       | 28 365 430       | 8 897 152        | 9 742 448        | 12 199 415       |
| Government         | 5 271 181        | 7 677 298        | 10 790 706       | 10 018 575       | 11 072 894       | 27 924 098       |
| Municipalities     | 475 206          | 879 147          | 850 812          |                  | 766 147          | 981 642          |
| Other:             |                  |                  |                  |                  |                  |                  |

|                                                                    |                 |              |               |                |                |              |
|--------------------------------------------------------------------|-----------------|--------------|---------------|----------------|----------------|--------------|
| churches,<br>hotels,<br>sports<br>clubs, old<br>age homes<br>e.t.c | 3 762 973       | 4 169 918    | 2 901 232     | 4 549 276      | 3 903 167      | 6 229 885    |
| Deceased                                                           | 0               | 0            | 0             | 899<br>976     | 1 027 576      | 211 158      |
| Total Debt                                                         | 176 594 64<br>7 | 177 643 479  | 204 301 788   | 238 604<br>984 | 237 349<br>805 | 242 760 50   |
| Growth                                                             | -6 663 095      | 1 048 831    | 26 658 309    | 34 303 196     | -1 255 179     | 5 410 69     |
| <b>%<br/>Growth</b>                                                | <b>-3.77%</b>   | <b>0.59%</b> | <b>13.05%</b> | <b>14.38%</b>  | <b>-0.52%</b>  | <b>2.22%</b> |

## **EXPENDITURE MANAGEMENT UNIT**

### **Improvement on payment made within 30 days**

In an effort to ensure compliance with section 65 (2)(e) of the Municipal Finance Management Act 56 of 2003 (MFMA) and to strengthen internal control processes in relation to payments to creditors made by the municipality. The municipality adopted two payment runs, being the 15th and the 30th of every month. This has improved the municipality's expenditure management and helped to reduce/ eliminate fruitless and wasteful expenditure in the form of interest due to delayed payments.

### **Year-end accruals**

The municipality closed the year 2024-2025 with accruals amounting to R 66 905 260. There was a significant increase in accruals compared to the prior financial year, 2023-2024 accruals amounting to R20 529 240. This is largely due to an amount of R12 million owed to SIU. The municipality managed to pay all third parties before year-end including SARS, PAYE, UIF, pension and medical aid.

### **VAT refunds**

For the 2024/25 financial year the municipality received SARS refunds amounting to R64, 8million and June return was outstanding at year-end totalling to R8, 7million. These refunds are assisting the municipality to bridge the shortfalls and minimize cash flow problems.

### **Fruitless and wasteful expenditure**

### **Fruitless and Wasteful Expenditure 2024-2025**

|                               |                           |
|-------------------------------|---------------------------|
| Opening balance               | R8 169 322                |
| Incurred in 2024/25           | R 112 054                 |
| <b><u>Balance 2024/25</u></b> | <b><u>R 8 281 376</u></b> |

**Fruitless and Wasteful Expenditure incurred in 2024/2025(R112 054).****3.2 COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE**

Employees: Water Services

| Job Level        | <b><i>2023-2024</i></b> | <b><i>2024-2025</i></b> |                  |                  |
|------------------|-------------------------|-------------------------|------------------|------------------|
| No. of Employees |                         | No. of Funded Posts     | No. of Employees | No. of Vacancies |
| TASK 1-3         | 69                      | 02                      | 85               | 137              |
| TASK 4-8         | 82                      | 11                      | 87               | 115              |
| TASK 9-13        | 38                      | 0                       | 51               | 33               |
| TASK 14-18       | 21                      | 0                       | 9                | 3                |
| TASK 19-25       | 03                      | 0                       | 0                | 0                |
|                  | 0                       | 0                       | 0                | 0                |
| TOTAL            | 231                     | 13                      | 232              | 288              |

14

|

## Financial Performance Year 2024-2025: Water Services

| DETAILS                              | FY 2023-2024          | FY 2024-2025          |                       |                       |                     |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|                                      | ACTUAL                | ORIGINAL BUDGET       | ADJUSTMENT BUDGET     | ACTUAL                | VARIANCE TO BUDGET  |
| <b>Total Operational Revenue</b>     | R 89 047 398          | R 87 809 404          | R 82 839 093          | R 89 047 398          | -R 6 208 305        |
| <b>Expenditure:</b>                  |                       |                       |                       |                       |                     |
| Employees                            | R 116 699 869         | R 119 937 043         | R 122 515 577         | R 121 890 323         | R 625 254           |
| Repairs And Maintenance              | R 30 251 445          | R 41 300 000          | R 63 468 607          | R 51 200 676          | R 12 267 931        |
| Bulk Water Purchases                 | R 28 024 275          | R 27 026 590          | R 27 026 590          | R 26 711 640          | R 314 950           |
| Other                                | R 88 170 681          | R 65 360 363          | R 97 581 650          | R 97 448 748          | R 132 902           |
| <b>Total Operational Expenditure</b> | <b>-R 174 098 872</b> | <b>-R 165 814 592</b> | <b>-R 202 896 293</b> | <b>-R 208 203 989</b> | <b>-R 7 132 732</b> |

### OPERATIONS AND MAINTENANCE OF WATER AND SANITATION INFRASTRUCTURE

Operation and Maintenance of water and Sanitation infrastructure is an on-going day-to-day activity and comprises of different components and functions to ensure the constant operation and maintenance of Water and Sanitation infrastructure. There are various water and sanitation schemes from Treatment facilities; borehole systems and small-scale schemes; all the schemes are operated and maintained to prevent interruptions and to ensure that the services are provided in a sustainable manner.

There are one hundred and sixty-one (161) Water and Sanitation schemes.

These schemes vary from large scale bulk water supply schemes to, full scale purification systems, rudimentary schemes such as productive boreholes, and protected springs. Further to the above, there are eleven (11) wastewater treatment systems, and twenty-one (21) water treatment works, totalling to thirty-two (32) Treatment systems.

Operations and Maintenance section is responsible for the following key performance areas and beyond:

- To ensure that all Harry Gwala District Municipality schemes are functional; This is accomplished through the following activities:
  1. Maintenance of Water and Sanitation schemes
    - a) Maintenance of Mechanical and Electrical components of the water and Sanitation infrastructure.
    - b) Material Supply.
    - c) Fuel Supply.
  2. Bulk Water Purchases.
  3. Installation of Smart Water Meters.
  4. Installation of Bulk Water Meters.
  5. Chemicals Supply.
  6. Sewerage Services.
  7. Plant Procurement

## **1. MAINTENANCE OF WATER AND SANITATION SCHEMES.**

The maintenance of water and sanitation schemes is an on-going process and is done through various levels of personnel within Operations and Maintenance section.

### **a) Maintenance of Mechanical and Electrical Components of Water and Sanitation Infrastructure.**

The Maintenance of Mechanical and Electrical (M&E) is performed through the municipal Millwrights and the appointed panel of contractors. The appointed M&E contractors entered into a three-year term contract with the municipality for the maintenance of water and sanitation schemes. The maintenance of M&E components is done as per the approved Operations & Maintenance (O&M) Plan, which is reviewed in three years' time, however the implementation of the O&M Plan is done annually to ensure that the M&E components are maintained and repaired to keep them as near to their original state as possible. The O&M plan comprises of Preventative maintenance and Reactive maintenance; the municipality usually focus on reactive maintenance due to budget constraints to do preventative maintenance. All the components are attended urgently when the need arises to ensure that breakdowns are repaired timeously.

### **b) Material Supply**

The material used for the repairs and maintenance of schemes is procured through the appointed Plumbing material supplier, who entered into a three-year term contract with the



municipality. The material supplier assists with the urgent ordering of required material for the prompt repairs of water infrastructure. The contracted supplier meets the order and delivery timeline to avoid delays in the maintenance of water and sanitation schemes.

### **c) Fuel Supply**

The municipality consist of a high number of diesel and petrol driven engines where fuel is provided to ensure the constant operation of the schemes. The fuel is supplied through the appointed service provider who delivers diesel, petrol and oil to all Satellite areas as and when required. The fuel supplier service provider is appointed on a two-years term contract. The municipality is in a process of appointing the second fuel supplier to avoid delays in deliveries and interruptions in the operations of the schemes. the municipality is in a process of installing the diesel tanks for storage of diesel in each Satellite area for ease of access.

## **2. BULK WATER PURCHASES**

The municipality entered into a service Level Agreements (SLAs) with water entities that provides water supply to different areas of the district raw and portable water. The municipality pays for water received from those entities and ensure that all water related bills are paid timeously to avoid disconnections.

Department of Water and Sanitation invoices are also paid for Raw Water Management hence the department bill all municipalities for volume of water and license utilized by the municipality.

## **3. INSTALLATION OF SMART WATER METERS**

The municipality is in a process of Smart water meters installation and activation of prepaid water smart meters across the district. The program is intended to cover all the Satellite areas as measures to decrease the percentage of water losses encountered and to enhance revenue collection within the district. The low revenue collection calls for proper meter management, however there is high backlog in the meter installation program and the Prepaid meter activation to ensure that revenue collection is improved.

The program runs simultaneously in different Satellite areas to decrease backlog in the meter installation and activation within the district. The Meter installation team is also responsible for the repairs of the damaged meters, replacement of faulty meters to ensure that all installed and activated meters are effective and operational.

- **Water meter management.**

Number of water meters were purchased and installed in different areas of the district, this assist in increasing revenue collection as well as decreasing water loss. The smart meters are installed activated and converted to prepaid to ensure that the customers buy water before utilizing. This is an ongoing programme as there is a high number of households not paying for water, smart meters assist in ensuring that water used is paid for.

The faulty meters are replaced as and when the report is received. There are four service providers appointed for the plumbing services to install the smart meters, activate to prepaid and to replace and repair the faulty meters. The four service providers entered into a three-year term contract with the municipality for the plumbing services to expedite the installation of meters.

There is also a service provider appointed by the municipality for the supply and delivery of smart meters and water management devices. These service providers assist with the rapid supply of smart meters. The municipality allocated budget for the installation of Bulk meters in all areas for water balancing and to ensure the water loss is restricted. This program to commence in 2024/2025 FY.

#### **4. INSTALLATION OF BULK WATER METERS**

The municipality embarked on the installation of bulk water meters to ensure that the water produced is supplied to the community to meet the water demand. The bulk water meters are essential for identifying leaks and water wastage, bulk water meters also help to reduce Non-Revenue Water.

Bulk water meters enable the identification of leaks in specific areas, allowing for prompt repairs and further minimizing water loss. They also provide precise measurements of water consumption, ensuring that all water supplied is accurately billed, leading to increased revenue collection. Accurate data from bulk meters allows for better management of water distribution, ensuring that water reaches consumers efficiently and minimizing wastage. By understanding water consumption patterns, HGDM can implement strategies to manage demand effectively, especially during peak periods. Bulk meters provide data that supports long-term water resource management planning, ensuring the sustainable use of this vital resource.

The municipality allocated budget for the installation of Bulk meters in all areas for water balancing and to ensure the water loss is restricted.

## **5. CHEMICAL SUPPLY**

There are different forms of chemicals used for the treatment of water and sewer in different treatment facilities. There are two service providers appointed for the supply and delivery of chemicals, these service providers entered into a three-year term tender with the municipality to ensure the sufficient and prompt supply to all treatment facilities.

The other service provider's contract lapsed, and it was extended on a month-to-month basis until the second service provider has been appointed. The procurement process commenced and will be finalised this financial year.

There is no chemical supply shortages encountered in our treatment facilities as the inventory is recorded, and the order is processed timeously to avoid shortage that will lead to poor water quality.

## **6. SEWAGE SERVICES**

Sewage services comprise of unblocking of sewer systems to prevent sewer spillages. The unblocking of sewers is performed internally by the plumbing teams using the sewer rods and the jetting trucks. There is also an appointed service provider for the sewer jetting and cleaning of sewer spillages sites. The service provider entered into a two-year term contract with the municipality to ensure the prompt unblocking of sewer around HGDM. The municipality is in a process of procuring the jet vac and decrease the costs for sourcing out the unblocking of sewer services.

## **7. PLANT PROCUREMENT**

The municipality need specific plant for the rapid repairs of water and sanitation infrastructure to resolve the reported complaints. The municipality purchased the TLB which is allocated to Dr. NDZ satellite area. The municipality planned to procure TLBs to cover all areas, where one TLB will be allocated in each Satellite area. There are three operational TLBs and the fourth TLB to be procured next financial year.

The municipality also purchased the Roll Back truck for the transportation of TLB from one point to the next.

The procurement of the 5-ton Truck in progress for loading the jetting machine and used for the unblocking of sewer and avoid spillages.

The municipality also planned to procure the Jet Vac that will be used for the unblocking of sewer and minimise the cost incurred by outsourcing the sewer jetting services.

- **WATER INDABA INTERVENTION PROGRAM**

The municipality appointed two service providers for the implementation of the Water Indaba Intervention Programme for the development of 28 solar powered boreholes across the district as measures to improve access to portable water for the communities of the district

The municipality also appointed the other service provider under the Water Indaba Intervention Programme for the development of 43 springs protection across the district as measures to improve access to portable for the communities of the district.

- **REFURBISHMENT OF WATER AND SANITATION SCHEMES O&M MIG PROJECT**

The Harry Gwala District Municipality (HGDM) has identified six projects within the district that are in need of urgent operation and maintenance interventions. The HGDM obtained funding from the Department of Water and Sanitation (DWS) through the Municipal Infrastructure Grant (MIG) to fund the implementation of the required maintenance interventions and has appointed the consulting company to prepare an Operations and Maintenance Business Plan for this project, detailing the required interventions and the funding requirements.

The contractor was appointed for this programme and the refurbishment of bulk water and sanitation infrastructure will be done in phases.

- **OPERATIONS AND MAINTENANCE PLAN**

The Harry Gwala District Municipality (HGDM) has reviewed and updated its Operations and Maintenance (O&M) Plan for the three-year period covering the 2024/25, 2025/26, and 2026/27 financial years. This updated plan has been officially endorsed by the Municipal Council and is now recognized as a legal and binding document that will guide infrastructure maintenance and operational procedures throughout the district.

A structured approach has been adopted to ensure all maintenance schedules are formally documented, signed off, and archived. These records are critical not only for accountability but also for the continuous updating of the Municipality's Infrastructure Asset Register. The overarching goal is to ensure that all municipal assets, particularly those supporting water services, are maintained in a condition that closely reflects their original state.

To achieve this, the Municipality relies on two primary types of maintenance strategies: **Preventative Maintenance** and **Reactive Maintenance**.

### **Preventative Maintenance**

Preventative maintenance is a structured approach designed to ensure that equipment, systems, or infrastructure remain in good working condition and avoid unexpected breakdowns.

Preventative maintenance plays a key role in prolonging the lifespan of equipment and avoiding service interruptions. It involves scheduled and routine inspections, servicing, and repairs that are performed before faults occur. Given that HGDM operates numerous standalone water schemes, many of which are diesel-driven, there is an established preventative maintenance framework in place. This framework outlines how often maintenance should be carried out on specific assets, such as pumps and engines. However, the ever-increasing demand for water, driven by population growth expansion, has placed considerable pressure on this infrastructure. As a result, the equipment is often overused, which has challenged the Municipality's ability to implement preventative maintenance consistently.

Preventative maintenance is being undertaken on some of the equipment. With the current projects being implemented, the water supply will increase, and preventative maintenance will proceed effectively, ensuring longer asset life and reduced unplanned downtime.

### **Reactive Maintenance**

Reactive maintenance involves responding to unexpected equipment malfunctions or breakdowns. The goal is to restore equipment to operational condition as quickly as possible after a failure

Due to the stretchy use of the equipment, reactive maintenance is popular within the district municipality. The pumps and diesel engines are used continuously, and preventative maintenance are rarely undertaken, this costs the municipality high amount of funds to ensure the effective and sustainable operation of water service equipment.

In summary, HGDM's O&M Plan reflects a dual approach to infrastructure care. While reactive maintenance currently dominates due to high equipment usage and insufficient resources, the Municipality is committed to expanding its preventative maintenance activities. This shift will not only reduce operational costs but also contribute to a more sustainable and reliable water service for all communities in the district.

### Schemes Functionality

The schemes functionality improved through the installation and replacement of dilapidated infrastructure. The standby generators installed in different treatment plants for the continuous operation and reduce interruptions during load shedding.

- Nokweja WTW
- Centocow two Generators
- Franklin WTW – Construction of office building and replacement of storage tanks and chemical storage tanks.
- Water storage tanks installed.

uMzimkhulu Nazareth water scheme resuscitated through the borehole drilling and equipping, pump house installation, refurbishment of reticulation system and connection to the existing storage tanks. uMzimkhulu - Makheleni and Deepdale Refurbishment of reticulation system to improve the water supply scheme functionality, solar panels installed in different schemes to ensure scheme functionality.

The bulk meters were installed in the water supply areas from UGU district municipality. Five bulk water meters were installed from Vulamehlo Water Treatment works (UGU) that supplies areas of Ubuhlebezwe area. Three Handpumps were converted into solar panel boreholes with storage tanks and tap stands; this increased the water supply to the affected areas of

Ubuhlebezwe. The backlog of spilling sewer in Kokstad was attended through emptying of Sceptic tanks and VIP toilets completed in Kokstad area (Horseshoe – Ward 9).

Generally, the challenges which are encountered in operating water schemes are amongst others unreliable yields at sources (especially in winter, boreholes and springs dry out), ageing infrastructure such as corroded cast iron pipes, old asbestos pipes, clay pipes etc. (this also applies to the sanitation infrastructure), vandalism, illegal connections, demand vs supply imbalances in fast growing communities etc.

Our plumbing teams and plant process controllers are striving in achieving best and prompt service delivery in repairing broken infrastructure as well as in purifying water to the set standards.

## **WATER SERVICES AUTHORITY's SECTOR PLAN**

The most fundamental activity that any Water Services Authority is required to acquire as its mandate is the Water Services Development Plan (WSDP) which is developed for the Council every five years when the new Council take over into the office. This sector plan is reviewed every five for the period of five years when the next Council takes over into the office. For the financial year 2024/2025, the municipality had targeted to do its third review of the Water Services Development Plan and this review was completed but not adopted by the Council due to the early seating of the Council. This Water Services Development Plan was tabled and adopted by the Council on the 28 May 2025.

The HGDM's WSDP final rating will be revealed before the end of August 2025 when it is uploaded in the Department of Water and Sanitation. The current rating of 75.90 % remains until new ratings are issued.

HGDM had implemented projects in various scales and programmes in terms of size and the range. They ranges from Regional Water Supply Schemes to Sub-Regional Water Supply Schemes, Standalone Schemes and rudimentary schemes.

### **• PLANNED PROJECTS**

- **Regional Water Supply Schemes**

A regional water supply area is characterised by a large bulk water supply scheme with a sustainable surface water source, water treatment works, command reservoirs, and secondary bulk reservoirs expanding across a large region within the DM.

The supply footprints have been identified in such a way that water can be provided to all households within the area in a sustainable manner and at the lowest possible cost (R/kl).

- **Sub-Regional Water Supply Schemes**

A sub-regional water supply scheme also has a sustainable surface water source, water treatment works and bulk infrastructure, but is more localised within a local municipality area.

- **Stand-alone Schemes**

Stand-alone schemes serve 2 purposes:

- a. Due to time and budget constraints with implementation of costly bulk infrastructure, intermediate stand-alone schemes are developed to alleviate the water shortage in areas where regional water supply will take several years to be completed. The intermediate stand-alone scheme is designed in such a way that once the regional scheme reaches the area, it can simply be connected up with the intermediate stand-alone scheme so that the scheme now forms part of the regional scheme.
- b. Stand-alone schemes are also developed in areas outside the footprint of regional schemes where a sustainable bulk water source such as a weir or production borehole can be used to serve several communities in the same vicinity.

- **Rudimentary Water Supply**

In areas where settlements cannot be served by either Regional Schemes or Stand-alone Schemes, local water sources are used to provide a survival level of water on a rudimentary level, such as a borehole with a handpump or a spring protection.

- Urban water-borne sanitation is provided as towns are developing, and funding is sourced accordingly.
- Sanitation in the rural areas is being provided in the form of dry-pit VIP toilets.

- **SPECIAL PROJECTS**



Special projects are individual infrastructure requirements on a Local Municipal level which are addressed and budgeted for on a need basis.

### • **EMERGENCY INTERVENTION PROJECTS**

Emergency Intervention Projects are projects which require immediate intervention, such as during disaster management. Examples of such projects include the following:

- ❖ Emergency Drought Relief
- ❖ COVID-19
- ❖ Disaster Management such as floods
- ❖ Accessibility interventions

In the financial year 2024/25, the municipality had targeted to prepare the projects feasibility studies (also referred to as Business Plans) that would help to solicit grants funding from National Treasury through COGTA. The table below indicates the projects that were targeted and what has been achieved.

| <b>Project</b>                                                | <b>Targeted<br/>Quarter of the<br/>F/Y</b> | <b>Accomplishment</b> |
|---------------------------------------------------------------|--------------------------------------------|-----------------------|
| 1.1 Greater Summerfield Summerfield WSS Phase 3               | Quarter 2                                  | Target met            |
| 1.2 Greater Mngumeni WSS Phase 6 & 7                          | Quarter 2                                  | Target met            |
| 1.3 Water Conservation & Water Demand Management.             | Quarter 3                                  | Target met            |
| 1.4 Refurb and Upgrade of Water Infrastructure for Shayamoya. | Quarter 1                                  | Target met            |
| 1.5 Dulathi - Marhewini Water Schemes Intervention            | Quarter 1                                  | Target met            |
| 1.6 Njunga Water Supply Scheme                                | Quarter 1                                  | Target met            |
| 1.7 Nazareth - Mfulamhle Water Supply                         | Quarter 1                                  | Target met            |
| 1.8 Mahhagu Sewer                                             | Quarter 2                                  | Target met            |
| 1.9 Creighton WSS Contract 4                                  | Quarter 2                                  | Target met            |

|                             |           |                  |
|-----------------------------|-----------|------------------|
| 1.10 Khukhulela WSS Phase 3 | Quarter 3 | Target not met * |
|-----------------------------|-----------|------------------|

*\*There was a change of approach in developing Technical Feasibility Report for Khukhulela WSS Phase 3 (Q3). Instead, a request letter for additional funding was written to the Funder instead of developing the Business Plan. This was due to urgent need to proceed with the next phase (phase 3 project) early in order to commit funding. This letter was written in Q1 and approved by the Funder.*

The municipality had further planned to execute designs for certain projects to prepare for their implementation within the financial year and beyond. The conclusion of designs leads to the tender documents' preparation and procurement of the contractors which will execute the work. The projects in the table below were targeted for designs preparations.

| Project                                                          | Targeted Quarter of the F/Y | Accomplishment |
|------------------------------------------------------------------|-----------------------------|----------------|
| 2.1 Mkhohlwa-Mdayane WSS                                         | Quarter 2                   | Target met     |
| 2.2 Refurb and Upgrade of Water Infrastructure for Bhongweni     | Quarter 3                   | Target met     |
| 2.3 Greater Mngumeni WSS Phase 6 & 7                             | Quarter 4                   | Target met     |
| 2.4 Creighton WSS Contract 4; Replaced with Nazareth WSS designs | Quarter 4                   | Target met     |
| 2.5 Greater Summerfield Summerfield WSS Phase 3                  | Quarter 4                   | Target met     |
| 2.6 Refurb and Upgrade of Water Infrastructure for Shayamoya.    | Quarter 3                   | Target met     |
| 2.7 Machunwini Water Supply Scheme                               | Quarter 2                   | Target met     |

## **WATER SERVICES INFRASTRUCTURE GRANT (WSIG) PROJECTS IMPLEMENTATION**

In terms of section 10 (7)(b) of the Division of Revenue Act (DoRA), Act No. 4 of 2020 as promulgated in Government Gazette No. 44173 dated 5 February 2021, the transferring officer must in respect of Schedule 5 or 6 allocations submit to the National Treasury transferring officer a quarterly performance report of all programmes partially or fully funded by a Schedule 5 or 6 allocation within 45 days after the end of each quarter, in accordance with the relevant framework.

The Act further states that; In terms of section 12 (2)(c), the receiving officer in respect of Schedule 5 or 6 allocations which is a province or municipality must submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring officer and the relevant provincial treasury.

The following definitions are provided in the DoRA:

“Quarter” means, in relation to a municipality –

- (i) 1 July to 30 September
- (ii) 1 October to 31 December
- (iii) 1 January to 31 March
- (iv) 1 April to 30 June

The Harry Gwala DM has been earmarked as one of the 27 priority DMs and has therefore been allocated funds in terms of the WSIG as published in the Division of Revenue Act and as reflected in Figure 1 below.

**Figure1: WSIG allocation overview**

|                | Allocation     | Payment Schedule    |                       |                       |                            |
|----------------|----------------|---------------------|-----------------------|-----------------------|----------------------------|
|                |                | Q1<br>(Jul-Sep '24) | Q2<br>(Oct – Dec '24) | Q3<br>(Jan – Mar '25) | Quarter 4<br>(Apr-Jun '25) |
|                | R'000          | R'000               | R'000                 | R'000                 | R'000                      |
| <b>FY24/25</b> | R100mil        | R45mil              | R35mil                | R20mil                | R 0.00                     |
| <b>TOTAL</b>   | <b>R100mil</b> | <b>R45mil</b>       | <b>R35mil</b>         | <b>R20mil</b>         | <b>R 0.00</b>              |

The Financial year allocation for Harry Gwala District Municipality is R100 000 0000, 00. An amount of R100 000 0000, 00 has been transferred to date. Expenditure to date is R100 009 011,88 which translates to 100% of the total allocation with expenditure.

**WSIG PLANNING PROJECTS SUMMARY: PROGRESS REPORT - 2024/25FY and beyond**

| <b>Description</b>                                              | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>Totals</b>  | <b>Status<br/>Procurement<br/>Readiness<br/>2025/ 26</b>         |
|-----------------------------------------------------------------|----------------|----------------|----------------|----------------|------------------------------------------------------------------|
| <b>Mkhohlwa<br/>Mdayane<br/>Water Supply</b>                    | R16,938,322.23 | R1,696,920.00  | R0.00          | R18,635,242.23 | Multi-<br>Project th<br>already u<br>Construct                   |
| <b>Machunwini<br/>Water Supply<br/>Scheme</b>                   | R15,700,000.00 | R895,952.00    | R0.00          | R16,595,952.00 | Multi-<br>Project th<br>already u<br>Construct                   |
| <b>Refurb /<br/>Upgrade of<br/>Bhongweni<br/>Infrastructure</b> | R35,058,409.33 | R8,415,214.84  | R0.00          | R43,473,624.17 | Multi-<br>Project th<br>already u<br>Construct                   |
| <b>Refurb /<br/>Upgrade of<br/>Shayamoya<br/>Infrastructure</b> | R30,803,268.44 | R7,365,010.55  | R1,265,010.55  | R39,433,289.54 | Multi-<br>Project th<br>already u<br>Construct                   |
| <b>Corinth<br/>Nyanisweni<br/>Water Project</b>                 | R0.00          | R30,359,896.63 | R3,000,000.00  | R33,359,896.63 | Consultan<br>working<br>the de<br>for Septe<br>Tender<br>Adverts |
| <b>Mfulamhle /<br/>Nazareth Water<br/>Supply</b>                | R500,000.00    | R21,589,666.38 | R4,000,000.00  | R26,089,666.38 | Consultan<br>working<br>the de<br>for Septe<br>Tender<br>Adverts |
| <b>Dulathi<br/>Marhewini<br/>Water Supply</b>                   | R500,000.00    | R0.00          | R49,719,290.40 | R50,219,290.40 | Under SC<br>Consultan<br>allocation                              |

|                        |                        |                        |                       |                        |                                                                       |
|------------------------|------------------------|------------------------|-----------------------|------------------------|-----------------------------------------------------------------------|
| Scheme                 |                        |                        |                       |                        | Tender<br>earmarke<br>March 20                                        |
| Njunga Water<br>Supply | R500,000.00            | R29,677,339.60         | R19,500,000.00        | R49,677,339.60         | Under SC<br>Consultar<br>allocation<br>Tender<br>earmarke<br>March 20 |
| <b>TOTALS</b>          | <b>R100,000,000.00</b> | <b>R100,000,000.00</b> | <b>R77,484,300.95</b> | <b>R277,484,300.95</b> |                                                                       |

### WSIG PROJECT SUMMARY UNDER CONSTRUCTION: PROGRESS REPORT - 2023/24FY

| No | Project Name                                 | Scope Summary                                                                                                          | Project Status                                                       |
|----|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 1  | Mkhohlwa Mdayane Water Supply                | Contract 1 - Abstraction and WTW Refurbishment<br>Contract 2 - Reticulation, Service Reservoirs and Borehole Equipping | <b>Contract 1 - 39% progress</b><br><b>Contract 2 - 45% progress</b> |
| 2  | Machunwini Water Supply Scheme               | Contract 1 - Abstraction, WTW Refurbishment, Rising Mains, Pumpstations and Reticulation                               | <b>51% progress</b>                                                  |
| 3  | Refurb / Upgrade of Bhongweni Infrastructure | Contract 1 - 2.5ML Reservoir and concrete chambers<br>Contract 2 - 315mm dia. Bulk Gravity Main from                   | <b>Contract 1 - 52% progress</b><br><b>Contract 2 - 75% progress</b> |

|   |  |                                                                                                                                                                              |                                  |
|---|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|   |  | Kokstad WTW to<br>Bhongweni 2.5ML<br>Reservoir                                                                                                                               |                                  |
|   |  | Contract 1 - 315mm dia.<br>Bulk Gravity Main from<br>Kokstad WTW to<br>Shayamoya Reservoir and<br>Refurb / Upgrade of 1.5ML Low level Reservoir.<br>Shayamoya Infrastructure | <b>Contract 1 - 29% progress</b> |
| 4 |  | Contract 2 - 1.0ML<br>Reservoir, concrete<br>chambers, Rising Main and<br>Pumpstation                                                                                        | <b>Contract 2 - 45% progress</b> |

## Progress per project

### Mkhohlwa - Mdayane Water Supply Scheme

The project is meant to eradicate on-going water shortage crisis associated with villages of Macabazini, Mkhohlwa and Mdayane. The areas are currently reliant on mainly water tanks, and polluted, insufficient springs which, many of, have dried out, rendering existing standpipe-level reticulation susceptible to vandalism as no water is available. The current status of water supply elevates poor health conditions and disease as streams and collapsed borehole in another area have limited water access below universal basic level standards. This intervention for areas and villages surrounding Macabazini will augment raw water source from Umkhomazi River to existing WTW and then pump through new potable rising main to newly existing 1.1ML Reservoir, and then gravitate to existing supply points, connecting to the associated villages; Macabazini, Mdayane and Mkhohlwa. This intervention closes existing gap of connection to long-term regional scheme however, this referenced regional scheme cannot assist currently since water source Stephen Dlamini Dam has not been constructed.

**Current status** : Construction

**Province** : Kwa-Zulu Natal Province

**Municipality** : Harry Gwala DM

|                                         |                                            |
|-----------------------------------------|--------------------------------------------|
| <b>Jobs impact (achieved)</b>           | : 0                                        |
| <b>Direct project construction jobs</b> | : 15                                       |
| <b>Households Impact (achieved)</b>     | : <b>None</b>                              |
| <b>Households to be served</b>          | : 622                                      |
| <b>Project Value</b>                    | : R 37 924 152,00                          |
| <b>Project allocation</b>               | : R 15 603 701,49 incl. VAT (2024/2025 FY) |

#### **Project Scope:**

- Macabazini Abstraction Refurbishment - 14ℓ /s at 21m Head
- Macabzini Water Treatment Plant and Pump station Refurbishment
- Construction of Macabazini Clear Water Rising Main - 1.65km Long
- Bulk Gravity mains 200mmØ - 110mmØ connecting balancing/distribution reservoirs and reticulation points - 6.7km Long
- Reticulation refurbishment 110mmØ - 22mmØ mains - 4.3km Long

#### **Project schedule (Start and End date):**

|                                |                                 |
|--------------------------------|---------------------------------|
| Project construction commenced | : 06 <sup>th</sup> January 2025 |
| Scheduled Completion           | : 30 <sup>th</sup> January 2026 |
| Revised Completion Date        | : N/A                           |

**Hand over** : Not yet achieved

**Expenditure Progress** : R 15 603 701,49 Incl. VAT

**Progress/Issues** : Construction, progress at 42%

#### **Progress per project**

### **Refurbishment And Upgrade Of Water Infrastructure For Bhongweni**

Project description:

The Bhongweni Water Infrastructure Project in Kokstad comprises two vital phases aimed at addressing immediate and future water supply challenges. In Phase 1, the focus is on upgrading the bulk water infrastructure by replacing a 5km pipeline, increasing storage capacity, and mitigating health risks associated with asbestos cement pipes. Phase 2 involves optimizing the water reticulation network, including studies, hydraulic modeling, and infrastructure enhancements for the Marikana settlement. The project aligns with regional water management strategies and aims to benefit approximately 5,699 households and 36,711 people by 2047, ensuring improved water supply reliability, sustainability, and overall community well-being.

|                                         |                                           |
|-----------------------------------------|-------------------------------------------|
| <b>Current status</b>                   | : Construction                            |
| <b>Province</b>                         | : Kwa-Zulu Natal Province                 |
| <b>Municipality</b>                     | : Harry Gwala DM                          |
| <b>Jobs impact (achieved)</b>           | : 0                                       |
| <b>Direct project construction jobs</b> | : 18                                      |
| <b>Households Impact (achieved)</b>     | : <b>None</b>                             |
| <b>Households to be served</b>          | : 5699                                    |
| <b>Project Value</b>                    | : R 48 058 409,33                         |
| <b>Project allocation</b>               | : R 40 103 28,14 Incl. VAT (2024/2025 FY) |

#### **Project Scope:**

- Installation of 10 borehole pumps and electro – mechanical connections;
- Revival of eBhayi Pumpstation;
- Fencing of the proposed reservoirs and Pumpstations;
- Power supply connection for all Boreholes;

#### **Project schedule (Start and End date):**

Project construction commenced : 14<sup>th</sup> October 2025

Scheduled Completion : 25<sup>th</sup> November 2025

Revised Completion Date : N/A

**Hand over** : Not yet achieved

**Expenditure Progress** : R 40 103 28,14 Incl. VAT

**Progress/Issues** : Construction, progress at 64%

#### **Progress per project**

#### **Refurbishment And Upgrade Of Water Infrastructure For Shayamoya**

Project description:

The Shayamoya Water Infrastructure Enhancement Project in Kokstad comprises two vital phases aimed at addressing immediate and future water supply challenges. In Phase 1, the focus is on upgrading the bulk water infrastructure by replacing a 5.2km pipeline, increasing storage capacity, and mitigating health risks associated with asbestos cement pipes. Phase 2 involves optimizing the water reticulation network, including studies, and hydraulic modeling. The project aligns with regional water management strategies and aims to benefit approximately 4895 households and 33,436 people by 2047, ensuring improved water supply



reliability, sustainability, and overall community well-being. The proposed scope of work for the project encompasses both the design and construction phases, involving the implementation of a 350mm diameter, 5200m long gravity pipeline, construction of a 1MI and 1.5MI reservoir, a 160mm diameter, 1000m long rising main pipeline and pumpstation. The planning phase includes critical activities such as field surveys and specialist investigations to gather essential data, topographical and geotechnical surveys for site analysis, and flow and pressure logging to understand water dynamics.

|                                         |                                            |
|-----------------------------------------|--------------------------------------------|
| <b>Current status</b>                   | : Construction                             |
| <b>Province</b>                         | : Kwa-Zulu Natal Province                  |
| <b>Municipality</b>                     | : Harry Gwala DM                           |
| <b>Jobs impact (achieved)</b>           | : 0                                        |
| <b>Direct project construction jobs</b> | : 20                                       |
| <b>Households Impact (achieved)</b>     | : <b>None</b>                              |
| <b>Households to be served</b>          | : 4895                                     |
| <b>Project Value</b>                    | : R 49 936 406,01                          |
| <b>Project allocation</b>               | : R 17 493 464,75 incl. VAT (2024/2025 FY) |

#### **Project Scope:**

- Upgrading of the 5,2km secondary bulk pipeline of 350mm diameter from the Water Treatment Works to the distribution reservoir supplying Shayamoya area.
- Upgrading of 3x service reservoirs ranging from 1,5 – 1,0 Mega litres and pump station.
- Upgrading of reticulation mains and extensions for the new developments in the area.

#### **Project schedule (Start and End date):**

|                                |                                 |
|--------------------------------|---------------------------------|
| Project construction commenced | : 21 <sup>st</sup> January 2025 |
| Scheduled Completion           | : 10 <sup>th</sup> April 2026   |
| Revised Completion Date        | : N/A                           |

|                             |                             |
|-----------------------------|-----------------------------|
| <b>Hand over</b>            | : Not yet achieved          |
| <b>Expenditure Progress</b> | : R 17 493 464,75 Incl. VAT |
| <b>Progress/Issues</b>      | : Progress 37%              |

## 4.4 Progress per project

### Machunwini Water Supply Scheme

#### Project description:

The Machunwini Water Supply Scheme falls within the boundaries of uMzimkhulu Local Municipality where water is abstracted from Ubumbane River then treated by means of package treatment plant with a capacity of 0,5ML per day once treated, water is then pumped to bulk storage reservoirs that were systematically positioned to enable water to gravitate evenly to all standpipes for consumption purposes with 200m centre radius. This infrastructure was commissioned in the 2013/2014 financial year and while the scheme was under operation, the Abstraction Works with submersible pumps were washed away during floods with heavy rains and the treatment works was also affected as a result, the scheme current status quo makes it dysfunctional.

|                                         |                                            |
|-----------------------------------------|--------------------------------------------|
| <b>Current status</b>                   | : Construction                             |
| <b>Province</b>                         | : Kwa-Zulu Natal Province                  |
| <b>Municipality</b>                     | : Harry Gwala DM                           |
| <b>Jobs impact (achieved)</b>           | : 0                                        |
| <b>Direct project construction jobs</b> | : 10                                       |
| <b>Households Impact (achieved)</b>     | : <b>None</b>                              |
| <b>Households to be served</b>          | : 4895                                     |
| <b>Project Value</b>                    | : R 30 253 034,80                          |
| <b>Project allocation</b>               | : R 17 830 057,69 incl. VAT (2024/2025 FY) |

#### Project Scope:

- Drilling, equipping and commissioning of two (2) new boreholes which will act as additional source to the weir;
- Equipping and commissioning of three (3) existing boreholes;
- Refurbishment of the existing weir to secure permanent water supply solutions;
- Construction of 2.1km Long 250mmØ Pumping main from Ubumbane River to WTW and Balancing;
- Upgrading and Refurbishment of the Water Treatment Plant components

- Water Treatment Works High-lift Pumpstation and Booster Pumpstation energizing

**Project schedule (Start and End date):**

Project construction commenced : 12<sup>th</sup> November 2024

Scheduled Completion : 30 December 2026

Revised Completion Date : N/A

**Hand over** : Not yet achieved

**Expenditure Progress** : R 17 830 057,69 Incl. VAT

**Progress/Issues** : Progress 51%

**WATER SERVICES POLICIES AND BYLAWS**

South African Constitution (1996) Section 156 of the Constitution vests the executive authority for water services in local government. One of the objectives of local government is to ensure the provision of services to communities in a sustainable manner within their areas of jurisdiction.

Section 27(1)(b) of the Constitution 108 of 1996 states that "Everyone has the right to have access to sufficient food and water.

The Constitution gives national and provincial government the authority to regulate the effective performance of local government in terms of water services.

In terms of Section 154, national and provincial government also has an obligation to support and strengthen the capacity of local to provide services.

Section 24 of the Constitution states that "everyone has the right to environment that is not harmful to their health and wellbeing and to have the environment protected, for the benefit of present and future generations through reasonable legislative and other measures that prevent pollution and ecological degradation". Section 10 of the Constitution states that "everyone has inherent dignity and the right to have their dignity respected and protected".

Water Services Act, 1997 (Act No. 108 of 1997)

In terms of Section 11 (1) of the Water Services Act, every WSA has a duty to all consumers and potential consumers to progressively ensure efficient, affordable, economical, and sustainable access to water services. Sections 3 (1) and (2) of the Water Services Act, states

that everyone has a right to access a basic water supply and basic sanitation – this section is related to section 27 of the Constitution. Section 22 provides for the approval to operate as a Water Services Provider and emphasise that Water Services Providers must get an approval of the Water Services Authority.

Section 24 provides for the registration of Water Services Intermediaries and that a Water Services Authority may, in its bylaws require the registration of Water Services Intermediaries or classes of such intermediaries within its area of jurisdiction. Section 25 expands on the duties of the Water Services Intermediaries, which includes but not limited to, providing quality, quantity and sustainable water services that meet the minimum standards proscribed by the Minister and any additional minimum standards prescribed by the relevant Water Services Authority.

The Water Services Intermediary in executing its duties may not charge for water at a tariff which does not comply with any norms and standards prescribed under the Water Services Act, and any additional norms and standards set by the relevant water services authority.

#### National Water Act, 1998 (Act No. 36 of 1998)

The Act considers, amongst other factors, the following aspects, which directly support the provision of water for multiple uses:

- a. Promoting equitable access to water;
- b. Redressing the results of past racial and gender discrimination;
- c. Promoting the efficient, sustainable, and beneficial use of water in the public interest;
- d. Facilitating social and economic development; and
- e. Providing for growing demand for water use.

#### Municipal Systems Act, 2000 (Act No. 32 of 2000)

The Municipal Systems Act is the enabling legislation which delineates the Municipalities' duties. It was enacted to: "To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic

upliftment of local communities and ensure universal access to essential services that are affordable to all;”. The following sections are of vital importance:

- a) Section 4 speaks directly to Section 27 of the Constitution, explicitly binding municipal councils to the progressive realisation of access to water within its jurisdiction.
- b) Section 5(1), the Municipal Systems Act expressly guarantees communities the correlative right to meaningful engagement, involvement, and communication. It also guarantees “access to municipal services which the municipality provides, provided the duties set out in subsection (2)(b) are complied with.”.
- c) Section 26 provides that, in order to give effect to these duties and the progressive realisation of socio-economic rights, municipalities are also obligated to draft and produce integrated development plans (IDPs). These plans are supposed to map out how a municipality is to manage its resources in a way that develops its constituent communities and addresses those communities’ needs.
- d) Section 73 obliges municipalities to ensure “ensure that all members of the local community have access to at least the minimum level of basic municipal services.”.
- e) Section 76 -81 talks about different mechanism that can be used for provision of services. Municipalities are therefore required to focus on the provision of these basic services and may not prioritise other services at the expense of basic services.

GNR.509 of 8 June 2001

Regulations relating to compulsory national standards and measures to conserve water  
 Section 9 of the Water Services Act, 1997, give the Minister of Water and Sanitation the power to prescribe compulsory standards. a) Regulation 2(b) of the Regulations provides that the minimum standard for basic sanitation services is a toilet which is safe, reliable, environmentally sound, easy to keep clean, provides privacy and protection against the weather, well ventilated, keeps smells to a minimum and prevents entry and exit of flies and other disease-carrying pests. b) Regulation 3(b) determines the minimum standard for basic water supply services as: ‘a minimum quantity of potable water of 25 litres per person per day or 6 kilolitres per household per month – i.e., at a minimum flow rate of not less than 10 litres per minute; ii. within 200 metres of a household; iii. with an effectiveness such that no consumer is without a supply for more than seven full days in any year.

Harry Gwala District Municipality is one of 144 Water Service Authorities' (WSAs) that are responsible for water supply and sanitation services provision. Water Services Authorities have a legal mandate to ensure that all South Africans, and in this case Harry Gwala District Municipality residents are provided with basic water supply and sanitation services that comply with set standards (SANS 241) and prescribed regulations.

Ensuring provision of basic water supply and sanitation services to residents involves more than the provision of infrastructure. It is therefore the primary responsibility of Harry Gwala District Municipality to provide sustainable water supply and sanitation services in an effective and efficient manner.

In recent years, there has been a growing recognition of the need to expand the traditional approach to basic water supply and sanitation services. This shift is driven by emerging concepts such as water-sensitive urban design, green infrastructure, climate resilience (with a focus on environmental sustainability), and long-term sustainable development principles.

While the national policy and legislative frameworks are in place there is still a gap in customisation and alignment of these national policies with local government policies Harry Gwala District Municipality also grapples with its developmental role and is faced with critical basic water supply and sanitation services challenges.

Water and sanitation services are foundational human rights, crucial for ensuring the well-being and dignity of the residents within the jurisdiction of the Harry Gwala District Municipality. It is imperative that these services are delivered continuously and equitably. However, the Municipality faces a multitude of challenges in its endeavour to provide these essential services, including but not limited to:

**Ageing Infrastructure:** The Municipality grapples with ageing water and sanitation infrastructure, which poses a significant obstacle to efficient service delivery and sustainability.

**Vandalism:** Frequent acts of vandalism against water and sanitation facilities exacerbate operational difficulties and financial strain on the Municipality.

**Insufficient Bulk Water Supply:** Inadequate bulk water supply infrastructure fails to meet the burgeoning demands of the local population, resulting in erratic service provision.

**Non-Revenue Water:** Is determined according to a standard calculation which takes various categories of water use into account including losses, leaks, accounted for and unaccounted for water.

**Operation and Maintenance:** Challenges associated with the operation and maintenance of water and sanitation services infrastructure require immediate attention to ensure service reliability and longevity.

**Water Supply and Sanitation Services Quality:** There is a pressing need to improve the overall quality of water and sanitation services to meet acceptable standards, safeguarding public health and well-being.

**Basic Sanitation:** Many residents still lack access to basic sanitation facilities, a deficiency that undermines the dignity and health of the community.

**Wastewater and Environmental Safety:** Environmental concerns related to wastewater management and lack of regulatory compliance must be addressed to protect the environment and water resources.

**Faecal Sludge Management:** There is a lack of effective management of faecal sludge management within the WSA. For instance, there is no proper pit emptying programme and beneficial use of a faecal sludge.

**Regulatory Compliance:** Ensuring compliance with water and sanitation services regulations is a complex challenge that demands attention to avoid potential legal ramifications.

Moreover, a significant portion of the population remains without access to basic water supply and sanitation services, highlighting the urgency of comprehensive interventions.

Considering these multifaceted challenges, it is paramount to develop and implement effective strategies and initiatives that address the identified issues comprehensively. These problems/challenges underscores the need for coordinated efforts, resource allocation, and policy implementation to ensure that water and sanitation services in the Municipality are accessible, reliable, and of high quality, thereby upholding the fundamental rights and well-being of its residents. Most of WSAs are still facing challenges relating to implementation and enforcement of Water and Sanitation Services Policies.

Harry Gwala District Municipality through assistance from Department of Water and Sanitation (DWS) initiated the process of developing a consolidated Water Services Policy. The process of developing this policy is underway and the municipality is currently awaiting DWS for the final

review of the draft Water Services Policy. The purpose of developing this policy is to ensure better understanding of water services policies by pertinent stakeholders and service providers. This collaborative approach seeks to prevent unintended discrepancies and potential conflicts that could impede service delivery.

The policy in question will elevate the delivery of basic water supply and sanitation services to residents by aligning municipal administration with the planning, bylaws, and legislation governing water and sanitation services within the region. The primary purpose of this policy is to achieve the following key objectives:

**Provision of Free Basic Water and Sanitation Services:** Ensure that indigent citizens have access to free basic water services, promoting social equity and addressing the basic needs of vulnerable populations.

**Equitable Access to Water Services:** Guarantee equitable and fair access to water services, considering financial, technological, socio-economic, and conservation factors, thereby fostering inclusivity and sustainability.

**Compliance with Regulatory Framework:** Enforce compliance with pertinent legislation and bylaws governing water supply, promoting responsible ownership and adherence to established standards.

**Consistent Approach to Alternative Water Sources:** Establish a uniform approach to evaluating and implementing alternative water sources to ensure the sustainable provision of water and related products and services, aligning with evolving industry best practices.

By pursuing these objectives, the Harry Gwala District Municipality aims to enhance the quality, availability, and fairness of basic water supply and sanitation services for its residents while embracing innovative and sustainable approaches to meet the evolving needs of the community. This policy underscores the commitment to effectively manage and improve essential services, fostering the well-being and development of the region.

Whilst the process of developing the integrated Water Services Policy is unfolding, the municipality reviewed its existing Water Services Policies to enable operations in the municipality. These policies include the following but not limited to:



- Maintenance Management Policy
- Water Services Intermediaries
- Service Level Standards
- Infrastructure Investment and Capital Projects Policy
- Customer Care Policy
- Customer Care Strategy
- Customer Care Service Charter
- Bathopele Policy

## Water Services Bylaws

Section 156(2) of the Constitution (Act 108 of 1996) allows municipalities to exercise their legislative authority by developing their own by-laws covering the area within their jurisdiction, however in terms of Section 21(1) of the Water Services Act (Act 108 of 1997) and Section 75 and Section 98 of the Local Government: Municipal Systems Act (Act 32 of 2000) municipalities are obliged to develop and promulgate bylaws. These by-laws hold the same power and force as other national and provincial legislation. Bylaws are meant to bring order and improved service delivery within municipal jurisdiction. Purpose of Water Services Bylaws is to regulate the affairs and the services rendered by HGDM. Bylaws also play a huge role in raising awareness to communities about their role as consumers/customers.

For the year 2024/25, HGDM set aside a budget to review Water Services Bylaws and further align them with all water services related legislations. The municipality has successfully completed this exercise and the new reviewed Water Services Bylaws have also been adopted by council. The municipality also took an initiative of promulgating and gazetting these newly reviewed bylaws. Please refer to KZN Provincial Gazette 2727, Notice No. 775 or Government Printing Works website ( [www.gpwonline.co.za](http://www.gpwonline.co.za) ).

The reviewed bylaws outlines the following but not limited to:

- Application process for water services
- Service levels
- Conditions for water services
- Conditions for sanitation services
- Un-authorised water services
- Emergency situation
- Notices
- Appeals

- Offences
- General Provisions

## **WATER SERVICES AWARENESS PROGRAMS AND STAKEHOLDER ENGAGEMENTS.**

Community awareness campaigns encourage people to challenge themselves in implementing the strategies to deal and address water services challenges that they are faced with daily. Customer Care has developed an ongoing program targeting public and learners. The content and themes of campaigns are reviewed to assess suitability and address current issues facing that specific community. Content targeted includes water conservation, health and hygiene, vandalism of water infrastructure, and sewer spillages. During 2024/2025 financial year, a number of awareness campaigns were conducted to educate communities and learners within Harry Gwala District Municipality. Due to limited financial resources, HGDM only conducts the in-person conversation type of awareness.

Customer Care educates communities of Harry Gwala to take responsibility and own their water services infrastructure to ensure that they always have water at all times and the vandalism of the water services schemes is curbed. Awareness also includes the processes and procedures that customers and communities should take in reporting burst pipes, damaged taps, and sewer spillages. With the complaints registered with the Customer Care Unit, it became easier to plan awareness campaigns for the areas that have got the most complaints in terms of vandalism and leaks related issues. The complaints register therefore forms a baseline for planning of awareness campaigns.

The aim of these awareness raising campaigns for Water Services Department differs between contexts but generally includes increased concern, informing the targeted communities about the problem/concern and attempting to change the said community behaviour towards Water Services. These awareness campaigns deliver messages to communities motivating them to take action in addressing the concern/problem. Water Services uses a range of different techniques and approaches to raise awareness and these include but not limited to: newsletters, social media and events, meetings with stakeholders and representatives of the target group to create a general awareness on the topic.

These awareness programs serve as a powerful campaigning mechanism of re-iterating the value of water and the need for sustainable management of this scarce resource. These campaigns seek to continue building the ongoing awareness within the broader Harry Gwala

Community coupled with the responsibility that every citizen must take in ensuring the integrity of our water resources and its efficient use. These awareness's enhanced the manner in which district interacts with its communities, reduction in illegal connections and subsequently curb water losses.

#### Water conservation

Reducing water use really begins with education. People need to understand *why* they need to conserve water. Many people simply don't think about conserving water but they do want to save money, and conserving water is a simple way to do that. Community awareness campaigns provide entry level strategies to deal with the concept of water conservation. objective is to change citizen attitudes and behaviour to advance water use efficiency. Raising water conservation awareness is essential as the combined impact of even small improvements in individual household use can amount to significant savings in a municipality.

#### Unauthorised connections

Illegal connections worsen the problem of leaking pipes and result in unauthorised consumption of water. These illegal connections also make it difficult for the municipality to provide sustainable services. Residents are urged to report illegal connections and to refrain from tampering with the municipal system, some of the residents indicated that they want house connections and they are willing to pay for municipal services.

#### Vandalism and theft

This derives from the deliberate destruction of municipal water infrastructure or theft of water pipes, Eskom cables, water taps, pumps, and other infrastructure. This destruction places a heavy burden on the municipal limited budget. The financial obligation is immense due to spending a limited budget allocated for Maintenance and operations. Residents were encouraged to take ownership of their water schemes and to report vandalism and theft to the customer care line, and to SAPS.

For 2024/25 financial, Water Services had planned 16 awareness program and 16 war room initiatives and 29 awareness were conducted. This is a great achievement compared to last financial year. Reports from warrooms and awareness's were submitted to COGTA as this is a requirement for all Water Services Authority Municipalities.

| Local Municipality     | Ward | Number of Awarenesses |
|------------------------|------|-----------------------|
| <b>Greater Kokstad</b> | 5    | 2                     |
|                        |      |                       |
|                        |      |                       |
| <b>Dr. NDZ</b>         | 2    | 4                     |
|                        | 7    | 2                     |
|                        | 15   | 1                     |
|                        |      |                       |
| <b>Ubuhlebezwe</b>     | 2    | 1                     |
|                        | 3    | 2                     |
|                        | 5    | 1                     |
|                        | 10   | 1                     |
|                        | 14   | 1                     |
|                        |      |                       |
| <b>Umzimkhulu</b>      | 1    | 1                     |
|                        | 2    | 1                     |
|                        | 3    | 1                     |
|                        | 6    | 2                     |
|                        | 7    | 1                     |
|                        | 10   | 2                     |
|                        | 8    | 2                     |
|                        | 16   | 1                     |
|                        | 18   | 1                     |
|                        | 20   | 2                     |

## **CUSTOMER CARE SERVICES**

Department of Water and Sanitation has developed 11 Key performance Indicators for WSA municipalities. These KPIs are used to assess the competency of WSA. Out of the 11 KPIs, KPI7 is all about Customer Care. It is imperative for any WSA to reach and maintain high standards of customer services within its area of supply. Such high standards emanate from providing customers with safe drinking water; affordable tariffs; empowering them with knowledge pertaining to water conservation and effective customer care centres.

Customer care plays an important role in the overall customer experience hence the customer interaction is important in building loyalty and HGDM water services recognition. It helps to understand the move from single channel to multichannel customer service as a key aspect of a successful Water Services Authority municipality. Customer care goes beyond customer service and support because it focuses on building connections between the municipal services and customers.

For the year 2024/25, the Customer Care Call Centre received a number of complaints from customers and communities, and these were channelled to relevant departments within the municipality to resolve/attend within 48 hours as stipulated in the Customer Care Policy. HGDM call center operates 24 hours a day, 7 days a week and 366 days a year. Complaints were logged manually as the automated complaints management system was still under procurement.

This has had a number of negative impact on the Municipal reputation as it was not easy to follow-up on complaints that were not attended and resolved within 48 hours but the municipality did its best in ensuring that complaints were attended regardless of the absence of an automated system. Complainants were also not happy with the fact that the call center was not issuing reference numbers(in form of SMS or WhatsApp texts) as it used to and their complaint was that it was difficult to follow-up on the complaint since they didn't have reference numbers.

It is worth noting that Water Services has since managed to procure the Customer Care System and the User training has been conducted. The system is set to start working by end

July 2025. Despite the challenges stated in the paragraph above, the municipality still prides itself on how it has handled the customer and community complaints in 2024/25. Below is a summary of the types of complaints that the municipality received for the year 2024/25.

The nature of the complaints the municipality received throughout the 2024/25 financial are:

- Pipe bursts
- Faulty meters
- Water leaks
- Poor Water Quality
- Sewer spillages
- Requests for water delivery
- Unsubstantiated billing
- Requests for honeysucking
- Faulty handpumps
- Unannounced water rationing

The Water Services Department endeavoured to give communities uninterrupted services, however there were factors that required the department to arrange planned interruptions on water supply and sanitation services to allow regular maintenance of water, and sewer system or an upgrade of deteriorating infrastructure. For both planned and unplanned interruptions, HGDM team of plumbers made the reinstatement of the services a priority to restore the services as quickly as possible.

## **WATER QUALITY MONITORING**

Water quality describes the condition of the water, including chemical, physical, and biological characteristics, usually with respect to its suitability for a particular purpose such as consumption (drinking). Water quality is measured by several factors, such as the concentration of dissolved oxygen, bacteria levels, the amount of salt (or salinity), or the amount of material suspended in the water (turbidity). In some bodies of water, the concentration of microscopic algae and quantities of pesticides, herbicides, heavy metals, and other contaminants may also be measured to determine water quality.

The presence of certain contaminants in water can lead to health issues, including gastrointestinal illness, reproductive problems, and neurological disorders. Infants, young

children, pregnant women, the elderly, and people with weakened immune systems may be especially at risk for illness caused by poor water quality.

Constitution of the Republic of South Africa Act No. 108 of 1996 gives a mandate to Harry Gwala District Municipality to provide access to water and sanitation services to all communities residing within its jurisdiction. The legislation enforces the district to provide good quality of water that will not threaten the constitutional rights of individuals within its jurisdiction. Section 12 of the Local Government: Municipal Structures Act No. 117 of 1998, emphasizes on the establishment of municipalities in accordance with the requirements relating to category and type i.e. Water Services Authority Municipality. National Water Act, 36 of 1997 sets out the principles to be adhered to concerning the environmental impacts of wastewater and pollution.

Harry Gwala District Municipality as a Water Services Authority (WSA) is responsible for monitoring of water and wastewater quality. Both water and wastewater quality supplied to communities and customers of HGDM must be reported to DWS on a monthly basis. Umgeni-Uthukela Water is an accredited water testing laboratory contracted by the HGDM to assist with monitoring water and wastewater quality by analysis compliance water samples against SANS241 Standards.

HGDM has got 32 treatment works: 21 Water Treatment Works (WTW) and 11 Wastewater Treatment Works (WWTW). Out of the 32-treatment works are operated and maintained by HGDM only Ixopo WTW and WWTW are operated by a Water Services Provider (Umgeni – Uthukela Water). The sampler collects compliance water and wastewater samples as per the HGDM Monitoring Program which is risk based and registered with DWS through IRIS. The number of sampling points which the municipality monitors as per the sampling program is 107 site every month. These sample sites are registered and reported on IRIS before the 10<sup>th</sup> of every month.

For Water Quality, A total of 72 sites were sampled every month. The collected potable water samples were analysed for key water quality indicators and assessed against SANS 241-1:2015 drinking water standards.

For waste water quality, A total of 35 sites were sampled and analysed every month. The collected wastewater effluent discharges were assessed against relevant effluent standards as

prescribed by Department of Water and Sanitation. i.e. General Effluent Standards for plants >2 ML/d and General Authorization for plants <2ML/d.

Safe drinking-water, sanitation and hygiene(WASH) are crucial to human health and well-being. Safe WASH is not only a prerequisite to health, but contributes to livelihoods, school attendance and dignity and helps to create resilient communities living in healthy environments. For the year 2024/25, HGDM has successfully manage to do the following:

- Appoint a sampling service provider responsible for collection and delivery of water and wastewater samples to Umgeni-Uthukela Water Laboratory for analysis.
- The municipality commenced with monthly publication of Water and Wastewater compliance results which is required by DWS.
- Municipality has managed to register all Process Controllers under Regulations 3630.
- Monitoring and reporting the quality of water that is being provided to the communities and effluent that is disposed off to the natural environment.
- Water quality monitoring was done both internally (known as operational monitoring) and externally (compliance monitoring).
- Operational monitoring was conducted in all Water Treatment Works and Wastewater Treatment Works.
- Compliance monitoring was done by Umgeni-Uthekela Water.
- Water quality monitoring was done since its a legislative requirement that was being used to assess the ability of the municipality to serve as WSA and WSP hence ensuring good water quality provisioning is important.
- Constantly raised awareness on water quality, water conservation and health and hygiene.

It is important to note that drinking unsafe water impairs health through illnesses such as diarrhoea, and untreated excreta contaminates groundwaters and surface waters used for drinking-water, irrigation, bathing and household purposes.

## **Blue Drop Assessment**

### **Purpose and Intent of Blue Drop Certification**

The Blue Drop certification programme seeks to identify and develop the core competencies required for a Water Services Authority municipality. The intention is to strengthen and sustainably improve the level of drinking water management in South Africa. The Blue Drop audit is the tool whereby incentive- and risk-based regulation is conducted in South Africa.



Regulation is important to ensure effective and efficient delivery of sustainable water services and has been commended by South African authorities and accoladed by international peers. A good regulation approach is characterised by its ability to clarify the requirements and obligations placed on water service institutions, thereby protecting consumers from a potentially unsustainable and unsafe service.

Blue Drop Certification/audit has gained significant momentum and support in the South African Water Sector, since its inception on 11 September 2008. The concept was initially defined by two programmes: Blue Drop Certification for Drinking Water Quality Management Regulation; and Green Drop Certification for Wastewater Quality Management Regulation. This was expanded on with the third programme: No Drop Certification for water conservation and demand management in the water services sector. The Blue Drop process measures and compares the results of the performance of water service institutions, and subsequently rewards (or penalises) the institution upon evidence of their excellence (or failures) according to the minimum standards or requirements that have been defined.

### **Green Drop Scores**

Green Drop is an Incentive-Based Regulation which is an innovative and uniquely South African response to challenges in the water sector. The Green Drop programme seeks to induce changes in behaviour of individual institutions to facilitate continuous improvement and adoption of best practise management of wastewater collection and treatment systems. Consequently, progressive improvement and excellent performance is recognised and rewarded.

The Green Drop score reflects the status of the complete wastewater business over a period of 12 months based on full Green Drop audit, whereas the Green Drop Risk Rating Assessment focuses on specific risk indicators at a specific moment in time (i.e., snapshot view), or a more prolonged period in time (i.e. 12 month period). This is undertaken by calculation of the Cumulative Risk Rating (CRR) of each Wastewater Treatment Works (WWTWs). The CRR calculation is a concise and focussed benchmarking exercise which extracts four key risk areas that would individually and collectively, give a snapshot view of the status of wastewater treatment. This allows the Water Services Institution (WSI) to identify, quantify and manage the risks associated with wastewater treatment, thereby empowering them to take relevant

strategic management operational decisions and infrastructure upgrades to support and improve sustainable water services provision.

HGDM as one of the WSAs in the province also participated on the Green Drop Audit/assessments. The result of these assessments are yet to be released once the confirmation session have been conducted and finalised.

Despite various difficulties, of which financial challenges and aging infrastructure were highlighted, the HGDM water services team showed a keen interest to improve the Green Drop score. The major areas where improvement is required are around the following but not limited to :

- Financial management, specifically in terms of ringfencing water supply
- Capacity management
- Technical management
- Compliance issues

## **PROCESS AUDITS**

The concept of a process audit is familiar to the South African water sector as it was introduced as part of the Blue Drop and Green Drop Programme and Water Services Authorities are required to submit these to the Department of Water and Sanitation on an annual basis. In short, the model confirms that compliant effluent quality can only be assured if:

- The plant design is appropriate
- The plant is properly maintained
- The plant is properly resourced
- The plant is properly operated

The basic approach offered is based on basic quality assurance principles. This includes an assessment of the current status, the identification of risk management and optimisation opportunities, the identification and implementation of solutions and the monitoring and adjustment of approach as results are generated.

HGDM in conducting its annual process audit in 2024/25 financial, it followed the basic steps listed below:

- Determine current plant performance levels against optimised / regulatory goals,
- Determine if major unit process sizes are limiting performance,
- Identify any aspects (other than unit size) of unit process design which limits performance,
- Determine if operational practises are limiting performance,
- Determine if administrative practises are limiting performance,
- Determine activities to address factors that will improve performance, and
- Implement strategies and monitor performance to assess progress toward the identified goal.

The Department of Water and Sanitation (DWS) requires that each drinking water treatment facility and wastewater treatment facility be subjected to a process audit annually by a technically competent person. DWS confirmed the role of the process audit in the risk management process and emphasised that the process audit will not be acknowledged unless the findings are included in the Water Safety Plan for drinking water and on the Wastewater Risk Abatement Plan for wastewater/effluent management.

HGDM has conducted 20 Water Treatment Works Process Audits during the 2024/25 financial year and these were conducted by professional team of engineers and scientists. In addition to the Process Audits, Water Safety Plans were also reviewed incorporating the findings of the process audits. HGDM council adopted these audits and water safety plans end of quarter 3.

### **MUNICIPAL STRATEGIC SELF-ASSESSMENT (MUSSA)**

The Department of Water and Sanitation has overseen the annual use of the MuSSA to survey and assess the overall “business health” of a Municipality when fulfilling its water services function. The MuSSA is a self-assessment tool used by DWS to assess municipalities. Municipalities are given an opportunity to assess themselves and submit the assessment to DWS for processing and verification. The MuSSA asks senior municipal financial and technical managers 5 clear and relatively simple “essence” questions that cover 18 key business health attributes, and thereby generates key strategic flags.

Vulnerability of the WSA is measured as follows

- 75%-100% Low Vulnerability

- 60%-75 % Moderate Vulnerability
- 50%-60% High Vulnerability
- 0%-50% Extreme Vulnerability

HGDM was subjected to Municipal Strategic Self-Assessment (MuSSA) in 2024/25 financial year. HGDM has regressed from a vulnerability index of 0.54 to 0.59. The table below shows the score per key business attribute.

## 2. MUSSA RESULTS 2024 (Vulnerability index= 0.59)

|    | Business Attribute                                       | Percentage |
|----|----------------------------------------------------------|------------|
| 1  | Water and sanitation services planning                   | 95%        |
| 2  | Operation & Maintenance (O&M) of Assets                  | 65%        |
| 3  | Water Resource Management (WRM)                          | 40%        |
| 4  | Wastewater/ Environmental Safety & Regulatory Compliance | 80%        |
| 5  | Revenue collection                                       | 70%        |
| 6  | Technical Staff Capacity (Numbers)                       | 40%        |
| 7  | Financial Asset Management                               | 45%        |
| 8  | Financial Management                                     | 50%        |
| 9  | Infrastructure Asset Management (IAM)                    | 75%        |
| 10 | Customer Care (CRM)                                      | 65%        |
| 11 | Staff skill levels                                       | 75%        |
| 12 | Management skill level                                   | 65%        |
| 13 | Water conservation and demand management                 | 60%        |
| 14 | Drinking water safety & regulatory compliance            | 55%        |
| 15 | Basic sanitation                                         | 60%        |
| 16 | Information management                                   | 70%        |
| 17 | Organisational Performance Monitoring                    | 100%       |
| 18 | Water and Sanitation Service Quality                     | 78%        |



HARRY GWALA DISTRICT MUNICIPALITY  
"Together We Deliver and Grow"



Below are the top areas of concern which are still impacting negatively on the HGDM vulnerability index.

- Financial Asset Management (45.0%)
- Financial Management 50%
- Technical Staff Capacity 40%
- Water Resource Management (WRM) (40.0%)
- Drinking Water Safety & Regulatory Compliance (55.0%)

### Municipal Infrastructure Grant (MIG) Capital Expenditure Year 2024/25: Water and Sanitation Services

This report aims at summarising the utilization of the 2024/25 Municipal Infrastructure Grant (MIG) funding to the Harry Gwala District Municipality. The objective of the MIG funding is to expedite service delivery to Municipalities that have backlogs in order to reach the stated Millennium Development Goals. The Municipality spent 100 % on the 2024/25 financial year

and as such had no **roll over application. The Municipality original MIG Allocation for the 2024/25 was initial set at R230 622 000,00.** Our allocation was adjusted by an amount of **R2 280 000,00.** In total our allocation for the current financial year taking into consideration the adjustment amount amounts to **R228 342 000,00.** This report sets out to show the level of usage and implementation of the MIG funds in the year 2024/25 and also to show the impact of the funding on the community as the beneficiaries.

## Monthly MIG Expenditure

### Background:

Since the establishment of the PMU section in mid-2008, the MIG expenditure showed marked and tremendous improvement in Harry Gwala District Municipality. The table below shows the MIG expenditure performance in the last 4 years. Over the past 4 years, only its only in the 2022/ 23 Financial Year where the municipality could not reach 100% Expenditure on MIG. The Rollover was approved and fully spent in the 2023/ 24 financial year. The municipality has implemented 100% of its MIG Funding for the 2023/ 24 and 2024/ 25 Financial Years. This is done through the implementation of Multi Year Water and Sanitation Projects. The municipality is currently committed with projects to implement in the 2025/ 26 and 2026/ 27 Financial Years.

### Expenditure Details:

The Table below shows the monthly expenditure from July 2024 to June 2025. Expenditure on PMU salaries was also taken from the MIG allocation.

| <b>GRANT USAGE</b>                      | <b>2021/2022</b> | <b>2022/<br/>2023</b> | <b>2023/<br/>2024</b> | <b>2024/<br/>2025</b> |
|-----------------------------------------|------------------|-----------------------|-----------------------|-----------------------|
| Municipal Infrastructure Grant (Amount) | 212,880.00       | 209,405,207.87        | 246,830,000.00        | 228,342,000.00        |
| Municipal Infrastructure Grant (%)      | 100%             | 91%                   | 100%                  | 100%                  |

### SUMMARY OF MONTHLY MIG EXPENDITURE

| <b>MONTH</b>                                                             | <b>EXPENDITURE<br/>AMOUNT</b> |
|--------------------------------------------------------------------------|-------------------------------|
| Jul-24                                                                   | 6,437,845.30                  |
| Aug-24                                                                   | 44,400,692.90                 |
| Sep-24                                                                   | 22,011,965.70                 |
| Oct-24                                                                   | 9,698,268.91                  |
| Nov-24                                                                   | 29,839,359.27                 |
| Dec-24                                                                   | 16,241,365.26                 |
| Jan-25                                                                   | 12,144,265.40                 |
| Feb-25                                                                   | 7,653,618.49                  |
| Mar-25                                                                   | 13,343,321.95                 |
| Apr-25                                                                   | 17,245,257.08                 |
| May-25                                                                   | 26,926,143.90                 |
| Jun-25                                                                   | 22,399,895.84                 |
| <b>TOTAL</b>                                                             | <b>228,342,000.00</b>         |
|                                                                          |                               |
| <b>PMU Operational Costs<br/>included in the Monthly<br/>Expenditure</b> | <b>5,919,350.45</b>           |

**NB: The 100 % expenditure of the MIG allocation was reached by end of June 2025.**

The following schedule shows the extracts from the 2024/25 PMU Business Plan and the actual expenditure and status of projects executed in the 2025/26 financial year. **The expenditure shown and the physical progress is the actual current progress as end 30<sup>th</sup> June 2025.**

| <b>No .</b> | <b>Project Name</b>                                                             | <b>Appointed Service Provider</b>     | <b>Award Budget</b> | <b>Progress as at 30 June 2025</b>                                                                            | <b>Completion Date</b> | <b>Expenditure as at 30 June 2025</b> |
|-------------|---------------------------------------------------------------------------------|---------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------|
| 1           | PMU Salaries                                                                    | PMU                                   | R 9,224,880.00      | On going                                                                                                      | 30-Jun-25              | -                                     |
| 2           | Construction of Bulk sewer Rising Main and Pump Station (Umzimkhulu / Mbizweni) | Zimile Consulting & Mahlubi Transport | R49 177 000,26      | M and E has been completed. ERF Connection not yet done. Pump Station, Fencing and paving has been completed. | 29-Aug-25              | -                                     |
| 3           | Mnqumeni Water Supply Abstraction                                               | ECA Consulting & Mabona Civils        | R28 000 000,00      | Original scope of works has been completed and the contractor finishing the additional works                  | 5-Aug-25               | -                                     |

|   |                                                                                                                                                           |                                                |            |     |                                                                                                                                                                 |           |   |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
| 4 | Creighton Water Supply Scheme Phase 2 - Construction of 1,4km long 350mm diameter Rising main and 1,4km long 300mm diameter Clear water Gravity main      | Zimile Consulting & Afroca Greenloo Technology | R19 915,51 | 123 | Cession agreement between Main Contractor and Sub Contractor has been signed and the subcontractor is now onsite busy with the completion of Pipeline Chambers. | 16-Oct-25 | - |
| 5 | Creighton Water Supply Scheme - Construction of Centocow - Umzimkhulu River Abstraction Works: Intake Chamber, Galvanized Steel Tank Sump, High lift pump | Zimile Consulting & Afroca Greenloo Technology | R35 41,95  | 139 | Cession agreement between Main Contractor and Sub Contractor has been signed and the subcontractor is now onsite busy with the completion of Pumpstation.       | 16-Oct-25 | - |



|   |                                                                                                                                                               |                                                |                   |                                                                                                                                                                                                  |           |   |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
|   | station,<br>Installation<br>of<br>associated<br>Mechanical<br>and<br>Electrical<br>works                                                                      |                                                |                   |                                                                                                                                                                                                  |           |   |
| 6 | Greater<br>Summerfield Water<br>Supply<br>Scheme:<br>Construction of Clear<br>Water<br>Rising Main,<br>3ML<br>Command<br>Reservoir<br>and<br>Thembeni<br>Line | Zimile<br>Consulting<br>& Msalela<br>Transport | R77 964<br>058,27 | Steel Pipe<br>laying has<br>been<br>completed. 27<br>Chambers<br>completed.<br>Thembeni Line<br>not yet done –<br>Investigations<br>and assessing<br>the existing<br>pipeline. 84 %<br>complete. | 15-Dec-25 | - |
| 7 | KwaMay -<br>Theekloof<br>Water<br>Scheme                                                                                                                      | MSW<br>Consulting<br>& Mbova<br>Construction   | R8 700<br>000,00  | Reticulation<br>pipelines are<br>100 %<br>complete.<br>Doing the river<br>crossing at 40<br>% completion                                                                                         | 7-Sep-25  | - |

|    |                                                                                                                           |                                              |                |                                                                                                                     |           |   |
|----|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------|-----------|---|
| 8  | Creighton Bulk Water Supply Scheme 2: (Wards 5.6.8 And 14) Upgrading of The Water Treatment Works From 1ml/Day To 5ml/Day | Zimile Consulting & Faku Civils              | R88 583 250,54 | Earthworks on all the structures have been completed and now doing the layers. Pipeline has been completed.         | 26-Nov-25 | - |
| 9  | Sub Regional Scheme: Khukhulela: Portion 3, Construction of Rising Main (Ward 05)                                         | BM jv Rudkor Consulting & LNP Construction   | R57 841 224,60 | Site establishment has been completed. 710m of steel pipe delivered to site. Finalizing packages for subcontractors | 26-Apr-26 | - |
| 10 | Construction To Raise Kempsdale Dam Wall, Upgrade Pump Station, Civil, Structural, Mechanical                             | Zimile Consulting & Mahlubi Transport JV RGZ | R160 306471,25 | Earthworks for the Pumpstation has been completed and the concrete works fore the pumpstations has been completed.  | 31-Jul-26 | - |

|  |              |  |  |                                                                                                                                        |  |  |
|--|--------------|--|--|----------------------------------------------------------------------------------------------------------------------------------------|--|--|
|  | & Electrical |  |  | Blasting has been completed for the Dam Wall and the Earthworks are 90% complete. Concrete Works on the Dam should start in July 2025. |  |  |
|--|--------------|--|--|----------------------------------------------------------------------------------------------------------------------------------------|--|--|

## **EXPANDED PUBLIC WORKS PROGRAMME (EPWP) INCENTIVE GRANT: 2024-2025 FINANCIAL YEAR**

The Expanded Public Works Programme (EPWP) is one of government arrays of programme aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

Harry Gwala District Municipality initially received an allocation of R 4 460 000 as an Incentive Grant for the implementation of EPWP. The 100% expenditure of the EPWP allocation was reached by the end of March 2025, the Municipality had to go an extra mile and top up till the end of June 2025 in order to pay salaries for EPWP participants.

Through implementation of EPWP ,311 of 1071 work opportunities created by the Municipality were paid with Incentive grant. Most importantly was the Municipality's creation of Full Time Equivalent (FTEs). FTE refers to employment that is equivalent to employing one person for one year of 230 effective working days, making sure that participants are employed for longer duration. The Municipality had a target of 367 FTEs and achieved (100%) of the target. Harry Gwala District Municipality had a target of 1071 work opportunities

The table below shows Harry Gwala District Municipality's performance on the EPWP Incentive Grant in the last for 5 financial years.

| YEAR           | WORK OPPORTUNITIES (WO) TARGET | ACHIEVED (WO) | WO % | BUDGET ALLOCATION (R) | EXP.(R)      | EXP. % |
|----------------|--------------------------------|---------------|------|-----------------------|--------------|--------|
| <b>2020/21</b> | 200                            | 200           | 100% | 5 195 000.00          | 5 195 000.00 | 100%   |
| <b>2021/22</b> | 350                            | 361           | 103% | 4 596 000.00          | 4 596 000.00 | 100%   |
| <b>2022/23</b> | 350                            | 398           | 111% | 5 221 000.00          | 5 221 000.00 | 100%   |
| <b>2023/24</b> | 311                            | 311           | 100% | 5 823 000.00          | 5 823 000.00 | 100%   |
| 2024/25        | 311                            | 311           | 100% | 4 460 000.00          | 4 460 000.00 | 100%   |

## **RURAL ROADS ASSETS MANAGEMENT SYSTEMS (RRAMS): 2024/2025 FINANCIAL YEAR**

The programme is aimed at collecting road data to successfully create an asset register that will provide information required to plan for the management of roads and roads inventory within Harry Gwala District Municipality jurisdiction.

The strategic goal of the RRAM grant is to ensure effective and efficient investment in the rural roads through the development of Roads Asset Management System (RAMS) and the collection of associated roads and bridge inventory data condition assessment and traffic information. The improved data on rural roads will guide infrastructure investment for Local Municipalities improve accessibility and mobility of the rural communities.

Harry Gwala District Municipality received an allocation of R 2 398 000 for RRAMS implementation and achieving the strategic goal. The 100% expenditure was reached by the end of June 2025.

### **During the 2024-2025 financial year the Municipality conducted the following activities with success**

| <b>ACTIVITY</b>                                          | <b>PROGRESS</b> |
|----------------------------------------------------------|-----------------|
| System upgrade and renewal                               | Completed       |
| Graduates Trainings                                      | Completed       |
| Visual roads assessments Phase 3, Kokstad and uMzimkhulu | Completed       |
| Bridges conditional survey -NMZ and Kokstad              | Completed       |

Harry Gwala District Municipality had **NO** allocation for 2024/25 financial year for the implementation of Regional Bulk Infrastructure Grant (RBIG) and Energy Efficiency Demand Management System (EEDMS).

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### 3.3 COMPONENT C: CORPORATE SERVICES DEPARTMENT

Employees 2023-2024: Corporate Services

| Job Level | FY 2022-2023     | FY 2023-2024 |        |                  |                  |
|-----------|------------------|--------------|--------|------------------|------------------|
|           | No. of Employees | No. of Posts | Funded | No. of Employees | No. of Vacancies |
| T3        | 07               | 1            |        | 08               | 1                |
| T4        | 02               | -            |        | 02               | 1                |
| T5        | 01               | -            |        | 01               | 0                |
| T6        | 03               | -            |        | 03               | 0                |
| T7        | 05               | -            |        | 05               | 0                |
| T8        | 01               | -            |        | 1                | 0                |
| T9        | 05               | -            |        | 05               | 0                |
| T10       | 06               | -            |        | 05               | 0                |
| T11       | 03               | -            |        | 04               | 0                |
| T12       | 03               | 1            |        | 03               | 1                |
| T13       | -                | -            |        | -                | 0                |

|               |    |   |    |    |
|---------------|----|---|----|----|
| T14           | 01 | 2 | 01 | 2  |
| T15           | 01 | - | 01 | 0  |
| T16           | 01 | - | 01 | 0  |
| T17           | 0  | 0 | 0  | 1  |
| T18           | 0  | 0 | 0  | 0  |
| T19           | 0  | 0 | 0  | 0  |
| No Task grade | 1  | 0 | 1  | 0  |
| TOTAL         | 40 | 4 | 41 | 11 |



## Financial Performance Year 2023-2024: Financial Performance Corporate Services

| FY 2023-2024                         | FY 2023-2024         | FY 2024-2025        |                     |                      |                     |
|--------------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
|                                      | ACTUAL               | ORIGINAL BUDGET     | ADJUSTMENT BUDGET   | ACTUAL               | VARIANCE TO BUDGET  |
| <b>Total Operational Revenue</b>     | R 372 203            | R 387 091           | R 387 091           | R 392 880            | R 5 789             |
| <b>Expenditure:</b>                  |                      |                     |                     |                      |                     |
| Employees                            | R 27 010 433         | R 25 845 374        | R 27 119 256        | R 26 103 994         | R 1 015 262         |
| Repairs and Maintenance              | R 496 661            | R 439 324           | R 851 317           | R 595 644            | R 255 673           |
| Other                                | R 78 957 139         | R 59 861 579        | R 88 927 647        | R 71 856 287         | R 17 071 360        |
| <b>Total Operational Expenditure</b> | <b>R 106 837 036</b> | <b>R 85 759 186</b> | <b>R 95 346 465</b> | <b>R 116 511 129</b> | <b>R 18 336 506</b> |

**Comments on the performance of Corporate Services**

The Corporate Services Department provides administrative and corporate support services to all Departments within Harry Gwala District Municipality. The Department is comprised of these Units: Administration and Corporate Support, Records Management, Fleet Management, Information and Communication Technology, Human Resource and Development, Occupational Health and Safety, and Communications. The Department sets its performance targets based on the Integrated Development Plan and other relevant documents, which are at the disposal of the Municipality. We complied with other legislation, for example, we submitted our Workplace Skills Plan and Annual Training Report timeously to the Local

Government Sector Education and Training Authority and all the parties have agreed and appended their signatures and submitted the Employment Equity Report to the Department of Labour on/before the due dates.

Although the Department struggled to meet some of its targets for the year due to financial constraints, there were those targets that we exceeded on like producing a resolution register for Council in order to track progress made in implementing those resolutions; providing on-time responses to negative publicity; continuously verifying employee qualifications from Senior Management to lower level employees; functionality of the Information and Communication Technology Steering Committee; and last but not least, consistently reporting on the use of municipal vehicles and costs incurred thereof.

### **COMMENTS ON THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) (WHAT HAPPENED IN THE 2024-2025 FINANCIAL YEAR?)**

In the past, Information and Communication Technology (ICT) was viewed as a support service to the Municipality in that every critical process involving the acquisition or payment for goods, services and salaries required by the Municipality, to deliver its service delivery objectives. Gradually, ICT is being seen as a strategic and business enabler of the municipality as the objective of the unit are being aligned with the business units of the municipality. Policies developed by the ICT Unit (e.g. Corporate Governance ICT Framework, Cyber Security Policy, Information Systems and Security Policy and Change Management Policy) have been adopted at Council level. These policies are reviewed on an annual basis or when if the need arises, the policies are amended accordingly. Awareness campaigns and ICT policy workshops are conducted bi-annually for all business units in order to capacitate the municipal employees in the correct usage of ICT tools of trade and to make them vigilant on cyber-security issues and cyber-crime.

Currently, the ICT Unit is composed of the following personnel:

1. 1 X Manager: ICT
2. 1X System Administrator
3. 1 X ICT Security Officer
4. 1 X Server and Network Administrator
5. 2 X IT Support Officers

In addition to the permanent staff, the Skills Development Unit (under Human Resources) provides us (from time-to-time) with temporary personnel through the Work Integrated Learning program.

As a business enabler, this unit needs to ensure that all software products being used by the municipality is licensed correctly and timeously. All software licenses are procured on an annual basis and the licensing of software forms part of the municipal Service Delivery Budget Implementation Plan (SDBIP). In addition, ICT security awareness is part of the SDBIP under ICT projects.

The ICT Steering Committee was established and sits every quarter to advise and apprise the Municipality on all ICT governance issues. With the assistance of the Risk Management and Internal Audit Units, the ICT Audit Action plan and Risk Register are updated regularly and presented to the ICT Steering Committee on a quarterly basis. As a part of their daily functions, the ICT personnel review all action plans (e.g. Internal Audit and Risk Register) to monitor the progress made, timelines and the completeness of the accompanying evidence of each action on the plan.

#### ICT SYSTEMS PURCHASED DURING THE 2023-2024 FINANCIAL

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## **ICT SYSTEMS PURCHASED DURING THE 2024-2025 FINANCIAL YEAR**

The Municipality purchased the following systems to ensure full functionality and adherence to audit requirements raised in the previous year:

- Dell Laptops for municipal employees
- Software Licenses
- IdeaHub
- Procurement of computers
- Installation of network points for Franklin and Umgeni satellite offices
- Over-hauling of the Disaster Management Centre local area network

### **A. SOFTWARE LICENSES**

#### **1. Microsoft licenses**

The municipality utilizes Microsoft software for the compilation of documents, sending/receiving of emails, compiling PowerPoint presentation, drawing up of

spreadsheets and running of the computer operating systems. All the software needs to be licensed and the subscription of the Microsoft licenses is paid for on an annual basis. ION Consulting (PTY) Ltd is the company which re-sells all the municipality's Microsoft licenses. The anniversary date for Microsoft licensing is on the 1st of September of every year.

The cost of the subscription is not constant, and it is influenced by the following aspects:

1.1 Rate of Exchange (ROE) – the weaker the strength of the South African Rand, the higher the cost of the license.

1.2 Number of users – an increase in the number of users causes an increase in the number of licenses required resulting in the slight increase of the cost of the subscription.

Most Microsoft licenses were procured during the month of September 2024.

## 2. Veeam backup software (for backups)

Veeam backup software licenses are paid for annually. The anniversary date for the licenses is on the 1st of November of each year. The annual subscription fee for the backup software was procured during the month of September 2024.

## 3. Eset Endpoint Protection (Antivirus)

The municipality utilizes an antivirus program called Eset Endpoint Protection as a line of defence for the municipality's computers and Windows servers. The antivirus software license is also paid on an annual basis. The annual subscription fee for the antivirus software was procured during the month of September.

## 4. AD Manager

The Municipality is using AD Manager Software for the overall administration of user accounts, audit user access rights and to monitor the violation of user access rights. This software is also used to monitor user activities and to extract audit of all activities in Municipal ICT environment. The annual license subscription was done during the month of September 2024.

## 5. Fort iGATE firewall and Fort iCloud license

The Municipality is utilizing Fort iGATE Firewall to restrict and prevent unauthorized access and filter incoming and outgoing traffic within the municipal network. We also use Fort iCloud to pull violation reports on the municipal inbound and outbound network traffic. The municipality is currently using two (2) Fort iGATE 101E firewalls (1 active and 1 passive) and the licensing of these devices was done during the month of September 2024.

## 6. Cyber Security and ICT Awareness Campaigns

South African government responded in 2015 with a National Cyber security Policy Framework (NCPF), with implementation led by the Ministry of State Security. The Protection of Personal Information (POPI) Act of 2013 was created by the Information Regulator to ensure data privacy. A service provider was appointed to assist the municipality with cyber security threats, monitor, and to introduce system tools (for example KnowBe4) to conduct training for security awareness and block hackers 24/7 on Harry Gwala District Municipality (HGDM) systems.

Cyber security awareness is conducted regularly through emails, workshops and flyers for the sake of empowering users to understand how to mitigate the risk of cyber-crime, phishing attacks, ransomware, social engineering etc. It is imperative that all municipal employees adhere to the regulations put in place in order to assist in the fight against cyber-crime in the work place and at home.

## B. ICT POLICIES AND PROCEDURES

The ICT Unit has developed and implemented policies, plans and procedures which are used within the municipality to assist in safeguarding the integrity of the institutions' data, to provide strategic direction to the municipality and to manage the day to day operations of the ICT staff.

The following policies have been developed and adopted by the municipality:

- Information Systems and Security Policy
- Master Systems Plan
- Cyber Security Policy

- Corporate ICT Governance Framework
- Firewall Policy
- ICT Logical Access Policy
- ICT Change Management Policy
- The following plans have been developed and adopted by the municipality:
- ICT Backup Plan
- ICT Disaster Recovery Plan
- ICT Business Continuity Plan

#### C. CORPORATE ICT GOVERNANCE FRAMEWORK

This Municipal Corporate ICT Governance Framework provides the Municipal Council and Management within the municipality with a set of principles and practices that must be complied with, together with an implementation approach to be utilised for implementation of ICT Governance within Municipality. It is imperative that the work performed by this unit is audited by internal auditors and external auditors for the sake of ensuring that all the ICT general controls that are in place meet the current standards which are set out by the Information Technology Infrastructure Library (ITIL), Control Objectives of Information Technology (Cobit) and Information Standards Organization to name a few. By adhering to the principles and standards mentioned above, the ICT Unit will be in a position to play an integral role which enables the municipality to implement and achieve its service delivery mandate. Furthermore, the ICT controls will be improved, be aligned with the current trends and play an important role in the business of the municipality. The implementation plan was developed and adopted on 30 May 2023. The implementation is currently being monitored.

#### D. CHALLENGES

1. Non-compliance to ICT policies and procedures from user departments.

The ICT has developed ICT policies and procedures which assists the municipality in complying to Corporate Governance. The municipal ICT policies have been adopted by Council and they are being reviewed on an annual basis. The ICT policies serve as working tools for safeguarding the municipal ICT infrastructure from cyber-criminals and cyber-crime. In addition, compliance to the municipal policies allows us to adhere



to the governance standards as recommended by Internal Audit, Risk Management and External Audit (AGSA).

User departments who do not comply to the municipal policies and procedures put the municipality at a risk of being susceptible to cyber-crime and data loss. Furthermore, non-compliance with the municipal ICT policies increases the number of ICT findings in the Auditor General of South Africa's audit report.

## 2. Non-prioritization of ICT

The ICT Unit is tasked to provide the municipality with a high quality, reliable ICT infrastructure which must operate 24/7/365. Computer users (municipal employees) are expected to work with state-of-the-art laptops to conduct their day-to-day duties. Furthermore, all the municipal data needs to be backed up to assist the municipality in case of a data loss in the case of a disaster.

The budget which is allocated to the ICT Unit is very limited which puts a strain on the unit and the user departments. Employee morale is hindered due to old, dysfunctional computers. The non-availability of network (due to aging network infrastructure) causes frustration on user departments and may cause a hindrance on service delivery.

## 3. Inadequate staff complement in the ICT Unit

The municipality has tasked the ICT Unit with the task of providing technological support to all computer users. In addition, preventative maintenance is being done by the ICT Unit. User awarenesses and training is provided by the ICT staff which is supporting +/- 350 computer users for the main office and seven (7) satellite offices in a radius of +/- 150 kilometres.

The six (6) permanent ICT personnel are stretched which negatively impacts the turnaround time in terms of providing ICT support to the municipal employees. This also causes a hindrance on the service delivery mandate of the municipality.

## 4. The municipality experienced a phishing attack due to negligence of a municipal employee who opened a malicious email. Fortunately, there was no data loss experienced. However, the municipality email boxes became flooded with this malicious phishing email which put a lot of strain on the municipal ICT staff. In addition, the

municipality's reputation was put on the spotlight as the malicious email was also sent to external stakeholders.

## **FLEET MANAGEMENT UNIT**

To assure that fleet management provides an efficient and most cost-effective service for the supply of municipal transport and plant requirements to the various units of the municipality to render uninterrupted service delivery.

To achieve the purpose as stipulated; it is imperative to address most aspects of daily vehicle and plant equipment operations and put control measures in place, such as logbooks, pre-trip inspections, and trip authority. Also includes professional driving techniques necessary to develop knowledge and competence; that would reduce accidents and incidents, reduce downtime due to breakdowns and eventually improve efficiency that leads to improved service delivery. Therefore, the municipality fleet is provided strictly for municipal official services and should not be used for private purposes, party politics, and/ or industrial union activities.

It is a pivotal responsibility for the municipality to establish an effective and efficient municipal fleet service by providing safe, reliable, economical, environmentally sound transportation and related support services that are responsive to the needs of the municipality and community and that conserve vehicle value and equipment investment.

## **MUNICIPAL VEHICLE PROCUREMENT FOR FINANCIAL YEAR 2024-2025**

To ensure that the Municipality is able to deliver critical services to the communities under its jurisdiction for the financial year 2024/25, the following vehicles were procured by the Corporate Services Department:

A 10-ton rollback truck which is used by the Water Services Department for the removal and transportation of TLB Machines from one area of operation to the other as and when required.

A 5-tone drop-side truck for collecting and delivering relief materials to communities in need during dire events of natural disasters.

2 x LDVs (Light Delivery vehicles) long wheelbase for use by the Water Services plumbers responsible for migrating water meters from traditional to smart meters throughout the district.

4 X 18 000L Water Tankers for the Water Services to assist in the delivery of portable water to the communities around the district particularly during dry seasons.

3 LDVs (Double Cabs) as requested by Infrastructure Services for use by their recently appointed Artisans (Plumbing, Building and Electrical) Maintenance.

### **3.4 COMPONENT D: SOCIAL SERVICES AND DEVELOPMENT PLANNING (SSDP) DEPARTMENT**

Employees: Social Services and Development Planning

| Job Level | FY 2023-2024     | FY 2024-2025        |                  |                  |
|-----------|------------------|---------------------|------------------|------------------|
|           | No. of Employees | No. of Funded Posts | No. of Employees | No. of Vacancies |
| T5        | 1                | -                   | 1                | 1                |
| T6        | 1                | -                   | 1                | 0                |
| T7        | 8                | 1                   | 7                | 1                |
| T9        | -                | -                   | -                | 4                |
| T10       | 4                | -                   | 3                | 2                |

|          |    |   |    |    |
|----------|----|---|----|----|
| T11      | 10 |   | 6  | 22 |
| T12      | 2  | - | 1  | 1  |
| T14      | 4  | 1 | 2  | 3  |
| T15      | 2  | - | 1  | 0  |
| T16      | 1  | - | 1  | 0  |
| T17      | 2  | 1 | 1  | 0  |
| No grade | 1  | - | 1  | 0  |
| Total    | 36 | 3 | 25 | 34 |

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Financial Performance 2024-2025 Social Services and Development

| DETAILS                          | FY 2023-2024 | FY 2024-2025    |                   |              |                    |
|----------------------------------|--------------|-----------------|-------------------|--------------|--------------------|
|                                  | ACTUAL       | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL       | VARIANCE TO BUDGET |
| <b>Total Operational Revenue</b> | R 41 955     | R 16 690        | R 16 690          | R 20 832     | R 4 142            |
| <b>Expenditure:</b>              |              |                 |                   |              |                    |
| Employees                        | R 30 948 048 | R 33 504 481    | R 32 058 809      | R 27 991 866 | R 4 066 943        |
| Repairs And                      | R 0          | R 0             | R 0               | R 0          | R 0                |

|                                      |                     |                     |                     |                     |                    |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Maintenance                          |                     |                     |                     |                     |                    |
| Other                                | R 25 321 780        | R 57 377 407        | R 53 775 212        | R 49 190 572        | R 4 584 640        |
| <b>Total Operational Expenditure</b> | <b>R 56 227 873</b> | <b>R 90 865 198</b> | <b>R 85 817 331</b> | <b>R 77 161 606</b> | <b>R 2 483 992</b> |

## DEVELOPMENT PLANNING DIRECTORATE

### CLIMATE RESPONSE STRATEGY

The Harry Gwala District Municipality has developed a comprehensive Climate Change Vulnerability and Risk Assessment, along with a Greenhouse Gas (GHG) Emissions Profile and Climate Response Strategy, aimed at strengthening resilience, guiding adaptation planning, and informing policy across key municipal sectors.

#### Climate Vulnerability and Risk Assessment

The assessment focuses on understanding both current and projected climate-related risks in the short to medium term. Key actions included:

- **Hazard Identification:** Analysis of prevailing climate risks such as drought, flooding, temperature increases, and extreme weather events using the latest scientific data.
- **Sectoral Vulnerability Profiling:** Evaluation of how these hazards impact critical sectors such as agriculture, water resources, human health, biodiversity, infrastructure, and local economies.
- **Community Impact Analysis:** Mapping of vulnerable communities and groups, particularly those with high exposure and low adaptive capacity, including rural populations, the elderly, and low-income households.
- **Adaptive Capacity Evaluation:** Assessment of existing coping mechanisms and the effectiveness of current adaptation strategies to understand community resilience and to develop a detailed vulnerability profile.

#### Greenhouse Gas Emissions and Removals Profile

The municipality undertook a baseline assessment of GHG emissions to identify major emission sources and carbon sinks:

- Emissions Inventory: Compilation of data on GHG emissions from sectors such as energy use, waste, transport, and agriculture.
- Key Sources & Sinks: Identification of the primary emission contributors and potential carbon sinks, such as forestry and natural vegetation.
- Data Gaps: Highlighting limitations in available data to inform future research, monitoring, and reporting efforts.
- Mitigation Potential: Recognition of opportunities to reduce emissions and enhance carbon sequestration.

### **Climate Response Strategy**

To enhance climate resilience and enable adaptation, a multi-sectoral strategy was developed:

- Resilience Building: Formulation of strategies to strengthen the municipality's capacity to respond to climate impacts through infrastructural, social, and institutional improvements.
- Sector-Specific Interventions: Identification of appropriate and realistic adaptation and mitigation options for sectors including:
  - Water (e.g., improved water conservation and supply management),
  - Energy (e.g., promoting renewable energy and energy efficiency),
  - Health (e.g., strengthening public health responses to climate-induced diseases),
  - Transport & Infrastructure (e.g., climate-proofing key assets),
  - Housing, Agriculture, Biodiversity, Waste Management, and Tourism.
- Integrated Planning: Mainstreaming climate response strategies into municipal planning, budgeting, and service delivery frameworks.

This comprehensive approach provides a strong foundation for informed decision-making, resource allocation, and community engagement toward a climate-resilient and low-carbon future in Harry Gwala District Municipality.

### **SPATIAL DEVELOPMENT FRAMEWORK**

The Spatial Development Framework (SDF) has been prepared in accordance with the requirements of the Municipal Systems Act (Act 32 of 2000) and the Spatial Planning and Land Use Management Act (SPLUMA, Act 16 of 2013). These legislative frameworks mandate municipalities to develop an SDF as part of their Integrated Development Plan

(IDP), guiding long-term spatial planning and land use management within their jurisdiction.

The SDF outlines a strategic vision for spatial development, with a focus on promoting sustainable, inclusive, and integrated urban and rural growth. Central to this vision is the identification and strengthening of development nodes and corridors. Development nodes are areas prioritized for concentrated growth and investment, such as town centers, economic hubs, and residential intensification zones. Corridors serve as strategic linkages between these nodes, typically aligned with major transport routes, aimed at facilitating efficient movement of people, goods, and services.

Furthermore, the SDF provides a framework for infrastructure investment by aligning spatial priorities with capital budgeting and service delivery. This ensures that infrastructure development supports planned growth areas, reduces service backlogs, and promotes equitable access to economic opportunities and public amenities. The integration of spatial planning with infrastructure investment is critical to achieving the municipality's broader development goals and enhancing spatial transformation.

Key development nodes have been earmarked based on their functional roles within the Harry Gwala District:

- Kokstad Town is identified as a key economic node, serving as a commercial and logistics hub with strong regional economic influence.
- Ixopo Town functions as the administrative center of the district, supporting governance and institutional functions.
- Underberg and Bulwer are positioned as important tourism-supporting nodes, given their proximity to the Drakensberg and natural attractions, which are central to the region's tourism economy.

These nodes are connected by strategic development corridors, which are critical for facilitating mobility, trade, and access to services. The prioritization of infrastructure investment in these areas is aimed at stimulating economic growth, improving service delivery, and reinforcing the spatial restructuring objectives of the municipality.

This updated SDF integrates new proposals, including a subsidized public transport system designed to operate as a hybrid model—combining mini-buses and buses. The prioritized

routes include connections from Underberg via Bulwer to Ixopo, from Ixopo to Umzimkhulu, and from Ixopo to Kokstad. This initiative aims to improve mobility, accessibility, and support local economic activity.

Furthermore, the revised SDF incorporates recommendations from the District's Climate Response Strategy. These proposals are geared toward fostering resilient towns and communities, ensuring that development is sustainable and adaptive to the impacts of climate change. The integration of climate-responsive planning into the SDF reflects the District's commitment to sustainable and inclusive spatial development.

## **SPATIAL INFORMATION MANAGEMENT/ GEOGRAPHIC INFORMATION SYSTEM**

The information contained in the GIS supports the daily activities of several departments within the municipality. The use of Geographic Information System (GIS) assisted the user departments:

### **Finance**

Through revenue Enhancement support

- The main aim of this project was to ensure that the municipality has the credible consumer database, extending the billing to all billable properties, to correctly categorise the consumers on the data base, to obtain the latest values of the properties in order to enhance the revenue collection
- On the comparison of the information from different sources as indicated above 12 451 consumers reflecting on both HGDM and all four local municipality's valuation rolls were provided with Surveyor General Code, a unique number with 21 digit.
- 10 059 stands on LM's valuation rolls including 1 057 vacant stands are not on HGDM's database and Surveyor General Codes were created.
- 1 698 stands are duplicated and need to be investigated in order to remove duplicated accounts, create new stand numbers and SG codes.

The information was analysed and had to be in a format that will be aligned with financial system (SOLAR) so that the mapping and parameter settings will be able to accommodate the additional information to be uploaded on the system e.g. property values, property GPS co ordinates.



## **Collaborative Mapping (CM)**

The GIS Unit has been involved in a collaborative initiative with Statistics South Africa (Stats SA) and the Harry Gwala District Municipality (HGDM) to enhance spatial data management by updating and maintaining the Geospatial Information Frame (GIF). This collaboration,

,focuses on digital data collection and creating a multimodal geo-statistical framework. Key activities include providing GIS technical support, capacity building, and sharing methodologies for GIF maintenance, with 20 mobile devices donated to facilitate field data updates.

## **Water Services and Infrastructure**

GIS collaborated with Water and Infrastructure in exploring strategies to streamline adherence to GIS specifications across units, ensuring seamless information submission and cooperation. In contrast, progress has been made with the Infrastructure & Water Services Department, where spatial data for projects are being shared and converted into GIS layers with the necessary attributes.

## **Municipal Health Services**

GIS assisted Municipal Health Services in the development of the Information Management System to streamline service delivery and enhance the overall efficiency of municipal health operations which will improve spatial data accuracy and conforms with Spatial Data Infrastructure Act (SDI Act 54 of 2003).

## **IDP and SDF Mapping**

Mapping of IDP, Disaster Management Plan and SDF in addressing MEC comments from KZN COGTA. The spatialization of the District Development Model  
ESRI SOUTH AFRICA software renewal

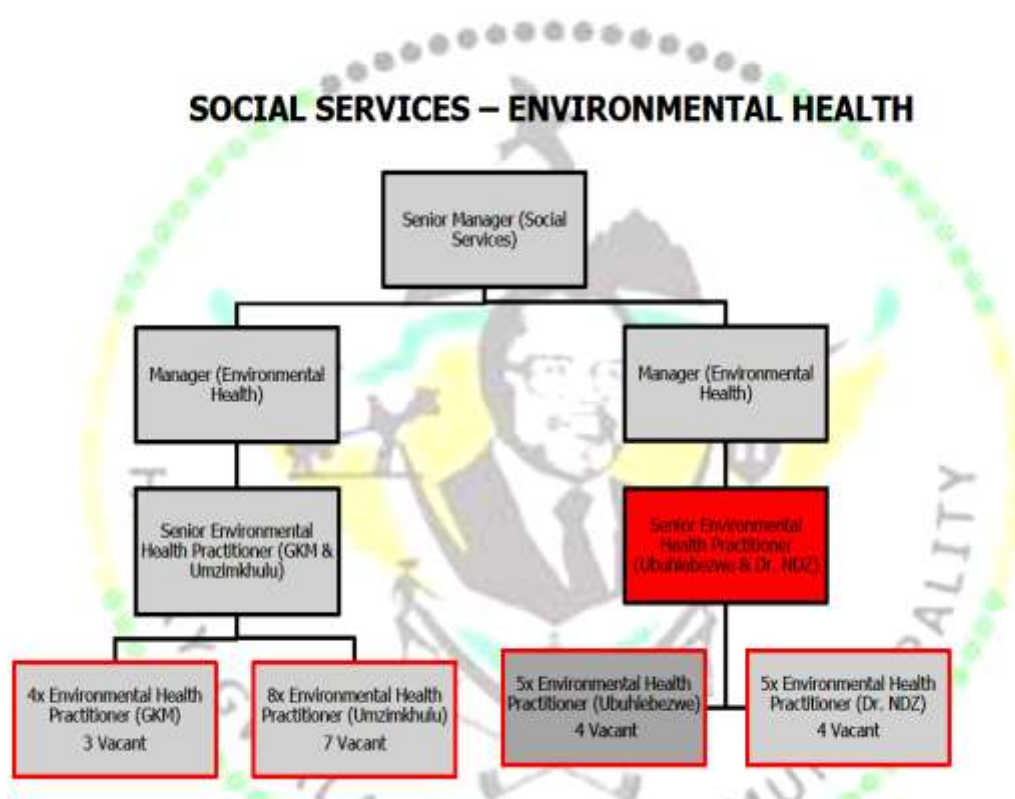
The unit managed to renew Desktop License which includes ArcMap, ArcGIS Pro and the mobile applications for Creator Named Users in ArcGIS Online.

Maintenance Term Date: **15 May 2025 - 14 May 2026**

## SOCIAL SERVICES DIRECTORATE:

Social Services is a makeup of two units namely Disaster Management and Municipal health Services, and during the 2024/2025 financial year the directorate set out to achieving 8 planned targets and to meet some of its regulated objectives which was achieved. Other activities you may see are not appearing in the SDBIP however they form part of an integral part of providing the services effectively as well in meeting the obligations as set out in the Disaster Management Act and the National Health Act and its regulations.

### 1. MUNICIPAL HEALTH SERVICES ORGANOGRAM



The National Environmental Health Policy (2003) and World Health Organisation (WHO) guidelines provides for the appointment of at least one (1) Environmental Health Practitioner for every ten thousand population (1:10 000) for provision of Environmental Health Services. This is to ensure that there is regular surveillance, monitoring and control of potential health hazards. In order to meet the WHO ratio and promote a safe and healthy environment; during the year 2024/2025 Harry Gwala District Municipality has appointed two Environmental Health Practitioners and they are responsible for UBuhlebezwe and UMzimkhulu Local Municipality.

An important aspect of Environmental Health practice is to reduce the incident of illnesses that are related to the environmental induced. In achieving the above statement, the nine core functions and Activities under each component were performed by Municipal Health Services and these were all based on the following:

### **Water Quality Monitoring**

During the year A total of 540 water samples were collected and sent to the NHLS Laboratory for analysis as part of ensuring the water is fit for human consumption and compliant with South African National Standards (SANS) 241.

### **Food Control**

In response to the recent foodborne outbreaks occurring throughout the country, Municipal Health Services has conducted health and Hygiene campaigns aimed at educating the Harry Gwala Community on food safety and handling practices thereof. 16 Health and Hygiene awarenesses were conducted throughout the district. Over and above; with each surveillance of food premises conducted; the Environmental Health Practitioners continuously render health education to food handlers in both formal and informal structures so to ensure compliance with all relevant food legislation as well as to protect our community from food poisoning and foodborne illnesses.

### **Waste Management**

With all inspections conducted under surveillance of premises, the monitoring of waste management has been an unceasing exercise carried out to ensure waste is managed in a manner that doesn't constitute public nuisance and that it is disposed of in the correct manner.

The two landfill sites in our district have been inspected and monitored for compliance, as well as the transfer station in Underberg. The unit has been actively involved in all 4 Clean-up campaigns that were carried out by Local municipalities.

### **Health Surveillance of premises**

In the fiscal year, 2024/2025, a total of 565 inspections were carried out by the unit. These inspections were aimed as assessing the degree of compliance to all health legislation. The premises inspected included food premises (both formal and informal food premises), health facilities, schools, places of care, Correctional Services as well as accommodation establishments.

- **Municipal Health Services Unit:** with the assistance of GIS unit and the appointed service provider (NTG Solutions is the service provider that was appointed in March 2025), started the development of Municipal Health Services Information Management System. The system is aimed at enhancing Municipal Health Services service delivery, monitoring, compliance tracking and overall operational efficiency. The appointed service provider will implement and maintain the MHS-IMS. The projected timeframe for this project to be complete is 36 months.
- **Surveillance and prevention of communicable disease, excluding immunisations;** All disease notifications from the Department of health were investigated as per their categorization and reported within the 24-, 48- and 72-hour timeframe. Follow-up health education to patients and contact cases was conducted in collaboration with other stakeholders inclusive of department of Health, and Department of Agriculture just to name a few.

### **Vector Control**

All inspections undertaken under the surveillance of premises were monitored and examined for vector control compliance to prevent the spread of communicable diseases and to curb nuisances caused by the presence of vectors and pests.

### **Disposal of the Dead; and**

A total of 24 inspections were conducted in Funeral Undertakers throughout the district to ensure compliance with Regulation 363. 2 Exhumations were conducted in our district, under the supervision of EHPs and other stakeholders. The Municipality continues to ensure proper and safe handling of human remains and a dignified disposal of the dead.

### **Air Quality and Municipal Health Services By-Laws**

In the financial year 2024/2025 the Air Quality Bylaws and Municipal Health Services By-Laws were reviewed with the assistance from an external service provider. The By-laws were adopted by council as per council resolution dated the 17<sup>th</sup> of December 2024. The Municipal health Services By-Laws and Tariffs of Charges are in the process of being gazetted and implemented in the financial year 2025/2026.

### **DISASTER MANAGEMENT UNIT**

## **KPA 1: INTEGRATED INSTITUTIONAL CAPACITY**

### **Municipal Disaster Management Policy Framework**

The Harry Gwala Disaster Management Framework has been updated and adopted by Council in May 2021. It outlines how the municipality will go about implementing disaster management within its area of jurisdiction. All local municipalities have developed their policy framework for disaster management and adopted by their councils. The Disaster Management unit is in the process of reviewing the Policy Framework for disaster management in the next financial year 2025/26.

### **Municipal Disaster Management Plan**

The Harry Gwala Disaster Risk Management Plan has been updated and adopted by Council. Disaster Risk Reduction projects and programs are identified in the disaster risk management plan to prevent/mitigate disaster risks occurred or may occur and budget to implement these projects and programs. The Disaster Management Plan will be reviewed in the next financial year 2025/26.

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## Disaster Management Advisory Forum -IGR

The Joint Disaster Management and Municipal Health Services Advisory Forum is a forum that convenes once in a quarter and 4 meetings are implemented, followed, and serves as a coordination forum for disaster management issues within the municipality.

The Disaster Management unit have established the Disaster Management Advisory forum to comply with the legislation.

### SCHEDULE FOR DISASTER MANAGEMENT ADVISORY FORUMS

| DATE                    | TIME  | VENUE           |
|-------------------------|-------|-----------------|
| <b>21 May 2024</b>      | 10h00 | Hybrid Platform |
| <b>08 June 2024</b>     | 10H00 | Hybrid Platform |
| <b>21 August 2024</b>   | 10H00 | Hybrid Platform |
| <b>22 October 2024</b>  | 10H00 | Hybrid Platform |
| <b>21 November 2024</b> | 10H00 | Hybrid Platform |

## District Disaster Management Practitioners Meeting

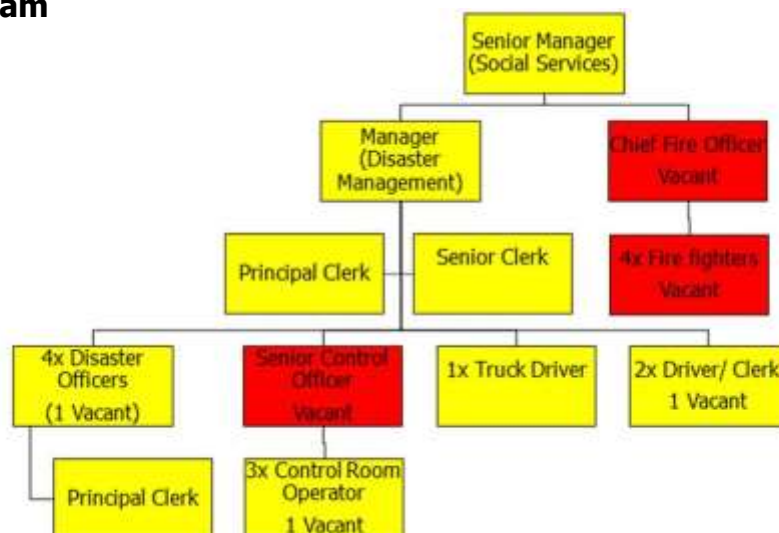
The District Practitioners Forum meetings are convened on quarterly basis prior to the Disaster Management Advisory Forum at the Disaster Management Centre. All Local Municipality Fire Services participate and report on Local Disaster Management Programs/Projects in line with their Service Delivery Budget Implementation Plans (SDBIP). All issues that pertain to disaster management and fire services are discussed in this meeting. Reports from Local Municipalities on all activities carried out are presented to this forum. Challenges in the implementation of Key Performance areas and all Disaster Management activities are also shared so that the practitioners can share possible solutions.

### SCHEDULE OF DISASTER MANAGEMENT PRACTITIONERS MEETING

| Date              | Time  | Venue           |
|-------------------|-------|-----------------|
| <b>27/02 2024</b> | 09h00 | Greater Kokstad |

|                   |       |        |
|-------------------|-------|--------|
| <b>21/05/2024</b> | 09h00 | Dr NDZ |
| <b>20/08/2024</b> | 09h00 | JPP    |
| <b>19/11/2024</b> | 09h00 | HGDM   |

### DMC Organogram



## 2. KPA 2: DISASTER RISK ASSESSMENT

The Harry Gwala District Municipality just like most municipalities in the province is prone to several natural and man-made hazards. The vulnerability varies, which mainly depends on socio-economic status as well as the exposure of a particular household or community to a specific hazard. The municipality has budgeted to review its Disaster Management Plan and Framework in order to update the priority hazards affecting the District and part of that review will be to establish the current risks in all wards. The process is also informed by the climate change experience that have major impact on the response strategy in place which was reviewed in 2024/25 FY.

Risk assessments were conducted from October 2024 to December 2024. All risks/hazards were identified.

### Community Based Disaster Risk Assessment

Disaster Risk Assessment is the first step in planning an effective disaster risk reduction programme (Policy Framework for Disaster Management). Harry Gwala District Municipality is

prone to different types of hazards/risk and with the assistance of Local Municipalities has conducted ward based risk assessment in all wards for the purpose of developing risk profile to assist the municipality to identify risk reduction projects that will be incorporated in the Harry Gwala Disaster Risk Management Plan and in the IDP of the municipality for implementation. This will assist disaster management and all stakeholders in planning for projects and programs that need to be implemented. As part of mainstreaming the disaster management at ward level, the district municipality is working closely with all ward committee members to also participate as volunteers at a ward level when incidents occurred.

The Disaster Management Volunteers form part of the disaster management centre strategy to prevent and mitigate the occurrence of disasters e.g. removal of alien plants, clearing of storm water drains, river banks and educational awareness activities. Twenty-eight (28) Integrated awareness campaigns conducted by the district in 2024/25FY in collaboration with other stakeholders.

### **Disaster incident mapping**

The District Disaster Management Unit in collaboration with GIS collects data and coordinates where incidents occur in order to map disaster incidents as part of ensure better planning and prevention strategies. The disaster management team is using cell phones and GPS devices to take the coordinates when conducting assessments. The GPS coordinates are recorded to indicate a historical occurrence of such an incident, once taken they are then sent to GIS for them to develop maps and pinpoint where exactly the incident occurred.

The GIS under the Development and Planning Unit provided training to the disaster management practitioners on how to utilize the GPS devices.

## **PA 3: RISK REDUCTION, PREVENTION AND MITIGATION 2024-2025FY**

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### **Alignment / Integration between the IDP and DMP**

In terms of Section 26 (g) of the Municipal Systems Act, Act 32 of 2000, the Municipality's IDP must contain a disaster risk management plan thus interlinked with disaster risk management planning and activities. Risk reduction projects are identified as part of disaster risk management planning, such as those identified in the plan and then contingency plans are developed and included into the district and local Municipal IDPs.



The HGDM Disaster Management Sector Plan was developed and submitted to IDP and the Provincial Disaster Management Centre.

### **Mutual Assistance Agreement for Disaster Risk Reduction**

In accordance with the Act (Act 57 of 2002) Section 7 (2) (d) and Policy Framework for Disaster Risk Management Section 1.4.3, municipalities must establish their level of capacity to deal with disaster risk reduction, response, and recovery. Where necessary, and to strengthen this capacity, they must enter into mutual assistance agreements within their neighbouring districts. At the Municipal level, cooperation and coordination efforts must be supported by cross-boundary mutual assistance agreements between provinces, districts, and municipalities and by creating partnerships with each other through memoranda of understanding.

Since the prevalence of major incidents and disasters is on the rise, there was a need to establish and sustain cross-border cooperation in fire prevention, suppression of fire, disaster management, and other emergency support including benchmarking in terms of disaster risk management and fire & rescue services good practice. Such cooperation also opens the potential for pragmatic, flexible, and creative solutions to major incidents and disaster risks.

Harry Gwala District Municipality has three districts with cross-boarders: UGU, uMgungundlovu, and Alfred Nzo. Should an incident or disaster at these cross borders arise, Harry Gwala District Municipality shall liaise with the relevant personnel in that district.

The Harry Gwala District and Alfred Nzo District Municipality reviewed and updated their Mutual Assistance Agreement for cross border cooperation. The MAA was reviewed and signed by both parties in July 2022. The district is in the process to develop MAA with local municipalities. Johannes Phumani Phungula (JPP) and Dr NDZ have developed an MAA which was adopted by Council. All LMs are in the process to develop and signed their agreements.

### **KPA 4: RESPONSE AND RECOVERY**

**The objective for KPA 4 as stipulated in the NDMF is to ensure effective and appropriate disaster response and recovery. This includes:**

- Implementing a uniform approach to the dissemination of early warnings
- Averting or reducing the potential impact in respect of personal injury, health, loss of life, property, infrastructure, environment, and government services.
- Implementing immediate integrated and appropriate response and relief measures when significant events or disasters occur or threatening to occur.
- Implementing all rehabilitation and reconstruction strategies following a disaster in an integrated and development manner.

### **Municipal capacity in terms of response and recovery**

The municipality has developed disaster risk management preparedness and/ or response plans in terms of the relevant prioritized risks that are imminent within the jurisdiction of the municipality.

### **Preparedness Capacity**

As part of preparedness, the Harry Gwala District Municipality's Disaster risk Management, Disaster risk Management Advisory Forum, Local Municipalities within the district, Preparedness Planning Groups, Joint Response and Relief Management Teams, Disaster risk Management Volunteers, Rehabilitation & Recovery Project Teams, Joint Operation Committees and Harry Gwala Emergency Control Group are always on alert for response.

It is therefore very important to understand that, during response and recovery operations the relevant disaster preparedness and/ or response plans of the municipality will be executed by the disaster management structures. As and when disaster incidents and/ or disasters occur, the response teams are immediately activated to assist those affected, conduct assessments, and also provide disaster management relief.

Some of the response plans available in the disaster management plan are as follows:

Covid-19 Response Plan

Cholera Incident Response Plan

Drought Incident Response Plan

Fire Incident Response Plan

Floods Incident Response Plan

Hazardous Materials Accidents by road Response Plan

Snow Incident Response Plan

Tornados Incident Response Plan

Climate Change Response Strategy

Festive Season Contingency Plan

Emergency Evacuation Plan

Ward Based Disaster Risk Assessment

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### Incidents occurred in 2024-2025 Financial Year

Harry Gwala District Municipality is prone to incidents that are man-made and natural such as strong winds, heavy rains, floods, thunderstorms and lightning, snowfall, structural and wildfires. Most of these incidents are seasonal, but in the past years, South Africa has been affected by the onset of climate change, which is associated with natural disasters and is occurring at any season. All four local municipalities under the Harry Gwala District area of jurisdiction were affected: Dr. Nkosazana Dlamini-Zuma, Greater Kokstad, Johannes Phumani Phungula (JPP), and uMzimkhulu.

These incidents sometimes caused displacement, loss of life and damage to property. The HGDM disaster management team and local municipality teams responded to seek the extent of the damages that occurred during the incident to provide emergency assistance to the affected victims. In all the incidents the district and local municipalities were very proactive to assist, the victims in terms of restoring their dignity and bringing their situation back to normal again.

A total of three thousand two hundred and twenty one (3221) households were affected in different areas within the Harry Gwala District Municipality area of jurisdiction, Two thousand and twenty four (2024) households partially damaged households, one thousand and seventy seven (1477) totally destroyed households, five hundred and seventy four (574) homeless, Eleven thousand eight hundred and forty one (11841) people affected, twenty nine (29) fatalities confirmed by SAPS and thirty one (31) injuries reported.

**TABLE 1: INCIDENTS OCCURRED FOM JULY 2024 TO JUNE 2025FY**

| Month         | Household<br>s affected | Partially<br>damaged | Totally<br>Destroye<br>d | Homeless | People | Injuries | Fatalities |
|---------------|-------------------------|----------------------|--------------------------|----------|--------|----------|------------|
| June 2025     | 1275                    | 1037                 | 749                      | 293      | 8304   | 3        | 3          |
| May 2025      | 26                      | 14                   | 16                       | 06       | 133    | 1        | 2          |
| April 2025    | 52                      | 26                   | 34                       | 18       | 246    | 0        | 0          |
| March 2025    | 102                     | 35                   | 26                       | 08       | 106    | 0        | 0          |
| February 2025 | 112                     | 48                   | 11                       | 55       | 221    | 0        | 0          |
| January 2025  | 89                      | 6                    | 7                        | 75       | 154    | 1        | 2          |

|                |             |             |             |            |              |           |           |
|----------------|-------------|-------------|-------------|------------|--------------|-----------|-----------|
| December 2024  | 230         | 54          | 131         | 50         | 437          | 16        | 1         |
| November 2024  | 571         | 312         | 234         | 25         | 873          | 4         | 1         |
| October 2024   | 134         | 89          | 35          | 10         | 257          | 2         | 2         |
| September 2024 | 187         | 102         | 87          | 15         | 452          | 1         | 0         |
| August 2024    | 183         | 104         | 57          | 14         | 438          | 3         | 14        |
| July 2024      | 260         | 163         | 90          | 05         | 220          | 0         | 4         |
| <b>TOTAL</b>   | <b>3221</b> | <b>2024</b> | <b>1477</b> | <b>574</b> | <b>11841</b> | <b>31</b> | <b>29</b> |

### RELIEF MATERIAL PROVIDED IN 2024-2025 FINANCIAL YEAR

| MUNICIPALITY | BLANKET<br>S | MATTRESS | FOOD<br>PARCELS | Box B | Plastic<br>sheeting's |
|--------------|--------------|----------|-----------------|-------|-----------------------|
| Dr. NDZ      | 214          | 219      | 25              | 15    | 75                    |
| GKM          | 378          | 430      | 18              | 15    | 60                    |
| JPP          | 432          | 310      | 11              | 15    | 45                    |
| uMzimkhulu   | 104          | 680      | 21              | 30    | 514                   |
| TOTAL        | 1128         | 464      | 75              | 75    | 694                   |
|              |              |          |                 |       |                       |

### ENABLER 1: INFORMATION AND COMMUNICATION

**Objective:** To guide the development of a comprehensive information and communication system and establish integrated communication links with all disaster risk management role players.

Harry Gwala Disaster Management Information and Communication System

Integrated disaster risk management depends on access to reliable hazard and disaster risk information as well as effective information management and communication systems to enable the receipt, dissemination, and exchange of information.

The Harry Gwala disaster Management have installed and upgraded its Disaster Management Information and communication system. The development and installation are an initiative of digitization for the damage assessment tools and beneficiary list compiling.

The KwaZulu Natal Provincial Disaster Management Centre has collaborated with the Council for Science and Industrial Research (CSIR) to develop and roll-out the digital/web-based data collection tool for effective management, monitoring, and reporting of disaster related incidents.

The Provincial Disaster Management Centre is now in the process to rollout the project to Harry Gwala District municipality. The disaster management have procured additional equipment (gadgets and cell phones) to be utilised when conducting assessments and also be used in the DMICS.

## **ENABLER 2: TRAINING, AWARENESS EDUCATION AND RESEARCH**

### **Activities Conducted by The District Disaster Management Centre In Collaboration With Local Municipalities:**

- Respond in all reported incidents and accidents occurred within the district.
- Educational awareness campaigns are conducted in communities and in schools.
- Risk assessments are conducted in all wards within the district.

Distribution of fire beaters and knap sack sprayers to Traditional Leaders that assist communities in conducting fire breaks and fight veld fires within their wards.

- Roadblocks are carried out with other law enforcement stakeholders.
- Business premises are being visited to check and ensure compliance with the regulations.

- Mapping of disaster incidents and risks identified in areas within the district.
- Participate in all events conducted within the district.
- Inspection and mapping of lightning conductors and water/fire hydrants installed within the district.

### **INTERGRATED AWARENESS CAMPAIGNS CONDUCTED, TRAINING AND DISTRIBUTION OF FIRE BEATERS & KNAP SACK TANKS IN 2024-25FY.**

| LOCAL MUNICIPALITY | NO. OF AWARENESSES | TYPE OF AWARENESS                                                                                                                                                                      |
|--------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DR NDZ             | 6                  | Disaster Management Awareness Campaigns AND distribution of fire beaters & knapsack tanks to Amakhosi (Fire Safety Awareness, Flood awareness, Thunderstorm & Lightning awareness etc. |
| GKM                | 9                  |                                                                                                                                                                                        |
| JPP                | 12                 |                                                                                                                                                                                        |
| uMzimkhulu         | 14                 |                                                                                                                                                                                        |
| <b>TOTAL</b>       | <b>41</b>          |                                                                                                                                                                                        |

### **ENABLER 3. FUNDING ARRANGEMENTS FOR DISASTER RISK MANAGEMENT**

Objective: To establish mechanisms for the funding of disaster risk management in the HGDM. Given the provisions of the Act, funding arrangements must be designed in a manner

that ensures that disaster risk management activities are funded adequately and in a sustainable manner.

### **Funding Mobilization Strategy**

In terms of the Disaster management Act, funding arrangements must be designed in a manner which ensures that disaster risk management activities are funded adequately and in a sustainable manner.

### **Sources of Funding**

Harry Gwala District Municipality (equitable share)

## **SPECIAL PROGRAMMES**

### **YOUTH DEVELOPMENT**

Based on the mandate of the National Youth Commission Act (1996) and the National Youth Development Policy Framework (2002), the NYPs 2009, 2015 & 2030 define young people as those aged between 14 and 35 years. Although much has changed for young people since the advent of democracy in 1994, the motivation for the age limit of 35 years has not yet changed due to the need to fully address historical imbalances in the country. This is also consistent with the definition of youth in the African Youth Charter as those between 15-35 years (African Union Commission, 2006). According to Statistics South Africa (2019), youth aged 15-34 years constitute 37 % of the country's population (20 640 722).

In terms of the statistics released by the latest Statistics South Africa Census, the majority of our national, provincial and district population is young people under 35 years of age. Several studies undertaken indicate that the youth of our country is the most hard-hit by unemployment, lack of skills, and are also vulnerable to social ills facing our country. Despite many other initiatives by different government departments and other partners, the youth is still facing major challenges. Breaking the cycle of poverty and increasing opportunities for youth to participate fully and meaningfully in the social, political and economic life of our society, remain a challenge for the country.



A District Youth Development Strategy aligned to the National and Provincial youth policies is continuously being developed. This strategy will have clear objectives and an implementation plan that will guide the youth development programme of the District. This will assist in ensuring that the municipal programs are aligned to the challenges faced by our youth and such programs should be sustainable.

Factors such as rapid urbanization, unbundling of household as well as the impact of HIV and AIDS have compounded problems faced by youth. Notwithstanding the above, over the last decade young people have increasingly become involved in activities involving their development. Amongst challenges in the implementation of youth development Programs are:

- A Youth Committee has been established comprises of members below the age of 35 within the municipality to ensure that there is proper integration within and across all departments.
- a lack of commitment by private sector stakeholders to youth development and empowerment.
- a lack of adequate resources to deliver on the development mandate in general and youth development mandate in particular.
- a lack of skills amongst the youth in particular to enable them to initiate their own development activities beyond once-off activities;
- lack of clearly identified youth development indicators and outcomes in cross-cutting Programs;
- lack of communication on available resources and Programs for youth;
- lack of monitoring and evaluation tools reflective of focused interventions for youth and other target groups; and limited documentation and sharing of best practices on youth development.

Both the 2025 State of the nation address (SONA) and KwaZulu Natal State of the Provincial address has acknowledged that young people are heavily affected by the triple challenges of unemployment, poverty, and inequality. There must be major incentives that will add to what government is already doing to empower the youth. State owned companies and public

sector must provide more apprenticeships and learnerships for unemployed graduates to gain experience and work exposure. Different SETA's must equally expand their opportunities for skills development even in rural areas to target rural youth. Such programs need to be accelerated.

Continue with the use of the Expanded Public Works Program and the Community Work Program by the State to absorb young people.

In attempt to development a clear plan on youth development, the municipality will prioritize Youth Development and Empowerment Plan that will provide a framework within which the municipality will be developing its youth. The pillars of such a plan will be:

- Providing training and capacity building
- All departments to the part of the plan. This will ensure that they do incorporate youth development into their departmental plans;
- Engagement with the private sector, State-owned Enterprises (SOEs) and donors;
- Functional and effective institutional arrangements;
- Establishment of Multi-sectoral Youth Forums and enabled to function effectively at local level.
- Youth Forums;
- Municipal budgeting for youth development is critical.
- District Municipalities' specific roles and responsibilities
- Ensuring that youth issues are effectively mainstreamed in the district IDP; and
- Co-ordinating the process of engagement between partners in their activities to support youth.
- Local Municipalities' specific roles and responsibilities
- Co-ordinating community-level processes in respect of youth development and service delivery; and

- Ensuring that participation mechanisms are sufficiently accessible and sufficiently proactive to enable the participation of youth in governance, planning, service delivery and monitoring.

The Harry Gwala District Municipality through the Youth Development Unit is engaged on the following initiatives:

### **Registration Fees and Full Bursary**

The Youth Development office has been continuously setting aside budget to assist different young people from Harry Gwala District Municipality with registration fees and full bursaries for top achievers. It is understood that Local Municipalities also have a similar programme but the challenges in the institutions of higher learning and NSFAS crisis demand that all stakeholders must contribute meaningfully in assisting needy students. A total number of 8 first year students have been assisted with registration fees in the 2024/2025 financial year, and two top achievers were paid full bursaries.

### **Back to School Campaign**

The Youth development office has continuously set aside the budget for back-to-school programme wherein identified schools were visited and supported with school uniform vouchers and science kits . A total number of 8 schools were visited during the 2024/2025 financial year throughout the district on the 26-27 February 2025.

### **National Youth Development Agency District Service Center.**

The Harry Gwala District Municipality entered into a memorandum of agreement with the National Youth Development Agency to establish a NYDA District Service Center in 2019 and since completed the renovations for the NYDA Harry Gwala District Service, furniture procured, branding completed. The office is fully operational with the following personnel responsible for the day-to-day operations: Branch Manager, Business Development Adviser, Administration Assistant and the Intern. The district service center is situated in Ixopo, Harry Gwala Development Agency facility.

## **Assistance to Youth-owned enterprises**

The Youth Development Office has been working the Harry Gwala Development Agency in assisting youth-owned enterprises by purchasing them equipment and material relevant to the operations of their enterprises through various funding programmes. Four youth-owned enterprises were awarded with business equipment and material worth R280 000 on the 26 of June 2025. The aim was to position these enterprises to play a meaningful role in the mainstream economy of our District and country. We are also confident that employment opportunities will be created through this intervention.

## **Youth Skills Development Programme**

The Harry Gwala District Municipality also held a skills development programme where young people were trained on operating an Excavator. Another training is set to be done on the 2025/2026 financial year. This training was outlined to the Youth Council and was communicated to young people of Harry Gwala District Municipality and 24 young people benefitted.

## **Youth Month Commemoration**

The Harry Gwala District Municipality under Youth Development Unit has been setting aside the budget to commemorate youth month. The commemoration programme was held at Soweto Hall under Johannes Phumani Phungula Local Municipality on the 26 of June 2025. The programme was attended by young people from all over the district. The theme of programme was "Unemployed youth symposium".

## **Sport and Recreation Unit Annual Report 2024/2025**

It is important to note that sports and recreation in South Africa is legislated and following are the key pieces of legislation:

- The Constitution of the Republic of South Africa, Act 108 of 1996
- The White Paper on Sport and Recreation, South Africa, 1998
- The South African Sports and Commission Act, 1998 (Act no.109 of 1998)

- The Municipal Systems Act, 117 of 1998 as amended.
- Safety at Sport & Recreational Events Act, 2010
- The South African Sport & Recreation Act, no.11 of 2001
- The Bill of Rights

Harry Gwala Sport and Recreation has the responsibility of coordinating sport activities within the district in conjunction with the sport confederation, federations, local municipalities as well as the Department of Sport, Arts and Culture. Programmes that are performed in this unit are:

- Dundee July Festival
- Summer Cup Festival
- Club Championships
- Harry Gwala District Marathon

### **Dundee July Festival:**

This programme forms part of the SDBIP and takes place during the first quarter, July of each year.

Harry Gwala District Municipality participated in this programme during the year 2024/2025 and the allocated budget was R90 000. The initiator of this programme is the department of sport, arts, and culture (DSAC). Preparations starts at a local level where selections are conducted and proceeded to the district level to select horses that participates at a Provincial level in Dundee. District Municipalities has the responsibility of transporting horses, horse owners as well as jockeys. Accommodation for participants is incurred by the Department of Sport, Arts and Culture. Due to insufficient budget experienced, the unit decided to request local municipalities to lend a hand by assisting the district with the transportation of horses and 22 sitter buses. UMzimkhulu local municipality and Dr. NDZ local municipality owns the trucks and the 22-seater buses. This programme involves all the district municipalities of KwaZulu Natal as well as other Provinces of South Africa.

### **Summer Cup Festival:**

This programme forms part of the SDBIP and takes place during the second quarter, November of each year.

Harry Gwala District Municipality participated in this programme during 2024/2025 financial year. HGDM has managed to secure a budget of R500 000 that was insufficient for the event, so the unit had to do viament from other projects. The initiator of this programme is

the department of sports, arts, and culture hence it involves all the district municipalities within the jurisdiction of KwaZulu Natal Province. Different stakeholders share responsibilities towards the programme. Stakeholders are the department of sport, arts, and culture DSAC; Harry Gwala district municipality; Dr. NDZ local municipality; Coastal Horse Care Unit as well as Gold Circle.

Economy of the district is boosted through this event because people from different districts booked accommodation establishments that are within the district. Crafters do benefit as well as community members who benefit directly because there are households that are identified to accommodate other participants with the assistance of environmental health practitioners and tourism offices. More than thirty households benefited in the last financial year.

### **Club Championships:**

Harry Gwala teams participates in this programme that involves all sport codes and normally hosted by the District, Provincial and National Federations. These programmes take place within the district where preparations are incurred by local municipalities. The district municipalities are being responsible when competitions take place outside the district as well as outside the Province of KwaZulu Natal. The Department of Sport, Arts and Culture provides accommodation for participants and the District Municipalities provides transport for all participants and the accommodation for municipal drivers and officials involved in sport and recreation unit. These programmes are ongoing.

### **Harry Gwala District Marathon:**

This programme forms part of the SDBIP and is budgeted for. The municipality managed to secure the budget of R1000 000 to cover some of the costs. Marathon takes place during the third quarter of each financial year, February/ March. This programme attracts a number of athletes from South Africa as well as from the neighbouring Countries. The Department of Sport, Arts, and Culture; UMzimkhulu; UBuhlebezwe and Harry Gwala municipalities share the costs for the programme. This programme promotes healthy lifestyles and is also a comrade's qualifier.

Harry Gwala Marathon was held on the 23<sup>rd</sup> of March 2025. the Marathon was a down-run, starting from Johannes Phumani Phungula Municipality to uMzimkhulu Municipality, finishing

at uMzimkhulu College (Turf). There were four categories for the race namely; 42, 2km (main race), 21 km, 10 km and 5km.all the races categories started on time.

There was an increase of participants in all categories and athletes were coming from all over the countries and were also athletes who were coming from neighbouring countries such as Lesotho. The marathon was successful as all stakeholders were heavily involved in coordinating the race. According to Genius Club, the organizing club for the race, the total number for entrance was 920 which was an increase compared to 2024 where entries were below 500.The Marathon ran smooth as there were no major accident reported during the race.

## Results

### HARRY GWALA DISTRICT MARATHON

#### RESULTS BY GENDER: 10KM

##### MALES

| Pos | Name                 | Category | Age |
|-----|----------------------|----------|-----|
| 1   | Tsietsi SELLO        | 20 -34   | 27  |
| 2   | Semenya Nkoka        | 40 -49   | 43  |
| 3   | Teboho Noosi         | 35 -39   | 37  |
| 4   | Mphatso Nadolo       | 20 – 34  | 30  |
| 5   | Simphiwe Mdakane     | 20 -34   | 25  |
| 6   | Andile Mbatha        | 20 – 34  | 28  |
| 7   | Andile Mtambo        | 20 -34   | 21  |
| 8   | MIuleki Mbatha       | 20 – 34  | 24  |
| 9   | Tshepang Motjolopane | 20 – 34  | 23  |
| 10  | Mongezi Ngobe        | 20 – 34  | 27  |

##### FEMALES

| Pos | Name | Category | Age |
|-----|------|----------|-----|
|-----|------|----------|-----|

|    |                       |         |    |
|----|-----------------------|---------|----|
| 1  | Nthabiseng Letokoto   | 20 – 34 | 20 |
| 2  | Malineo Mahloko       | 20 -34  | 29 |
| 3  | Anele Ndawonde        | 16 – 19 | 17 |
| 4  | Rorisang Tlhola       | 20 -34  | 21 |
| 5  | Inganathi Ngubo       | 16 – 19 | 15 |
| 6  | Mabusi Makhunga       | 40 – 49 | 41 |
| 7  | Sisanda Shezi         | 16 -19  | 13 |
| 8  | Maserema Faatle       | 20 – 34 | 21 |
| 9  | Nokuphiwa Mthlane     | 20 – 34 | 32 |
| 10 | Nhlakanipho Sihlezana | 16 – 19 | 13 |

## **HARRY GWALA DISTRICT MARATHON**

### **RESULTS BY GENDER: 21KM**

#### **MALES**

| Pos | Name                    | Category | Age |
|-----|-------------------------|----------|-----|
| 1   | Thabang Sekonyela       | 20 - 34  | 20  |
| 2   | Nkosikhona Mhlakwana    | 20 - 34  | 31  |
| 3   | Badboy Toka             | 16 - 19  | 26  |
| 4   | Letlatla Nape           | 20 - 34  | 27  |
| 5   | Siboniso Sikhakhane     | 20 - 34  | 34  |
| 6   | Benjamin Nyongesa       | 20 - 34  | 28  |
| 7   | Tshepang Mokhethi       | 16 -19   | 28  |
| 8   | Lindeni Mjwara          | 20 - 34  | 28  |
| 9   | Zukile Vellem           | 20 - 34  | 31  |
| 10  | Timothy Kipkoech Kosgey | 20 -34   | 20  |



**FEMALES**

| Pos | Name                 | Category | Age |
|-----|----------------------|----------|-----|
| 1   | Andisiwe Njunguza    | 40 - 49  | 42  |
| 2   | Nonhle Dlamini       | 20 - 34  | 29  |
| 3   | Nokuthula Ntshangase | 20 - 34  | 32  |
| 4   | Silindile Biyela     | 35 - 39  | 38  |
| 5   | Nokukhanya Memela    | 35 - 39  | 37  |
| 6   | Sinothile Mthiyane   | 20 -34   | 30  |
| 7   | Thembekile Mjwara    | 16 -19   | 16  |
| 8   | Refiloe Karreebos    | 20 - 34  | 27  |
| 9   | Siphokazi Nkabane    | 16 - 19  | 16  |
| 10  | Thembisile Mwelase   | 50 - 59  | 57  |

**HARRY GWALA DISTRICT MARATHON****RESULTS BY GENDER: 42KM****MALES**

| Pos | Name                  | Category | Age |
|-----|-----------------------|----------|-----|
| 1   | Sinethemba Ntshangase | 20 - 34  | 26  |
| 2   | Ntsindiso Mphakathi   | 35 - 39  | 35  |
| 3   | Sphamandla Nkosi      | 20 - 34  | 29  |
| 4   | Moeketsi Mosuhli      | 40 - 49  | 43  |
| 5   | Cijimpi Moloji        | 20 - 34  | 31  |
| 6   | Mfundo Changwe        | 20 - 34  | 27  |
| 7   | Phumlani Dlamini      | 20 - 34  | 26  |
| 8   | Makwande Mngcwengi    | 20 - 34  | 29  |

|    |                          |         |    |
|----|--------------------------|---------|----|
| 9  | Mholi Jali               | 20 - 34 | 31 |
| 10 | Asisipho Josiah Motomane | 20 -34  | 25 |

## **FEMALES**

| Pos | Name                       | Category | Age |
|-----|----------------------------|----------|-----|
| 1   | Rhelex Kogo                | 35 - 39  | 36  |
| 2   | Janet Mbhele               | 16 - 19  | 30  |
| 3   | Nobukhosi Tshuma           | 16 - 19  | 30  |
| 4   | Mathakane Letsie           | 20 - 34  | 33  |
| 5   | Khechane Refiloe Pascalina | 35 - 39  | 36  |
| 6   | Fikile Mbuthana            | 40 - 49  | 44  |
| 7   | Kebogile Motshabi          | 20 - 34  | 30  |
| 8   | Unathi Mngcwengi           | 20 - 34  | 34  |
| 9   | Zama Mokoena               | 40 - 49  | 44  |
| 10  | Lineo Chaka                | 35 - 39  | 37  |

188

**3.5 COMPONENT E: OFFICE OF THE MUNICIPAL MANAGER****Employees: OFFICE OF THE MUNICIPAL**

| Job Level | FY 2023-2024     | FY 2024-2025 |        |                  |                  |
|-----------|------------------|--------------|--------|------------------|------------------|
|           | No. of Employees | No. of Posts | Funded | No. of Employees | No. of Vacancies |
| T7        | 5                | 5            |        | 5                | 2                |
| T10       | -                | -            |        | -                | 1                |
| T11       | 3                | 3            |        | 3                | 2                |
| T12       | 5                | 5            |        | 5                | -                |
| T14       | 3                | 3            |        | 3                | 1                |
| T15       | -                | -            |        | -                | 0                |
| T16       | 2                | 2            |        | 2                | 1                |
| T17       | -                | -            |        | -                | -                |
| T18       | -                | -            |        | -                | -                |
| T19       | 1                | 1            |        | 1                | 0                |
| No grade  | 1                | 1            |        | 1                | 0                |

|       |    |    |    |   |
|-------|----|----|----|---|
| Total | 20 | 20 | 20 | 7 |
|-------|----|----|----|---|

### Financial Performance for 2024-2025 in the Office of the Municipal Manager

| DETAILS                              | FY 2023-2024        | FY 2024-2025        |                     |                     |                    |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
|                                      | ACTUAL              | ORIGINAL BUDGET     | ADJUSTMENT BUDGET   | ACTUAL              | VARIANCE TO BUDGET |
| <b>Total Operational Revenue</b>     | R 0                 | R 0                 | R 0                 | R 0                 | R 0                |
| <b>Expenditure:</b>                  |                     |                     |                     |                     |                    |
| Employees                            | R 16 121 276        | R 17 000 888        | R 15 920 472        | R 14 190 866        | R 1 729 606        |
| Repairs And Maintenance              | R 0                 | R 0                 | R 0                 | R 0                 | R 0                |
| Other                                | R 8 212 633         | R 10 992 574        | R 11 721 505        | R 10 742 418        | R 1 347 506        |
| <b>Total Operational Expenditure</b> | <b>R 24 333 909</b> | <b>R 27 993 462</b> | <b>R 27 641 977</b> | <b>R 24 933 284</b> | <b>R 979 087</b>   |

### COMMUNICATIONS UNIT 2024-2025

The Municipality uses various forms of communication tools to ensure a constant exchange of information among its components (internal and external). This practice helps to enhance the municipality's transparency, credibility, and integrity.

### COMMUNICATION STRATEGY

An approved Communication Strategy serves as a guiding document for the communications unit, which is reviewed annually. The strategy is inclusive of the communications policy that guides its implementation. The strategy is reviewed annually.

## **COMMUNICATION POLICY**

An approved communication policy is in place. The policy is also reviewed annually.

## **NEWSLETTER**

The Municipality has a newsletter that captures progress on the implementation of the various municipal programs, including water and infrastructure projects. The newsletter is used as a platform for accountability by the Municipality. 4 newsletters are produced per quarter (8000 copies per edition). The Newsletter is in three languages, English, IsiZulu and IsiXhosa.

## **MAYORAL RADIO SLOTS.**

There are four radio slots per year. One slot every quarter, which is 30 minutes. This is where the municipality gets an opportunity to engage community members on project and programs using the radio platform.

## **SOCIAL MEDIA (FACEBOOK)**

The Municipality has a Facebook account: (@HarryGwalaDistrictMunicipality) and a Twitter handle as well as a TikTok Account. These are critical communication platforms where the Municipality shares new developments and current affairs with the community.

## **WEBSITE**

The Municipality has an active website ([www.harrygwalam.gov.za](http://www.harrygwalam.gov.za)) with useful information about the Municipality. Compliance issues are uploaded on the website on the daily basis.

## **MEDIA ACTIVITIES**

The Municipality uses verbal and written communication to engage and or communicate with media stakeholders. Press statements are released as and when there is a need.

## **MEDIA MONITORING**

The municipality monitors the output of the print, online, and broadcast media and responds accordingly.

## **DISTRICT COMMUNICATORS FORUM (DCF)**

The Head of Communications chairs the forum on behalf of the District Municipality. The DCF meets once per quarter to discuss and resolve matters of common interest. In the financial year 2024/25, the DCF managed to hold all its planned meetings.

## **MARKETING AND BRANDING**

Through marketing and branding communications unit has managed to establish a strong, recognizable, and memorable brand that resonates with the target audience and differentiates the municipality from others. In every quarter of the financial year, we have produced branding and marketing material like file folders, banners, diaries, and calendars.

## **INTERNAL AUDIT UNIT**

Internal audit unit was established as per the section 165 of the MFMA, the unit develops an internal audit plan which is approved by the audit committee annually and all the internal projects are conducted in-house/internally. The internal audit unit reports quarterly to the Performance and Audit Committee on the implementation of internal audit plan. The performance and audit committee consists of four independent members who are not working for the Harry Gwala District Municipality. The unit is guided by the internal audit charter which is approved annually by the performance and audit committee.

### **The Audit Committee Meetings for the financial year under review were held as follows:**

Quarter 1: 20 August 2024

30 September 2024

Quarter 2: 17 December 2024

Quarter 3: 18 February 2025

Quarter 4: 20 May 2025

The Head of internal audit unit chairs the DAR (District Audit and Risk) forum which consist of all internal audit and risk management practitioners for the family of municipalities within the District. The DAR meets once a quarter to discuss and share their progress on the

implementation of the internal audit plans and best practices. In the financial year 2024/2025 the district audit and risk forum managed to hold all its meetings quarterly.

### **IDP PUBLIC PARTICIPATION MEETINGS FOR 2024-2025 FINANCIAL YEAR.**

In terms of Chapter 4 of the Local Government Municipal Systems Act 32 of 2000, s(16)1 "A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and must for this purpose- (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality in- (i) The preparation, implementation and review of its integrated development plan in terms of chapter 5. (b) Contribute to building capacity of – (i) the local community to enable it to participate in the affairs of the municipality; and (ii) councilors and staff to foster community participation.

During the October/November 2024 the municipality participated in a total of 27 IDP Road-Shows and another total of 27 during the month of April 2025.

All the issues gathered during these IDP Road Shows were proceeded by different departments in the municipality, particularly water and infrastructure Services. These issues found expression in the 2025-2026 IDP and Budget documents.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

Employee total turnover and vacancies

The information cited hereunder is as per the organizational structure approved on 26 June 2024.

EMPLOYEES

| Description                     | FY 2023/2024     | FY 2024/2025              |                                      |                                        |                                   |
|---------------------------------|------------------|---------------------------|--------------------------------------|----------------------------------------|-----------------------------------|
|                                 | No. of Employees | No. of Approved Positions | No. of Employees (excluding Interns) | No. of Vacancies (Funded and Unfunded) | Vacancies (as a % of Total Posts) |
| Office of the Municipal Manager | 18               | 44                        | 28                                   | 11                                     | 1,29%                             |
| Budget & Treasury               | 74               | 102                       | 71                                   | 33                                     | 3,9%                              |



|                                             |            |            |            |            |               |
|---------------------------------------------|------------|------------|------------|------------|---------------|
| Services                                    |            |            |            |            |               |
| Water Services                              | 245        | 558        | 241        | 313        | 36,78%        |
| Corporate Services                          | 44         | 53         | 45         | 9          | 1,06%         |
| Social Services and<br>Development Planning | 37         | 63         | 37         | 35         | 4,11%         |
| Infrastructure Services                     | 21         | 31         | 24         | 8          | 0,94%         |
| <b>Total</b>                                | <b>437</b> | <b>851</b> | <b>442</b> | <b>409</b> | <b>48,08%</b> |

| Vacancy Rate as per the categories stated below: 2024/25 |                           |                |                                                   |
|----------------------------------------------------------|---------------------------|----------------|---------------------------------------------------|
| Description                                              | Total No. of<br>Vacancies | Approved Posts | Vacancies (as a % of<br>total posts per category) |
| Municipal Manager                                        | 0                         | 1              | 0%                                                |
| CFO                                                      | 0                         | 1              | 0%                                                |
| s.57 Managers (excluding Finance)                        | 0                         | 4              | 0%                                                |

|                                                                     |   |    |        |
|---------------------------------------------------------------------|---|----|--------|
| Highly skilled supervision (funded): T12-T18<br>(excluding Finance) | 4 | 34 | 11,76% |
| Highly skilled supervision: T12- T18<br>(Finance posts)             | 4 | 6  | 66,67% |

## 4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(I)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2024/2025.

### POLICIES AND PLANS

The policies were adopted on the 26 June 2024 and they were effective as from 01 July 2024.

| HR Policies and Plans |            |            |                            |
|-----------------------|------------|------------|----------------------------|
| Name of Policy        | % complete | % Reviewed | Adopted comment by Council |

| Annual Leave Policy                                  | 100% | N/A | Adopted on the 26 June 2024 |
|------------------------------------------------------|------|-----|-----------------------------|
| Bullying and violence in the workplace               | 100% | N/A | Adopted on the 26 June 2024 |
| Cellular Phone allowance policy                      | 100% | N/A | Adopted on the 26 June 2024 |
| Death In Service Policy                              | 100% | N/A | Adopted on the 26 June 2024 |
| Dress Code Policy                                    | 100% | N/A | Adopted on the 26 June 2024 |
| Employee Wellness Policy                             | 100% | N/A | Adopted on the 26 June 2024 |
| Employment Equity Policy                             | 100% | N/A | Adopted on the 26 June 2024 |
| Experiential training policy                         | 100% | N/A | Adopted on the 26 June 2024 |
| Family Responsibility Leave Policy                   | 100% | N/A | Adopted on the 26 June 2024 |
| Harassment policy                                    | 100% | N/A | Adopted on the 26 June 2024 |
| HIV/Aids Policy                                      | 100% | N/A | Adopted on the 26 June 2024 |
| Incapacity due to ill-health/<br>Injury policy       | 100% | N/A | Adopted on the 26 June 2024 |
| Incapacity due to operational<br>requirements policy | 100% | N/A | Adopted on the 26 June 2024 |
| Incapacity due to poor work<br>performance policy    | 100% | N/A | Adopted on the 26 June 2024 |
| Injury On Duty Policy                                | 100% | N/A | Adopted on the 26 June 2024 |
| Internal bursary policy                              | 100% | N/A | Adopted on the 26 June 2024 |

|                                                               |      |     |                             |
|---------------------------------------------------------------|------|-----|-----------------------------|
|                                                               |      |     |                             |
| Mentorship And Coaching Policy                                | 100% | N/A | Adopted on the 26 June 2024 |
| Occupational Health And Safety Policy                         | 100% | N/A | Adopted on the 26 June 2024 |
| Parental Leave Policy                                         | 100% | N/A | Adopted on the 26 June 2024 |
| Private Work And Declaration Of Interest/S Policy             | 100% | N/A | Adopted on the 26 June 2024 |
| Promotion, transfer, secondment and acting appointment policy | 100% | N/A | Adopted on the 26 June 2024 |
| Recruitment, selection and appointment policy                 | 100% | N/A | Adopted on the 26 June 2024 |
| Sick Leave Policy                                             | 100% | N/A | Adopted on the 26 June 2024 |
| Skills development policy                                     | 100% | N/A | Adopted on the 26 June 2024 |
| Smoking Policy                                                | 100% | N/A | Adopted on the 26 June 2024 |
| Standby Policy                                                | 100% | N/A | Adopted on the 26 June 2024 |
| Study Leave Policy                                            | 100% | N/A | Adopted on the 26 June 2024 |
| Task Job Evaluation Policy                                    | 100% | N/A | Adopted on the 26 June 2024 |
| Termination Of Service Policy                                 | 100% | N/A | Adopted on the 26 June 2024 |
| Travel allowance policy                                       | 100% | N/A | Adopted on the 26 June 2024 |
| Working hours and punctuality policy                          | 100% | N/A | Adopted on the 26 June 2024 |
| Employment Equity Plan                                        | 100% | N/A | Adopted in 2022             |

|                                  |      |     |              |
|----------------------------------|------|-----|--------------|
| Human Resource Plan and Strategy | 100% | N/A | Adopted 2022 |
|----------------------------------|------|-----|--------------|

## Occupational Health & Safety and Employee Wellness

The OHS Act provides for the health and safety of employees at work and for the health and safety of persons in connection with the use of plant and machinery.

The Act:

- Deals with the protections of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work;
- Aims to establish an advisory council for health and safety;
- Aims to provide for matters connected to Occupational Health and Safety.

This Unit deals with the following:

Health and Safety in the institution

Pre-employment Medical Examinations

Executive Medical Examinations

Medical Examinations for pension purposes

Exit Medical Examinations

Annual Medical Vaccinations

Annual Immunisation

Injury on duty cases

Occupational diseases

Implementation of wellness programmes

#### **4.4 INJURIES AND SICKNESS**

There were sixteen (35) days lost when seven of our employees were injured at work. Those employees had to be referred to registered Medical Practitioners for assessment and hospitalisation.

##### ***Steps taken to reduce injuries:***

The Municipality appointed a service provider to assist with Health and Wellness matters for employees. The service Provider promotes health and wellness as stipulated in the Occupational Health and Safety Act. Employees are encouraged about living healthy lifestyle so that they can be fully fit at work. The Municipality procured signs, which included warning signs as recommended by Department Employment and Labour inspectors to improve health and safety in the workplace. The Municipality

did a risk assessment, which was basically to identify hazards and associated risks, and management recommendations were made so as to minimize risks. The Municipality provided employees with Protective Clothing Equipment for those hazards that employees are exposed to, which cannot be eliminated.

| <b>Number and Cost of Injuries on Duty</b>       |                              |                                     |                                                 |                                         |
|--------------------------------------------------|------------------------------|-------------------------------------|-------------------------------------------------|-----------------------------------------|
| Type of Injury                                   | Injury Leave Taken<br>(Days) | No. of Employees using<br>IOD Leave | % Proportion of<br>Employees using IOD<br>Leave | Average Injury<br>Leave per<br>employee |
| <b>Required basic medical<br/>attention only</b> | 7                            | 3                                   | 8,57%                                           | 2                                       |
| <b>Temporary disablement</b>                     | 28                           | 4                                   | 11,43%                                          | 6                                       |
| <b>Permanent disablement</b>                     | 0                            | 0                                   | 0                                               | 0                                       |
| <b>Fatal</b>                                     | 0                            | 0                                   | 0                                               | 0                                       |
| <b>Total</b>                                     | <b>35</b>                    | <b>7</b>                            | <b>20%</b>                                      | <b>8</b>                                |

| <b>Number of days and Cost of sick leave (excluding Injuries on Duty)</b> |                  |  |                    |  |
|---------------------------------------------------------------------------|------------------|--|--------------------|--|
| Salary band                                                               | Total Sick Leave |  | Using Total no. of |  |

|                                                 | Days | No. of employees<br>sick leave | employees in post | Average sick leave per<br>employee (Days) |
|-------------------------------------------------|------|--------------------------------|-------------------|-------------------------------------------|
| Lower skilled (T1-4)                            | 82   | 15                             | 91                | 5,46                                      |
| Skilled (T5-T8)                                 | 257  | 32                             | 153               | 8                                         |
| Highly skilled<br>Production<br>(Levels T9-T13) | 675  | 65                             | 129               | 10,38                                     |
| Highly skilled<br>Supervision<br>(T14 – T18)    | 291  | 27                             | 37                | 10,78                                     |
| Senior management                               | 11   | 2                              | 3                 | 5,5                                       |
| Municipal Manager                               | 5    | 1                              | 1                 | 5                                         |

It should be noted that the “*Total Number of Employees in Post*” refers to the number of employees in post at the beginning of the FY 2024/2025.



## **2024 - 2025 DISCIPLINARY CASES**

### **Disciplinary matters**

| <b><u>EMPLOYEES ON SUSPENSION</u></b>                                                                                                                                                                                                      | <b><u>MATTERS ON THE DISCIPLINARY ROLL</u></b>           | <b><u>MATTERS ON ARBITRATION</u></b>                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Six (6) Employees were placed on precautionary suspension.</li> <li>• Two out of the six employees were dismissed.</li> <li>• One employee, the precautionary suspension was uplifted.</li> </ul> | There are currently 11 disciplinary matters on the roll. | There were Six (6) matters on arbitration. <ul style="list-style-type: none"> <li>• Four (4) have been finalised.</li> <li>• Two (2) are still pending.</li> </ul> |

## **2024 - 2025 SUSPENSIONS**

| <b>NUMBER OF EMPLOYEES ON SUSPENSION</b>                            | <b>COMMENTS</b>                                       |
|---------------------------------------------------------------------|-------------------------------------------------------|
| <b>Three (03) employees are placed on precautionary suspension.</b> | <b>All precautionary suspensions are on full pay.</b> |

**2024 - 2025 DISMISSALS**

| Position                          | Nature of alleged misconduct                            | Disciplinary action taken | Date dismissed |
|-----------------------------------|---------------------------------------------------------|---------------------------|----------------|
| Senior Manager – Labour Relations | Failure to act in the best interest of the Municipality | Disciplinary Hearing      | 31 March 2025  |
| Process Controller                | Theft/Dishonesty/Harassment                             | Disciplinary Hearing      | 13 June 2025   |

**2024-2025 PERFORMANCE REWARDS****Performance Rewards by Gender**

| Designations                           | Gender | Total No. of Employees in Group | No. of Beneficiaries | Expenditure on Rewards FY 2019/2020 (R'000) | % Proportion of Beneficiaries within a Group |
|----------------------------------------|--------|---------------------------------|----------------------|---------------------------------------------|----------------------------------------------|
| Lower skilled (T1 -T3)                 | Female | 0                               | 0                    | 0                                           | 0                                            |
|                                        | Male   | 0                               | 0                    | 0                                           | 0                                            |
| Skilled (T4 – T8)                      | Female | 0                               | 0                    | 0                                           | 0                                            |
|                                        | Male   | 0                               | 0                    | 0                                           | 0                                            |
| Highly skilled supervision (T14 – T18) | Female | 0                               | 0                    | 0                                           | 0                                            |
|                                        | Male   | 0                               | 0                    | 0                                           | 0                                            |
| Senior management                      | Female | 0                               | 0                    | 0                                           | 0                                            |
|                                        | Male   | 0                               | 0                    | 0                                           | 0                                            |

|                  |        |          |          |          |          |
|------------------|--------|----------|----------|----------|----------|
| Municipal Manger | Female | 0        | 0        | 0        | 0        |
|                  | Male   | 0        | 0        | 0        | 0        |
| <b>Total</b>     |        | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

### 4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.5 SKILLS DEVELOPMENT AND TRAINING

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Harry Gwala District Municipality conducts its training through the Workplace Skills Plan. In the 2024/2025 financial year, 100% of the training budget was utilized. Some of the training programmes were offered by external stakeholders such as SALGA, COGTA, LGSETA at no cost.

In accordance with the MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

#### Financial Competency Development: Progress Report 2024-2025

| Description                              | A. Total no. of official employed by HGDM | B. Total no. of official employed by HGDM Entities | Consolidated Total (A +B) | Consolidated competency assessments completed for A & B | Consolidated no. of officials whose Performance agreements comply with Reg. 16 | Consolidated no. of officials who meet prescribed competency levels |
|------------------------------------------|-------------------------------------------|----------------------------------------------------|---------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Financial Officials</b>               |                                           |                                                    |                           |                                                         |                                                                                |                                                                     |
| Accounting Officer                       | 1                                         | 1                                                  | 1                         | 1                                                       | 0                                                                              | 1                                                                   |
| Chief Financial Officer                  | 1                                         | 1                                                  | 2                         | 0                                                       | 2                                                                              | 2                                                                   |
| Senior Managers                          | 4                                         | 0                                                  | 4                         | 3                                                       | 4                                                                              | 3                                                                   |
| Any other officials                      | 16                                        | 0                                                  | 16                        | 12                                                      | 0                                                                              | 12                                                                  |
| Description                              | A. Total no. of official employed by HGDM | B. Total no. of official employed by HGDM Entities | Consolidated Total (A +B) | Consolidated competency assessments completed for A & B | Consolidated no. of officials whose Performance agreements comply with Reg. 16 | Consolidated no. of officials who meet prescribed competency levels |
| <b>Supply Chain Management Officials</b> |                                           |                                                    |                           |                                                         |                                                                                |                                                                     |
| Heads of SCM Unit                        | 1                                         | 0                                                  | 1                         | 1                                                       | 0                                                                              | 1                                                                   |
| SCM Senior                               | 0                                         | 0                                                  | 0                         | 0                                                       | 0                                                                              | 0                                                                   |

|              |           |          |           |           |          |           |
|--------------|-----------|----------|-----------|-----------|----------|-----------|
| Managers     |           |          |           |           |          |           |
| <b>Total</b> | <b>25</b> | <b>2</b> | <b>24</b> | <b>17</b> | <b>6</b> | <b>19</b> |

### Skills Development Expenditure

| Original Budget & Actual Expenditure on Skills Development |        |                                     |                 |          |                                                  |        |                         |         |                 |          |
|------------------------------------------------------------|--------|-------------------------------------|-----------------|----------|--------------------------------------------------|--------|-------------------------|---------|-----------------|----------|
| Management level                                           | Gender | Employees as beginning of 2024/2025 | Learnerships    |          | Skills Programs, Bursaries & Other short Courses |        | Other Forms of Training |         | Total           |          |
|                                                            |        | No.                                 | Original Budget | Actual   | Original Budget                                  | Actual | Original Budget         | Actual  | Original Budget | Actual   |
| MM & Section 56 Managers                                   | Female | 2                                   |                 |          |                                                  |        | R40 000                 | R32 270 | R50 000         | R32 270  |
|                                                            | Male   | 4                                   |                 |          |                                                  |        |                         |         |                 |          |
| Legislators                                                | Female | 14                                  | R75 000         | R75 000  |                                                  |        |                         |         | R75 000         | R75 000  |
|                                                            | Male   | 18                                  | R125 000        | R125 000 |                                                  |        |                         |         | R125 000        | R125 000 |

|                                         |        |                                     |              |          |                                                  |            |                         |  |          |             |
|-----------------------------------------|--------|-------------------------------------|--------------|----------|--------------------------------------------------|------------|-------------------------|--|----------|-------------|
| Senior Officials and Managers           | Female | 19                                  | R186 000     | R186 000 | R30 000                                          | R29 716,31 |                         |  | R216 000 | R215 716,31 |
|                                         | Male   | 23                                  |              |          | R100 000                                         | R83 369,96 |                         |  | R85 000  | R83 369,96  |
| Professionals                           | Female | 38                                  |              |          | R60 000                                          | R52 180,89 |                         |  | R55 000  | R52 180,89  |
|                                         | Male   | 28                                  |              |          | R20 000                                          | R13 960,75 |                         |  | R15 000  | R13 960,75  |
| Technicians and Associate Professionals | Female | 9                                   |              |          |                                                  |            |                         |  |          |             |
|                                         | Male   | 40                                  |              |          | R30 000                                          | R19 425,37 |                         |  | R20 000  | R19 425,37  |
| Clerks                                  | Female | 43                                  | R300 000     | R279 300 | R20 000                                          | R42 368,54 |                         |  | R320 000 | R321 668,54 |
|                                         | Male   | 46                                  | R200 000     | R174 000 | R100 000                                         | R80 537,89 |                         |  | R300 000 | R254 537,89 |
| Management level                        | Gender | Employees as beginning of 2023/2024 | Learnerships |          | Skills Programs, Bursaries & Other short Courses |            | Other Forms of Training |  | Total    |             |

|                                                          |        | No. | Original<br>Budget | Actual      | Original<br>Budget | Actual  | Original<br>Budget | Actual | Original<br>Budget | Actual            |
|----------------------------------------------------------|--------|-----|--------------------|-------------|--------------------|---------|--------------------|--------|--------------------|-------------------|
| Service and<br>Sales Workers                             | Female | 6   |                    |             |                    |         |                    |        |                    |                   |
|                                                          | Male   | 10  |                    |             |                    |         |                    |        |                    |                   |
| Plant, Machine<br>Operators and<br>Assemblers            | Female | 10  |                    |             | R100 000           | R46 500 |                    |        | R50 000            | R46 500           |
|                                                          | Male   | 34  |                    |             | R100 000           | R46 500 |                    |        | R50 000            | R46 500           |
| Elementary<br>occupations                                | Female | 58  | R30 000            | R25<br>000  |                    |         |                    |        | R25 000            | R25 000           |
|                                                          | Male   | 77  | R200 000           | R187<br>500 |                    |         |                    |        | R200 000           | R187 500          |
| Total                                                    |        | 479 |                    |             |                    |         |                    |        | R1 586<br>000      | R1 498 359,<br>71 |
| <b>Total budget for training and development 2024/25</b> |        |     |                    |             |                    |         |                    |        | <b>R1 597 598</b>  |                   |

% and R value of municipal salaries (original budget) allocated for workplace skill

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

| <b>Number of employees whose salaries were increased due to positions being upgraded</b> |        |                        |
|------------------------------------------------------------------------------------------|--------|------------------------|
| Designations                                                                             | Gender | Total No. of Employees |
| Lower skilled (T1-T3)                                                                    | Female | None                   |
|                                                                                          | Male   | None                   |
| Skilled (T4-T8)                                                                          | Female | None                   |
|                                                                                          | Male   | None                   |
| Highly skilled production (T9-T13)                                                       | Female | None                   |
|                                                                                          | Male   | None                   |
| Highly skilled supervision (T14-T18)                                                     | Female | None                   |
|                                                                                          | Male   | None                   |
| Senior Management                                                                        | Female | None                   |
|                                                                                          | Male   | None                   |
| Municipal Manager                                                                        | Female | None                   |
|                                                                                          | Male   | None                   |
| <b>Total</b>                                                                             |        | 0                      |

#### 4.7 UPGRADED POSITIONS

| <b>No. of employees whose position was upgraded</b> | <b>Date of implementation</b> | <b>No. of appeals submitted</b> | <b>No. of employees who are personal to holder</b> |
|-----------------------------------------------------|-------------------------------|---------------------------------|----------------------------------------------------|
|-----------------------------------------------------|-------------------------------|---------------------------------|----------------------------------------------------|



|   |                       |   |                              |
|---|-----------------------|---|------------------------------|
| 0 | None in the 2024/2025 | 0 | 147 employees<br>(2024/2025) |
|---|-----------------------|---|------------------------------|

## 5. FLEET MANAGEMENT UNIT

### Purpose

To assure that fleet management provides an efficient and most cost-effective service for the supply of municipal transport and plant requirements to the various units of the municipality to render uninterrupted service delivery.

To achieve the purpose as stipulated; it is imperative to address most aspects of daily vehicle and plant equipment operations and put control measures in place, such as logbooks, pre-trip inspections, and trip authority. Also includes professional driving techniques necessary to develop knowledge and competence; that would reduce accidents and incidents, reduce downtime due to breakdowns and eventually improve efficiency that leads to improved service delivery. Therefore, the municipality fleet is provided strictly for municipal official services and should not be used for private purposes, party politics, and/ or industrial union activities.

It is a pivotal responsibility for the municipality to establish an effective and efficient municipal fleet service by providing safe, reliable, economical, environmentally sound transportation and related support services that are responsive to the needs of the municipality and community and that conserve vehicle value and equipment investment. Therefore, it is of paramount importance to monitor fleet

expenditures constantly and continuously such as fuel and lubricants, repairs and maintenance, and direct and indirect costs associated with the fleet.

**The municipality currently has the following vehicles:**

| Reg No    | Make & Model           |
|-----------|------------------------|
| NIX 7041  | Isuzu NPR 400          |
| NIX 10213 | Toyota Fortuner        |
| NIX 10466 | Toyota Corolla Quest   |
| NIX 10794 | Nissan Navara 2.5 CDI  |
| NIX 10981 | Nissan UD CW26         |
| NIX 11183 | Isuzu D- MAX 2.5 SC    |
| NIX 11189 | Isuzu D- MAX 2.5 SC    |
| NIX 11488 | Toyota Fortuner 2.8 GD |
| NIX 11511 | Toyota Corolla Quest   |
| NIX 11609 | Isuzu D- MAX 2.5 SC    |
| NIX 11789 | TLB                    |
| NIX 11793 | TATA                   |
| NIX 11794 | TATA                   |
| NIX 11795 | TATA                   |
| NIX 11796 | TATA                   |
| NIX 11797 | TATA PRIMA             |
| NIX 11798 | TLB                    |
| NIX 11808 | Quantum                |
| NIX 11987 | Isuzu D- MAX 2.5 SC    |
| NIX 12009 | HINO 500               |
| NIX 10210 | HINO 500               |
| NIX 12011 | HINO 500               |
| NIX 12012 | HINO 500               |

|           |                      |
|-----------|----------------------|
| NIX 12013 | HINO 500             |
| NIX 12014 | HINO 500             |
| NIX 12049 | Isuzu D- MAX 2.5 SC  |
| NIX 12387 | Isuzu D- MAX 2.5 SC  |
| NIX 12473 | Isuzu D- MAX 2.5 SC  |
| NIX 12474 | Isuzu D- MAX 2.5 SC  |
| NIX 12475 | Isuzu D- MAX 2.5 SC  |
| NIX 12476 | Isuzu D- MAX 2.5 SC  |
| NIX 12477 | Isuzu D- MAX 2.5 SC  |
| NIX 12478 | Isuzu D- MAX 2.5 SC  |
| NIX 12479 | Isuzu D- MAX 2.5 SC  |
| NIX 12480 | Isuzu D- MAX 2.5 SC  |
| NIX 12481 | Isuzu D- MAX 2.5 SC  |
| NIX 12482 | Isuzu D- MAX 2.5 SC  |
| NIX 12483 | Isuzu D- MAX 2.5 SC  |
| NIX 12484 | Isuzu D- MAX 2.5 SC  |
| NIX 12485 | Isuzu D- MAX 2.5 SC  |
| NIX 12486 | Isuzu D- MAX 2.5 SC  |
| NIX 12487 | Isuzu D- MAX 2.5 SC  |
| NIX 12488 | Isuzu D- MAX 2.5 SC  |
| NIX 12489 | Isuzu D- MAX 2.5 SC  |
| NIX 12490 | Isuzu D- MAX 2.5 SC  |
| NIX 12543 | Toyota Corolla Quest |
| NIX 12591 | Toyota Hilux         |

|           |                       |
|-----------|-----------------------|
| BB67GVZN  | Audi Q7               |
| NIX 12743 | Toyota Hilux          |
| NIX 12744 | Toyota Hilux          |
| NIX 12745 | Toyota Hilux          |
| NIX 12747 | Toyota Hilux          |
| NIX 12748 | Toyota Hilux          |
| NIX 12749 | Toyota Hilux          |
| NIX 13266 | Nissan Navara 2.5 CDI |
| NIX 13267 | Suzuki DZIRE          |
| NIX 13268 | Nissan Navara 2.5 CDI |
| NIX 13269 | Nissan Navara 2.5 CDI |
| NIX 13270 | Nissan Navara 2.5 CDI |
| NIX 2153  | Isuzu D- MAX 2.5 SC   |
| NIX 3227  | Mercedes Benz         |
| NIX 3491  | Nissan QUON           |
| NIX 3507  | Isuzu D- MAX 2.5 SC   |
| NIX 3987  | Nissan QUON           |
| NIX 4687  | Isuzu D- MAX 2.5 SC   |
| NIX 5724  | Volkswagen Crafter    |
| NIX 6490  | Toyota Hilux          |
| NIX 6495  | Toyota Hilux          |
| NIX 8962  | Mercedes Benz ATEGO   |
|           |                       |
| NIX 8963  | Mercedes Benz AXOR    |

|          |                                          |
|----------|------------------------------------------|
| NIX 8965 | Mercedes Benz AXOR                       |
| NIX 9376 | Nissan UD 90                             |
| BF67WTZN | JCB TLB                                  |
| BF60CMZN | Isuzu D-max Fleetside (Short term hire)) |
| ND872124 | GWM STEED (Short tern hire))             |
| ND904349 | GWM STEED (Short term hire)              |
| NIX 9785 | BMW X3                                   |

## **CHAPTER 5: FINANCIAL PERFORMANCE**

### CHAPTER 5

#### 5.1 INTRODUCTION

Sustainable Financial Management still remains at the forefront of ensuring sustainable municipal service delivery. Conservative and prudent management of the public purse by the budget & treasury office remains at the core of ensuring the realisation of this critical Municipal Financial Management Act (MFMA) objective. In essence, the MFMA contributes towards ensuring that financial resources at a local government level are developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds by encouraging transparency.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity thorough measuring of actual results against actual and also through evaluating historical trends.

Information included in this chapter is structured as follows:

- ✓ Component A: Statement of Financial Performance
- ✓ Component B: Spending against Capital Budget
- ✓ Component C: Cash flow Management and Investment
- ✓ Component D: Other Financial Matters

## 5.2 Component A: Statement of Financial Performance

For the financial year under review, the Harry Gwala District Municipality obtained a qualified opinion, and the summary of its financial performance (Budget vs. Actual) is as follows:

- ✓ 102% of Operating Revenue Budget Earned, 84% of Capital Budget Spent, 95% of Operating Expenditure Budget Spent

Operating revenue amounted on aggregate to R643 .7million or 102 per cent of their total aggregated adjusted revenue budget of R633 million. This represents a year-on-year increase in terms of percentage performance from 99 per cent in June 2024 However, slightly improved in terms of percentage performance when compared to the 96 per cent reported in June 2023.

Aggregated operating expenditure amounted to R701. 5million or 95 per cent against the total aggregated adjusted budget of R736. 6million. This represents a year-on-year nominal increase when compared to the R789, 4million reported in June 2023 and again R635, 9million in June 2022. However, slightly regressed in terms of percentage performance when compared to the 97 per cent reported in June 2023 and the 96 per cent reported in June 2022.



The aggregated capital expenditure as at 30 June 2025 amounted to R303, 3million or 84 per cent against the aggregated adjusted capital budget of R359, 5million. An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies.

## APPROPRIATION STATEMENT FOR END JUNE 2025

|                                                   | Original<br>Budget   | Budget<br>Adjustments | Final budget         | Actual<br>Outcome    | Variance           | Actual outcome as<br>% of Final Budget | Actual outcome as %<br>of Original Budget |
|---------------------------------------------------|----------------------|-----------------------|----------------------|----------------------|--------------------|----------------------------------------|-------------------------------------------|
| <b>Financial Performance</b>                      |                      |                       |                      |                      |                    |                                        |                                           |
| <b>Revenue from Non-Exchange Transactions</b>     |                      |                       |                      |                      |                    |                                        |                                           |
| Fines, Penalties and Forfeits                     | -                    | 1 572 000             | 1 572 000            | 786 084              | 785 916            | 50%                                    | 0%                                        |
| Operational Transfers Monetary                    | 512 493 491          | -                     | 512 493 491          | 521 807 187          | (9 313 696)        | 102%                                   | 102%                                      |
|                                                   | <b>512 493 491</b>   | <b>1 572 000</b>      | <b>514 065 491</b>   | <b>522 593 271</b>   | <b>(8 527 780)</b> | <b>76%</b>                             | <b>51%</b>                                |
| <b>Revenue from Exchange Transactions</b>         |                      |                       |                      |                      |                    |                                        |                                           |
| Service Charges WasteWater Management             | 14 251 525           | (1 256 611)           | 12 994 914           | 12 844 616           | 150 298            | 99%                                    | 90%                                       |
| Service Charges Water                             | 56 943 710           | 9 269 770             | 66 213 480           | 63 688 489           | 2 524 991          | 96%                                    | 112%                                      |
| Interest, Dividends and Rent on Land              | 32 689 659           | 10 146 177            | 42 835 836           | 42 610 672           | 225 164            | 99%                                    | 130%                                      |
| Operational Revenue                               | 403 781              | 261 795               | 665 576              | 678 488              | (12 912)           | 102%                                   | 168%                                      |
| Sales of Goods and Rendering of Services          | 662 530              | 83 786                | 746 316              | 140 698              | 605 618            | 19%                                    | 21%                                       |
|                                                   | <b>104 951 205</b>   | <b>18 504 917</b>     | <b>123 456 122</b>   | <b>119 962 964</b>   | <b>3 493 158</b>   | <b>83%</b>                             | <b>104%</b>                               |
| <b>Total Revenue Excluding Capital Revenue</b>    | <b>617 444 696</b>   | <b>20 076 917</b>     | <b>637 521 613</b>   | <b>642 556 235</b>   | <b>(5 034 622)</b> | <b>79%</b>                             | <b>78%</b>                                |
| <b>Expenditure</b>                                |                      |                       |                      |                      |                    |                                        |                                           |
| Salaries and Allowances                           | (265 764 186)        | 4 451                 | (265 759 735)        | (261 756 404)        | (4 003 331)        | 98%                                    | 98%                                       |
| Councillors Allowances                            | (8 605 929)          | 941 322               | (7 664 607)          | (7 581 269)          | (83 338)           | 99%                                    | 88%                                       |
| Contracted Services                               | (149 165 312)        | (22 962 731)          | (172 128 043)        | (180 279 569)        | 8 151 526          | 105%                                   | 121%                                      |
| Operational Cost                                  | (100 456 730)        | (11 123 079)          | (111 579 809)        | (107 263 073)        | (4 316 736)        | 96%                                    | 107%                                      |
| Inventory                                         | (9 713 036)          | (1 511 074)           | (11 224 110)         | (25 582 529)         | 14 358 419         | 228%                                   | 263%                                      |
| Bulk Purchases Water                              | (27 026 590)         | (3 000 000)           | (30 026 590)         | (32 973 622)         | 2 947 032          | 110%                                   | 122%                                      |
| Interest, Dividends and Rent on Land              | (14 963)             | -                     | (14 963)             | -                    | (14 963)           | 0%                                     | 0%                                        |
| Operating Leases                                  | (1 781 786)          | (65 715)              | (1 847 501)          | (1 221 165)          | (626 336)          | 66%                                    | 69%                                       |
| Bad Debt Written Off                              | (31 908 435)         | (8 022 382)           | (39 930 817)         | (16 808 958)         | (23 121 859)       | 42%                                    | 53%                                       |
| Depreciation and Amortisation                     | (101 009 766)        | -                     | (101 009 766)        | (104 432 241)        | 3 422 475          | 103%                                   | 103%                                      |
| <b>Total Expenditure</b>                          | <b>(695 446 733)</b> | <b>(45 739 208)</b>   | <b>(741 185 941)</b> | <b>(737 898 828)</b> | <b>(3 287 113)</b> | <b>95%</b>                             | <b>102%</b>                               |
| <b>Deficit</b>                                    | <b>(78 002 037)</b>  | <b>(25 662 291)</b>   | <b>(103 664 328)</b> | <b>(95 342 594)</b>  | <b>(8 321 734)</b> | <b>92%</b>                             | <b>122%</b>                               |
| <b>Transfers and Subsidies - Capital Monetary</b> | <b>318 123 509</b>   | <b>23 224 658</b>     | <b>341 348 167</b>   | <b>200 185 854</b>   | <b>141 162 313</b> | <b>59%</b>                             | <b>63%</b>                                |
| <b>Surplus after capital transfers</b>            | <b>240 121 472</b>   | <b>(2 437 633)</b>    | <b>237 683 839</b>   | <b>104 843 260</b>   | <b>132 840 579</b> | <b>44%</b>                             | <b>44%</b>                                |

## Functional Performance of Operational Services

### Grants Performance

| Description                                     | Major Conditions                                                                                                                         | Adjusted Budget          | YTD Actual              | Variance          |               |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|-------------------|---------------|
|                                                 |                                                                                                                                          |                          |                         | Rand              | %             |
| Receipts                                        |                                                                                                                                          |                          |                         |                   |               |
| Operating Transfers and Grants                  |                                                                                                                                          |                          |                         |                   |               |
| <b>National Government</b>                      |                                                                                                                                          | <b>-R 497 595 000,00</b> | <b>R 453 678 109,05</b> | <b>R 4 350,62</b> | <b>R 0,21</b> |
| Finance Management Grant                        | Internship, BTO Capacity Building, Preparation of Annual Financial Statement                                                             | R 1 200 000,00           | R 1 200 000,00          | R -               | 100%          |
| Rural Transport Infrastructure Grant            | To set up rural road asset management systems and collect road and traffic data in line with the road infrastructure strategic framework | -R 2 498 000,00          | R 2 172 173,91          | R 4 350,62        | -87%          |
| Equitable Share                                 | fund the provision of free basic services to disadvantaged communities. Assit the municipalities for the day to day running cots         | -R 491 837 000,00        | R 454 765 935,14        | R -               | -92%          |
| Expanded public works programme incentive grant | Provide poverty and income relief through temporal work of the unemployed to carry out social useful activities                          | -R 4 460 000,00          | -R 4 460 000,00         | R -               | 100%          |
|                                                 |                                                                                                                                          |                          |                         |                   |               |
|                                                 |                                                                                                                                          |                          |                         |                   |               |

#### COMMENT ON OPERATIONAL GRANT PERFORMANCE

The table above shows the operational grants performance against the budget as well as the prior year's performance. All current year grants transfers were fully spent.



## Asset Management

### CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

| Name of Project                        | Budget Year 2024/25 |                 |               |              |              |
|----------------------------------------|---------------------|-----------------|---------------|--------------|--------------|
|                                        | Original Budget     | Adjusted Budget | YearTD actual | YTD variance | YTD variance |
| <b>R thousands</b>                     |                     |                 |               |              | <b>%</b>     |
| KEMPSDALE RAISING PROJECT DAMS & WEIRS | 44 198              | 26 051          | 25 722        | 329          | 1%           |
| SHAYAMOYA WATER SUPPLY                 | 35 481              | 15 093          | 15 994        | (901)        | -6%          |
| CREIGHTON WATER SUPPLY_PIPES           | 34 029              | 35 921          | 34 187        | 1 734        | 5%           |
| GREATER SUMMERFIELD WATER SUPPLY       | 38 928              | 35 415          | 30 868        | 4 547        | 15%          |
| KHUKHULELA WATER SUPPLY_PIPES          | 18 602              | 25 094          | 25 187        | (94)         | 0%           |

**Name of Project A** **KEMPSDALE RAISING PROJECT DAMS & WEIRS**  
 Objective of the Project Provision of Water Services to Community of Kokstad  
 Delays The project is implemented on phases due to budget limit  
 Future Challenges The project is implemented on phases due to budget limit  
 Anticipated Citizen Benefit 1500 Households will benefit after the completion of a project

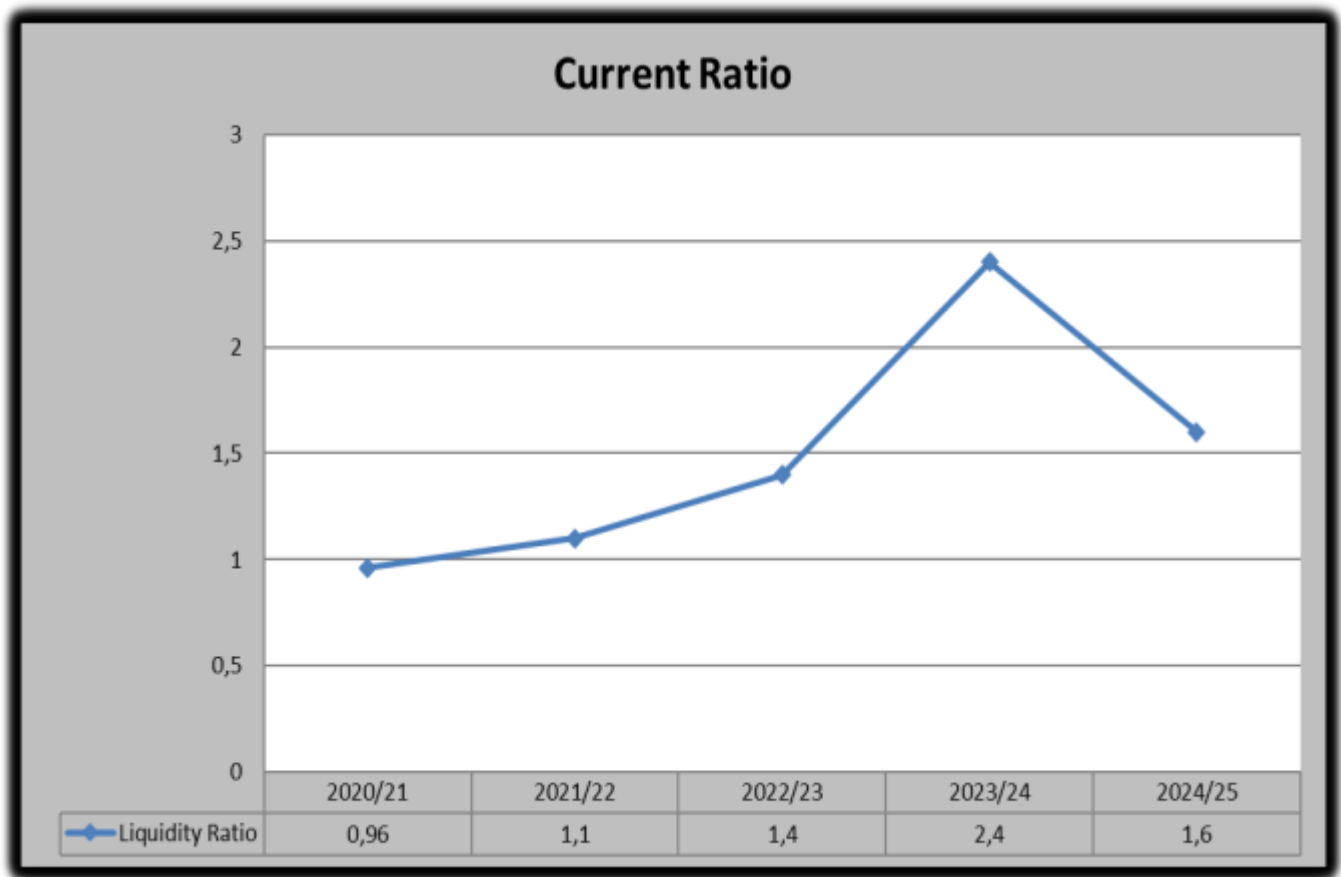
**Name of Project A** **SHAYAMOYA WATER SUPPLY**  
 Objective of the Project Provision of Water Services to Community of Kokstad  
 Delays The project is implemented on phases due to budget limit  
 Future Challenges The project is implemented on phases due to budget limit  
 Anticipated Citizen Benefit 12000 Households will benefit after the completion of a project

**Name of Project A** **CREIGHTON WATER SUPPLY\_PIPES**  
 Objective of the Project Provision of Water Services to Community of Creighton  
 Delays The project is implemented on phases due to budget limit  
 Future Challenges Budget Constraints or limited  
 Anticipated Citizen Benefit 6000 Households will benefit after the completion of a project

**Name of Project A** **GREATER SUMMERFIELD WATER SUPPLY**  
 Objective of the Project Provision of Water to Community of Umzimkhulu  
 Delays The project is implemented on phases due to budget limit  
 Future Challenges Budget Constraints or limited  
 Anticipated Citizen Benefit 11000 Households will benefit after the completion of a project

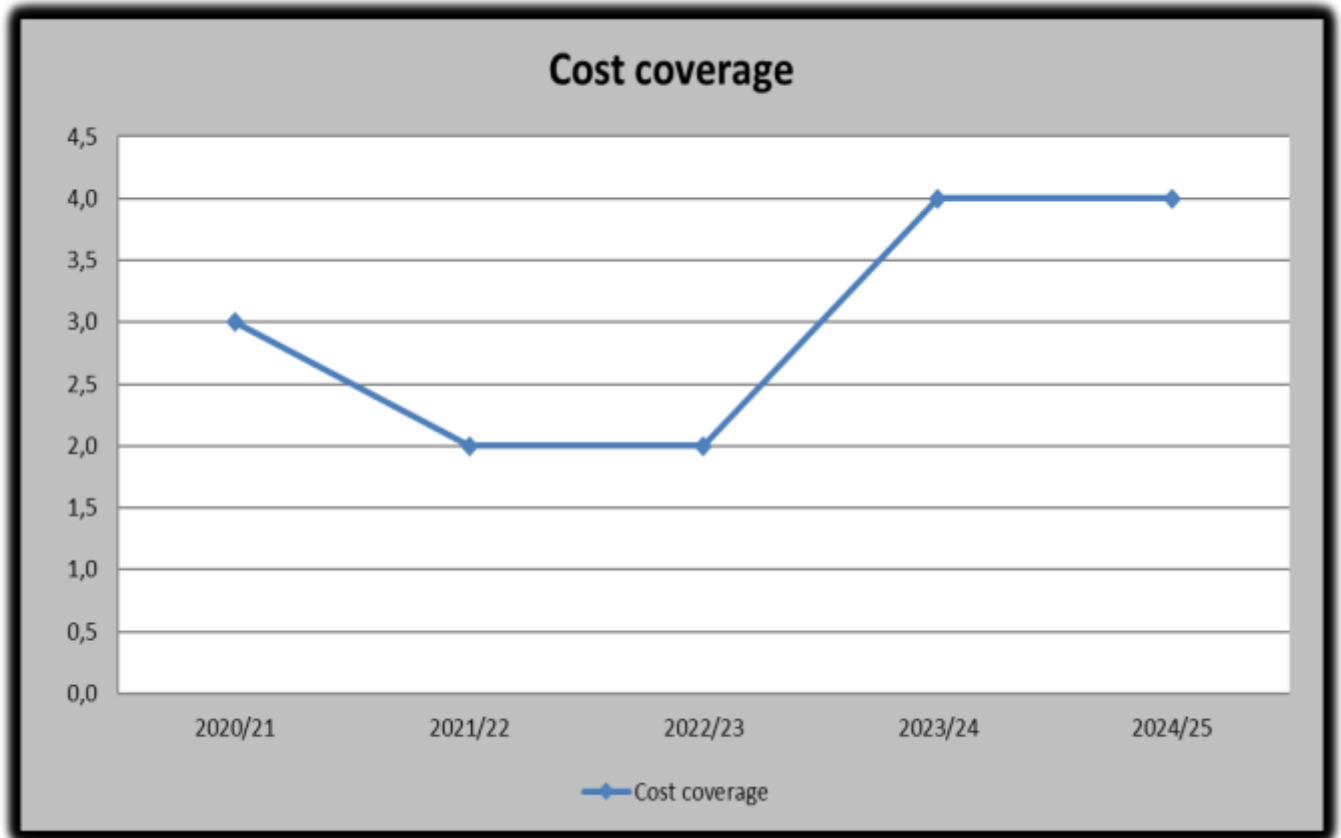
**Name of Project A** **KHUKHULELA WATER SUPPLY\_PIPES**  
 Objective of the Project Provision of Water to Community of Underberg  
 Delays The project is implemented on phases due to budget limit  
 Future Challenges Budget Constraints or limited  
 Anticipated Citizen Benefit 10000 Households will benefit after the completion of a project

**Financial Ratio's based on key financial indicators.**

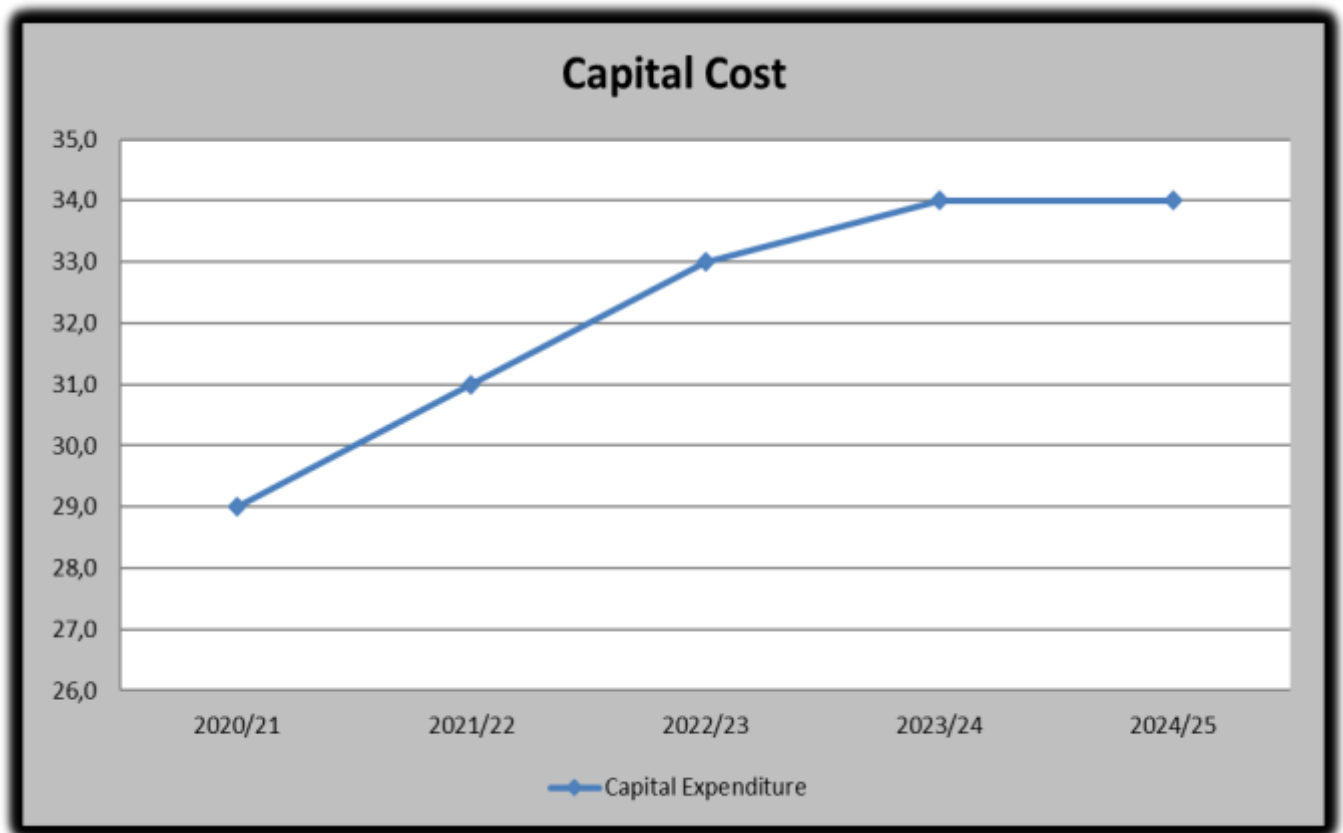


Liquidity ratio measures the municipalities ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. It is a key indicator of a municipality's financial health in the short term.

The graph above shows that in 2020/21 financial year the municipality achieved a current ratio that is below 1, meaning the municipality may have difficulty covering its short-term liabilities indicative of financial risk. In 2021/22 and 2022/23 the ratio slightly improved from the previous financial year, and the municipality should be able to comfortably meet its short-term obligations. Then again in 2023/24 the ratio improved drastically due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year. In 2024/25 financial year the ratio show a slightly decrease but still at a positive balance.



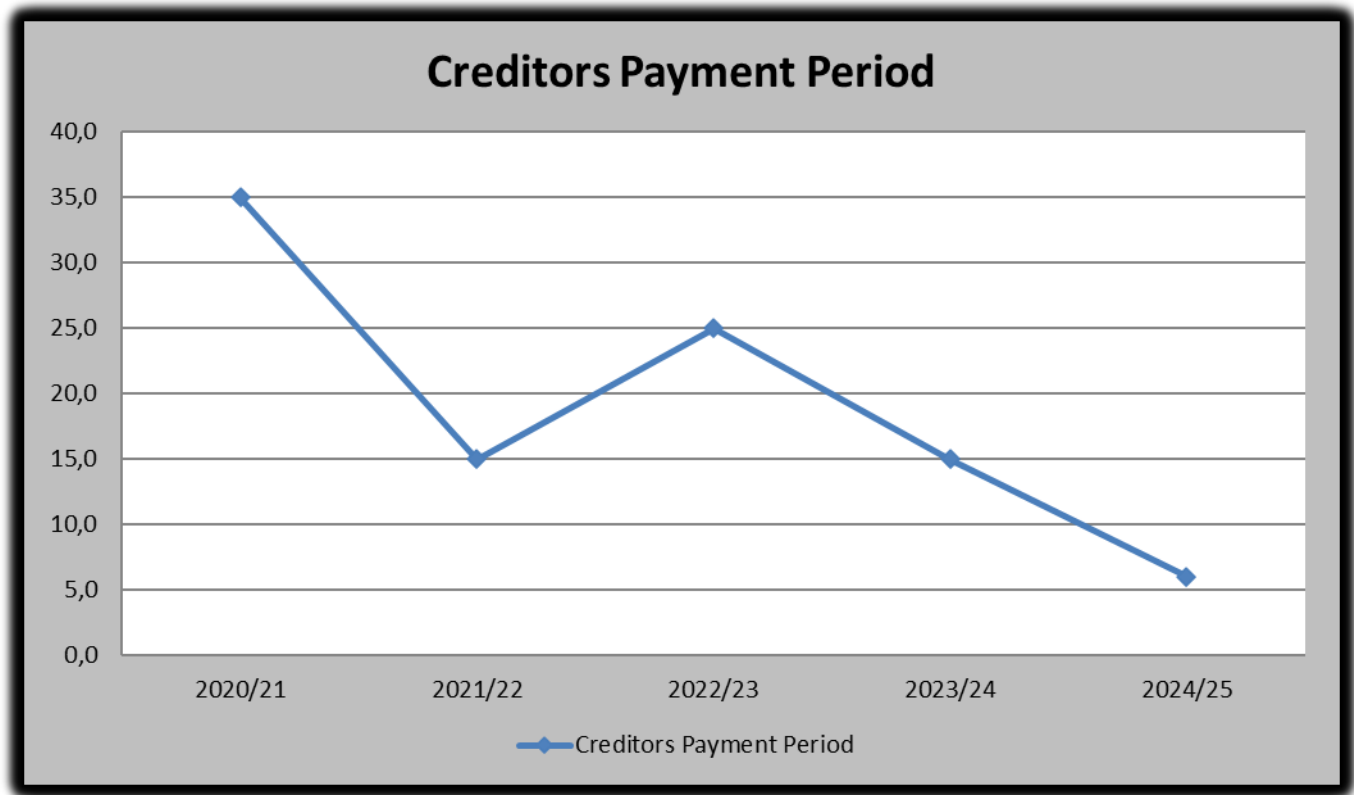
Cost coverage explains how many months expenditure can be covered by the cash and other liquid assets available to the municipality excluding utilisation of grants. The ratio above shows that the municipality has only three months to cover its operational costs with the available cash resources during 2020/21 financial year without any cash inflows. In 2021/22 the ratio decreased to 2 months to sustain its operations without any cash flow shows a positive trend, however in 2022/23 financial year the ratio regressed on this positive trend calling from much more stringent financial management measures. In 2023/24 and 2024/25 financial years the ratio has improved drastically to four months due to a higher cash balance at the end of June 2025.



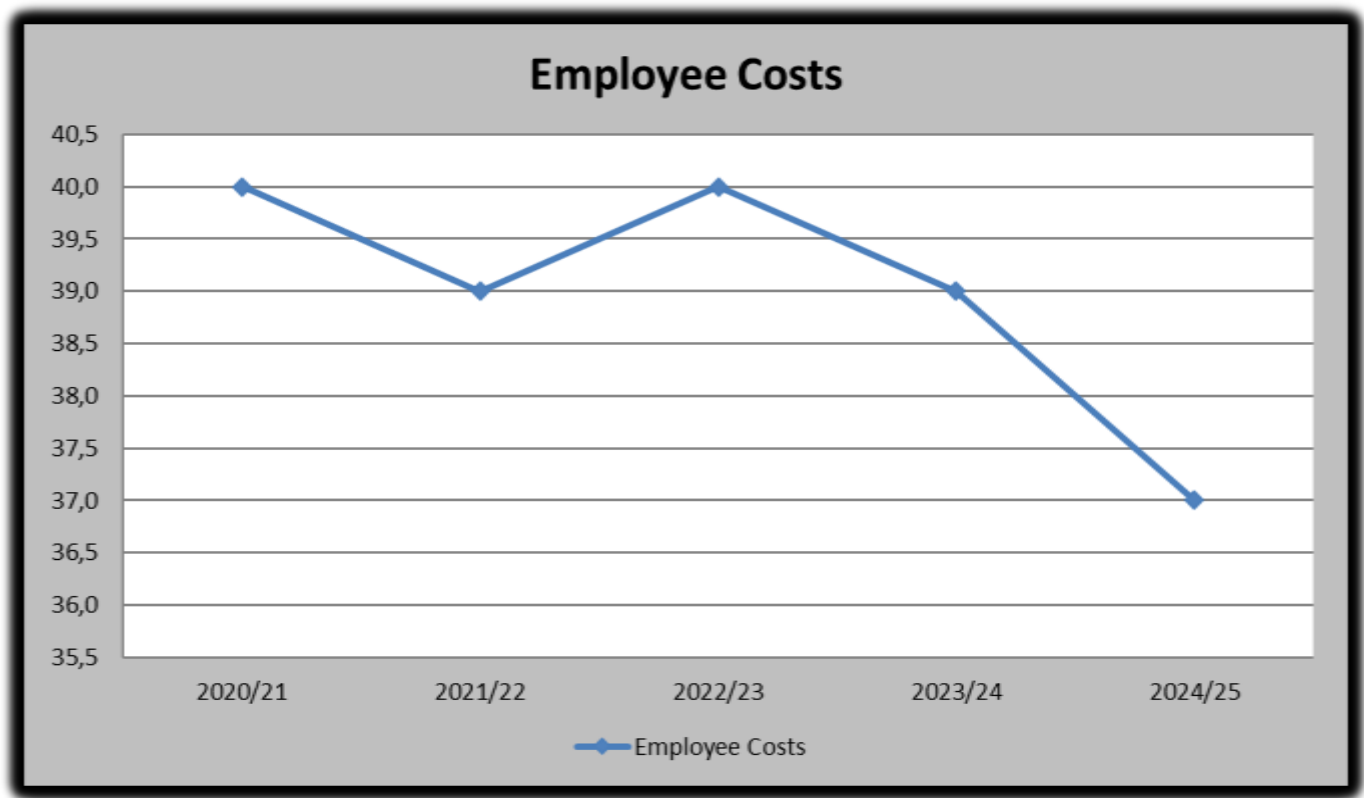
Capital Charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

This trend has declined in the year 2020/21 from 31% in 2021/22 financial year to 29% and the year under review due to the high increase in operating expenditure reduction in the capital outstanding balance in the three outer years and in 2024/25 the ratio is sitting at 34% due to decrease in the outstanding long term liabilities and decrease in finance charges.



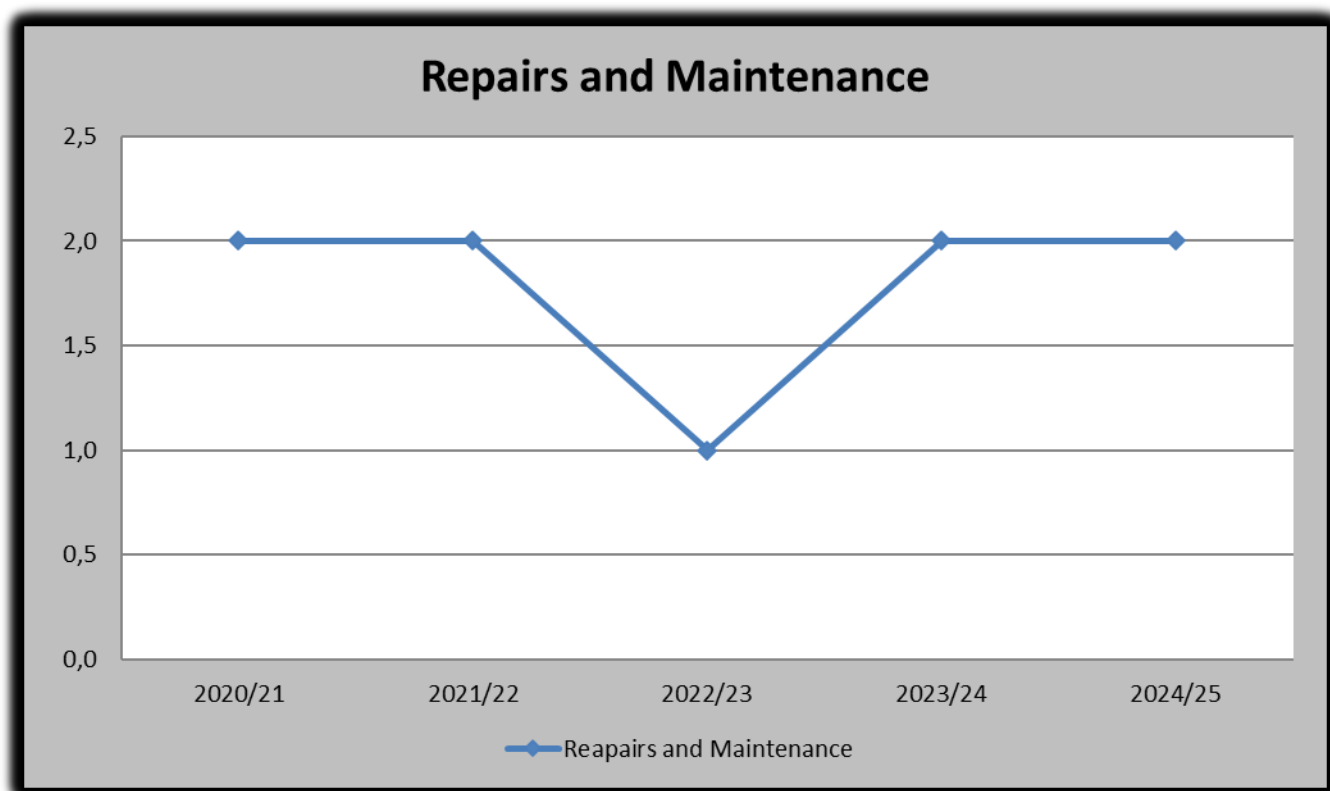


Creditor System Efficiency- The proportion of creditors paid within terms(i.e 30 days). The ratio is calculated by outstanding trade creditors divided by creditor purchases. The ratio has deteriorated in 2020/21 due to late payments of suppliers as a result of financial difficulties facing the municipality. The municipality therefore is having challenges in paying the suppliers within 30 days. In 2021/22 to 2024/25 there is great improvement in creditors payment period compared to previous financial years the municipality is paying its suppliers within 30 days unless the invoices were submitted in time.



Employee Cost measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. An increase trend can be noticed in the employee related costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs.

**REPAIRS AND MAINTANANCE**

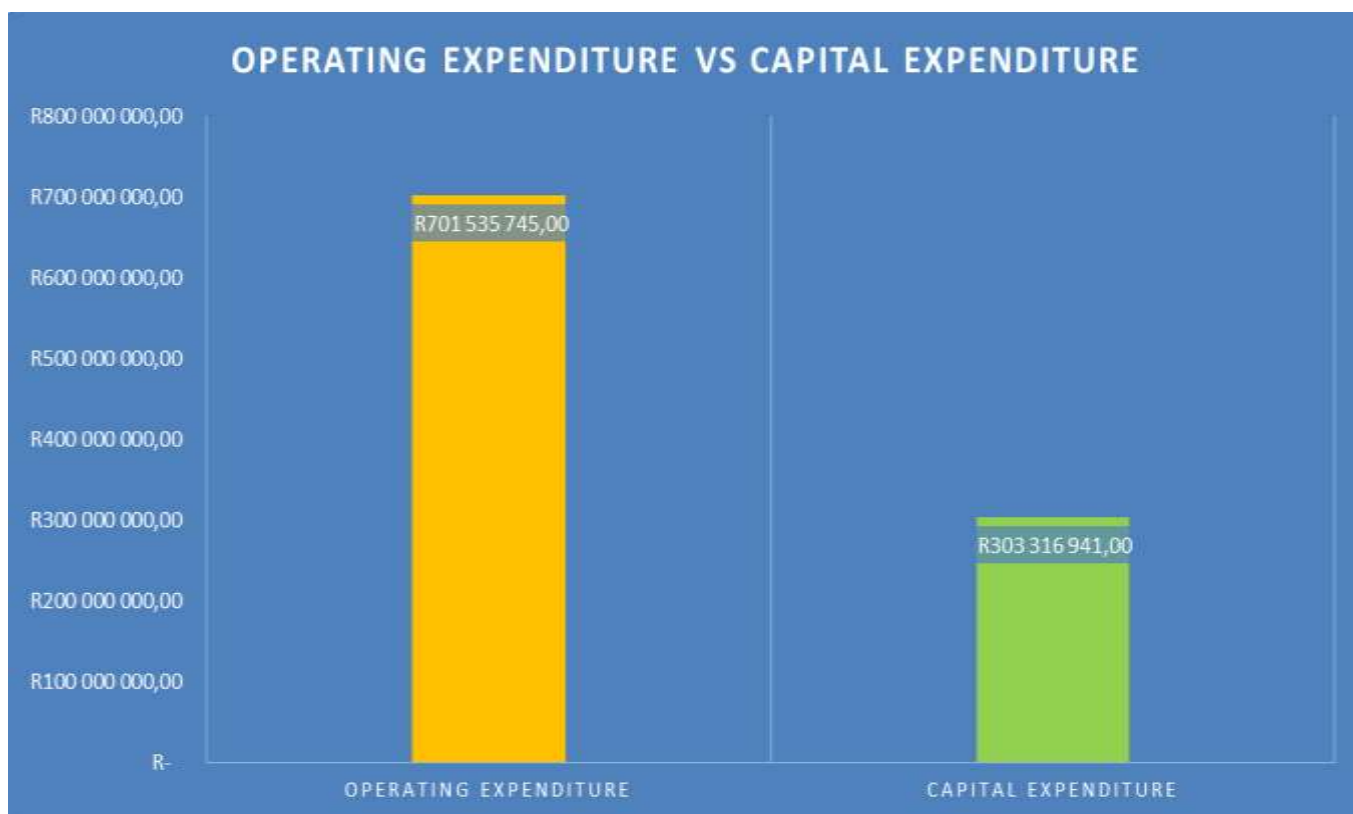


Repairs and maintenance represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the municipality's own revenue including the equitable share allocation. This ratio shows that the percentage of revenue spent on repairs and maintenance has been declining at low 2.0% from 2021/22 meaning the municipality is spending less money on maintaining its infrastructure. It is critical that the Municipality either increases its spending on infrastructural repairs and maintenance or increases its capital spending on the renewal of current assets in order to deal with the ever-growing backlog in maintaining old infrastructure.

### 5.3 Component B: Spending against Capital Budget

Capital expenditure largely relates mainly to construction projects that will have value lasting over many years. In the case of the district, this relates to the Water &

Sanitation Capital expenditure which is mainly funded from National Grants Transfers. The municipality spent 84% of its Capital Budget.



While operating expenditure for the year under review was 84%, the Capital expenditure reflected 97%, it should however be borne in mind that there exists a category of capital expenditure projects in the operating expenditure which therefore increases this expenditure as presented.

An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies. The district's commitment towards water & sanitation service delivery backlogs reduction is indicated by the greater than 90% expenditure trend on water & sanitation infrastructure in the capital budget under trading services.

## 5.4 Component C: Cash flow Management and Investment

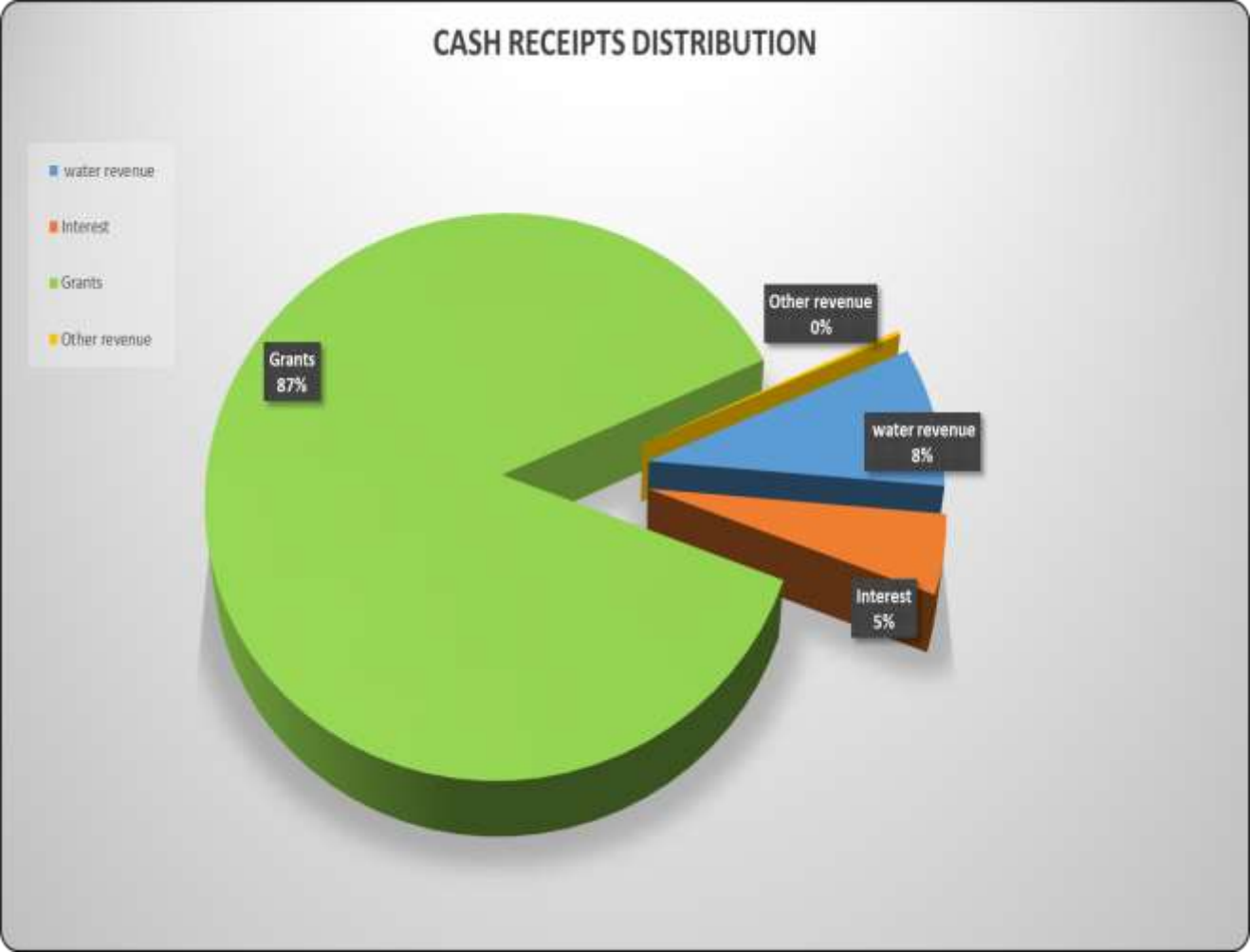
DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M12 June

| Description                                      | 2023/24          | Budget Year 2024/25 |                  |                 |                  |                  |                    |                |                    |
|--------------------------------------------------|------------------|---------------------|------------------|-----------------|------------------|------------------|--------------------|----------------|--------------------|
|                                                  | Audited Outcome  | Original Budget     | Adjusted Budget  | Monthly actual  | YearTD actual    | YearTD budget    | YTD variance       | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                               |                  |                     |                  |                 |                  |                  |                    |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |                  |                     |                  |                 |                  |                  |                    |                |                    |
| <b>Receipts</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Property rates                                   | 6                | –                   | –                | –               | –                | –                | –                  |                | –                  |
| Service charges                                  | 62 324           | 62 194              | 69 750           | 4 924           | 69 696           | 69 750           | (54)               | 0%             | 69 750             |
| Other revenue                                    | 1 805 797        | 68 324              | 67 270           | 193 865         | 1 503 267        | 67 270           | 1 435 997          | 2135%          | 67 270             |
| Transfers and Subsidies - Operational            | 473 045          | 512 493             | 512 493          | –               | 499 995          | 512 493          | (12 498)           | -2%            | 512 493            |
| Transfers and Subsidies - Capital                | 326 130          | 318 124             | 323 856          | 21 517          | 341 906          | 323 856          | 18 050             | 6%             | 323 856            |
| Interest                                         | 21 988           | 17 435              | 23 972           | 2 187           | 28 012           | 23 972           | 4 040              | 17%            | 23 972             |
| Dividends                                        |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| <b>Payments</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Suppliers and employees                          | (888 412)        | (633 686)           | (701 323)        | (95 367)        | (971 403)        | (701 323)        | 270 081            | -39%           | (701 323)          |
| Interest                                         | –                | (142)               | (15)             | –               | –                | (15)             | (15)               | 100%           | (15)               |
| Transfers and Subsidies                          | –                | –                   | –                | –               | –                | –                | –                  |                | –                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> | <b>1 800 878</b> | <b>344 742</b>      | <b>296 005</b>   | <b>127 127</b>  | <b>1 471 473</b> | <b>296 005</b>   | <b>(1 175 468)</b> | <b>-397%</b>   | <b>296 005</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                  |                     |                  |                 |                  |                  |                    |                |                    |
| <b>Receipts</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Proceeds on disposal of PPE                      |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| Decrease (increase) in non-current receivables   |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| Decrease (increase) in non-current investments   |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| <b>Payments</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Capital assets                                   | (309 604)        | (322 312)           | (361 074)        | (39 195)        | (313 481)        | (361 074)        | (47 593)           | 13%            | (361 074)          |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> | <b>(309 604)</b> | <b>(322 312)</b>    | <b>(361 074)</b> | <b>(39 195)</b> | <b>(313 481)</b> | <b>(361 074)</b> | <b>(47 593)</b>    | <b>13%</b>     | <b>(361 074)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                  |                     |                  |                 |                  |                  |                    |                |                    |
| <b>Receipts</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Short term loans                                 |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| Borrowing long term/refinancing                  |                  |                     |                  |                 |                  |                  | –                  |                |                    |
| Increase (decrease) in consumer deposits         | (355)            | (569)               | (569)            | –               | –                | (569)            | 569                | -100%          | (569)              |
| <b>Payments</b>                                  |                  |                     |                  |                 |                  |                  |                    |                |                    |
| Repayment of borrowing                           | –                | (2 400)             | (2 400)          | –               | –                | (2 400)          | (2 400)            | 100%           | (2 400)            |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> | <b>(355)</b>     | <b>(2 969)</b>      | <b>(2 969)</b>   | <b>–</b>        | <b>–</b>         | <b>(2 969)</b>   | <b>(2 969)</b>     | <b>100%</b>    | <b>(2 969)</b>     |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     | <b>1 490 920</b> | <b>19 461</b>       | <b>(68 038)</b>  | <b>87 932</b>   | <b>1 157 992</b> | <b>(68 038)</b>  |                    |                | <b>(68 038)</b>    |
| Cash/cash equivalents at beginning:              | 124 641          | 136 856             | 196 616          | (56 051)        | 209 430          | 196 616          |                    |                | 209 430            |
| Cash/cash equivalents at month/year end:         | 1 615 561        | 156 316             | 128 578          | 31 881          | 1 367 422        | 128 578          |                    |                | 141 392            |

### COMMENT ON CASH FLOW OUTCOMES

In 2020/21 financial year the cash flow position was at R56, 7million was improving to positive direction. In 2021/22 the cash flow shows a slightly decrease to R50, 72million the municipality cash flow was improving to positive direction. In 2022/23 financial year the cash flow went up showing an improvement, however in 2022/23 financial year cash flow increased drastically to R124, 6million. In 2023/24 and 2024/25 cash flow increased drastically showing a massive improvement and indicate positive balance.

- ✓ 2020/21 R 56, 7million
- ✓ 2021/22 R 50, 2million
- ✓ 2022/23 R 124, 6million



DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

| Description                                         | 2023/24         | Budget Year 2024/25 |                 |                |                |                  |                |                    |
|-----------------------------------------------------|-----------------|---------------------|-----------------|----------------|----------------|------------------|----------------|--------------------|
|                                                     | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual  | YearTD budget  | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                  |                 |                     |                 |                |                |                  |                |                    |
| <b>RECEIPTS:</b>                                    |                 |                     |                 |                |                |                  |                |                    |
| <b>Operating Transfers and Grants</b>               |                 |                     |                 |                |                |                  |                |                    |
| <b>National Government:</b>                         | 477 532         | 512 493             | 512 493         | 519 684        | 512 493        | 7 191            | 1,4%           | 512 493            |
| Energy Efficiency and Demand Side Management Grant  | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Equitable Share                                     | 463 631         | 491 837             | 491 837         | 491 837        | 491 837        | –                | 0,0%           | 491 837            |
| Expanded Public Works Programme Integrated Grant    | 5 823           | 4 460               | 4 460           | 4 460          | 4 460          | –                | 0,0%           | 4 460              |
| Integrated National Electrification Programme Grant | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Local Government Financial Management Grant         | 1 200           | 1 200               | 1 200           | 756            | 1 200          | (444)            | -37,0%         | 1 200              |
| Municipal Disaster Relief Grant                     | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Municipal Infrastructure Grant                      | 4 487           | 12 498              | 12 498          | 21 812         | 12 498         | 9 314            | 74,5%          | 12 498             |
| Rural Road Asset Management Systems Grant           | 2 391           | 2 498               | 2 498           | 819            | 2 498          | (1 679)          | -67,2%         | 2 498              |
| Water Services Infrastructure Grant                 | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Other transfers and grants [insert description]     | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>Provincial Government:</b>                       | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Capacity Building and Other Grants                  | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Other transfers and grants [insert description]     | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>District Municipality:</b>                       | –               | –                   | –               | –              | –              | –                | –              | –                  |
| [insert description]                                | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>Other grant providers:</b>                       | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Chemical Industry Seta                              | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>Total Operating Transfers and Grants</b>         | <b>477 532</b>  | <b>512 493</b>      | <b>512 493</b>  | <b>519 684</b> | <b>512 493</b> | <b>7 191</b>     | <b>1,4%</b>    | <b>512 493</b>     |
| <b>Capital Transfers and Grants</b>                 |                 |                     |                 |                |                |                  |                |                    |
| <b>National Government:</b>                         | 332 319         | 318 124             | 315 844         | 197 639        | 315 844        | (118 205)        | -37,4%         | 315 844            |
| Integrated National Electrification Programme Grant | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Municipal Infrastructure Grant                      | 242 319         | 218 124             | 215 844         | 137 398        | 215 844        | (78 445)         | -36,3%         | 215 844            |
| Neighbourhood Development Partnership Grant         | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Regional Bulk Infrastructure Grant                  | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Rural Road Asset Management Systems Grant           | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Water Services Infrastructure Grant                 | 90 000          | 100 000             | 100 000         | 60 240         | 100 000        | (39 760)         | -39,8%         | 100 000            |
| <b>Provincial Government:</b>                       | –               | –                   | 8 013           | 2 547          | 8 013          | (5 465)          | -68,2%         | 8 013              |
| Infrastructure Grant                                | –               | –                   | 8 013           | 2 547          | 8 013          | (5 465)          | -68,2%         | 8 013              |
| <b>District Municipality:</b>                       | –               | –                   | –               | –              | –              | –                | –              | –                  |
| [insert description]                                | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>Other grant providers:</b>                       | –               | –                   | –               | –              | –              | –                | –              | –                  |
| [insert description]                                | –               | –                   | –               | –              | –              | –                | –              | –                  |
| Human Settlement Re-development Programme           | –               | –                   | –               | –              | –              | –                | –              | –                  |
| <b>Total Capital Transfers and Grants</b>           | <b>332 319</b>  | <b>318 124</b>      | <b>323 856</b>  | <b>200 186</b> | <b>323 856</b> | <b>(123 670)</b> | <b>-38,2%</b>  | <b>323 856</b>     |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>     | <b>809 852</b>  | <b>830 617</b>      | <b>836 350</b>  | <b>719 870</b> | <b>836 350</b> | <b>(116 479)</b> | <b>-13,9%</b>  | <b>836 350</b>     |

## COMMENT ON GRANT RECEIPTS

**Operating Transfers and Grants:** Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

**Capital Transfers and Grants:** All capital grants received were 100% of the adjusted budget.

Grants receipts reflected 100% of the total receipts.

#### 5.4.1 Borrowing and Investments

The municipality does not have any borrowings.

The municipality does not have investments greater than 90 days. All excess funds are deposited and kept in call accounts and these short-term investments are made after taking into consideration short term working capital requirements.

#### 5.4.2 Public Private Partnerships

The Municipality is currently not involved in any Public Private Partnerships arrangements.





**CHAPTER**

**REPORT OF THE AUDITOR-GENERAL**  
**6**

## **REPORT OF THE AUDITOR-GENERAL**

**Harry Gwala District Municipality**

**For the year ended 30 June 2025**

## Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality

### Report on the audit of the financial statements

#### Opinion

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

#### Basis for opinion

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

#### Emphasis of matters

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

#### Material impairments – Consumer debtors

7. As disclosed in note 6 to the financial statements, consumer debtors were impaired by R223,99 million (2023-24: R222,13 million) as the recoverability of these amounts was considered to be doubtful.

### **Restatement of corresponding figures**

8. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2025.

### **Material losses – water**

9. As disclosed in note 45 to the financial statements, material water losses of R12,86 million (2023-24: R11,16 million) was incurred, which represents 36,6% (2023-24: 37,5%) of total water purchased. This was mainly due to ageing infrastructure and illegal connections.

### **Other matter**

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

### **Unaudited disclosure notes**

11. In terms of section 125(2) (e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

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

### **Responsibilities of the auditor-general for the audit of the financial statements**

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

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

#### Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

| Key performance area   | Page numbers | Purpose                                                                                                                             |
|------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Basic service delivery | XX           | To improve the coverage, quality, efficiency and sustainability of water and sanitation services in all urban and rural communities |

18. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents



- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

21. The material finding on the reported performance information for the selected key performance area is as follows:

#### **Basic service delivery**

##### **Various indicators**

22. The indicators measure a date by when the planned activity will be completed, which does not relate to the achievement of the planned objectives. Consequently, the indicators are not useful for measuring and monitoring progress against the municipality's planned objectives.

| Indicator                                                                                                                                                              | Target           | Planned objective                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------|
| 1.1.1 Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage (Emazizini Water Supply).                 | 15 December 2024 | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities |
| 1.1.2 Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage (Hostela-Mncweba Water Supply)            | 30 November 2024 |                                                                                                         |
| 1.1.3 Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage (Refurbishment Bhayi-Gudlicingo Schemes). | 31 October 2024  |                                                                                                         |
| 1.1.4 Date by when the rising main , reticulation and pumpstations are commissioned, tested and handed over for usage (Nokweja/Mashumi Community Water Supply).        | 30 November 2024 |                                                                                                         |
| 1.1.5 Date by when the installation of four tanks is complete                                                                                                          | 30 June 2025     |                                                                                                         |
| 1.1.5 Date by when the construction of a pumpstation is complete.                                                                                                      | 30 June 2025     |                                                                                                         |
| 1.1.5 Date by when the installation of twenty standpipes is complete.                                                                                                  | 30 June 2025     |                                                                                                         |
| 1.1.6 Date by when the rehabilitation of access road to treatment works is complete.                                                                                   | 30 June 2025     |                                                                                                         |
| 1.1.6 Date by when the installation of two storage tanks is complete.                                                                                                  | 30 June 2025     |                                                                                                         |

|                                                                                                                      |                  |  |
|----------------------------------------------------------------------------------------------------------------------|------------------|--|
| 1.1.6 Date by when the equipping of two borehole pumps is completed.                                                 | 30 June 2025     |  |
| 1.1.6 Date by when the refurbishment of pumpstation at the treatment works is complete.                              | 30 June 2025     |  |
| 1.1.7 Date by when the installation of one storage tank is complete.                                                 | 30 June 2025     |  |
| 1.1.7 Date by when the construction of 2,5km gravity pipeline is complete.                                           | 30 June 2025     |  |
| 1.1.8 Date by when the installation of two storage tanks is complete.                                                | 30 June 2025     |  |
| 1.1.8 Date by when the construction of pumpstation is complete.                                                      | 30 June 2025     |  |
| 1.1.9 Date by when the construction of 6km rising main complete with chambers is completed                           | 30 June 2025     |  |
| 1.1.9 Date by when construction of 3ML Steel tank is completed                                                       | 30 January 2025  |  |
| 1.1.9 Date by when the Water Treatment Plant is completed .                                                          | 17 January 2025  |  |
| 1.1.9 Date by when Abstraction works is completed                                                                    | 17 January 2025  |  |
| 1.1.9 Date by when Sludge dam is completed                                                                           | 17 January 2025  |  |
| 1.1.10 Date by when the construction of pumpstation and bulk pipeline installed at Umzimkhulu/Mbizweni Sewer upgrade | 31 December 2024 |  |
| 1.1.11 Date by when the bifurcation node is constructed                                                              | 31 December 2024 |  |
| 1.1.11 Date by when river crossing is completed                                                                      | 30 March 2025    |  |
| 1.1.11 Date by when testing of reservoir in kwaJames is completed                                                    | 30 March 2025    |  |
| 1.1.12 Date by when the Mqumeni Santombe abstraction works is completed                                              | 31 December 2024 |  |
| 1.1.13 Date by when the two Pumpstation are completed with walls as well as base columns                             | 30 June 2025     |  |
| 1.1.13 Date by when excavations for the reservoir, Pumpstation and Splitter box is complete                          | 30 March 2025    |  |
| 1.1.13 Date by when the construction of the steel pipe is completed                                                  | 25 April 2025    |  |
| 1.1.13 Date by when the installation of the pumps is completed                                                       | 30 June 2025     |  |
| 1.1.14 Date by when 3km of steel pipeline will be completed                                                          | 30 June 2025     |  |

|                                                                                                                                    |                  |  |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|--|
| 1.1.14 Date by when 1 x Booster pumpstation with complete walls, roof and floor slab will be completed                             | 30 June 2025     |  |
| 1.1.16 Date by when the Access road is completed                                                                                   | 30 June 2025     |  |
| 1.1.16 Date by when the pumpstation building is completed                                                                          | 30 June 2025     |  |
| 1.1.16 Date by when earthworks for the dam wall are completed                                                                      | 30 June 2025     |  |
| 1.1.17 Date by when 706 toilet top structure are connected to the sewer lines complete with plumbing materials and ERF connections | 25 January 2025  |  |
| 1.1.18 Date by when the O and M section confirms the water Quality                                                                 | 26 February 2025 |  |
| 1.1.19 Date by when the Gqumeni Reservoir is connected to the bulk line                                                            | 27 June 2025     |  |
| 1.1.19 Date by when the gravity pipeline from Gqumeni to Jokweni is completed                                                      | 27 June 2025     |  |

### Other matters

23. I draw attention to the matters below.

#### Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material finding on the reported performance information.
25. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

#### Basic service delivery

| <i>Targets achieved: 43.59%</i>                                                                                         |                |                            |
|-------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| Key service delivery indicator not achieved                                                                             | Planned target | Reported achievement       |
| Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. | 15 Dec 2024    | 15 Dec 2024 (Not achieved) |

| <i>Targets achieved: 43.59%</i>                                                                                         |                |                            |
|-------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| Key service delivery indicator not achieved                                                                             | Planned target | Reported achievement       |
| Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. | 30 Nov 2024    | 29 Nov 2024 (Not achieved) |
| Date by when the rising main , reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. | 31 Oct 2024    | 30 Oct 2024 (Not achieved) |
| Date by when the rising main , reticulation and pumpstations are commissioned, tested and handed over for usage.        | 30 Nov 2024    | 29 Nov 2024 (Not achieved) |
| Date by when the installation of four tanks is complete                                                                 | 30 Jun 2025    | 0                          |
| Date by when the construction of a pumpstation is complete.                                                             | 30 Jun 2025    | 0                          |
| Date by when the installation of two storage tanks is complete.                                                         | 30 Jun 2025    | 0                          |
| Date by when the refurbishment of pumpstation at the treatment works is complete.                                       | 30 Jun 2025    | 0                          |
| Date by when the installation of two storage tanks is complete.                                                         | 30 June 2025   | 0                          |
| Date by when the construction of pumpstation is complete.                                                               | 30 Jun 2025    | 0                          |
| Date by when the construction of 6km rising main complete with chambers is completed                                    | 30 Jun 2025    | 0                          |
| Date by when the construction of pumpstation and bulk pipeline installed at Umzimkhulu/Mbizweni Sewer upgrade           | 31 Dec 2024    | 0                          |
| Date by when river crossing is completed                                                                                | 30 Mar 2025    | 0                          |
| Date by when the two Pumpstation are completed with walls as well as base columns                                       | 30 Jun 2025    | 0                          |
| Date by when the construction of the steel pipe is completed                                                            | 25 Apr 2025    | 0                          |
| Date by when the installation of the pumps is completed                                                                 | 30 Jun 2025    | 0                          |



| <i>Targets achieved: 43.59%</i>                                                                 |                |                      |
|-------------------------------------------------------------------------------------------------|----------------|----------------------|
| Key service delivery indicator not achieved                                                     | Planned target | Reported achievement |
| Date by when 1 x Booster pumpstation with complete walls, roof and floor slab will be completed | 30 Jun 2025    | 0                    |
| Date by when the Access road is completed                                                       | 30 Jun 2025    | 0                    |
| Date by when the pumpstation building is completed                                              | 30 Jun 2025    | 0                    |
| Date by when earthworks for the dam wall are completed                                          | 30 Jun 2025    | 0                    |
| Date by when the Gqumeni Reservoir is connected to the bulk line                                | 27 Jun 2025    | 0                    |
| Date by when the gravity pipeline from Gqumeni to Jokweni is completed                          | 27 Jun 2025    | 0                    |

#### Material misstatements

26. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct the misstatements and I reported material findings in this regard.

#### Report on compliance with legislation

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

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

#### **Annual financial statements, performance reports and annual reports**

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

#### **Expenditure management**

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R241,85 million, as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by competitive bidding process not followed and panel allocation not fair.
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R34,47 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

#### **Human resources management**

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

#### **Revenue management**

35. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

#### **Procurement and contract management**

36. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a).
37. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

#### **Strategic planning and performance management**

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

### Other information in the annual report

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

### Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
45. Management did not exercise oversight responsibility regarding performance reporting and compliance, as well as related internal controls.
46. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting. In addition, management did not take adequate steps to prevent breakdowns in compliance processes by instilling discipline in the institutionalisation of policies and procedures, as well as strict monitoring the compliance checklist.

### Material irregularities

47. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

## Status of previously reported material irregularities

### Payments made to contractor for project standing costs

48. The municipality did not comply with section 116(2)(a) of the MFMA which states that the accounting officer of a municipality or municipal entity must take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced.
49. The municipality entered into a contract with a supplier for the construction of the Gala Bulk pipeline from Sappi's Ngudwini Dam to J8 (Emnywaneni off-take Greater Bulwer-Donnybrook Water Supply). The construction was dependent on the delivery of the pipes which were procured using another contract from a different supplier. The delivery of the pipes was significantly delayed, which resulted in the delays on the construction process and a subsequent claim for standing time against the municipality.
50. The municipality did not enforce any of the delay or penalty clauses against the supplier for failure to deliver the pipes on time resulting in non-compliance with section 116(2)(a) of the MFMA. The non-compliance resulted in a material financial loss for the municipality of R8,1 million as a result of the standing time claimed and paid to the service provider for delays in construction.
51. The accounting officer was notified of the material irregularity on 15 February 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter.
52. The following actions are being taken to address the material irregularity:
  - An investigation was conducted on the matter, and four municipal employees were recommended for disciplinary.
  - Disciplinary proceedings against implicated municipality employees are currently in progress and nearing conclusion. Three employees have completed their evidence in chief and cross examinations, with only one employees' evidence in chief and cross examination pending.
  - The matter is expected to be finalised by 10 December 2025, after which parties will submit heads of argument for consideration by the presiding officer, who will then issue a ruling and sanction.
  - The accounting officer has committed to pursue recoveries from the responsible officials, depending on the outcome of the disciplinary hearing.
  - A letter of demand was issued to the service provider that was responsible for supplying the pipes, demanding a repayment of the loss suffered. This led to a legal process instituted by the supplier against the municipality denying responsibility for the financial loss suffered



- Due to weaknesses in controls that were identified by the investigation and based on the advice from the legal representatives of the Municipality, the accounting officer elected not to pursue loss recovery as the prospects of recovery are remote.
- The internal controls within the supply chain management (SCM) unit were strengthened through the implementation of the new SCM compliance checklist, to ensure proper verification processes prior to processing payments. This checklist has been in place since the 2022/23 financial year. A clear liability clause for non-compliance has been incorporated into the specification of the service-level agreements.
- Supply chain management employees were provided with the training on contract and supply chain management processes during the 2022/23 financial year

53. I will follow up on the progress of this matter in the next audit.

#### Payments to consultant not in accordance with contract terms

54. The municipality did not comply with section 78(1)(b) of the MFMA which states that each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently.
55. The municipality awarded a contract to a service provider for the provision of technical support for assets verification and conditional assessments for a period of 36 months effective from 02 May 2019. The officials of the municipality approved payments to the service provider that were not in accordance with the approved MOA thereby not effectively implementing financial management controls around payment approval and processing resulting in a likely financial loss amounting to R22,1 million.
56. The accounting officer was notified of the material irregularity on 31 January 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter.
57. The following actions are being taken to address the material irregularity:
- An investigation into the matter is currently in progress.
  - The municipality suspended the processing of payments relating to this contract pending the finalisation of the investigation.
  - The service provider has instituted a counter claim against the municipality for the outstanding payments not processed.
  - The municipality applied to the court to review and set aside the service provider's appointment in respect of the contract. The municipality intends to claim amounts paid to the service provider from the latter and from former management of the municipality. The matter is in high court.

58. I will follow up on the progress of the matters indicated above, including the outcomes of the investigations and the implementation of the recommendations thereof, in the next audit.

Auditor-General

Pietermaritzburg

29 November 2025



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor general's responsibility for the audit

#### Professional judgement and professional scepticism

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

#### Financial statements

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

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

### **Communication with those charged with governance**

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

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



## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                                                   | Sections or regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Municipal Finance Management Act 56 of 2003                                                   | Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b) |
| MFMA: Municipal budget and reporting regulations, 2009                                        | Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| MFMA: Municipal Investment Regulations, 2005                                                  | Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014 | Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| MFMA: Municipal Supply Chain Management Regulations, 2017                                     | Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)                                                                                                                                                                                                                                                                                                                                                   |
| Construction Industry Development Board Act 38 of 2000                                        | Section: 18(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Construction Industry Development Board Regulations, 2004                                     | Regulations: 17, 25(7A)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Division of Revenue Act                                                                       | Sections: 11(6)(b), 12(5), 16(1); 16(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Municipal Property Rates Act 6 of 2004                                                        | Section: 3(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Municipal Systems Act 32 of 2000                                                              | Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)<br><br><b>Parent municipality with ME:</b><br>Sections: 93B(a), 93B(b)                                                                                                                                                                                                                                                                                                                                                                         |

| Legislation                                                                                                                 | Sections or regulations                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MSA: Disciplinary Regulations for Senior Managers, 2011                                                                     | Regulations: 5(2), 5(3), 5(6), 8(4)                                                                                                                              |
| MSA: Municipal Planning and Performance Management Regulations, 2001                                                        | Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii) |
| MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 | Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)                                                                                              |
| MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014                                       | Regulations: 17(2), 36(1)(a)                                                                                                                                     |
| MSA: Municipal Staff Regulations                                                                                            | Regulations: 7(1), 19, 31, 35(1)                                                                                                                                 |
| MSA: Municipal Systems Regulations, 2001                                                                                    | Regulation: 43                                                                                                                                                   |
| Prevention and Combating of Corrupt Activities Act 12 of 2004                                                               | Section: 34(1)                                                                                                                                                   |
| Preferential Procurement Policy Framework Act 5 of 2000                                                                     | Sections: 2(1)(a), 2(1)(f)                                                                                                                                       |
| Preferential Procurement Regulations, 2017                                                                                  | Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)        |
| Preferential Procurement Regulations, 2022                                                                                  | Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)                                                                                                      |

**PPENDICES**

Appendix A: Councillor's committee allocation and council attendance

Council and Committees for the 2024/2025 financial year

|         | <b>MEETING DATES</b> | <b>NO OF MEETINGS<br/>PRESENT</b> | <b>NO OF<br/>MEETINGS<br/>ABSENT</b> |
|---------|----------------------|-----------------------------------|--------------------------------------|
| Council | 30 July 2024         | 1. Cllr MSD Mdunge                | None                                 |
|         | 27 August 2024       | - 13                              | 03                                   |
|         | 09 October 2024      | 2. Cllr ZD Nxumalo                | 02                                   |
|         | 29 October 2024      | - 10                              | 01                                   |
|         | 12 November 2024     | 3. Cllr TN Jojozi -               | None                                 |
|         | 12 December 2024     | 11                                | 03                                   |
|         | 28 January 2025      | 4. Cllr N Mhatu - 12              | None                                 |
|         | 25 February 2025     | 5. Cllr SD Bewka -                | 02                                   |
|         | 25 March 2025        | 13                                | None                                 |
|         | 29 April 2025        | 6. Cllr Z Tshangase               | None                                 |
|         | 15 May 2025          | - 10                              | None                                 |
|         | 28 May 2025          | 7. Cllr KS Dlamini -              | None                                 |
|         | 24 June 2025         | 13                                | 02                                   |
|         |                      | 8. Cllr NW Dladla                 | None                                 |
|         |                      | - 11                              | 03                                   |
|         |                      | 9. Cllr ZP Dlamini -              | 13                                   |
|         |                      | 13                                | 02                                   |
|         |                      | 10. Cllr PN Damoyi                | 01                                   |
|         |                      | - 13                              | 02                                   |
|         |                      | 11. Cllr TG Soni -                | 01                                   |
|         |                      | 13                                | 03                                   |
|         |                      | 12. Cllr SRL                      | 01                                   |
|         |                      | Nzimande - 13                     | None                                 |
|         |                      | 13. Cllr PK Memela                | 02                                   |
|         |                      | - 11                              | 02                                   |
|         |                      | 14. Cllr NC Dlamini               | 04                                   |
|         |                      | 219 - 13                          | 05                                   |

|      |                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                             |          |
|------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
|      |                                                                          | 15.Cllr BR Memela<br>- 10<br>16.Cllr NH Malimela<br>- 13<br>17.Cllr HV Msomi<br>- 11<br>18.Cllr HA Lukhozi -<br>12<br>19.Cllr TSH Gamede<br>-11<br>20.Cllr B Sibeneni - 12<br><br>21.Cllr Z Ngidi -<br>10<br>22.Cllr N Mda -<br>12<br>23.Cllr SG Mkhize<br>- 13<br>24.Cllr ZR Tshazi -<br>11<br>25.Cllr N Mathe -<br>11<br>26.Cllr BL Marncé -<br>09<br>27.Cllr. NH Zaca -<br>08<br>28.Cllr NR Mtshali -<br>10<br>29. Cllr X Memela -<br>09 | 03<br>04 |
| EXCO | 12 July 2024<br>17 September 2024<br>19 November 2024<br>15 January 2025 | 1. Cllr. ZD Nxumalo -5<br>2. Cllr. TN Jojozi -5<br>3. Cllr. SD Bekwa -5<br>220<br>4. Cllr. Z Tshangase -5                                                                                                                                                                                                                                                                                                                                   | None.    |

|                                   |                                                                                                                              |                                                                                                                                                       |                                          |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
|                                   | 13 March 2025                                                                                                                | 5. Cllr. KS Dlamini -5                                                                                                                                |                                          |
| Water Services                    | 08 October 2024<br>02 July 2024<br>07 August 2024<br>08 October 2024<br>01 November 2024<br>12 February 2025<br>11 June 2025 | 1. Cllr SD Bekwa - 07<br>2. Cllr ZR Tshazi - 07<br>3. Cllr NH Malimela - 06<br>4. Cllr TG Soni – 07<br>5. Cllr N Mathe – 07<br>6. Cllr SG Mkhize - 06 | None<br>None<br>01<br>None<br>None<br>01 |
| Social Services Committee:        | 14 August 2024<br>14 November 2024<br>11 February 2025<br>03 April 2025<br>05 June 2025                                      | 1. Cllr TN Jojozi -5<br>2. Cllr N.M Mhatu - 4<br>3. Cllr P.K. Memela – 4<br>4. Cllr N.H. Zaca – 4<br>5. Cllr NC Dlamini - 4                           | None<br>1<br>1<br>1<br>1                 |
| Corporate Services Committee      | 21 August 2024<br>04 December 2024<br>04 February 2025<br>04 April 2025<br>04 June 2025                                      | 1. Cllr. TN Jojozi -5<br>2. Cllr. B Sibeni -5<br>3. Cllr. TSH Gamede -5<br>4. Cllr. X Memela -5<br>5. Cllr. PN Damoyi -5                              | None.                                    |
| Infrastructure Services Committee | 05 November 2024<br>03 October 2024<br>02 August 2024<br>07 February 2025<br>10 April 2025<br>06 June 2025                   | 1. Cllr ZD Nxumalo – 6<br>2. Cllr. ZM Ngidi -6<br>3. Cllr. ZP Dlamini - 6<br>4. Cllr. HV Msomi - 6                                                    | None                                     |

|                                       |                                                                                                                                                            |                                                                                                                            |                                |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------|
|                                       |                                                                                                                                                            | 5. Cllr. NR Mtshali - 6<br>6. Cllr. Z Tshangase- 6                                                                         |                                |
| Municipal Public Accounts Committee . | 05 August 2024<br>08 August 2024<br>19 August 2024<br>23 August 2024<br>18 September 2024<br>12 March 2025<br>10 June 2025                                 | 1. Cllr NW Dladla- 07<br>2. Cllr BR Memela – 06<br>3. Cllr HA Lukhozi – 07<br>4. Cllr BL Marnce - 05<br>5. Cllr N Mda – 05 | None<br>01<br>None<br>02<br>02 |
| Local Labour Forum                    | 24 June 2024<br>16 August 2024<br>14 November 2024<br>17 January 2025<br>14 February 2025<br>31 March 2025<br>22 April 2025<br>16 May 2025<br>13 June 2025 | 1. Cllr SRL Nzimande - 8<br>2. Cllr. ZP Dlamini - 09<br>3. Cllr TSH Gamede - 05<br>4. Cllr ZR Tshazi - 05                  | 01<br>None<br>04<br>04         |
| Rapid Response Team                   | 31 August 2024<br>05 November 2024<br>28 February 2025<br>30 May 2025                                                                                      | 1. Cllr MSD Mdunge -4<br>2. Cllr SD Bekwa – 4<br>3. Cllr NW Dladla – 4<br>4. Cllr NR Mtshali – 4<br>5. Cllr NC Dlamini – 4 | None                           |

|                                |                   |                           |      |
|--------------------------------|-------------------|---------------------------|------|
|                                |                   | 6. Cllr N Mda - 4         |      |
| Budget and Treasury Committee  | 13 August 2024    | 1. Cllr ZD Nxumalo - 8    | 02   |
|                                | 12 September 2024 | 2. Cllr TN Jojozi - 10    | None |
|                                | 12 November 2024  | 3. Cllr SD Bekwa - 10     | None |
|                                | 11 October 2024   | 4. Cllr SRL Nzimande - 9  | 01   |
|                                | 12 November 2024  | 5. Cllr KS Dlamini - 10   | None |
|                                | 14 January 2025   |                           |      |
|                                | 13 February 2025  |                           |      |
|                                | 11 March 2025     |                           |      |
|                                | 16 May 2025       |                           |      |
|                                | 13 June 2025      |                           |      |
| Multi-Party Women's Commission | 03 December 2024  | 1. Cllr ZP Dlamini - 4    | None |
|                                | 30 September 2024 | 2. Cllr TN Jojozi - 4     | None |
|                                | 22 October 2024   | 3. Cllr N Mhatu- 3        | 1    |
|                                | 16 January 2025   | 4. Cllr N Damoyi- 3       | 1    |
|                                |                   | 5. Cllr NW Dladla- 4      | None |
|                                |                   | 6. Cllr TSH Gamede -2     | None |
|                                |                   | 7. Cllr NH Malimela - 4   | 2    |
|                                |                   | 8. Cllr BR Memela- 4      | None |
|                                |                   | 9. Cllr N Mda- 3          | None |
|                                |                   | 10. Cllr NR Mtshali - 1   | None |
|                                |                   | 11. Cllr B Sibeneni - 2   | None |
|                                |                   | 12. Cllr TG Soni- 4       |      |
|                                |                   | 13. Cllr ZR Tshazi- 4     |      |
|                                |                   | 223<br>14. Cllr NH Zaca-4 |      |

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

## Appendix B: Committee and committee purpose

- Council
- Executive Committee
- Budget and Treasury Office Committee
- Corporate Services Committee
- Social Services and development Planning Committee
- Infrastructure Services Committee
- Water Services Committee
- Municipal Public Accounts Committee
- Audit Committee
- Multi Party Women's Caucus

### Council

The legislative and executive authority of a municipality is vested in its municipal council for a term of no more than five years as determined in national legislation.

The following functions may not be delegated by a Municipal Council:

- a. The passing of by-laws;
- b. the approval of budgets;



- c. the imposition of rates and other taxes, levies and duties; and
- d. the raising of loans.

The municipal council is also responsible for:

- the approval of and adherence to municipal policies,
- providing financial oversight,
- approval of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP),
- employment of the Municipal Manager and managers that report directly to the Municipal Manager,
- it is also responsible for ensuring that the municipal administration fulfills its duties by ensuring that all resolutions are implemented.

#### Executive committee

An executive committee is the principal committee of the council of a municipality of a type that is entitled to establish an executive committee; and is the committee of a municipal council which receives reports from the other committees of the council and which must forward these reports together with its recommendations to the council when it cannot dispose of the matter in terms of its delegated powers.

The executive committee must:

- identify the needs of the municipality;
- review and evaluate those needs in order of priority;
- recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and
- recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.

The executive in performing its duties must :-

- Identify and develop criteria in terms of which progress in the implementation of strategies, programmes and services referred to in subsection (2) can be

evaluated, including key performance indicators which are specific to the municipality and common to local government in general;

- Evaluate progress against the key performance indicators;
- Review the performance of the municipality in order to improve :-
- the economy, efficiency and effectiveness of the municipality;
- the efficiency of credit control and revenue and debt collection services; and
- the implementation of the municipality's by-laws;
- monitor the management of the municipality's administration in accordance with the policy directions of the municipal council;
- Oversee the provision of services to communities in the municipality in a sustainable manner;
- Performs such duties and exercise such powers as the council may delegate to it in terms of section 32;
- Annually report on the involvement of communities and community organizations in the affairs of the municipality; and
- Ensure that regard is given to public views and report on the effect of consultation on the decision of the council.

An executive committee must report to the municipal council on all decisions taken by the committee.

#### Corporate Services committee

The Corporate Services committee manages the governance affairs of the entire municipality. Our objective is to ensure that the administrative affairs of this council and administration are of a high standard.

The Corporate Services Committee is to assist the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council and advising the Executive Committee on all policy matters ensuring appropriate systems and procedures.

- Receive reports and evaluate progress on Human Resources issues.
- Make recommendations on legislation and policies relating to Human Resources and administrative matters.
- Matters related to job evaluation and grading of staff.

- Implementation of new structures and strategies.
- Ensuring that administrative systems and processes of Harry Gwala District Municipality are in line with Batho Pele principles.
- Deliberate on all finance related matters.
- Policy decisions relating to:
  - The recruitment, selection and appointment of persons as staff members.
  - The monitoring, measuring and evaluating performance of staff.
  - The dismissal and retrenchment of staff
  - Conditions of service for employees
  - Labour relations matters
  - Human Resources development
  - Transformation and diversity management
- Any other matters related to:
  - General Administration
  - Security Services
  - Organizational Development
  - Committees Management an Administration
  - Registry Services
  - Information Technology Management

### Budget and Treasury Office Committee

The Budget and Treasury Office committee is responsible for the sound financial management of the municipal budget and other related matters.

Budget & Treasury Portfolio committee serves as a central integrated resource committee, which is aimed at providing oversight, essential support service to the politicians and administration of the municipality.

Budget and Treasury Portfolio Committee shall be chaired by the Executive Committee Chairperson elected by Council. In the absence of the BTO portfolio Chairperson, the meeting shall be chaired by any other member who has been elected by the members of the Committee.

The functions of the Budget and Treasury Committee are tabulated as follows:

- The committee may perform any duties and exercise any powers delegated to it by the Municipal Council or the Executive Committee in terms of Section 80 (3) (b) of the Structures Act.
- The committee shall provide political guidance of the fiscal and financial affairs of the municipality, including the budget process and the priorities that must guide the preparation of the budget.
- The committee shall monitor and oversee the exercise of financial responsibilities assigned to the Accounting Officer and Chief Financial Officer in terms of the MFMA.
- The committee shall take reasonable steps to ensure the municipality performs its Constitutional and statutory functions within the limits to the municipality's approved budget.
- The committee shall submit a report to Council, within 30 days of the end of each quarter, on the implementation of the budget and the financial state of affairs of the municipality.
- The committee shall ensure that the budget is approved by Council before the start of the budget year.
- The committee shall ensure that revenue and expenditure projections for each month and service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public within 14 days of the approval of the SDBIP.
- The committee shall check budget implementation is being done in accordance with the SDBIP; approve the Service Delivery and Budget Implementation Plan (SDBIP) within 28 days after the approval of the budget.
- The committee shall ensure that any revision of the SDBIP does not alter service delivery targets and performance indicators in the plan without the approval of Council after approving an adjustment budget.
- The committee shall ensure that the public are informed of any revisions to the SDBIP.
- The committee shall issue appropriate instructions to the Accounting Officer to ensure budget implementation with the SDBIP and to ensure spending of funds and revenue collection proceed in accordance with the budget.

- The Committee shall assist, the Budget and Treasury department to promote sound financial management practice that will ensure the Municipality's long term financial viability and sustainability including focusing on value for money, affordability revenue generation.

#### Social Services and Development Planning committee

The objective of Social Services and Development Planning Committee is to assist the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of the best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

- Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), children and people with disabilities.
- Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.
- Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.
- Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.
- The Committee shall establish partnership with already established businesses in order to expand Local Economic Development.
- The Committee will work towards broadening advancement of Black Economic Empowerment.
- The Committee shall approve development applications.
- The Committee will work in promoting Tourism within the District.
- Establishment of poverty alleviation <sup>229</sup>initiatives.

- The Committee shall monitor progress and the use of land after transfer
- Revitalisation of declining towns.
- Identify mechanisms and advise the Executive Committee on viable Infrastructure for Local Economic Development ensuring creation of jobs, development of local markets and ensuring community empowerment.
- Encouragement of liveable and sustainable human settlements.
- Development of sector plans and monitor that sector plans are undertaken
- Undertaking any other related functions which may be requested of the Committee from the Executive Committee.
- Receive reports and evaluate progress.

#### Infrastructure Services Committee

The object of the Infrastructure Services Committee is to assist the Executive Committee to promote service delivery with the District Municipality. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee. The functions of the Infrastructure Services Committee are tabulated as follows:-

- Bulk electricity supply which includes for the purposes of such supply, the transmission, distribution and where applicable the generation of electricity.
- Bulk sewage reticulation infrastructure (including bulk water reticulation and domestic waste water) and solid waste disposal.
- Solid Waste disposal infrastructure relating to the determination of waste disposal strategy. Establishment operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities.
- Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- Any other municipal public works allocated to the municipality.
- The Infrastructure Services Committee shall advise the Executive Committee on all fiscal and other incentives designed to promote infrastructure development.

- Overseeing of the implementation of infrastructure projects.
- Prioritization of infrastructure development projects and recommend to the Executive Committee.
- Support administration in community liaison issues relevant to infrastructure development.
- Represent Council on seminars/ workshops related to Infrastructure development.
- The Committee must recommend the provision/approval of funds for unforeseen infrastructural improvements.
- Overseeing the implementation of projects and support committees relevant to community development.

#### Water Services committee

The object of the Water Services Committee is to assist the Executive Committee to promote service delivery with the District Municipality. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee. The functions of the Water Services Committee are tabulated as follows:-

- Provide to the Executive Committee, recommendations on legislation and policies relating to the following functions:
  - 1) Water;
  - 2) Sanitation;
  - 3) Ensure that all Safety issues relating to the above are adhered to;
  - 4) Legislative compliance
  - 5) Receive progress reports on the issues mentioned above and evaluate progress
- Responsible to assist the Executive Committee in the co-ordination of functions pertaining to its portfolio.
- Considering reports from the designated officials for the portfolio, or other functionary and submit its recommendations on such issues to the Executive Committee.

- Perform any duties and exercise any powers delegated to it by the Executive Committee.
- May sub-delegate any duty or power delegated to it by the Executive Committee to any Political Office Bearer or the Municipal Manager.
- May within the limits of any Policy Directives of the Executive Committee and adopted Integrated Development Plan issue policy directives to any Political Office Bearer or the Municipal Manager to whom discretion has been sub-delegated by it for the exercise of any power by such person under such sub-delegation.
- To assist the Executive Committee to promote a safe and healthy environment by advising the Executive Committee on:
  - 1) All policies and bylaws for the water and sanitation services.
  - 2) The review of those bylaws, regulations, rules and tariffs that regulate and arise out of matters within the Terms of Reference of the Committee and the proposal of amendments and additions thereto.
- Appoint from within its membership a sub-committee with powers to co-opt such other members as the sub-committee deem fit, to consider and report to the committee on any matter falling within its terms of reference
- Consider all matters of a policy nature incidental to the terms of reference
- Recommend to the Executive Committee strategies, programs and services to address water and sanitation needs through the water services development plan and integrated development plan; taking into account any applicable national and provincial development strategies and
- Recommend or determine the best methods, including partnership and other approaches, to deliver water and sanitation services, programs and services to the maximum benefit of the community.
- Oversee random water quality testing undertaken within the district municipality.
- The Water Services Committee in performing its duties must:
  - 1) Identify and develop criteria in terms of which progress in the implementation of water and sanitation strategies, programs and services it recommended to the Executive Committee can be evaluated, including key performance indicators which are specific to the Municipality and common to local government and water sector in general.



- Evaluate progress against the key performance indicators, which include provision of water and sanitation.
- Monitor water services administration.
- Oversee the provision of water and basic sanitation services to the community in a sustainable manner, in compliance with Section 3 of the Water Services Act.
- Ensure that regard is given of particular scheme specific and reports on the effect of consultation on the decisions of the Executive Committee.
- Make recommendations to the Executive Committee about provision of water services to areas within the district municipality.
- To report to the Executive Committee on all decisions and resolutions taken by it.
- Where necessary, make a request to the district municipality for financial, technical and administrative support services for unforeseen water development services, planning and provision related matters.

### Municipal Public Accounts committee

Audit Report on annual financial statements of the Municipality, Any reports issued by the Auditor- General on the Affairs of the Harry Gwala District Municipality, and the annual report of the municipality.

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality; and any other financial statement or reports referred to MPAC by the Council. Any information relating to personnel; books of account, records, assets and liabilities of the council. Relevant information that may be required for the purpose fulfilling its mandate, MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine.

In its examination (mentioned in 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to council on its findings. The Committee shall initiate and develop the annual Oversight report on the Municipality's Annual Report.

The Committee may initiate, direct and supervise investigations referred to it and render an opinion on such recommendations. MPAC may consider any Audit Committee recommendations referred to it and render an opinion on such recommendations. The Committee may request or invite members of the public to attend any meeting of the Committee (section 16 (1) of the Municipal System Act, 2000) to assist it with the performance of its function. MPAC may co-opt advisory members or experts to advise the Committee in its deliberations, provided that such persons may not vote on any matter.

### Audit committee

Section 166 of the Municipal Finance Management Act, 1998 requires every municipality to have an Audit Committee which must serve the purpose of being an independent

advisory body to the council, political office bearers, and the municipal manager in his role as accounting officer, management and staff. The audit Committee is required to consider any matters relating to financial affairs of the municipality and any risk, internal and external audit matters. The Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes and compliance with significant applicable legal, ethical regulatory requirements.

Harry Gwala District Municipality has appointed four audit committee members.

The advisory role of the Audit Committee is related to matters including:

internal financial control and internal audits,

risk management;

accounting policies;

the adequacy, reliability and accuracy of financial reporting and information;

performance management;

effective governance;

compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;

performance evaluation; and

any other issues referred to it by the municipality.

The Committee must review the financial statements to provide council with a credible view of the financial position of the municipality. It must respond to any issues raised by the Auditor-General in the audit report and carry out any investigations into the financial affairs of the municipality which the council requests.

#### MultiParty Women's Caucus

The strategic objective of the Multi Party Women's Caucus is to lobby (influence) and advocate for the representation and participation of women in local government to parity.

This strategic objective is supported by a range of specific objectives that will ensure that women's representation and participation become more than merely a quantitative exercise.

The objectives are as follows:

- a) Serves as an advisory and consultative body for all women Councillors and represent their interests within Municipal Council Structures
- b) Engage Council and its structures on empowerment issues affecting women in administration, politics, and the community
- c) Facilitate leadership development opportunities for women in Councils and their structures as to ensure effective participation and bargaining
- d) Enhance the capacity of women councillors to ensure their participation in decision making processes within Administration and Council.
- e) Support gender mainstreaming and equity initiatives within municipal processes.
- f) Strengthen partnerships and networks that support women in municipalities.
- g) Profile the work of women Councillors.

All Women / Female Councillors are to be members of the Multi-Party Women's Caucus (MPWC) irrespective of political affiliation, gender and sexual orientation e.g Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI+), Persons with Disabilities etc

#### APPENDIX C: Third tier administrative structure (SM: Senior Manager)

| DEPARTMENT         | DIRECTORATE         | INITIALS AND SURNAME |
|--------------------|---------------------|----------------------|
| Corporate Services | SM: Administration  | Vacant               |
|                    | SM: Human Resources | Mrs. P. Cele         |

|                                          |                               |                       |
|------------------------------------------|-------------------------------|-----------------------|
|                                          | Fleet Management              | Mr. T. Tukumo         |
|                                          | Records Management            | Vacant                |
|                                          | ICT                           | Mr. T. Ntoni          |
| Social Services and Development Planning | SM: Social Services           | Ms. TT Mahlaba        |
|                                          | M: Disaster Management        | Mrs. T. Dzanibe       |
|                                          | SM: Planning Services         | Mr. L. Zondi          |
|                                          | M: Special Programs           | Mr. R. Langa          |
| Budget and Treasury                      | SM: Budget                    | Ms. A. Nongalo        |
|                                          | SM: Expenditure               | Mr. P. Luthuli        |
|                                          | SM: Revenue                   | Ms. V. Mfeka          |
|                                          | SM: SCM                       | Ms. T Dandala         |
|                                          | M: Assets                     | Mr. P. Xolo           |
| Infrastructure Department                | M: Project Management Unit    | Mr. M Mpepeto         |
|                                          | M: Municipal Works            | Mrs. H.G Ngcobo       |
|                                          | Chief Engineer Contracts      | Mr. C.C.M Cele        |
| Water Services Department                | ED: Water & Sanitation        | Vacant                |
|                                          | SM: O & M                     | Mrs. M. A Ntamane     |
|                                          | SM: Planning, Research &      | Mr S.A Ngcobo         |
|                                          | Design                        |                       |
|                                          | SM: Water Governance &        | Ms B.R Khathali-Msomi |
| Office of the Municipal Manager (OMM)    | Chief Operations Officer: OMM | Ms N J Msomi          |
|                                          | SM: Internal Audit            | Mr. Z. Tikilili       |
|                                          | M: IDP                        | Mr. Z. Mtolo          |

|  |             |                |
|--|-------------|----------------|
|  | M: Auditing | Mrs. L Zulu    |
|  | M: Auditing | Ms. S Jojozi   |
|  | M: Auditing | Mr. T. Dlamini |

#### Appendix D: Functions of municipal entity

| Municipal Functions           | Function applicable to Municipality Y/N | Function applicable to Entity Y/N |
|-------------------------------|-----------------------------------------|-----------------------------------|
| Air pollution                 | N                                       | N                                 |
| Firefighting services         | N                                       | N                                 |
| Local tourism                 | N                                       | Y                                 |
| Municipal planning            | Y                                       | N                                 |
| Municipal health services     | Y                                       | N                                 |
| Water and sanitation services | Y                                       | N                                 |

|                                             |   |   |
|---------------------------------------------|---|---|
|                                             |   |   |
| Cemeteries, funeral parlours and crematoria | N | N |
| Cleansing                                   | N | N |
| Control of public nuisances                 | N | N |
| Markets                                     | N | Y |
| Municipal abattoirs                         | N | N |
| Municipal parks and recreation              | N | N |

Appendix E: Ward Reporting

Not Applicable

Appendix F: Ward Information

Not Applicable

Appendix G: Recommendations of the municipal audit committee

## **REPORT OF THE AUDIT COMMITTEE FOR HARRY GWALA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025**

### **1. Objective**

For the Audit Committee to present to Council the progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2025.

## **2. Terms of reference**

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; Accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General.

## **3. Audit Committee membership and attendance**

As at 30 June 2025 the Audit Committee is comprised of four independent members. The members have diverse skills and experience. An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.



The table below sets forth the membership and attendance at meetings of the committee for the period ended 30 June 2025. The Audit Committee held 5 meetings overall for this reporting period:

|              |             | Meetings | Meetings |
|--------------|-------------|----------|----------|
| Names        | Role        | held     | attended |
| Mr S Ngidi   | Chairperson | 5        | 5        |
| Mr D Mpanza  | Member      | 5        | 5        |
| Mr T Tsabo   | Member      | 5        | 5        |
| Mr R Mbanjwa | Member      | 5        | 5        |

#### **4. Audit Committee's Responsibility**

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Council annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In the performance of its duties and in fulfilling its responsibility, the Audit Committee has performed the following statutory duties, responsibilities and would like to report as follows:

##### **4.1 Internal Audit and Internal Control**

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk-based internal audit plan which is approved by the Audit Committee annually.

- ☐ Internal Audit Plan and Charter  
We approved the Internal Audit Plan covering the period ending 30 June 2025 as well as the internal audit strategy. We also approved the internal audit charter which serves as the guiding policy for the internal audit unit.
- ☐ Execution of Internal Audit Plan  
Internal Audit unit performed all planned projects as per approved
- ☐ risk based annual internal audit plan. State of Internal Audit Function  
We are satisfied with the work performed by Internal Audit within the municipality. The Internal Audit unit is implementing the quality assurance and improvement program.

## **4.2 Risk Management**

We are pleased to report that the municipality had a fully functional Risk Management Unit for the financial year ended 30 June 2025. We have considered risks facing the municipality at both operational and strategic level, emanating from a risk assessment. The Audit Committee noted and approved operational risk register, while strategic risk register was recommended for Council consideration. We have continuously (quarterly basis) monitored the implementation of mitigating factors by management. We are satisfied with the progress made in this regard. We noted where applicable that some mitigating factors could not be implemented due to budgetary limitations, we have been given assurance that these have been budgeted for going forward.

## **4.3 ICT Governance and ICT Operations**

We note and appreciate that the Municipality has a fully fleshed ICT Unit. ICT is an integral part of the organization, and it covers a wide range of departments within the organization. We note that a significant amount of work has been done in this regard to improving internal controls.

## **4.4 Evaluation of Financial Reports and Annual Financial Statements (AFS)**

Monthly and quarterly financial reports were submitted and reviewed by the Audit Committee during the year.

The Audit Committee is pleased that interim financial statements are being prepared by the finance section.

The Audit Committee reviewed the Annual Financial Statements for the year ended 30 June 2025, before submission to Auditor-General. All matters raised by Internal Audit and the Audit Committee were considered and processed.

We commend the municipality for receiving an unqualified audit opinion from the AGSA

## **4.5 Performance information**

The Audit Committee also serves as the Performance Audit Committee for the Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

We reviewed the Annual Performance Report and draft Annual Report. We raised our observations which were addressed prior the submission to Auditor-General.

The Chairperson served on the evaluation panel in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Accounting Officer.

We are concerned with the regression of performance in the Municipality.

### **Self-Assessments**

The Audit Committee performed self-assessment as contained in the approved Charter for the 2024/25 financial year, we are pleased to say that the Committee is performing its functions as detailed in the approved Charter. The main area of concern was the limited engagements and discussion with the external auditors.

### **Investigations**

There were no investigations reported as new or underway during this period.

### **Conclusion**

The Audit Committee confirms its commitment to assist and support the Council in the execution of its mandate and towards managing financial affairs in accordance with the law.

To enhance the quality of our control environment and instill a culture of good governance within the Municipality, the Audit Committee always provides guidance and recommendations to management during our meetings.

The Audit Committee also wishes to thank the Council and management for their cooperation and support as well as the teams from internal audit and the Auditor-General for their contributions.

On behalf of the Audit Committee



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**Mr Simiso Ngidi**

Chairperson

## Appendix H: Long term contract and public private partnership

None

## Appendix I: Municipal entity service provider performance schedule

N/A

## Appendix J: Disclosure of financial interest

Period 1 July to 30 June 2024-2025

| Position                      | Names             | Description of Financial interest |
|-------------------------------|-------------------|-----------------------------------|
| Mayor                         | Cllr Z.D. Nxumalo |                                   |
| Member of Executive Committee | Cllr T.N. Jojozi  |                                   |
| Member of Executive Committee | Cllr S.D. Bekwa   |                                   |
| Member of Executive Committee | Cllr K.S. Dlamini |                                   |
| Member of Executive Committee | Cllr Z. Tshangase |                                   |

|                         |                               |  |
|-------------------------|-------------------------------|--|
| Committee               |                               |  |
| Municipal Manager       | Mr. G.M. Sineke               |  |
| Chief Financial Officer | Mr. K.M.B. Mzimela            |  |
| Section 56 officials    | Mr. N.E. Biyase               |  |
| Section 56 officials    | Ms. N.N.F. Buthelezi          |  |
| Section 56 officials    | Mr L. Gwala                   |  |
| Section 56 officials    | Mrs. T.T. Thiyane -<br>Magaqa |  |

#### Appendix K: Revenue collection performance by vote

##### Revenue collection by source

| REVENUE COLLECTION BY SOURCE |                      |                      |                      |
|------------------------------|----------------------|----------------------|----------------------|
| Detail                       | Original Budget      | Adjustment Budget    | Actual               |
| Water & Sanitation revenue   | R 71 195 235         | R 79 208 394         | R 76 533 105         |
| Interest                     | R 32 689 659         | R 38 335 836         | R 42 610 672         |
| Grants                       | R 830 617 000        | R 836 349 583        | R 825 884 927        |
| Other revenue                | R 1 066 311          | R 2 983 892          | R 2 390 271          |
| <b>TOTAL</b>                 | <b>R 935 568 205</b> | <b>R 956 877 705</b> | <b>R 947 418 975</b> |

## Revenue Collection by vote

| REVENUE COLLECTION BY SOURCE |                      |                      |                      |
|------------------------------|----------------------|----------------------|----------------------|
| Detail                       | Original Budget      | Adjustment Budget    | Actual               |
| Water & Sanitation revenue   | R 71 195 235         | R 79 208 394         | R 76 533 105         |
| Interest                     | R 32 689 659         | R 38 335 836         | R 42 610 672         |
| Grants                       | R 830 617 000        | R 836 349 583        | R 825 884 927        |
| Other revenue                | R 1 066 311          | R 2 983 892          | R 2 390 271          |
| <b>TOTAL</b>                 | <b>R 935 568 205</b> | <b>R 956 877 705</b> | <b>R 947 418 975</b> |

Appendix L: Conditional grants received: excluding MIG 2025-2025

## Appendix M: Capital expenditure: including MIG.

## M (1): Capital expenditure- new assets programme

| <b>Name of Project</b>                                     | <b>Expenditure<br/>24/25</b> | <b>Source<br/>of<br/>Funding</b> | <b>Ward<br/>Number</b> | <b>Progress to date</b>                                                                                                                                       |
|------------------------------------------------------------|------------------------------|----------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Horseshoe Sanitation<br>Project Phase2 (AFA) MIS<br>399789 | R1,419,342.60                | MIG                              | 1 & 9                  | Completed                                                                                                                                                     |
| KwaMay-Theekloof Water<br>Supply Scheme Phase 3            | R4,545,396.90                | MIG                              | 11                     | Under Construction<br>sitting at 97%<br>completion. The<br>Contractor has<br>submitted an<br>extension of time that<br>is being evaluated by<br>the Engineer. |
| Greater Mngumeni Water<br>Supply Scheme Phase 5            | R21,307,665.39               | MIG                              | 14                     | Original scope of<br>works has been                                                                                                                           |



|                                                                                        |                |     |              |                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------|----------------|-----|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| and 6 (AFA) MIS 467168                                                                 |                |     |              | completed and the contractor finishing the additional works                                                                                                                        |
| Sub Regional Scheme:<br>Khukhulela: Portion 2, 1MLR2,097,078.25<br>Reservoir (Ward 05) |                | MIG | 5            | Completed                                                                                                                                                                          |
| Mbizweni Main Sewer Collector Upgrade in Umzimkhulu Town (Ward 16)                     | R13,237,681.85 | MIG | 16           | The contractor has completed the fencing and paving. The pumpstation has seepage and we are currently waiting for the report from the expert. Erf connection have also not started |
| Creighton Water Supply Scheme Phase 2 (Wards 5,6,8 and 14)                             | R40,265,518.31 | MIG | 5, 6, 8 & 14 | Cession agreement between AGT and Mahlubi Transport has been signed and the subcontractor is now onsite. The contractor has                                                        |

|                                                                                                |                          |                          |                    |                                                                                                                                                                |
|------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                |                          |                          |                    | completed the two chambers                                                                                                                                     |
| Greater Summerfield Water Supply Scheme Phase 2 (Ward 15)                                      | R48,981,705.08           | MIG                      | 17 & 20            | Steel Pipe laying has been completed. 27 Chambers completed. The VO for the Thembeni Line will now be rescinded. Mathathane has been connected. 90 % complete. |
| <b>Name of Project</b>                                                                         | <b>Expenditure 24/25</b> | <b>Source of Funding</b> | <b>Ward Number</b> | <b>Progress to date</b>                                                                                                                                        |
| Ibisi Sanitation Phase 2 (Ward 11, Reticulation, Bulk Lines and Pumpstation and Refurbishments | R11,099,550.91           | MIG                      | 11                 | Completed                                                                                                                                                      |

|                                                                                   |                |     |                        |                                                                                     |
|-----------------------------------------------------------------------------------|----------------|-----|------------------------|-------------------------------------------------------------------------------------|
| Constr Raise Kempsdale Dam Wall, Upgrade Pumpsta, Civil, Struct, Mech & Electr    | R30,119,774.41 | MIG | 1,2,3,4,5,6,7,8 and 09 | Waiting for the approval of the AFA by CoGTA. Blasting has been completed           |
| Sub Regional Scheme: Khukhulela: Portion 3, Construction of Rising Main (Ward 05) | R26,927,865.25 | MIG | 5                      | 4.5km of pipeline has been completed. Pumpstation number 2 works have also started. |
| Operations and Maintenance Allocation                                             | R20,931,044.92 | MIG | All wards              | Contractor has completed establishment and materials have been procured             |
| Greater Mngumeni Water Supply Scheme Phase 5 and 6: Rising main to Gugwini        | R1,490,025.68  | MIG | 14                     | On tender for the appointment of Contractor                                         |

M (2): Capital expenditure – upgrade/ renewal programme

| PROJECT DESCRIPTION | EXPENDITURE 2024/25 | SOURCE OF | WARD NUMBER | PROGRESS TO DATE |
|---------------------|---------------------|-----------|-------------|------------------|
|---------------------|---------------------|-----------|-------------|------------------|

|                                                       |                | <b>FUNDING</b> |              |                                                                                                                                                                                                                                                           |
|-------------------------------------------------------|----------------|----------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gala Donnybrook Water Supply                          | R0,00          | MIG            | 07           | Assessments have been completed and tender document completed. Verifying the scope against the MIG 1.                                                                                                                                                     |
| Underberg -Himmeville Sewer Upgrade and also Planning | R0,00          | MIG            | 03           | The project is still under planning stage. The project was recently approved by the MBPAC for funding                                                                                                                                                     |
| Creighton Water Supply Scheme Phase 2                 | R40,265,518.31 | MIG            | 5, 6, 8 & 14 | <p>The total project progress for the entire NOR is sitting at 42 %.</p> <p>The project has 3 contracts that are on site.</p> <ol style="list-style-type: none"> <li>1. Contractor doing the abstraction works and sitting at 51 % completion.</li> </ol> |

|                                                 |                |     |         |                                                                                                                                                                                         |
|-------------------------------------------------|----------------|-----|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 |                |     |         | <p>2. Contractor doing the rising main and Gravity main currently sitting at 65 % completion.</p> <p>3. Contractor doing the Package Plant is currently sitting at 43 % completion.</p> |
| Ibisi Sewer Reticulation                        | R11,099,550.91 | MIG | 11      | The project has been completed and is currently on Defects Liability Period                                                                                                             |
| Greater Summerfield Water Supply Scheme Phase 2 | R48,981,705.08 | MIG | 17 & 20 | <p>The project has 2 contracts.</p> <p>1. Construction of the Abstraction works and Completion of 3ML treatment works – Defects</p>                                                     |

|                                                          |                |     |    |                                                                                                                                                                                                      |
|----------------------------------------------------------|----------------|-----|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          |                |     |    | <p>Liability Period.</p> <p>2. Construction of Clear Water Rising Main – Practical completion Stage.</p> <p>3. Thembeni Line: An application for Additional Funding has been submitted to CoGTA.</p> |
| Mbizweni Main Sewer Collector Upgrade in uMzimkhulu Town | R13,237,681.85 | MIG | 16 | Under Construction sitting at 97% completion. The Contractor has submitted a request for extension of time.                                                                                          |
| KwaMay-Theekloof Water Supply Scheme Phase 3             | R4,545,396.90  | MIG | 11 | Under Construction sitting at 97% completion. The Contractor has submitted an extension of time that                                                                                                 |

|                                                                   |                |     |           |                                                                                                                                                                     |
|-------------------------------------------------------------------|----------------|-----|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                   |                |     |           | is being evaluated by the Engineer.                                                                                                                                 |
| Greater Mngumeni Water Supply Scheme Phase 5                      | R20,600,000.00 | MIG | 14        | Under Construction sitting at 92 % completion. Extension of time for the additional works has been approved to the 11 <sup>th</sup> of August 2025.                 |
| Rectification and Upgrade of Fairview and Ixopo Town Sewer System | R0.00          | MIG | 04        | Scoping for the new project is currently ongoing. This will cover the remaining R20 Million on the NOR.                                                             |
| Operations and Maintenance Allocation                             | R0,00          | MIG | All wards | 2 projects under Horseshoe sanitation have been completed. The Municipality recently appointed the third contractor, and they are currently sitting 10 % completion |
| Infrastructure Asset                                              | R0,00          | MIG | All wards | The project has been                                                                                                                                                |

|                                                                       |                |     |                      |                                                                                                                              |
|-----------------------------------------------------------------------|----------------|-----|----------------------|------------------------------------------------------------------------------------------------------------------------------|
| Management Allocation                                                 |                |     |                      | approved by the MBPAC and it is now in the stage of the appointment of the Consultant.                                       |
| Horseshoe Sanitation Project Phase 2                                  | R1,419,342.60  | MIG | 1 & 9                | Two contracts implemented under this project have been completed.                                                            |
| Raising of Kempdsdale Dam Wall Project.                               | R30,119,774.41 | MIG | 1,2,3,4,5,6,7,8 & 09 | Under construction sitting at 24 % completion. Additional funding application has been submitted to CoGTA for approval.      |
| Harry Gwala DM Water Conservation and Water Demand Management Project | R0,00          | MIG | All wards            | Bussiness Plan has been prepared but has not yet been submitted to DWS due to the issue of commitments and reprioritization. |
| Harry Gwala District Municipality VIP                                 | R0,00          | MIG | All wards            | The business plan has been submitted to DWS and came back with                                                               |



|  |  |  |  |                                                        |
|--|--|--|--|--------------------------------------------------------|
|  |  |  |  | comments. Municipality is now addressing the comments. |
|--|--|--|--|--------------------------------------------------------|

## Appendix N: Capital programme by project current year

| <b>Name of Project</b>                                              | <b>Budget</b>  | <b>Expenditure 24/25</b> | <b>Variance</b> |
|---------------------------------------------------------------------|----------------|--------------------------|-----------------|
| Horseshoe Sanitation Project Phase2 (AFA) MIS 399789                | R1,419,342.65  | R1,419,342.60            | R0.05           |
| KwaMay-Theekloof Water Supply Scheme Phase 3                        | R4,545,398.00  | R4,545,396.90            | R1.10           |
| Greater Mnqumeni Water Supply Scheme Phase 5 and 6 (AFA) MIS 467168 | R20,054,645.30 | R22,797,691.07           | -R2,743,045.77  |
| Mbizweni Main Sewer Collector Upgrade in Umzimkhulu Town (Ward 16)  | R13,915,960.25 | R13,237,681.85           | R678,278.40     |
| Creighton Water Supply Scheme Phase 2 (Wards 5,6,8 and 14)          | R39,587,241.20 | R40,265,518.31           | -R678,277.11    |
| Greater Summerfield Water Supply Scheme Phase 2 (Ward 15)           | R49,479,258.50 | R48,981,705.08           | R497,553.42     |

|                                                                                                 |                |                |                |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Ibisi Sanitation Phase 2 (Ward 11, Reticulation, Bulk Lines and Pumpstation and Refurbishments) | R8,013,336.85  | R11,099,550.91 | -R3,086,214.06 |
| Constr Raise Kempdale Dam Wall, Upgrade Pumpsta, Civil, Struct, Mech & Electr                   | R28,435,037.63 | R30,119,774.41 | -R1,684,736.78 |
| Sub Regional Scheme: Khukhulela: Portion 3, Construction of Rising Main (Ward 05)               | R35,821,785.85 | R29,024,943.50 | R6,796,842.35  |
| Operations and Maintenance Allocation                                                           | R20,931,044.92 | R20,931,044.92 | R0.00          |

Appendix O: Capital programme by project by ward current year

| <b>PROJECT DESCRIPTION</b>   | <b>EXPENDITURE 2024/25</b> | <b>SOURCE OF FUNDING</b> | <b>WARD NUMBER</b> | <b>PROGRESS TO DATE</b>                                                            |
|------------------------------|----------------------------|--------------------------|--------------------|------------------------------------------------------------------------------------|
| Gala Donnybrook Water Supply | R0,00                      | MIG                      | 07                 | Assessments have been completed and tender document completed. Verifying the scope |

|                                             |                |     |              |                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------|----------------|-----|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             |                |     |              | against the MIG 1.                                                                                                                                                                                                                                                                                                                                                                         |
| Underberg<br>Himmeville Sewer<br>Upgrade    | -R0,00         | MIG | 03           | The project is still under planning stage. The project was recently approved by the MBPAC for funding                                                                                                                                                                                                                                                                                      |
| Creighton Water<br>Supply Scheme<br>Phase 2 | R40,265,518.31 | MIG | 5, 6, 8 & 14 | <p>The total project progress for the entire NOR is sitting at 42 %.</p> <p>The project has 3 contracts that are on site.</p> <ol style="list-style-type: none"> <li>1. Contractor doing the abstraction works and sitting at 51 % completion.</li> <li>2. Contractor doing the rising main and Gravity main currently sitting at 65 % completion.</li> <li>3. Contractor doing</li> </ol> |

|                                   |                |     |         |                                                                                                                                                                                                                                                 |
|-----------------------------------|----------------|-----|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   |                |     |         | the Package Plant is currently sitting at 43 % completion.                                                                                                                                                                                      |
| Khukhulela Water Supply Phase 2   | R29,024,943.50 | MIG | 05      | The project has been completed and it is currently under defects liability period.                                                                                                                                                              |
| Ibisi Sewer Reticulation          | R11,099,550.91 | MIG | 11      | The project has been completed and it is currently under defects liability period.                                                                                                                                                              |
| Greater Summerfield Water Project | R48,981,705.08 | MIG | 17 & 20 | <p>The project has 2 contracts.</p> <ol style="list-style-type: none"> <li>1. Construction of the Abstraction works and Completion of 3ML treatment works – Defects Liability Period.</li> <li>2. Construction of Clear Water Rising</li> </ol> |

|                                                          |                |     |    |                                                                                                                                          |
|----------------------------------------------------------|----------------|-----|----|------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          |                |     |    | <p>Main – Practical completion Stage.</p> <p>3. Thembeni Line: An application for Additional Funding has been submitted to CoGTA.</p>    |
| Mbizweni Main Sewer Collector Upgrade in uMzimkhulu Town | R13,237,681.85 | MIG | 16 | Under Construction sitting at 97% completion. The Contractor has submitted a request for extension of time                               |
| KwaMay-Theekloof Water Supply Scheme Phase 3             | R4,545,396.90  | MIG | 11 | Under Construction sitting at 97% completion. The Contractor has submitted an extension of time that is being evaluated by the Engineer. |
| Greater Mnqumeni Water Supply Scheme Phase 5             | R22,797,691.07 | MIG | 14 | Under Construction sitting at 92 % completion. Extension of time for the additional works has been                                       |

|                                                                   |                |     |           |                                                                                                                                                                     |
|-------------------------------------------------------------------|----------------|-----|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                   |                |     |           | approved to the 11 <sup>th</sup> of August 2025.                                                                                                                    |
| Rectification and Upgrade of Fairview and Ixopo Town Sewer System | R0,00          | MIG | 04        | Scoping for the new project is currently ongoing. This will cover the remaining R20 Million on the NOR.                                                             |
| Ncakubane Water Supply Scheme Phase 3                             | R1,628,574.03  | MIG | 01        | Project has been completed and it is now under Defects Liability Period                                                                                             |
| Operations and Maintenance Allocation                             | R20,931,044.92 | MIG | All wards | 2 projects under Horseshoe sanitation have been completed. The Municipality recently appointed the third contractor, and they are currently sitting 10 % completion |
| Infrastructure Asset Management Allocation                        | R0,00          | MIG | All wards | The project has been approved by the MBPAC and it is now in the stage of the appointment of the                                                                     |

|                                                                       |                |     |                         |                                                                                                                              |
|-----------------------------------------------------------------------|----------------|-----|-------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                       |                |     |                         | Consultant                                                                                                                   |
| Horseshoe Sanitation Project Phase 2                                  | R1,419,342.60  | MIG | 1 & 9                   | Two contracts implemented under this project have been completed.                                                            |
| Raising of Kempdale Dam Wall Project (Phase 1)                        | R30,119,774.41 | MIG | 1, 2,3,4,5,6,7,8 and 09 | Under construction sitting at 24 % completion. Additional funding application has been submitted to CoGTA for approval.      |
| Harry Gwala District Water Conservation and Demand Management Project | R0,00          | MIG | All wards               | Bussiness Plan has been prepared but has not yet been submitted to DWS due to the issue of commitments and reprioritization. |
| Harry Gwala District Municipality VIP                                 | R0,00          | MIG | All wards               | The business plan has been submitted to DWS and came back with comments. Municipality is now addressing the comments.        |

## Appendix P: Service connection backlog at schools and clinics

Not the District Municipality function

Appendix Q: Service backlog experienced by community where another sphere of government is responsible for service provision.

- Schools
- Hospitals
-



#### Appendix R: Declaration of loans and grants made by the municipality

There are no loans made by the Municipalities to any organizations, institutions or person. The only grants made by the Municipality in the reporting period under review relate to a grants paid to the Harry Gwala Development Agency for the funding of the projects listed below. These grants were initially received by the Municipality from the Corporative Governance & Traditional Affairs Department.

#### Appendix S: Declaration of returns made not made in due time under section 71 of the MFMA

No longer applicable

#### Appendix T: National and Provincial outcome for local government

- Water and proper sanitation

#### Appendix U: An assessment by the accounting officer in municipal arrears on taxes and service charges

| <b>DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT END<br/>FEBRUARY 2026</b> |                       |                       |                       |                           |                            |                            |                                     |                     |                              |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|----------------------------|----------------------------|-------------------------------------|---------------------|------------------------------|
| <b><u>DEBTOR TYPE<br/>DESC</u></b>                                      | <b><u>CURRENT</u></b> | <b><u>30 DAYS</u></b> | <b><u>60 DAYS</u></b> | <b><u>90<br/>DAYS</u></b> | <b><u>120<br/>DAYS</u></b> | <b><u>150<br/>DAYS</u></b> | <b><u>180<br/>DAYS<br/>PLUS</u></b> | <b><u>TOTAL</u></b> | <b><u>DEBTOR<br/>CNT</u></b> |
| BUSINESS                                                                | 766<br>460,76         | 574<br>924,60         | 235<br>341,86         | 229<br>727,08             | 190<br>585,63              | 186<br>160,72              | 14<br>982<br>129,30                 | 17 165<br>329,95    | 616                          |
| DOMESTIC                                                                | 1<br>435              | 1 303<br>308,16       | 1 286<br>736,50       | 1<br>263                  | 1<br>285                   | 1 336<br>544,43            | 164<br>984                          | 172                 | 6311                         |

|                                                      |                    |               |               |               |               |               |                 |                 |      |
|------------------------------------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|------|
|                                                      | 484,75             |               |               | 491,16        | 503,87        |               | 089,81          | 895<br>158,68   |      |
| DEPARTMENT<br>OF EDUCATION                           | 859,98             | 596,56        | 153,13        | 3,54          | 3,51          | 3,48          | 28,10           | 1<br>648,30     | 16   |
| INDIGENTS                                            | 231<br>855,96      | 231<br>022,63 | 228<br>339,03 | 229<br>422,68 | 225<br>580,59 | 225<br>886,34 | 8 250<br>688,07 | 9 622<br>795,30 | 2171 |
| DECEASED<br>DEBTORS                                  | 37 436,78          | 37<br>187,16  | 36<br>944,94  | 36 854,82     | 36<br>509,47  | 36 180,69     | 1 108<br>127,67 | 1 329<br>241,53 | 319  |
| MUNICIPAL                                            | 204<br>470,19      | 187<br>509,27 | 44<br>601,97  | 26 736,69     | 35<br>704,00  | 26 816,67     | 458<br>918,05   | 984<br>756,84   | 73   |
| DEPARTMENT<br>OF EDUCATION.<br>SECTION 21<br>SCHOOLS | 2 455,83           | 2<br>473,30   | 4<br>389,07   | 5 162,94      | 17<br>796,45  | 24 915,65     | 230<br>731,65   | 287<br>924,89   | 2    |
| CHURCH                                               | 37 641,77          | 14<br>111,55  | 20<br>388,60  | 7 732,25      | 7<br>728,37   | 7 228,59      | 1 142<br>890,75 | 1 237<br>721,88 | 52   |
| EDUCATION                                            | 602<br>108,72      | 168<br>117,15 | 96<br>142,11  | 306<br>360,86 | 63<br>728,98  | 66 620,74     | 4 121<br>325,25 | 5 424<br>403,81 | 43   |
| DEPARTMENT<br>OF HEALTH                              | 1<br>381<br>288,47 | 933<br>461,09 | 516<br>968,95 | 403<br>776,90 | 402<br>970,20 | 322<br>634,09 | 4 539<br>495,24 | 8 500<br>594,94 | 20   |
| KZN WILDLIFE                                         | 1 305,02           | 182,85        | -             | -             | -             | -             | -               | 1<br>487,87     | 2    |
| PARA-STATAL                                          | 7 595,42           | 1<br>176,82   | 1<br>104,57   | 1 235,25      | 933,38        | 797,25        | 29<br>045,18    | 41<br>887,87    | 6    |
| DEPARTMENT<br>OF WELFARE                             | 16 068,55          | 3<br>688,87   | 460,66        | 460,16        | 458,25        | 458,25        | 28<br>114,98    | 49<br>709,72    | 5    |
| OLD AGE<br>HOMES AND                                 | 100                | 35<br>597,36  | 31<br>942,15  | 31 306,41     | 30            | 27 682,07     | 1 931           | 2 189           | 7    |

|                                  |                     |                     |                     |                     |                     |                     |                       |                       |             |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-------------|
| ORPHANAGES                       | 891,42              |                     |                     |                     | 264,61              |                     | 526,26                | 210,28                |             |
| SPORTS CLUBS                     | 31 432,82           | 424,35 <sup>8</sup> | 238,29 <sup>9</sup> | 9 818,92            | 9 971,79            | 9 511,66            | 912 203,34            | 990 601,17            | 14          |
| DEPARTMENT OF PUBLIC WORKS       | 2<br>149 120,79     | 192<br>464,84       | 200<br>463,08       | 201 056,54          | 205 914,63          | 163<br>322,30       | 3 369 542,16          | 6 481 884,34          | 52          |
| DEPARTMENT OF TRANSPORT          | 334 592,90          | 331<br>640,92       | 713,16              | 14,60               | 14,60               | 14,60               | 418 317,34            | 1 085 308,12          | 12          |
| DEPARTMENT OF SOCIAL DEVELOPMENT | 4 750,39            | 831,78              | 831,78              | 848,76              | 848,76              | 848,76              | 156 338,43            | 165 298,66            | 5           |
| HOTELS                           | 10 293,12           | 6<br>968,03         | 6<br>906,69         | 6 945,74            | 9 902,84            | 5 334,68            | 507 219,12            | 553 570,22            | 7           |
| DEPARTMENT OF AGRICULTURE        | 6 723,70            | 51<br>525,54        | 7<br>293,40         | -                   | -                   | -                   | -                     | 65 542,64             | 8           |
| GOVERNMENT                       | 61 776,61           | 128,41              | 4<br>468,90         | 197 976,29          | -                   | -                   | -                     | 264 350,21            | 7           |
| DEPARTMENT OTHER                 | -                   | -                   | -                   | -                   | -                   | -                   | 17,72                 | 17,72                 | 3           |
| <b>TOTAL</b>                     | <b>7 424 613,95</b> | <b>4 085 341,24</b> | <b>2 733 428,84</b> | <b>2 958 931,59</b> | <b>2 524 419,93</b> | <b>2 440 960,97</b> | <b>207 170 748,42</b> | <b>229 338 444,94</b> | <b>9751</b> |

## Appendix V: 2023-2024 Auditor General Action Plan

| <b>HARRY GWALA DISTRICT MUNICIPALITY</b>                    |                     |                |                                        |                               |                        |                 |                          |
|-------------------------------------------------------------|---------------------|----------------|----------------------------------------|-------------------------------|------------------------|-----------------|--------------------------|
| <b>ACTION PLAN ( 2023/2024 FY)</b>                          |                     |                |                                        |                               |                        |                 |                          |
| <b>AUDIT AND MANAGEMENT REPORT 2023/2024 FINANCIAL YEAR</b> |                     |                |                                        |                               |                        |                 |                          |
| <b>No</b>                                                   | <b>Outcome Area</b> | <b>Finding</b> | <b>Action To<br/>Resolve<br/>Query</b> | <b>Person<br/>Responsible</b> | <b>Target<br/>Date</b> | <b>Evidence</b> | <b>Progress<br/>made</b> |

|   |                           |                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                              |                                                 |         |  |  |
|---|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------|--|--|
| 1 | <b>Revenue Management</b> | <b>Material debt impairments and revenue collection</b><br>The debt impairment provision has regressed by 8% and currently stands at 95% of the total debtors balance.<br>The impact of this on the municipality is that 95% of the services rendered by | <b>The ultimate goal for the municipality is to ensure that the customers are on prepaid, therefore ensuring cash collections upfront .</b><br><b>We will prioritise smart meter installation and activation in a phased</b> | HOD : Water Services<br>Senior Manager: Revenue | Ongoing |  |  |
|---|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------|--|--|

|  |  |                                                                                                                                                                      |                                                                                                                                                                                                                                                                                 |  |  |  |  |
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|  |  | <p>the municipality are rendered for free.</p> <p>Management did not ensure that there are adequate processes in place to ensure collection of outstanding debt.</p> | <p><b>approach.</b></p> <p>This will ensure that the customers are on prepaid.</p> <p>The customers will be forced to pay for the services they consume.</p> <p><b>We will convert credit metres to smart metres in our billable areas.</b></p> <p>Converting credit meters</p> |  |  |  |  |
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|  |  |  |                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |
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|  |  |  | <p>to smart<br/>metres will<br/>assist the<br/>municipality in<br/>mitigating the<br/>risk of defaults<br/>especially for<br/>the customers<br/>who can afford<br/>the services</p> <p>The above<br/>actions will<br/>ensure that the<br/>municipality<br/>eventually<br/>moves to<br/>prepaid<br/>services. With<br/>prepaid<br/>services , the</p> |  |  |  |  |
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|  |  |  |                                                                                                                                                                                                           |  |  |  |  |
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|  |  |  | consumers<br>debtors will<br>decrease as<br>more services<br>will be<br>delivered upon<br>cash receipt.<br>There will be<br>less risks of<br>defaults and<br>hence less<br>indicators for<br>impairment . |  |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|



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|---|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------|--|--|
| 2 |  |  | <b>Data<br/>Cleansing</b><br>We will be implementing the data cleansing project to ensure that the municipality has the credible consumer database, extending the billing to all billable households, to correctly categorise the consumers on the data base, | Senior Manager :<br>Revenue | 31-Mar-25 |  |  |
|---|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------|--|--|

|  |  |  |                                                                                                                                                                                                                                                                                        |  |  |  |  |
|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  |  | <p>identify the debt that has a potential of collectability.</p> <p>Through data cleansing we will identify all the prescribed debt including the debtors that are deceased and indigent. These will be written off from the total outstanding debt. Deceased and indigent will be</p> |  |  |  |  |
|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|   |                     |                                                                                                                                                        |                                                                                                                                                                               |                                                    |           |  |  |
|---|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------|--|--|
|   |                     |                                                                                                                                                        | removed from the routine billing processes.                                                                                                                                   |                                                    |           |  |  |
| 3 | <b>Water losses</b> | The municipality reported water losses of R12,22 million ( 2022-23: R8,44 million. The losses were due to aging infrastructure and illegal connections | The municipality is implementing the installation of bulk metres .<br><br>Water delivered with water tankers to be included and added to the authorised consumption hence the | HOD : Water Services<br>Senior Manager:<br>Revenue | 30-Jun-25 |  |  |

|  |  |  |                                                                                                                                                                               |  |  |  |  |
|--|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  |  | water is basically delivered for consumption, to areas where there is a need of water carting. This will in turn decrease the water loss encountered within the municipality. |  |  |  |  |
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|   |                               |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                          |                                                          |           |  |  |
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| 4 | <b>Expenditure management</b> | <p>Money owed by the municipality was not always paid within 30 days as required by section 65 (2) of the MFMA. On average, the municipality takes 33 days to pay its suppliers which exceeds the generally accepted period of 30 days.</p> | <p>The request has been made to BCX to provide an invoice tracking application. Managing and keeping an eye on invoices throughout their lifecycle is the goal. This entails close monitoring of supplier's invoice receipt, deadlines, payment status, and any possible problems or</p> | <p>Senior Manager : Expenditure Manager: Expenditure</p> | 31-May-25 |  |  |
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|  |  |  |                                                                                                                                                                                                                                                                                  |  |  |  |  |
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|  |  |  | <p>delays. We can detect any payment delays and take the necessary steps to guarantee seamless transactions and on-time payments by keeping a careful eye on the status of invoices.</p> <p>When invoices are not paid within 30 days of being received, the reasons for the</p> |  |  |  |  |
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|  |  |  |                                                                                                                                                                                                                                                           |  |  |  |  |
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|  |  |  | <p>delay, along with any supporting documents, will be noted on the payment voucher.</p> <p>We will implement consequence management processes to ensure that individuals are held accountable for invoices that are paid late without valid reasons.</p> |  |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|   |  |                                                                                                                                |                                                                                                                                                                                                                                                                                       |                                   |           |  |  |
|---|--|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------|--|--|
| 5 |  | Reasonable steps were not taken to prevent irregular expenditure of R147 million disclosed in the annual financial statements. | Implementation of an irregular expenditure reduction plan is underway. The reduction plan takes into account the control deficiencies in the control environment and other inherent limitations. The progress report on the implementation of the plan will be tabled, with the Audit | Manager : Supply Chain Management | 31-Mar-25 |  |  |
|---|--|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------|--|--|



|   |  |                                                                                                                                                                                 |                                                                                                                                                                                                                                                                       |                                                     |               |  |  |
|---|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------|--|--|
|   |  |                                                                                                                                                                                 | Committee,<br>and EXCO for<br>monitoring<br>purposes.                                                                                                                                                                                                                 |                                                     |               |  |  |
| 7 |  | Reasonable<br>steps were not<br>taken to<br>prevent<br>unauthorised<br>expenditure<br>amounting to<br>R128 million<br>as disclosed in<br>the annual<br>financial<br>statements. | An adjustment<br>on the budget<br>figures for the<br>non cash items<br>will be made.<br>An increase in<br>the budgeted<br>figure for<br>impairments<br>will be done<br>(both Property<br>Plant and<br>Equipment and<br>Receivables<br>from exchange<br>transactions). | Senior Manager :<br>Budget and<br>Financial Systems | 28-Feb-<br>25 |  |  |

|   |                                  |                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                         |                                    |         |  |  |
|---|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------|--|--|
| 5 | <b>Asset maintenance renewal</b> | The percentage spending on repairs and maintenance has regressed by 0.2%. It remains below the National Treasury prescribed minimum of 8% for repairs and maintenance. Management did not ensure adequate budgeting for repairs and maintenance | The municipality has committed on the programme of prepaid smart meters installation to improve revenue and cash flow. This will assist the municipality to be adequately budget for the maintenance of infrastructure. | Executive Director: Water Services | Ongoing |  |  |
|---|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------|--|--|

|  |                             |                                                                                                                                                                           |                                                                                                                                                                                |                                                                  |           |  |  |
|--|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------|--|--|
|  |                             | of infrastructure to ensure there are no disruptions to service delivery.                                                                                                 |                                                                                                                                                                                |                                                                  |           |  |  |
|  | <b>Impairment of assets</b> | There were instances where key service delivery assets were impaired .For some of the assets, expenditure was incurred but during the physical verification , nothing was | The matter will be presented to the BTO committee for the councillors to decide whether there will be an investigation on instances where assets were not found. The direction | Chief Financial Officer<br>Executive Director:<br>Infrastructure | 30-Jun-25 |  |  |

|  |  |                                                     |                                                                                                                                                                                                                                                                                                                                  |  |  |  |  |
|--|--|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  | <p>found on site .<br/>Assets did not<br/>exist</p> | <p>on which the<br/>council will<br/>take is<br/>uncertain,<br/>however, these<br/>assets will<br/>eventually need<br/>to be written<br/>off and<br/>removed from<br/>the FAR.</p> <p>The<br/>municipality<br/>has revisited<br/>the other<br/>projects that<br/>were flagged<br/>as long<br/>outstanding<br/>WIP. There has</p> |  |  |  |  |
|--|--|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

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|  |  |  | <p>been movement to projects that were temporarily stopped(i.e. Steven Dlamini Dam and its related infrastructure projects).</p> <p>This revival of projects will ensure that the long outstanding WIP projects do not deteriorate further and</p> |  |  |  |  |
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|   |                                             |                                                                                                      |                                                                                                                                                       |                                                                |         |  |  |
|---|---------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|---------|--|--|
|   |                                             |                                                                                                      | attract more impairment.                                                                                                                              |                                                                |         |  |  |
| 7 | <b>Financial Management and Performance</b> | Management did not ensure that there are adequate processes to ensure collection of outstanding debt | <p>The municipality is rolling out the smart metres and moving to prepaid.</p> <p>The municipality is engaging on the data cleansing processes to</p> | Executive Director: Water Services<br>Senior Manager : Revenue | Ongoing |  |  |

|   |                                        |                                                          |                                                                                                                                                                                                     |                                                                                         |           |  |  |
|---|----------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------|--|--|
|   |                                        |                                                          | <p>identify the debt that has a potential collectability.</p> <p>Data cleansing will also assist the municipality to identify all the prescribed debt including the debtors that are deceased .</p> |                                                                                         |           |  |  |
| 9 | <b>Information Security Management</b> | Reasebetsa system not functional due to expired licence. | The municipality has already commenced with the procurement of the system and Bid                                                                                                                   | <p>Executive Director: Water Services</p> <p>Executive Director: Corporate Services</p> | 28-Feb-25 |  |  |

|    |                               |                                                                                                                                                                       |                                                                                                                                                                                     |  |           |  |  |
|----|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|--|--|
|    |                               |                                                                                                                                                                       | Specification Committee has recommended the project for advertisement.                                                                                                              |  |           |  |  |
| 10 | <b>Consequence management</b> | No action has been taken to initiate the recovery of the fruitless and wasteful expenditure which was investigated and recommended to be recovered from the employees | The investigation was concluded towards the end of the 2023/2024 financial year. The recovery process is underway and will be concluded before the end of 2024/2025 financial year. |  | 30-Jun-25 |  |  |



|    |                                                        |                                                                                                                                                                                          |                                                                                                                                                                                                                  |                                                                                 |           |                        |  |
|----|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------|------------------------|--|
|    |                                                        | responsible                                                                                                                                                                              |                                                                                                                                                                                                                  |                                                                                 |           |                        |  |
| 11 | <b>Performance planning , management and reporting</b> | Management did not ensure that the targets are "SMART" as targets were set to provide service delivery to the community in the 2023/24 financial year ,without taking into consideration | Due to the allocation of Funds through Infrastructure Grants being limited, the municipality is not able to allocate full budget for the project to be implemented from Planning up to Commissioning as a single | Executive Director Water Services<br>Executive Director Infrastructure Services | 31-Mar-25 | Approved revised SDBIP |  |

|  |  |                                                   |                                                                                                                                                                                                                                                                                   |  |  |  |  |
|--|--|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  | <p>the time required to complete the project.</p> | <p>project. The nature of the projects as well as other unforeseen circumstances also makes it impossible for these Water &amp; Sanitation Projects to be completed within one Financial Year. While through the National Key Performance Indicators (KPI) we are required to</p> |  |  |  |  |
|--|--|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

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|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  |  | <p>report<br/>(Percentage/<br/>number of<br/>households<br/>with access to<br/>basic water or<br/>sanitation for<br/>the first time as<br/>well as<br/>refurbishment).</p> <p>Hence as per<br/>discussion with<br/>the AG, it was<br/>agreed that<br/>targets should<br/>align to what<br/>will be<br/>achieved within<br/>the financial<br/>year of</p> |  |  |  |  |
|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|  |  |  |                                                                                                                                                                                                                                                                       |  |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  |  | <p>reporting. To respond to this, both the Infrastructure and Water Services departments have set targets accordingly, i.e. to report on what will be applicable in the year of reporting..</p> <p>For the 2024/25 SDBIP Mid Term Review, these Targets have been</p> |  |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|    |  |                                                                                                                                     |                                                                                                                                     |                                                                                 |           |                           |  |
|----|--|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------|---------------------------|--|
|    |  |                                                                                                                                     | amended<br>taking this<br>finding into<br>account.                                                                                  |                                                                                 |           |                           |  |
| 12 |  | Targets were set on projects that ended up being revised mid-year. Management indicated that the revision was due to projects being | Management will ensure that targets on the SDBIP align with the projects on the implementation plan. For the 2024/25 SDBIP Mid Term | Executive Director Water Services<br>Executive Director Infrastructure Services | 31-Jul-25 | Annual Performance Report |  |

|  |  |                                                                                                                                                                                                                                            |                                                                                |  |  |  |  |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--|--|--|--|
|  |  | <p>completed in the previous financial years, and that the budget allocation was only for the retentions. Management's reasons are an indication that no adequate consideration of the targets when the plan for the year was drafted.</p> | <p>Review, these Targets will be amended taking this finding into account.</p> |  |  |  |  |
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| 13 |  | Some of the beneficiaries included in the listing provided to support the indicator did not have access to basic water. This was confirmed during the physical verification of the project and the visits to the beneficiaries' households. | Management shall develop targets on specific areas that will be completed during the year of reporting. As indicated with the AG, the issue of ESKOM takes long as a result the municipality depends on diesel which then results in the service not being consistent resulting | Executive Director Water Services<br>Executive Director Infrastructure Services | 31-Mar-25 | Approved revised SDBIP |  |
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|  |  |  |                                                                                                                                                                                                                       |  |  |  |  |
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|  |  |  | <p>beneficiaries saying they aren't receiving the service.</p> <p>For the Communities that are being served from Communal Standpipes, a layout showing the Standpipes they benefiting from will also be provided.</p> |  |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|



|    |  |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                          |                                            |           |                        |  |
|----|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------|------------------------|--|
| 14 |  | Reported achievements not supported by sufficient audit evidence as there is no evidence to support the calculation used for the reported achievement in the annual performance report | Based on the initial Scope of Works that was developed for the Project, the project was completed in the 2022/23 Financial Year. Since the Water Quality issue was picked up, the municipality then allocated additional funding for the implementation of a Water Package Plant for the | Executive Director Infrastructure Services | 31-Mar-25 | Approved revised SDBIP |  |
|----|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------|------------------------|--|

|  |  |  |                                                                                                                                                                                                                                                  |  |  |  |  |
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|  |  |  | <p>Purification of Water.</p> <p>The municipality is currently undertaking the process of power supply for the operation of the purification plant.</p> <p>This is the Highflats Project. The 2024/25 SDBIP has been amended to include this</p> |  |  |  |  |
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|    |  |                                                                                                                                                     |                                                                |                                            |           |              |  |
|----|--|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------|-----------|--------------|--|
|    |  |                                                                                                                                                     | project so that we can reach closure on the previous findings. |                                            |           |              |  |
| 15 |  | The municipality has reported on achievement of 95% in the annual performance report however no households received water in 2023/24 financial year | Adjusted the APR to zero which was accepted by the AG.         | Executive Director Infrastructure Services | 01-Dec-24 | Adjusted APR |  |

|    |  |                                                                            |                                                                                                                                                                                                                           |                                   |           |              |  |
|----|--|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------|--------------|--|
| 16 |  | Differences noted between reported achievement and recalculation performed | Adjusted the APR. DWS was engaged on the results of raw water that was not appearing in the report and the issue was resolved on the 8th of November 2024 which then resulted to the 75,25% achievement instead of 76,9%. | Executive Director Water Services | 01-Dec-24 | Adjusted APR |  |
|----|--|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------|--------------|--|

***VOLUME 1: ANNUAL PERFORMANCE REPORT***

**HARRY GWALA DISTRICT MUNICIPALITY**



**[2024/2025 ANNUAL PERFORMANCE REPORT]**

## Table of Contents

|                                                                                                                                                   |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| FOREWORD BY THE HONOURABLE MAYOR                                                                                                                  | 304       |
| FOREWORD BY THE MUNICIPAL MANAGER                                                                                                                 | 305       |
| BACKGROUND                                                                                                                                        | 307       |
| SUMMARY                                                                                                                                           | 307       |
| 1. STRATEGIC SUMMARY OF 2023/2024 – 2024/2025 FINANCIAL YEAR                                                                                      | 308       |
| 2. MANAGEMENT PROCESS                                                                                                                             | 308       |
| 3. REPORTING PROCESS                                                                                                                              | 309       |
| 4. SUMMARY OF PERFORMANCE PER DEPARTMENT (2022/2023 – 2024/2025)                                                                                  | 310       |
| 4.1. BASIC SERVICE DELIVERY                                                                                                                       | 311       |
| 4.2. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT                                                                                       | 315       |
| 4.3. LOCAL ECONOMIC AND SOCIAL DEVELOPMENT AND CROSS-CUTTING INTERVENTIONS                                                                        | 317       |
| 4.4. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT                                                                                                 | 320       |
| 4.5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION                                                                                                     | 321       |
| 5. ORGANIZATIONAL PERFORMANCE HIGHLIGHTS (2022/2023 – 2024/2025)                                                                                  | 323       |
| <a href="#">6. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS</a>                                                                    | 324       |
| <b>ANNEXURE A – ORGANIZATIONAL PERFORMANCE ASSESSMENT AS PER THE SERVICE DELIVERY &amp; BUDGET IMPLEMENTATION PLAN – 2024/2025 FINANCIAL YEAR</b> | <b>32</b> |
| <b>7. CONCLUSION</b>                                                                                                                              | <b>51</b> |

|       |                                                 |
|-------|-------------------------------------------------|
| NDP   | National Development Plan                       |
| PGDS  | Provincial Growth and Development Strategy      |
| NSDP  | National Spatial Development Plan               |
| IDP   | Integrated Development Plans                    |
| SDBIP | Service Delivery Budget and Implementation plan |
| MFMA  | Municipal Finance Management Act                |
| MTEF  | Medium Term Expenditure Framework               |
| KPI   | Key Performance Indicators                      |
| PMS   | performance Management System                   |
| APR   | Annual Performance Report                       |
| AFs   | Financial Statements                            |
| KPAs  | Key Performance Areas                           |
| MPAC  | Municipal Public Accounts                       |
| PAC   | Performance Audit Committee                     |
| WSDP  | Water Service Development Plan                  |
| O&M   | Operations and Maintenance                      |
| EEP   | Employment Equity Plan                          |
| SALGA | South African Association Local Games           |
| LMs   | Local Municipalities                            |
| CoGTA | Cooperative Governance and Traditional Affairs  |
| AFMS  | Application Filling and Monitoring System       |
| SDF   | Spatial Development Framework                   |
| LED   | Local Economic Development                      |
| BTO   | Budget and Treasury Office                      |
| EXCO  | Executive Committee                             |

## FOREWORD BY THE HONOURABLE MAYOR

Harry Gwala District Municipality drafted this Annual Performance Report (APR) for 2024/2025 in compliance with Chapter 6 of the Municipal Systems Act and Performance Regulations. This APR reflects on the performance of the municipality under the challenges of adjusting to shrinking budgets and its negative impact on the municipality's ability to achieve its service delivery targets. It must also be indicated that the process of developing this APR was also heavily affected by the outbreak of heavy rains that took place mainly in the Provinces of KwaZulu-Natal and Gauteng, which caused some delays in the completion of the projects.

It is also worth mentioning the fact that this is the second to last APR for the current leadership since its term is officially ending in 2026, depending on the date announcement for the Local Government Elections to be declared and Gazetted. This APR is therefore important in terms of reflecting on the key achievements and challenges of this current administration but also laying the foundation for the upcoming last financial year for the new leadership and its term. In the beginning of Financial Year, the budget was allocated for the projects and programmes as per Key Performance Area contained in the Integrated Development Plan (IDP) document. The Service Delivery and Budget Implementation Plan (SDBIPs) were developed for implementation by each municipal department.

All our programmes and projects emanated from our vision "By 2030 Harry Gwala District Municipality will be a leading water services provider in the whole of KZN with its communities benefitting from a vibrant agriculture and tourism sectors.". The financial year under reporting witnessed a slight improvement in the municipality's performance as it moves from 69% to 71%, with the Departments of the Office of the Municipal Manager, Budget and Treasury Office, Corporate Services and Social Services and Development Planning performing above 70%. Since basic service delivery and infrastructure is the coalface of local government, it is important to highlight that there have been the achievements that our municipality made in this front, amongst others the IBISI sewer water borne and the Horseshoe sanitation project. I must mention that it still remains our priority to ensure that we provide our communities with water and sanitation services.

Whilst the positive strides have been made, the municipality still needs to work hard to overcome the following challenges – expanding its revenue base to become sustainable and viable as a government institution; through intergovernmental relations we intend to work together with our local municipalities to reconfigure external boundaries to prevent income leakage that weakens the local economy of Harry Gwala District jurisdiction area; ICT connectivity challenge to make governance more effective and efficient; conduct oversights in all businesses so as to ensure health and safety of our communities. etc.

Based on the achievements and challenges illustrated above, we are hopeful that the new upcoming year shall work tirelessly to ensure that leadership, both Political and Administration, works jointly to be able to build on this foundation and change the lives of the people of Harry Gwala for good. We trust that the good social contract that exist between the municipality and citizens of Harry Gwala will hold for another foreseeable future.

**Yours in development,  
Councillor Z.D. Nxumalo  
The Mayor of Harry Gwala District Municipality**



## FOREWORD BY THE MUNICIPAL MANAGER

The municipality, as a government institution, operates within the ambits of the legislation. The Municipal Systems Act requires municipalities to develop annual performance reports. Section 46 (1) states that: "A municipality must prepare for each financial year an annual report consisting of

- a) A performance report reflecting
  - i) the municipality's, and any service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year
  - ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year, and
  - iii) measures that were or are to be taken to improve performance
- b) the financial statements for that financial year
- c) an audit report on the financial statements and the report on the audit performed
- d) Any other reporting requirements in terms of other applicable legislation.

Over and above the requirements of MSA, circular 63 gives clarities as to exact chapters and information that should be contained in the municipal Annual Report. As the Accounting Officer of the Harry Gwala District Municipality, I am confident that these requirements were met when developing this municipal Annual Performance Report for the 2024/2025 Financial Year. Harry Gwala District Municipality has made numerous improvements in terms of good governance and administration that assists with service delivery and socio-economic development for the local people. The municipality has sought to establish clear alignment and integration between the integrated development plan, the performance management system and enterprise risk management which enables it to move in one direction institutionally and be proactive in terms of dealing with challenges and risks.

Nearly all the governance structures have been established and are fully functional. From a performance management point of view, the management is now able to set indicators and targets that are based on the IDP's strategic objectives; implement; evaluate; and report on this continuously throughout the year using the Service Delivery, Budget and Implementation Plan (SDBIP). Through this, the management is now able to identify and determine targets that would not be achieved and make necessary adjustments during the budget adjustment period in the middle of the year, as per the legislation.

During the financial year under reporting, Harry Gwala District Municipality was able to deliver on most of its performance targets although more could still be achieved with more determination and cooperation. There were good achievements under governance related matters. There were several other successful interventions for instance, there was a noticeable turn-around in our EPWP Programme with an increase in the number of participants and beneficiaries as well as the actual allocation from the National Department of Works. The Environmental Health Unit within the Social Services and Development

Planning Department was also able to drive an aggressively effective environmental management programme centred around 'Keeping Harry Gwala Community safe campaign'.

In terms of Corporate Services, the department was able to improve the sitting of council committees in spite of ICT connectivity challenges; the department was able to effectively manage internal stakeholders' relations thus enabling everyone to focus on service delivery work. As indicated in the Mayor's Foreword, the Infrastructure Services Department was able to deliver on sanitation related projects although it also registered a concern in the overall performance. Lastly, the BTO was able to effectively manage municipal budget under the difficult conditions of having limited budgets as a rural based municipality. In terms of challenges for the municipality, the issue of budget limits will always be challenging number for us; the issue of ICT connectivity, which sometimes forces to go more than a day without any connection; the issue of good corporate culture where productivity is key; the issue of employee-related cost and its impact on the budget. Having delivered on most of the targets for the year under review, the current management needs to raise the bar of its performance way above 70% to be able to realise the current Vision of the municipality. This will lay a solid foundation for the Harry Gwala Municipality to be the best performing municipality that is able to improve the quality of life of its citizens. Lastly and importantly, the performance of these departments must be read within the context of the fact that the municipality is mostly grant dependant. Broadly speaking, transformation process is still evolving within our institution, which comes with a lot of challenges in terms of managing certain dynamics around resource allocations and the division of functions and responsibilities.

**Yours in governance,**

**Mr. G.M. Sineke**

**Municipal Manager of Harry Gwala District Municipality**

## BACKGROUND

The constitutional commitment mandates all spheres of government to ensure that the lives of the South African citizens are improved, and their dignity is restored. As a sphere of government which is closer to the people, we are striving to ensure that the needs of the communities residing within the Harry Gwala district area of jurisdiction finds expression in the Integrated Development Plan (IDP) which is a five-year strategic plan of the municipality.

Harry Gwala district municipality as a water service authority has a quest to provide clean drinkable water to all people living within this district and to restore the people's dignity by providing decent sanitation system. Since 1994, when the present government took over, Harry Gwala district municipality have managed to provide piped water to more than 51 000 people. Over the past 24 years' government has massively expanded access to basic service, but backlog remains, and the quality of services is uneven. Improvement of the quality and consistency of services requires improvement in the performance of the municipality and its service providers.

## SUMMARY

In pursuit for a sustainable development, the Service Delivery Budget and Implementation plan (SDBIP) was developed to ensure the realisation of the municipality's vision that " By 2030 Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from vibrant agriculture and tourism sector" strategic objectives, key performance indicators and targets were set to be achieved in a period of year and they got expression in the form of the organisational SDBIP which is the management tool for the municipality.

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. The National Treasury's mandate which is informed by section 215 and 216 of the Constitution as well as the MFMA of 2003 is to ensure that information on inputs, activities, outputs and outcomes underpinning planning, budgeting, implementation and reporting promotes efficiency and effectiveness, transparency and expenditure control.

The cabinet took a decision in 2013 that the 2014-2019 performance indicators and targets should be set relating to the budget year and the Medium-Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. Hence the Service Delivery Budget and Implementation plan was

developed as the management tool to inform the annual strategic planning and budgeting in the municipality. Targets and key performance indicators (KPIs) were set in the IDP and the SDBIP are now being reported on a quarterly basis in order to comply with Regulation 28(1) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006, section 46 of the Systems Act, 2000

## **1. STRATEGIC SUMMARY OF 2023/2024 – 2024/2025 FINANCIAL YEAR**

Annual Performance Report (APR) presents the performance results for the 2024/2025 financial year that contributed to the achievement of goals identified in the MTSF priorities which was adopted by the cabinet in 2013. The performance measures in this report were initially outlined in municipal IDP which is a five-year strategic document. To ensure the realization of the objectives in the IDP, the Service Delivery Budget and Implementation plan was developed with clear targets and key performance indicators to be achieved in a period of a year. Performance targets are revised annually to reflect changes in accordance with the budget adjustment.

The APR contains details of the municipality's projects performance, showing the historical targets and results of the 2024/2025 financial year. This report fulfils the statutory requirements of the Municipal Financial Management Act (MFMA) of 2003 that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and each external service provider during that financial year and compare the targets set for and performance of the previous financial year.

The 2024/2025 performance reporting is based on the 2024-2025 IDP, which serves as a blueprint for enhancing service delivery and economic growth within the district. We are currently in the 3<sup>rd</sup> generation of the IDP. On its adoption, the service delivery budget and implementation plan are developed and is reviewed annually.

The APR shows the historical performance of the municipality for the financial year 2023/2024-2024/2025 financial year. With the core function of providing water and sanitation, there are other functions provided by the municipality that cuts across the district to ensure that the lives of the residents are improved. The municipality is comprised of Infrastructure services department, Water services department, Budget and Treasury Office, Corporate services, Office of the Municipal Manager and Social services and Development planning.

## **2. MANAGEMENT PROCESS**

Performance management is defined as a strategic process to management (or system of management), which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. Regulation 7 of the 2001 Performance Regulations requires that every municipality develop a performance management system (PMS) which consists of a performance framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, and must set out the roles and responsibilities of the different stakeholders. The regulations further provide in Regulation 13

that a municipality must, after consultation with the community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and targets set by it.

During the IDP process a corporate vision and mission was formulated for the Harry Gwala District

Municipality, together with broad key performance areas (KPA's), development objectives and key performance indicators (KPI's) which feed into the vision and mission. The process was taken further.

into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This was done using relevant concepts to populate the organizational and service scorecards of the Harry Gwala District Municipality. This process of developing the organizational and departmental scorecards is followed every year after adoption of the IDP and the budget and after evaluation of the previous year scorecard or municipal performance.

### **3. REPORTING PROCESS**

Accountability shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes after the government re-affirmed its intention to shift its high-level management from focusing on compliance but outcomes to ensure effective and efficient service delivery. Guided by the legislation a reporting mechanism was developed to promote efficiency and effectiveness as well as transparency and expenditure control. Performance reporting is a critical step because it determines what is to be reported, when to be reported and to whom to be reported. To assess the achievement of results in relation to the set goals/objectives an indicator was set. Performance indicators and targets were set relating to the budget year and the Medium-Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. When preparing the reports priorities, objectives, indicators, targets, measurements and analysis of the municipality were taken into consideration and present this information in a simple and accessible format, relevant and useful to the specified target group.

#### ***3.1 The table below illustrates the details on the nature of reporting, to whom they were submitted and when they were submitted:***

| <b><i>DETAILS OF REPORTS</i></b> | <b><i>STAKEHOLDERS</i></b>             | <b><i>TIMEFRAMES</i></b> |
|----------------------------------|----------------------------------------|--------------------------|
| <b><i>FIRST QUARTER</i></b>      | <i>PMS UNIT</i>                        | <b><i>QUARTERLY</i></b>  |
|                                  | <i>INTERNAL AUDIT</i>                  |                          |
|                                  | <i>PORTFOLIO COMMITTEE</i>             |                          |
|                                  | <i>EXCO</i>                            |                          |
|                                  | <i>PERFORMANCE AND AUDIT COMMITTEE</i> |                          |
|                                  | <i>COUNCIL</i>                         |                          |

|                                  |                                  |                          |
|----------------------------------|----------------------------------|--------------------------|
| SECOND QUARTER                   | PMS UNIT                         | QUARTERLY                |
|                                  | INTERNAL AUDIT                   |                          |
|                                  | PORTFOLIO COMMITTEE              |                          |
|                                  | EXCO                             |                          |
|                                  | PERFORMANCE AND AUDIT COMMITTEE  |                          |
|                                  | COUNCIL                          |                          |
|                                  | NATIONAL AND PROVINCIAL TREASURY | 25 <sup>TH</sup> JANUARY |
| THIRD QUARTER                    | PMS UNIT                         | QUARTERLY                |
|                                  | INTERNAL AUDIT                   |                          |
|                                  | PORTFOLIO COMMITTEE              |                          |
|                                  | EXCO                             |                          |
|                                  | PERFORMANCE AND AUDIT COMMITTEE  |                          |
|                                  | COUNCIL                          |                          |
|                                  | FOURTH QUARTER                   | PMS UNIT                 |
| INTERNAL AUDIT                   |                                  |                          |
| PORTFOLIO COMMITTEE              |                                  |                          |
| EXCO                             |                                  |                          |
| PERFORMANCE AND AUDIT COMMITTEE  |                                  |                          |
| COUNCIL                          |                                  |                          |
| NATIONAL AND PROVINCIAL TREASURY |                                  | AUGUST                   |
| PROVINCIAL COGTA                 |                                  |                          |
| AUDITOR GENERAL                  |                                  |                          |
|                                  |                                  |                          |

#### **4. SUMMARY OF PERFORMANCE PER DEPARTMENT (2022/2023 – 2024/2025)**

The legend used to report performance is as follow:

**Blue** – Planned targets

**Green** – Performance target met.

**Red** – performance target not met.

| <b>Traffic Light Status</b>  | <b>2022/2023<br/>Performance</b> | <b>2023/2024<br/>Performance</b> | <b>2024/2025<br/>Performance</b> |
|------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Blue – Planned target</b> | 73                               | 88                               | 164                              |
| <b>Green – Target met</b>    | 58                               | 61                               | 123                              |
| <b>Red – Target Not met</b>  | 15                               | 27                               | 41                               |
| <b>% Achievement</b>         | <b>79,45%</b>                    | <b>69,32%</b>                    | <b>75%</b>                       |

## **4.1. BASIC SERVICE DELIVERY**

### **4.1.1. INFRASTRUCTURE SERVICES**

Water and sanitation constitute the human right of every individual, without discrimination, to sufficient, safe, acceptable, accessible and affordable water and sanitation for personal use. It is well known that safe water and adequate sanitation are the bases for sustainable solution to the threat of water related diseases.

Sources of water within this district are categorized into boreholes, protecting springs, rainwater collection and abstraction of water from the rivers and currently implementing the Stephen Dlamini dam. High priority is given to sanitary waste disposal because human excreta always contain large numbers of microorganisms, some of which may cause diseases such as cholera, typhoid and hepatitis. Lack of proper sanitation facilities lead to contamination of water sources. To ensure that Harry Gwala residents are protected from the risk of drinking contaminated water, the municipality had put aside a budget for infrastructure department to implement the water and sanitation projects. Projects were identified by the communities during the IDP road shows, and they find expression in the IDP. Most of the water projects are multi-year and the spring protection, rainwater collection and sanitation have targets that can be accomplished in a period of month to a year.

#### **Key challenges:**

- Additional works affected the scope including denzo additions.
- Progress is at 89% completion, due to unauthorized connection to the sewer line caused flooding in the manholes: delayed delivery and installation of pumps.
- Delays caused by fabrication of steel pipes.
- Subcontractor (Cessionary) started at the beginning of May 2025 and the progress is slow.
- Subcontractor (Cessionary) started at the beginning of May 2025 and the progress is slow.
- Subcontractor (Cessionary) started at the beginning of May 2025 and the progress is slow.
- Poor performance by PSP
- It was affected by the delays to obtain the licence to construct.
- hard rock has encountered leading to blasting that took more than planned.
- hard rock has encountered leading to blasting that took more than planned.
- The tender document for the project delayed due to the scope that was not part of the initial approved scope of works.
- The tender document for the project delayed due to the scope that was not part of the initial approved scope of works.

#### **Corrective measures:**

- Extension of time has been submitted.
- The contractor responsible for the unauthorized sewer connection has been directed to remove the sewer water from the gravity line promptly; additionally, the main contractor was requested to submit the three quotations and submit them with a detailed rate breakdown for flushing the bulk sewer line in question.
- Pipes were delivered on the 08 April 2025
- Contractor (Cessionary) to submit catch plan and finalise scope for local subcontractors.
- Contractor (Cessionary) to submit catch plan and finalise scope for local subcontractors.
- Contractor (Cessionary) to submit catch plan and finalise scope for local subcontractors.
- Ensure full compliance with normal consultant procedures e.g., tender related matter before issuance of tender
- licence obtained, programme revised ,access road will be done in the second quarter.
- Finished balsting,concrete poured, and it will be completed second quarter



- Finished balsting, concrete poured, and it will be completed second quarter
- The tender document for the project has been completed and it has been submitted to the appraisal committee. The only issue that we have that needs to be communicated with CoGTA is the issue of the scope that was not part of the original approved scope of works. The Gala Bulk Line was done under the RBIG, and we will have to do some refurbishment on it to get this scheme working as that line serves as a water source. We will prepare a scope change and submit to CoGTA. ,panel of contractors to be utilised , contractor to be appointed in the 1st quarter
- The tender document for the project has been completed and it has been submitted to the appraisal committee. The only issue that we have that needs to be communicated with CoGTA is the issue of the scope that was not part of the original approved scope of works. The Gala Bulk Line was done under the RBIG, and we will have to do some refurbishment on it to get this scheme working as that line serves as a water source. We will prepare a scope change and submit to CoGTA. ,panel of contractors to be utilised , contractor to be appointed in the 1st quarter.

#### **4.1.1.1 INFRASTRUCTURE SERVICES DEPARTMENT Performance Highlights for 2022/2023 – 2024/2025**

| <b>Infrastructure Services</b> |                  |                  |                  |
|--------------------------------|------------------|------------------|------------------|
| <b>Financial Year</b>          | <b>2022/2023</b> | <b>2023/2024</b> | <b>2024/2025</b> |
| <b>Planned Targets</b>         | 6                | 11               | 33               |
| <b>Targets Met</b>             | 3                | 2                | 21               |
| <b>Targets Not Met</b>         | 3                | 9                | 12               |
| <b>% Achievement</b>           | 50%              | 18,18%           | 63,64%           |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 33 targets for the year. 21 targets were achieved and 12 were not achieved as at 30 June 2025. Annual performance achievement is sitting at 63,64% which has improved from the previous financial year as was sitting at 18,18%.

#### **4.1.2 WATER SERVICES**

The main objective of this department is to ensure efficient operation and maintenance of a water supply schemes in order to provide safe drinking water as per designed quality and quantity. The functions of this department include planning and design, Operation and maintenance of water schemes and Good Governance.

##### **4.1.2.1 Planning and Design Unit**

To ensure the availability of sufficient good quality water, it is tremendously imperative to plan and design suitable water supply schemes. These water schemes should be able to provide portable water to the various sections of communities residing within the Harry Gwala district municipality in accordance with the demands and requirement. The provision of such a scheme should ensure constants and reliable water supply to the people to which it has been designed and ensuring better living standard. The unit is also responsible for ensuring that the water consumed by the communities is of good quality by taking water samples for analysis and testing for the control of bacteriological quality and ensure that the water schemes have water use licences for compliance with the Department of water and sanitation requirements.



#### 4.1.2.2 Operation and Maintenance

By Operation” we refer to timely and daily operation of the components of a Water Supply schemes such as treatment plant, machinery and equipment, conveying mains, service reservoirs and distribution of water effectively by various technical personnel, as a routine function.

Whereas “Maintenance” is defined as the act of keeping the structures, plants, machinery and equipment and other facilities in an optimum working condition. Maintenance also includes preventive /routine maintenance and also breakdown maintenance, replacements, correction of defects. The department has developed the operation and maintenance plan to ensure that the water schemes are fully functional and attended to when faults are reported by the community. Job cards are issued as when the fault is reported for repairs and maintenance. The budget was set aside for water schemes due for refurbishment. To ensure effective and efficient service delivery, a budget for the installation of smart water meters was set aside. This will assist the municipality to be able to make collections to the water users who are not indigent.

#### 4.1.2.3 Good Governance

Efficient and effective operation depends upon sound water supply strategies made up of water safety plans to ensure good quality water supply. The focus of this unit is on ensuring that the water and sanitation related regulations are adhered to, developing water by-laws and policies. Conducting awareness campaigns for conservative use of water and Health and Hygiene education are amongst the functions of this unit. The customer care unit was established to ensure that the water and sanitation related issues are reported and attended to timeously by the relevant personnel.

#### Key challenges:

- Power supply from Eskom not yet finalised. Project complete but not yet fully - handed over due to Eskom power connections hence the scheme cannot be deemed as fully functional and fully handed over to O&M for usage. Eskom has finalised the connection of 3 out of 4 sites.
- Power supply from Eskom not yet finalised. Project complete but not yet fully - handed over due to Eskom power connections hence the scheme cannot be deemed as fully functional and fully handed over to O&M for usage. The municipality has processed payments for 9 out of 13 Eskom quotations.
- Slow progress from the previous Contractor resulting in Contract termination. Current project progress is at 59%.
- Energising of water sources (boreholes & protected springs). Current project progress is at 95% - Practical Completion. Harvesting of reliable groundwater sources was achieved. Land disputes were resolved. Eskom has been engaged and the process of applying for new connections has commenced.
- The contractor could not finish the construction of tanks platforms in order for the tank supplier to commence with installations.
- The contractor delayed the activity of Pumpstation Construction and could not finalise the engagements with the Specialist on time.
- The Contractor delayed in engaging the tank supplier on time.
- The contractor delayed the commencement and finalisation of the engagements with the Specialist on time.

- Misalignment of activities from the Contractors i.e. the programme of works initially indicated that Tanks and Pumpstations will be concluded by June 30th, but revisions were done to the programme instead more effort was put in pipe laying therefore causing misalignment of planned activities.
- The process of purchasing was delayed by the non-availability of Jetting machines from the Transversal tenders. The project had to be done through open tender.
- This is a saving on the part of the municipality however the target set was not achieved.
- The appointment letter for the supply and delivery of Bulk Water meters amounting to R 1 538 633.30 was issued. Awaiting the delivery of the Bulk meters and expenditure therefore.
- The Greater Summerfield WSS Phase 3 was not recommended by DWS for funding and designs could not continue due to unapproved project.
- A number of compliance determinants scored zero percentage due to no flows in certain sample points.
- Most the audit actions are ongoing and therefore registered as partially achieved on the Audit Action Plan.

#### **Corrective measures:**

- Continuous engagement with Eskom to fast-track the connections. A programmed consistent supply of diesel to keep the water supply scheme functional at all times whilst Eskom is attending the outstanding sites.
- New Contractor was appointed at the end of March 2025.
- The installation of tanks as an activity will be concluded by end of October 2025.
- A catch-up plan has been developed in order to fast-track the Construction of the pumpstation. The new targeted dates falls within September 2025 to complete the pumpstation based on the revised programme.
- Speedily finalisation of payment of the supplier through the cession agreement. Finalisation of tank platforms in order to be ready for installations.
- To fast-track the commencement of activities to ensure the refurbishment is completed timeously.
- Reviewal and updating of the programme of works to ensure that there is alignment from project to the actual activities conducted on site.
- Follow up the open tender process to expedite the sewer jetting machine purchases.
- Saved the municipal funds.
- Expedite the payment of the invoice when the delivery has been finalised.
- The review of the business plan is ongoing and the project designs will be started as soon as the project is approved for funding.
- Maintenance of WWTW must be prioritised in order to curb the frequency of reported offline incidents leading to no flows for sampling.
- WS to continue working on resolving the audit findings as per the Audit Action Plan.

#### **4.1.2.6 WATER SERVICES DEPARTMENT Performance Highlights for 2022/2023 – 2024/2025**

| <b>Water Services</b>  |                  |                  |                  |
|------------------------|------------------|------------------|------------------|
| <b>Financial Year</b>  | <b>2022/2023</b> | <b>2023/2024</b> | <b>2024/2025</b> |
| <b>Planned Targets</b> | 16               | 14               | 35               |

|                        |        |        |        |
|------------------------|--------|--------|--------|
| <b>Targets Met</b>     | 14     | 6      | 19     |
| <b>Targets Not Met</b> | 2      | 8      | 16     |
| <b>% Achievement</b>   | 87,50% | 42,86% | 54,29% |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 35 targets for the year. 19 targets were achieved and 16 were not achieved as at 30 June 2025. Annual performance achievement is sitting at 54,29% which has improved from the previous financial year as was sitting at 42,86%.

## **4.2. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

### **4.2.1 CORPORATE SERVICES**

The department is comprised of two directorates each dealing with an aspect of the internal functions of the administration. Firstly, the Human Resource Management and secondly the administrative support which will assist in increasing service delivery. To ensure the realisation of the vision of the Harry Gwala district municipality Corporate Services directorate ensures that there is enough human resource for effective and efficient service delivery. One of the focus areas of this department is agenda setting for the Council, Executive committee meetings and Portfolio committees where politicians have to take serious decisions on service delivery and compliance issues. Municipal Structures Act, No. 117 of 1998 states that the municipal council must meet at least quarterly.

The Employment Equity Plan (EEP) was developed to comply with section 10(e) of the regulations which states that target groups must be employed in the three highest levels of management in the municipality. To Provide training of Councillors and Employees, the Workplace Skill Plan was developed, and a budget was set aside to ensure that a certain percentage of the municipality`s budget is spent on skill development.

#### 4.2.1.2 Human Resource Management

This unit is responsible for implementation of the Employee wellness programs: HIV and Aids in the implementation of Workplace Skills plan and amongst other things are the following programmes:

- Occupational Health and Safety and
- Recruitment and
- Skills development

#### 4.2.1.3 Administrative Support

- IT Support and Systems Administration, and
- Networking, Software and hardware maintenance
- Procurement of Stationery
- Cleaning and security services
- Fleet management of the organization

#### Key challenges:

- Invoices amounting to R 246396,31 have not yet been processed by BTO however been captured
- There has been two advertisements with the first one closing on the 19 August 2024, after which a readvertisement was done due to the service provider suitable for the work not being found.
- The Audit Committee was clashing with Women Commission Strategic Planning Session, permission not to attend was authorized by the MM
- The meeting was attended by the Manager ICT.
- The AG issued a finding on the non-implementation of PMS at levels lower than S54A/56 management, however, on the an IPMS policy was approved by Council.

#### Corrective measures:

- All invoices have been captured, awaiting processing by BTO, which is anticipated to be finalized by end of July 2025.
- The readvertisement is closing on the 25 July 2025 after which all the SCM processes shall take place, anticipating to conclude by November 2025.
- The ED Corporate Services shall attend the next meeting.
- The ED Corporate Services shall attend the next meeting.
- The municipality started during the 2024/2025 financial year with the process.

#### 4.2.1.6 CORPORATE SERVICES Performance Highlights for 2022/2023 – 2024/2025

| Corporate Services |           |           |           |
|--------------------|-----------|-----------|-----------|
| Financial Year     | 2022/2023 | 2023/2024 | 2024/2025 |
| Planned Targets    | 15        | 20        | 23        |

|                        |        |     |        |
|------------------------|--------|-----|--------|
| <b>Targets Met</b>     | 7      | 13  | 18     |
| <b>Targets Not Met</b> | 8      | 7   | 5      |
| <b>% Achievement</b>   | 46,67% | 65% | 78,26% |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 23 targets for the year. 18 were achieved and 5 was not achieved as at 30 June 2025. Annual performance achievement is sitting at 78,26%. which has improved from the previous financial year as was sitting at 65%.

### **4.3. LOCAL ECONOMIC AND SOCIAL DEVELOPMENT AND CROSS-CUTTING INTERVENTIONS**

#### **4.3.1. SOCIAL SERVICES AND DEVELOPMENT PLANNING**

The Constitution assigns developmental duties to municipalities. Section 152 provides that a municipality must strive within its financial and administration to promote social and economic development of the communities. Social service as the second largest services within local government is mainly responsible for providing and managing social services. It is comprised of 4 directorates: Social Services, IDP/PMS, Planning and Development and Special programs unit.

##### **4.3.1.1 Social Services Directorate**

The Social Services Directorate is responsible for Disaster Management and the Municipal Health services. The unit mainly focus on social wellbeing aspect of our communities as per the South African Constitution section 24 and performs its function guided by the Disaster Management Act and the National Health Act. However, there are policies developed by the municipality to further define its function and services for the district. Some of these policies include the Disaster Management policy, Pauper burial Policy, Municipal Health Services Policy, the Health & Hygiene education strategy and the Draft Municipal Health Services By-laws.

During budgeting and planning priority is given to the basic needs of the people residing within Harry Gwala district municipality. Disaster management is one of the core functions for the municipality. Support is given to the families during disaster incidents, proving lightning conductors in areas prone to lightning, conducting disaster awareness campaigns to ensure that Harry Gwala communities as required by the Disaster Management Act. Harry Gwala is a rural municipality and it exposed to field fire; therefore, the disaster management unit ensures that there is budget provision for procurement and distribution of fire beaters to the communities to enable them to control field fires.

##### **4.3.1.2 Municipal Health Services**

Men have used water since the dawn of history; but the realization of its importance and, in some instances, of its danger, to health is a relatively a recent development. Even today this knowledge is not complete, particularly the incidence of certain communicable diseases. Early investigation conducted were principally concern with

Cholera and Typhoid fever and later diarrhoeal diseases. More recently an increasing attention has been given to the role of water in transmitting certain virus diseases. Harry Gwala as water service authority has a functional Municipal Health service unit with 7 professional health practitioners. The main focus of this unit, guided by their policies and the National Health act is to monitor water quality consumed by the community. This is conducted through taking the water samples for testing and analysis on a monthly basis. This process assists the municipality to detect early any water related diseases and conduct awareness of any outbreak to the community.

Inspection of business premises is conducted on monthly basis to ensure compliance with relevant legislation and By-laws. Conducting clean up campaigns to encourage the community to keep their towns clean at all times. A pauper burial policy is in place to ensure that destitute are buried in dignified manner. To comply with National Health Act exhumation application requests are processed in conjunction with the relevant department.

#### **4.3.1.3 Special Programs Unit**

This directorate is mainly responsible for sport & Recreation, Youth and Special programs for men, women, elderly people and people living with disability. Its functions range from supporting the cultural events and Umkhosi womhlanga. Promoting healthy living style through women and men's forums. Currently South Africa is highly dependent on social grants resulting in few people contributing to the GDP. These forums play an enormous role in encouraging men and women to get educated through adult learning facilities in order to be able to get decent jobs and enabling them to establish and manage their own businesses.

In order to achieve the constitutional objectives in section 153 of the constitution youth and elderly people participate in national and provincial development programmes. Youth participate in KZN-South African Association Local Games (SALGA) to showcase their talent and sometimes get an opportunity to be selected to participate in the National games and being selected to play in other teams where they get paid huge amounts of money for their talent. The elderly citizens are given a chance to participate in provincial and national golden games to keep their bodies healthy and fit.

Horse riding event which is conducted in conjunction with Sports and Recreation department is annually hosted in Dundee under the uMzinyathi District Municipality. Young people residing within the district are able to raise their concerns and ensure that the municipality plans and budget for their programmes through Youth Indaba. Programmes for People living with disabilities are implemented to ensure that they get all the support required. Social services deal with all ages and all members of the Harry Gwala population.

#### 4.3.1.4 Planning and Development unit

This unit is responsible for municipal planning and geographic information system. To improve planning administration, the HGDM, CoGTA and Local Municipalities (LMs) are working together to implement the Application Filing and Monitoring System (AFMS) to enable municipalities to process development applications within the specified timeframes as stated in the Planning and Development Act. To indicate the future development and significant economic opportunities the Spatial Development Framework (SDF) was developed and reviewed annual.

This unit is also responsible for the Geographic Information System (GIS) which is used as planning and strategic tool to acquire the base data in preparation of the SDF. GIS assist the Harry Gwala district municipality to identify the projects that falls in and outside the boundaries of this district.

##### Key challenges:

- The Audit Committee was clashing with Women Commission Strategic Planning Session, permission not to attend was authorized by the MM
- HOD was on leave, an apology was rendered.
- The stakeholders engagement could not take place due to unavailability of PDMC as they are the main stakeholders that facilitate the workshop.
- The first re-advertisement was closed on the 22nd of November 2024 and it was non responsive. The second re-advertisement was closed on the 13th of December 2024, four service providers responded. BTO is currently busy with evaluation and adjudication processes

##### Corrective measures:

- Will attend the next Audit Committee scheduled to take place in quarter 4.
- The HOD will attend the next Risk Committee that will be held in quarter three.
- The stakeholders engagement took place on the 5th of March 2025.
- It has since been submitted to Council on the 24th June 2025.

#### 4.3.1.5 SOCIAL SERVICES AND DEVELOPMENT PLANNING Performance Highlights for 2022/2023 – 2024/2025

| Social Services & Development Planning |           |           |           |
|----------------------------------------|-----------|-----------|-----------|
| Financial Year                         | 2022/2023 | 2023/2024 | 2024/2025 |
| <b>Planned Targets</b>                 | 23        | 23        | 26        |
| <b>Targets Met</b>                     | 23        | 22        | 22        |
| <b>Targets Not Met</b>                 | 0         | 1         | 4         |
| <b>% Achievement</b>                   | 100%      | 95,65%    | 84,62%    |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 26 targets for



the year. 22 were achieved and 4 was not achieved as at 30 June 2025. Annual performance achievement is sitting at 84,62% which has regressed from the previous financial year as was sitting at 95,65%.

#### **4.4. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

##### **4.4.1 BUDGET AND TREASURY OFFICE**

This department is made up of 4 directorates: Budget and Reporting, Creditors, Income and Supply chain management unit. To comply with the Municipal Finance Management Act 56 of 2003, the Budget and Salaries prepared budget for the municipality which was approved by council before the start of the current financial year. To manage the affairs of the municipality and assess its

###### **4.4.1.1 Budget and Reporting Unit**

To comply with section 21 of the MFMA, the accounting officer of a municipality ensured that the budget is prepared as stipulated in section 68 of the Act and took reasonable steps to ensure that funds are spent accordingly as per section 69 of the Act.

Prospective Investors need Financial Statements (FS) to assess the viability of investing in a company. Investors may predict future dividends based on the profits disclosed in the Financial Statements. Furthermore, risks associated with the investment may be gauged from the Financial Statements. Therefore, the municipality produced the Financial Statements to provide a basis for the investment decisions of potential investors. The decisions to lend are also supported by a sufficient asset base and liquidity. Governments require Financial Statements to determine the correctness of tax declared in the tax returns. Government also keeps track of economic progress through analysis of Financial Statements of businesses from different sectors of the economy.

###### **4.4.1.2 Income Unit**

Due to the level of unemployment and poverty within Harry Gwala municipal areas, there are both households and citizens who are unable to access or pay for basic services; this grouping is referred to as the "indigent". A municipality has developed and adopted an indigent policy to ensure that the indigent can have access to the package of services included in the FBS programme.

The indigent are those people who have an income of less than the old age grant who are entitled to free basic services from government. The municipality has started developing the Indigent Register.

###### **4.4.1.3 Supply Chain Management Unit**

An Assets Register was developed for municipal assets like infrastructure assets and office assets. These assets were verified on quarterly basis for administrative purposes. Most of these assets are expected to be used for more than one accounting period. The supply chain Management Policy was developed to comply



with section 217 of the Constitution of the Republic of South Africa which states that that, when government contracts for goods and services it must do so in a way which is fair, equitable, transparent, competitive and cost-effective and is currently implemented.

#### **Key challenges:**

- The CFO hereby request that the target date be corrected/revised. Indigent register should accompany the budget related documents and policies. The correct date is 31 May/ 30 June 2025 not December 2024.
- Five are still in progress due to the processes that needs to be undertaken. One resolved and two not resolved.

#### **Corrective measures:**

- This should have been aligned with the budget policies process and shall be corrected in the next financial year.
- The BTO is working tirelessly to resolve all, the AG report for the 24/25 financial year shall determine the level at which these would have been address.

#### **4.4.1.4 BUDGET AND TREASURY OFFICE Performance Highlights for 2022/2023 – 2024/2025**

| <b>Budget &amp; Treasury Office</b> |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
| <b>Financial Year</b>               | <b>2022/2023</b> | <b>2023/2024</b> | <b>2024/2025</b> |
| <b>Planned Targets</b>              | 8                | 8                | 17               |
| <b>Targets Met</b>                  | 7                | 6                | 15               |
| <b>Targets Not Met</b>              | 1                | 2                | 2                |
| <b>% Achievement</b>                | 87,50%           | 75%              | 88,24%           |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 17 targets for the year. 15 were achieved and 2 was not achieved as at 30 June 2025. Annual performance achievement is sitting at 88,24% which has improved from the previous financial year as was sitting at 75%.

### **4.5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

#### **4.5.1 MUNICIPAL MANAGER`S OFFICE**

The Municipal Manager, as the Head of Administration and the Accounting Officer of the municipality has played a major role in ensuring that the administration of the affairs of the municipality are governed by the democratic values and principles enshrined in the Constitution, but not limited to the local Government Municipal Systems Act, 32 of 2000 and chapter 8 of the MFMA, No. 56 of 2003. As the head of administration, she ensured that the administration is attended to at all the time. With her extensive statutory and delegation of powers and duties, the necessary reports for the Executive Committee and Council were prepared by the corporate services and checked by the Municipal Manager before they were submitted to council structures. To ensure credible public participation process is followed, the "Izimbizo" were held before the adoption of the IDP and the budget.

#### **4.5.1.2 Development of performance management system and Implementation of the IDP**

As per section 55(1) (c) of the Local Government: Municipal Systems Act, No. 32 of 2000, the municipal manager is, subject to the policy directions of the council, responsible for and accountable for the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan as well as the development of the municipality's performance management system. Hence the preparation of the IDP and Performance management system were delegated to the Social Services and Development Planning department. The service Delivery Budget and Implementation plan for 2015/2016 was prepared and submitted to the mayor as required by the section 69(3)(a) of the Local Government Municipal Finance Management Act.

#### **4.5.1.3 Performance Reporting**

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. Following the adoption of the NDP, the cabinet took a decision in 2013 that the 2014-2019

Performance indicators and targets should be set relating to the budget year and the Medium-Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. The accounting officer of the municipality established the procedures for quarterly reporting to the council in order to facilitate performance monitoring, reporting and evaluation as well as ensuring that corrective actions were taken to improve performance. The municipality report to the Executive committee and council on a quarterly basis as required by the legislation. A uniform quarterly reporting template was developed guided by the Department of Corporative Governance and Traditional Affairs (CoGTA) as part of their support to municipalities to be utilised for reporting purposes. This report took into consideration the priorities of the organisation, objectives, indicators, targets, measurements and analysis and presented them in a simple and accessible format, relevant and useful to the specified target group. The Mid-year budget and performance assessment were conducted, and the assessment report was submitted to National and Provincial Treasury on the 25<sup>th</sup> of January as required by section 72 of the MFMA.

#### **4.5.1.4 Internal Audit and Risk Management unit**

As per section 165 of the MFMA, the Internal Audit unit prepared the risk-based audit plan and the internal audit programme for each financial year. The IA reports on implementation of the internal audit plan were submitted to Audit Committee and council. The Internal audit unit is directly accountable to Municipal manager to maintain their independence and objectivity and functionally report to the audit committee as per the Internal Audit Charter.

The Risk and control self-assessment workshop was conducted, and the Risk register and profile was compiled in order to identify potential events that may affect the

institution, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

#### 4.5.1.5 OFFICE OF THE MUNICIPAL MANAGER Performance Highlights for 2022/2023 – 2024/2025

| OMM                    |           |           |           |
|------------------------|-----------|-----------|-----------|
| Financial Year         | 2022/2023 | 2023/2024 | 2024/2025 |
| <b>Planned Targets</b> | 5         | 12        | 30        |
| <b>Targets Met</b>     | 4         | 12        | 28        |
| <b>Targets Not Met</b> | 1         | 0         | 2         |
| <b>% Achievement</b>   | 80%       | 100%      | 93,33%    |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The department planned to achieve 30 targets for the year. 28 targets were achieved whilst 2 was not achieved as at 30 June 2025. Annual performance achievement is sitting at 93,33% which has regressed from the previous financial year as was sitting at 100%.

#### Key Challenges:

- " 7 cleared; 8 Partially cleared; 2 Not Cleared; This is due to an number of findings being ongoing. "
- 2 of ubuhlebezwe and 2 of Dr NDZ were process after the 48hrs turnaround time.

#### Corrective measures:

- The level of achievement shall be determined by the 2024/2025 external audit which shall be concluded by December 2025.
- They were processed within 72 hrs.

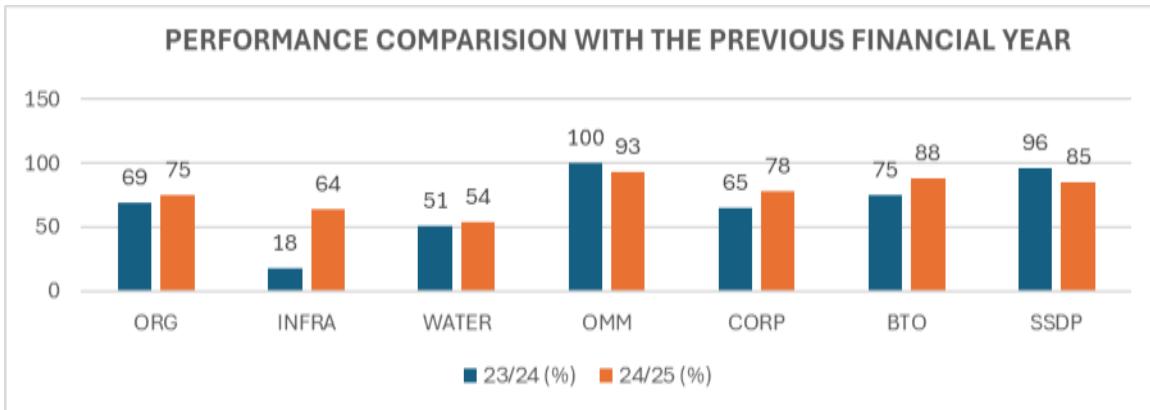
### 5. ORGANIZATIONAL PERFORMANCE HIGHLIGHTS (2022/2023 – 2024/2025)

| Annual Organizational Performance |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| Financial Year                    | 2022/2023 | 2023/2024 | 2024/2025 |
| <b>Planned Targets</b>            | 73        | 88        | 164       |
| <b>Targets Met</b>                | 58        | 61        | 123       |
| <b>Targets Not Met</b>            | 15        | 27        | 41        |
| <b>% Achievement</b>              | 79,45%    | 69,31%    | 75%       |

This table presents the highlights from the key performance measures included in the 2024/2025 IDP financial year. The organization planned to achieve 164 targets for the year. 123 were achieved and 41 were not achieved as at 30 June 2025. Annual performance achievement is sitting at 75% which has improved from the previous financial year as was sitting at 69,31%.

#### PERFORMANCE COMPARISON WITH THE PREVIOUS FINANCIAL YEAR

|              | <b>23/24 (%)</b> | <b>24/25 (%)</b> |
|--------------|------------------|------------------|
| <b>ORG</b>   | 69               | 75               |
| <b>INFRA</b> | 18               | 64               |
| <b>WATER</b> | 43               | 54               |
| <b>OMM</b>   | 100              | 93               |
| <b>CORP</b>  | 65               | 78               |
| <b>BTO</b>   | 75               | 88               |
| <b>SSDP</b>  | 96               | 85               |



## **6. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS**

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Rating of (1-5).

| <b>STAR RATING</b> | <b>DEFINITION OF RATING</b>                 |
|--------------------|---------------------------------------------|
| 5                  | Outstanding performance                     |
| 4                  | Performance significantly above expectation |
| 3                  | Fully effective                             |
| 2                  | Performance not fully satisfactory          |
| 1                  | Unacceptable performance                    |



*Contract Management Report: Assessment of Contracts in Terms of Section 116 of the Municipal Finance Management Act, Act No.56 of 2003: TERM CONTRACTS*

**INFRASTRUCTURE SERVICES DEPARTMENT YEAR 24/25**

**GREATER KOKSTAD MUNICIPALITY - JUNE 2025**

| <b>No</b> | <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b>   | <b>PROJECT NAME</b>                                                                                         | <b>CONTRACT NUMBER</b> | <b>FUNDING SOURCE</b> | <b>CONTRACT VALUE</b> | <b>EX</b> |
|-----------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|-----------|
| 1         | SSR Security T/A Mahlubi Plant Hire Jv RGZ Projects (Pty) Ltd | CONSTRUCTION TO RAISE KEMPSDALE DAM WALL, UPGRADE PUMP STATION, CIVIL, STRUCTURAL , MECHANICAL & ELECTRICAL | HGDM 823/HGDM/2022     | MIG                   | R 160 306 471.25      |           |

**UMZIMKHULU MUNICIPALITY – JUNE 2025**

| <b>No</b> | <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b> | <b>PROJECT NAME</b>                                                                             | <b>CONTRACT NUMBER</b> | <b>FUNDING SOURCE</b> | <b>CONTRACT VALUE</b> |
|-----------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|
| 1A        | Aqua Plan SA                                                | GREATER MNQUMENI WATER SUPPLY SCHEME PHASE 5: UPGRADE OF GREATER MNQUMENI WATER TREATMENT WORKS | HGDM 769/HGDM/2021     | MIG                   | R 49,494,949.49       |

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|----|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----|--------------------|
| 2A | Mabona Civils & Plant Hire | <p>GREATER MNQUMENI WATER SUPPLY SCHEME PHASE 5:</p> <p>Construction of approx. 11m high reinforced concrete abstraction tower and access bridge</p> <p>Construction of brick pumping station building on abstraction tower</p> <p>Installation of all pumping equipment, pipework and ancillary specials</p> <p>Intallation of approx. 515m of 355mm PN 12.5 PE100 HDPe</p> | HGDM<br>748/HGDM/2021 | MIG | R<br>28,000,000.00 |
| 3A | Mbova Construction         | <p>Completion of construction of 3,2 km 200-22mm dia gravity upvc/HDPE reticulation pipeline, intallation of communal standpipes and ancillary</p>                                                                                                                                                                                                                           | HGDM681/HGDM/2020     | MIG | R<br>8,719,800.33  |
| 4A | IMVUSA TRADING 595CC       | IBISI SEWER RETICULATION                                                                                                                                                                                                                                                                                                                                                     | HGDM788/HGDM/2022     | MIG | R<br>35,877,265.88 |

|    |                                    |                                                                                                                                                      |                       |     |                        |
|----|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----|------------------------|
|    |                                    |                                                                                                                                                      |                       |     |                        |
| 5A | SSR SECURITY MAHLUBI<br>PLANT HIRE | CONSTRUCTION<br>OF BULK SEWER<br>PUMPSTATION<br>AND RISING MAIN                                                                                      | HGDM<br>760HDGM/2022  | MIG | R<br>49,177,000.2<br>6 |
| 6A | SSR SECURITY MAHLUBI<br>PLANT HIRE | UMZIMKHULU<br>BULK SEWER<br>CONSTRUCTION<br>OF BULK SEWER<br>OUTFALL,<br>CONSTRUCTION<br>OF MANHOLES &<br>JUNCTION<br>BOXESUMZIMKHU<br>LU BULK SEWER | HGDM759/HGDM/20<br>22 | MIG | R<br>24,106,108.9<br>1 |

|    |                                            |                                                                                                                                                                                                |                       |     |                        |
|----|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----|------------------------|
|    |                                            |                                                                                                                                                                                                |                       |     |                        |
| 7A | SIHLAHLASIYA'HLUMA<br>CONSTRUCTION PTY LTD | GREATER<br>SUMMERFIELD<br>WATER SUPPLY<br>SCHEME:<br>REFURBISHMENT<br>AND UPGRADE OF<br>THE GREATER<br>SUMMERFIELD<br>ABSTRACTION<br>WORKS AND PUMP<br>STATION WITHIN<br>THE HARRY<br>GWALA DM | HGDM<br>812/HGDM/2022 | MIG | R<br>35,223,739.7<br>2 |
| 8A | MSALELA TRANSPORT CC                       | GREATER<br>SUMMERFIELD<br>WATER SUPPLY<br>SCHEME PHASE2 :<br>UPGRADE OF<br>CLEAR WATER<br>RISING MAIN AND<br>COMMAND<br>RESERVIOR<br>WITHIN THE<br>HARRY GWALA DM                              | HGDM<br>812/HGDM/2023 | MIG | R<br>68,791,868.2<br>5 |

**DR NKOSAZANE DLAMINI ZUMA PROJECTS - JUNE 2025**

| NAME OF SERVICE<br>PROVIDER/JV/CONSORTI<br>UM (CONTRACTORS) | PROJECT<br>NAME                                                                                                                                                                                                        | CONTRACT NUMBER   | FUNDIN<br>G<br>SOURCE | CONTRACT<br>VALUE      | EX<br>P |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------|------------------------|---------|
| Africa Green Loo Technology<br>(Mahlabi Transport)          | Creighton Bulk<br>Water Supply<br>Phase 2:<br>Construction Of<br>Centocow –<br>Umzimkhulu<br>River<br>Abstraction<br>Works: Intake<br>Chamber,<br>Galvanised<br>Steel Tank<br>Sump, High-<br>Lift Pump<br>Station, And | HGDM813/HGDM/2023 | MIG                   | R<br>35,139,541.9<br>5 | 19      |

|  |                                                                         |  |  |  |  |
|--|-------------------------------------------------------------------------|--|--|--|--|
|  | Installation Of<br>Associated<br>Mechanical And<br>Electrical<br>Works. |  |  |  |  |
|--|-------------------------------------------------------------------------|--|--|--|--|

|                             |                                                                                                                                                                                                                                                                                                                       |                   |     |                                 |   |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----|---------------------------------|---|
|                             |                                                                                                                                                                                                                                                                                                                       |                   |     |                                 |   |
| Africa Green Loo Technology | <p>CREIGHTON<br/>WATER<br/>SUPPLY PHASE<br/>2 -<br/>CONSTRUCTIO<br/>N OF 1.4KM<br/>LONG 350mm<br/>DIAMETER<br/>RISING MAIN<br/>PIPELINE AND<br/>1.4 KM 300mm<br/>DIAMETER<br/>CLEAR WATER<br/>GRAVITY MAIN<br/>BETWEEN<br/>CENTOCOW -<br/>UMZIMKHULU<br/>RIVER<br/>ABSTRACTION<br/>WORKS AND<br/>CENTOCOW<br/>WTW</p> | HGDM814/HGDM/2023 | MIG | <p>R<br/>19,884,629.8<br/>6</p> | 8 |

|                                          |                                                                 |                   |     |                 |    |
|------------------------------------------|-----------------------------------------------------------------|-------------------|-----|-----------------|----|
|                                          |                                                                 |                   |     |                 |    |
| Sihlahlasiyahluma Construction (PTY) LTD | Construction of 1ML Command Reservoir RC and Access Road        | HGDM815/HGDM/2023 | MIG | R 19,123,915.51 | 18 |
| Magnacorp 485 pty ltd T/a FAKU CIVILS    | Construction of the Upgrading of the Water Treatment Works from | HGDM821/HGDM2022  | MIG | R 88 583 250.54 |    |

|                                      | IML/DAY TO<br>5ML/DAY                                                                               |                          |     |                        |   |
|--------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------|-----|------------------------|---|
| Lihle Nathi Property<br>Construction | Sub Regional<br>Scheme:<br>Khukhulela:<br>Portion 3,<br>Construction<br>Of Rising Main<br>(WARD 05) | HGDM825/HGDM/2023/<br>06 | MIG | R<br>57,841,224.6<br>0 | 3 |

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**UBUHLEBEZWE LM PROJECTS - JUNE 2025**

| <b>No.</b> | <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b> | <b>PROJECT NAME</b>                                               | <b>CONTRACT NUMBER</b> | <b>FUNDING SOURCE</b> | <b>CONTRACT VALUE</b> | <b>EXPENDITURE</b> |
|------------|-------------------------------------------------------------|-------------------------------------------------------------------|------------------------|-----------------------|-----------------------|--------------------|
| 2A         | Makize Plumbing                                             | Highflats Water Scheme                                            | HGDM696/HGDM/2020      | MIG                   | R 8,044,554.48        | 7,7                |
| 3A         | Zizamele Sizwe Trading Enterprise JV Melomsandi             | Rectification and upgrade of Fairview and Ixopo sewer town system | HGDM798/HGDM/2022      | MIG                   | R 15,792,917.57       | 15,7               |

**WATER SERVICES DEPARTMENT YEAR 24/25**

| <b>No.</b> | <b>CONTRACT/BID NO.</b> | <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b> | <b>PROJECT NAME</b> | <b>CONTRACT VALUE</b> | <b>EXPENDITURE TO DATE (JUNE 2025)</b> |
|------------|-------------------------|-------------------------------------------------------------|---------------------|-----------------------|----------------------------------------|
|            |                         |                                                             |                     |                       |                                        |



|    |                       |                                    |                                                              |                           |                   |
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| 1  | HGDM<br>844/HGDM/2024 | Nomanesi Civils and Plant Hire     | Supply of<br>and Delivery<br>Fuel and Oil                    | RATES<br>ONLY<br>CONTRACT | R 1 321 53        |
| 4  | HGDM<br>778/HGDM/2022 | Rheochem                           | Supply and<br>delivery of<br>treatment<br>works<br>chemicals | RATES<br>ONLY<br>CONTRACT | R 12 48<br>101.03 |
| 5  | HGDM<br>629/HGDM/2019 | Motogan Chem                       | Supply and<br>delivery of<br>treatment<br>works<br>chemicals | RATES<br>ONLY<br>CONTRACT | R<br>11,077,03    |
| 6  | HGDM<br>775/HGDM/2022 | KRN INVESTMENTS T/A DUZI<br>VALVES | Supply and<br>delivery of<br>Plumbing<br>material            | RATES<br>ONLY<br>CONTRACT | R<br>18,048,05    |
| 7  | HGDM<br>628/HGDM/2019 | VK Distributors                    | Supply and<br>delivery of<br>Plumbing<br>material            | RATES<br>ONLY<br>CONTRACT | R 9,057,17        |
| 11 | HGDM<br>777/HGDM/2022 | Jus Loss cc                        | Supply and<br>Maintenance<br>of Mobile<br>Toilets            | RATES<br>ONLY<br>CONTRACT | R 0.00            |

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| 12 | HGDM<br>776/HGDM/2022 | Vusaken                  | Mechanical<br>& Electrical<br>Services for<br>water and<br>sanitation<br>schemes | RATES<br>ONLY<br>CONTRACT | R 2,138,38        |
| 13 | HGDM776/HGDM/2022     | Novubu Construction      | Mechanical<br>& Electrical<br>Services for<br>water and<br>sanitation<br>schemes | RATES<br>ONLY<br>CONTRACT | R 23 97<br>071.04 |
| 14 | HGDM776/HGDM/2022     | Yakhalungisa Engineering | Mechanical<br>& Electrical<br>Services for<br>water and<br>sanitation<br>schemes | RATES<br>ONLY<br>CONTRACT | R39,869,84        |
| 15 | HGDM<br>840/HGDM/2023 | MGGC Academy             | Sewer<br>jetting<br>services                                                     | RATES<br>ONLY<br>CONTRACT | R 1 200 23        |
| 16 | No contract number    | Inventory Water          | Bulk Water<br>Purchase                                                           | RATES<br>ONLY<br>CONTRACT | R 26 71<br>639.95 |
| 17 | No contract number    | Eskom                    | Municipal<br>Services                                                            | RATES<br>ONLY<br>CONTRACT | R 32 18<br>478.05 |

| NAME OF SERVICE<br>PROVIDER/JV/CONSORTIUM<br>(CONSULTANT) | CONSULTANT<br>FEE<br>APPROVAL | EXPENDITURE<br>TO DATE (FROM<br>COMMENCEMENT<br>DATE TO END<br>(JUNE 2025) | DATE OF<br>APPOINTMENT | DATE OF<br>COMMENCEMENT |
|-----------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------|------------------------|-------------------------|
| Lesedi Techical Engineering<br>Consulting                 | R<br>1,763,617.32             | R 1,763,617.32                                                             | N/A                    | 3-Jul-23                |
| Zimile Consulting Engineers                               | R<br>2,730,303.20             | R 1,799,816.41                                                             | N/A                    | 12-Jul-24               |
| BM JV Rudkor Consulting                                   | R<br>1,770,272.75             | R 1,442,051.10                                                             | N/A                    | 3-Jul-23                |

|                             |                    |                |     |           |
|-----------------------------|--------------------|----------------|-----|-----------|
| Muteo Consulting            | R<br>1,819,940.07  | R 1,730,626.67 | N/A | 3-Jul-23  |
| MSW Consulting              | R<br>3,100,119.41  | R 3,100,078.70 | N/A | 3-Jul-23  |
| ECA Consulting Engineers    | R<br>1,710,637.78  | R 1,638,793.82 | N/A | 3-Jul-23  |
| Zimile Consulting Engineers | R<br>3,715,222.29  | R 3,871,743.35 | N/A | 3-Jul-23  |
| BM JV Rudkor Consulting     | R<br>8,771,588.12  | R 6,316,017.67 | N/A | 15-Feb-22 |
| Zimile Consulting Engineers | R<br>12,165,319.24 | R 8,553,027.00 | N/A | 15-Feb-22 |
| Zimile Consulting Engineers | R<br>9,187,780.09  | R 7,742,130.44 | N/A | 15-Feb-22 |
| Muteo Consulting Engineers  | R<br>7,352,450.86  | R 5,780,000.69 | N/A | 15-Feb-22 |
| BM JV Rudkor Consulting     | R<br>12,061,462.84 | R 1,136,960.15 | N/A | 15-Feb-22 |

| <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b> | <b>CONTRACT VALUE</b> | <b>EXPENDITURE TO DATE (FROM COMMENCEMENT DATE TO END (JUNE 2025))</b> | <b>DATE OF APPOINTMENT</b> | <b>DATE OF COMMENCE</b> |
|-------------------------------------------------------------|-----------------------|------------------------------------------------------------------------|----------------------------|-------------------------|
| Indabenhle Projects CC                                      | R<br>21,821,616.00    | R 20,718,831.50                                                        | 09/02/2022                 | 25/03/202               |

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|-----------------------------------------------|--------------------|-----------------|------------|------------|
|                                               |                    |                 |            |            |
| Masihloniphaneni Trading                      | R<br>2,704,297.20  | R 2,657,440.91  | 23/03/2022 | 08/04/2022 |
| Mbova Construction                            | R<br>9,935,183.52  | R 9,935,183.52  | 22/03/2022 | 01/04/2022 |
| Leano 87 Solution JV Ngqika Trading           | R<br>868,340.69    | R 868,340.68    | 22/03/2022 | 11/04/2022 |
| Blackmoon Investments 76 JV Dukani Enterprise | R<br>9,279,053.30  | R 9,076,578.41  | 20/09/2022 | 17/10/2022 |
| Indabenhle Projects CC                        | R<br>18,422,339.28 | R 17,132,673.51 | 20/09/2022 | 17/10/2022 |
| Mbova Construction                            | R<br>15,029,192.42 | R 15,029,192.43 | 10/03/2023 | 17/03/2023 |
| Mabona Civils and Plant Hire                  | R<br>17,334,493.98 | R 16,589,286.55 | 10/03/2023 | 17/03/2023 |
| Kuhle and Lwandle Projects                    | R<br>10,845,858.20 | R 10,394,352.79 | 10/03/2023 | 17/03/2023 |

|                                                   |                    |                 |            |            |
|---------------------------------------------------|--------------------|-----------------|------------|------------|
| Kuhle and Lwandle Projects                        | R<br>8,038,069.33  | R 7,448,133.13  | 10/03/2023 | 17/03/2023 |
| Lethokuhle Investment cc                          | R<br>19,004,070.03 | R 18,424,154.38 | 10/03/2023 | 17/03/2023 |
| Zizamele Sizwe Trading<br>Enterprise JV Melomsadi | R<br>12,893,727.85 | R 12,382,274.50 | 10/03/2023 | 17/03/2023 |
| Mabona Civils and Plant Hire                      | R<br>19,955,526.80 | R 17,807,353.07 | 10/03/2023 | 17/03/2023 |
| Manu Trading                                      | R<br>9,595,496.57  | R 6,845,976.06  | 7/10/2024  | 18/10/2024 |
| Imvusa Trading Pty Ltd                            | R<br>34,171,128.82 | R 20,669,179.93 | 28/10/2024 | 28/10/2024 |
| Lethokuhle Investment cc                          | R<br>27,956,330.20 | R 8,043,978.41  | 29/10/2024 | 12/11/2024 |
| Lethokuhle Investment cc                          | R<br>29,998,109.49 | R 9,183,553.07  | 27/12/2024 | 10/1/2025  |
| Blackmoon Investments 76 JV<br>Dukani Enterprise  | R<br>23,582,241.04 | R 6,793,184.94  | 27/12/2024 | 10/1/2025  |
| Blackmoon Investments 76 JV<br>Dukani Enterprise  | R<br>17,097,818.90 | R 9,314,971.14  | 27/12/2024 | 10/1/2025  |
| Denasa Civils and Cosntruction                    | R                  | R 3,848,322.62  | 3/3/2025   | 3/17/2025  |

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|                    | 20,442,709.50     |                |            |          |
| Ithwini Plant Hire | R<br>6,976,601.50 | R 4,264,583.39 | 25/03/2025 | 7/4/2025 |

| <b>No.</b> | <b>CONTRACT/BID NO.</b> | <b>NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)</b> | <b>PROJECT NAME</b>                              | <b>CONTRACT VALUE</b>         | <b>EXPENDITURE TO DATE (FROM COMMENCEMENT DATE TO END (JUNE 2025))</b> |
|------------|-------------------------|-------------------------------------------------------------|--------------------------------------------------|-------------------------------|------------------------------------------------------------------------|
| 1          | HGDM<br>832/HGDM/2024   | Mnotho Investments (Pty) Ltd                                | Water and Wastewater (Effluent) Quality Sampling | R359 349.00 (Rate on the BOQ) | R 2,637,500.31                                                         |

**ANNEXURE A – ORGANIZATIONAL PERFORMANCE ASSESSMENT AS PER  
THE SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN –  
2024/2025 FINANCIAL YEAR**

| Water Services Department (WSD)                                                                                                                             |                                                 |                                                  |                   |                        |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                             |                           |                                                                                                                                               |
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| Votenum                                                                                                                                                     | NATIO<br>NAL<br>KEY<br>PERFO<br>RMANC<br>E AREA | IDP<br>Ref<br>No.                                | B2B<br>Ref<br>No. | Pro<br>jec<br>t<br>No. | Objective                                                                                                                 | Strate<br>gy                                                                                                                                                                                                          | Output                                                                                      | Revi<br>sed<br>Outp<br>ut | DESCRIPTION/<br>CTIVITIES/ITE                                                                                                                 |
| <b>IDP STRATEGIC OBJECTIVE: TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND<br/>KEY CHALLENGE: LACK OF WATER RESOURCES AND PROVISION OF CLEAN DRINKING</b> |                                                 |                                                  |                   |                        |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                             |                           |                                                                                                                                               |
| 55056445020<br>SIF57ZZR5                                                                                                                                    | <b>SERVICE DELIVERY AND INFRASTRUCTURE</b>      | REF<br>No.<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:5        | 1.1.<br>1.             | To Improve<br>coverage, quality,<br>efficiency and<br>sustainability of<br>water in all urban<br>and rural<br>communities | By<br>ensurin<br>g that<br>all<br>water<br>projects<br>are<br>implem<br>ented<br>to<br>eradica<br>te water<br>backlog<br>within<br>the<br>stipulat<br>ed time<br>frames,<br>quality<br>and<br>approve<br>d<br>budget. | Increase<br>d<br>percent<br>age of<br>Househ<br>olds<br>with<br>access<br>to basic<br>water | NOT<br>REVI<br>SED        | EMAZIZINI WATER<br>SUPPLY:<br>1. Rising main<br>2. reticulation<br>3. tanks<br>4. pumpstations<br>commissioned<br>5. handing over to<br>usage |

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| 55056445020<br>SIF58ZZR5 |  |  |  | 1.1.<br>2. |  |  |  | NOT<br>REVI<br>SED | HOSTELA-<br>MNCWEBA WATER<br>SUPPLY:<br>1. Rising main<br>2. reticulation<br>3. tanks<br>4. pumpstations<br>commissioned<br>5. handing over for<br>usage |
| 55056446020<br>SIF54ZZWD |  |  |  | 1.1.<br>3. |  |  |  | NOT<br>REVI<br>SED | REFURBISHMENT<br>BHAYI-<br>GUDLICINGO<br>SCHEMES:<br>1. Rising main<br>2. reticulation                                                                   |



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|                          |  |  |  |            |  |  |  |                    | 3. tanks<br>4. pumpstations<br>commissioned<br>5. handing over f<br>usage                                                                                       |
| 55056448020<br>SIC95ZZR4 |  |  |  | 1.1.<br>4. |  |  |  | NOT<br>REVI<br>SED | NOKWEJA/MASH<br>MI COMMUNITY<br>WATER SUPPLY:<br>1. Rising main<br>2. reticulation<br>3. tanks<br>4. pumpstations<br>commissioned<br>5. handing over f<br>usage |

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| 55056445420<br>SIF70ZZR5 |  |  |  | 1.1.<br>5. |  |  |  | NOT<br>REVI<br>SED | Mkhohlwa Mdaya<br>Water Supply:<br>1.Site<br>Establishment<br>2.Installation &<br>Testing of 4 Tanl<br>3.Excavation of<br>3,1km trench<br>4.Installation of<br>1,5km pipeline<br>5.Equipping of 3<br>Boreholes<br>6.Construction of<br>Pumpstation<br>7.Installation of 2<br>standpipes |

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| 55056445020<br>SIF55ZZR5 |  |  |  | 1.1.<br>6. |  |  |  | NOT<br>REVI<br>SED | Machunwini Water<br>Supply Scheme:<br>1.Clearing of ground<br>Abstraction facilities<br>2.Installation of<br>temporal<br>abstraction facilities<br>pumps<br>3.Excavation of<br>3km pipeline<br>4.Rehabilitaion of<br>Access Road to<br>Treatment Works<br>5.Installation and<br>Testing of 2 x<br>storage tanks<br>6.Equipping of 2x<br>Borehole Pumps<br>7.Refurbishment<br>pump station at<br>Treatment Works |

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| 55056445420<br>SIF68ZZR3 |  |  |  | 1.1.<br>7. |  |  |  | NOT<br>REVI<br>SED | Refurb / Upgrade<br>of Bhongweni<br>Infrastructure:<br>1.Clearing &<br>Removal of topso<br>2.Mass earthwork<br>excavation<br>3.Formation of |

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|  |  |  |  |  |  |  |  |                    | Platform<br>4.Installation and<br>Testing of 1 x<br>storage tanks<br>5.Clearing of<br>pipeline route<br>6.Construction of<br>2,5km gravity<br>pipeline |
|  |  |  |  |  |  |  |  | NOT<br>REVI<br>SED |                                                                                                                                                        |



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| 55056445420<br>SIF69ZZR3 |  |  |  | 1.1.<br>8. |  |  |  | NOT<br>REVI<br>SED | Refurb / Upgrade<br>of Shayamoya<br>Infrastructure:<br>1.Clearing of<br>pipeline route<br>2.Construction of<br>2,5km gravity<br>pipeline<br>2.Mass earthwork<br>excavation |
|                          |  |  |  |            |  |  |  | NOT<br>REVI<br>SED | 3.Formation of<br>Platforms<br>4.Installation and<br>Testing of 2 x<br>storage tanks<br>5.Construction of<br>Pumpstations                                                  |

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|                                                                                                                                                                                                                                                                                                                                              |                                                                           |                                                          |               |            |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                            |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>IDP STRATEGIC OBJECTIVE: TO ENSURE A SMOOTH FUNCTIONING OF COUNCIL AND T</b>                                                                                                                                                                                                                                                              |                                                                           |                                                          |               |            |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                            |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>KEY CHALLENGE: SKILLS DEVELOPMENT OF MUNICIPAL EMPLOYEES IN ORDER FOR T</b>                                                                                                                                                                                                                                                               |                                                                           |                                                          |               |            |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                            |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 56252270400<br>EQP23ZZWD                                                                                                                                                                                                                                                                                                                     | <b>MUNICIPAL<br/>TRANSFORMATION AND<br/>INSTITUTIONAL<br/>DEVELOPMENT</b> | REF<br>No.<br>02<br>MTRA<br>NS<br>2022/<br>2027:<br>4.1. | BCGI<br>/E:35 | 4.1.<br>1. | To ensure that<br>WSA is fully<br>complying to its<br>mandate as set by<br>the Department of<br>water and<br>sanitation   | By<br>reviewi<br>ng<br>Water<br>policies<br>and By-<br>laws                                                                                                                                                           | Reviewe<br>d Water<br>Services<br>policies<br>aligned<br>with<br>Water<br>Services<br>Act. | NOT<br>REVI<br>SED | DEVELOP<br>INTERNAL<br>SYSTEMS                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>IDP STRATEGIC OBJECTIVE: TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMEN</b>                                                                                                                                                                                                                                                             |                                                                           |                                                          |               |            |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                            |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>KEY CHALLENGE: LOW REVENUE BASE AND NON-PAYMENT OF SERVICES BY SOME CUS</b>                                                                                                                                                                                                                                                               |                                                                           |                                                          |               |            |                                                                                                                           |                                                                                                                                                                                                                       |                                                                                            |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 55056445020<br>SIF55ZZR5<br>55056445020<br>SIF57ZZR5<br>55056445020<br>SIF58ZZR5<br>55056445020<br>SIF59ZZR5<br>55056446020<br>SID14ZZWD<br>55056446020<br>SID15ZZWD<br>55056446020<br>SIF54ZZWD<br>55056448020<br>SIC95ZZR4<br>55056445420<br>SIF71ZZWD<br>55056445420<br>SIF68ZZR3<br>55056445420<br>SIF69ZZR3<br>55056445420<br>SIF70ZZR5 | <b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>                       | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.1         | SFM/<br>D:27  | 5.1.<br>1. | To Improve<br>coverage, quality,<br>efficiency and<br>sustainability of<br>water in all urban<br>and rural<br>communities | By<br>ensurin<br>g that<br>all<br>water<br>projects<br>are<br>implem<br>ented<br>to<br>eradica<br>te water<br>backlog<br>within<br>the<br>stipulat<br>ed time<br>frames,<br>quality<br>and<br>approve<br>d<br>budget. | Increase<br>d<br>percent<br>age of<br>expendit<br>ure on<br>capital<br>projects<br>(WSIG)  | NOT<br>REVI<br>SED | <b>WSIG<br/>EXPENDITURE</b><br>Machunwini water<br>supply<br>Mazizini water<br>supply<br>Hostela Mncweba<br>water supply<br>Dulathi Marhewir<br>water supply<br>Kwanjunga/Ralot<br>refurbishment/u<br>rade<br>Nazareth Mfulam<br>water supply<br>Refurbishment<br>Bhayi/Gudlucingo<br>schemes<br>Nokweja/Mashun<br>water supply<br>Corinth Nyaniswe<br>water supply<br>Bhongweni<br>Shayamoya<br>Mkhohlwa Mdaya<br>water supply |

|                          |  |                                                     |      |        |                                                                                                         |                                                                                                                                                    |                                 |              |                                     |
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| 56902326600<br>EQMRCZZWD |  | REF<br>No. :5<br>05<br>FIN<br>2022/<br>2027:<br>5.1 | SD/B | 5.1.2. | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities | By ensuring that all water projects are implemented to eradicate the water backlog within the stipulated time frames, quality and approved budget. | Bulk Water purchased            | NOT REVISSED | BULK WATER PURCHASES                |
| 56056449420<br>CFF65ZZHO |  | REF<br>No. :6<br>05<br>FIN<br>2022/<br>2027:<br>5.1 | SD/B | 5.1.3. | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities | By ensuring that all water projects are implemented to eradicate the water backlog within the stipulated time frames,                              | Sewer jetting machine purchased | NOT REVISSED | PURCHASE OF A SEWER JETTING MACHINE |

|                          |  |                                      |         |        |                                                                                                         |                                                                                                                                                    |                             |              |                                    |
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|                          |  |                                      |         |        |                                                                                                         | quality and approved budget.                                                                                                                       |                             |              |                                    |
| 56056446020<br>CFF74ZZHO |  | REF No. 05<br>FIN 2022/<br>2027: 5.1 | SD/B :7 | 5.1.4. | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities | By ensuring that all water projects are implemented to eradicate the water backlog within the stipulated time frames, quality and approved budget. | Smart meters installed      | NOT REVISSED | INSTALLATION OF SMART WATER METERS |
| 56056446020<br>CFC47ZZHO |  | REF No. 05<br>FIN 2022/<br>2027: 5.1 | SD/B :8 | 5.1.5. | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities | By ensuring that all water projects are implemented to eradicate the water backlog within the stipulated time frames, quality and approved budget. | Bulk Water meters installed | NOT REVISSED | INSTALLATION OF BULK WATER METERS  |

|                                                                                |                                                 |                                |        |        |                                                                                                   |                                                                                                         |                                        |              |                 |
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|                                                                                |                                                 |                                |        |        |                                                                                                   | approved budget.                                                                                        |                                        |              |                 |
| <b>IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E</b> |                                                 |                                |        |        |                                                                                                   |                                                                                                         |                                        |              |                 |
| <b>KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS</b> |                                                 |                                |        |        |                                                                                                   |                                                                                                         |                                        |              |                 |
| N/A                                                                            | <b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b> | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.1. | To provide reasonable assurance that the municipality adheres to applicable laws and regulations. | By convening audit committee meetings and reporting to Council                                          | Audit Committee meeting convened       | NOT REVISSED | AUDIT COMM      |
| N/A                                                                            |                                                 | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.2. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management and ensuring effective implementation | Risk Management Committee Meeting held | NOT REVISSED | RISK MANAGEMENT |
| N/A                                                                            |                                                 | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.3. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management                                       | Risk Management reports presented      | NOT REVISSED | RISK MANAGEMENT |

|                          |  |                                |        |        |                                                                                                                                        |                                                                                  |                              |              |                             |
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|                          |  |                                |        |        |                                                                                                                                        | and ensuring effective implementation                                            |                              |              |                             |
| N/A                      |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.4. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant stakeholders in the development and reporting documents | Quarterly reports submitted  | NOT REVISSED | SDBIP                       |
| N/A                      |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.5. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant stakeholders in the development and reporting documents | Signed performance agreement | NOT REVISSED | PERFORMANCE AGREEMENTS      |
| 56252260390<br>EQP09ZZWD |  | Ref. No. 03 GGP 2022/2027:     | GG/C:8 | 3.3.6. | To ensure that water and sanitation strategic plans are developed.                                                                     | By developing water services strategi                                            | Reviewed WSDP                | NOT REVISSED | Development of Sector Plans |



|     |  |                               |      |       |                                                                                                                                      |                                                                                                                                                      |                                                |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|--|-------------------------------|------|-------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |  | 3.3                           |      |       |                                                                                                                                      | c plans.                                                                                                                                             |                                                |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| N/A |  | REF No. 01 BSD 2022/2027: 2.4 | SD/B | 2.4.1 | To research, planning and design water and wastewater systems for the purpose of providing sustainable water and sanitation services | By conducting feasibility studies, Environmental Impact Assessments, land acquisition, business planning and designing water and wastewater systems. | Technical Feasibility / Business Plans Reports | NOT REVISSED | <b>1. Technical Feasibility Reports / Business Plans</b><br><br>1.1 Greater Summerfield Summerfield WSS Phase 3 (Q2)<br>1.2 Greater Mngumeni WSS Phase 6 & 7 (Q2)<br>1.3 Water Conservation & Water Demand Management. (Q1)<br>1.4 Refurb and Upgrade of Water Infrastructure for Shayamoya. (Q1)<br>1.5 Dulathi - Marhewini Water Schemes Intervention (Q1)<br>1.6 Njunga Water Supply Scheme (Q1)<br>1.7 Nazareth - Mfulamhle Water Supply (Q1)<br>1.8 Mahhagu Sewerage (Q2)<br>1.9 Creighton WSS Contract 4 (Q2)<br>1.10 Khukhulela WSS Phase 3 (Q2) |
| N/A |  | REF No. 01 BSD 2022/2027: 2.5 | SD/B | 2.5.1 | To research, plan and design water and wastewater systems for the purpose of providing sustainable water                             | By conducting feasibility studies, Environ                                                                                                           | Projects designs and drawings.                 | NOT REVISSED | <b>2. Designs and Drawings</b><br><br>2.1 Mkhohlwa-Mdayane WSS (Q1)<br>2.2 Refurb and Upgrade of Water                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|                          |  |                                   |        |       |                                                                                                      |                                                                                                                                                                            |                                                                                                                             |              |                                                                                                                                                                                                                                                                                                                                 |
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|                          |  |                                   |        |       | and sanitation services                                                                              | mental Impact Assessments, land acquisition, business planning and designing water and wastewater systems.                                                                 |                                                                                                                             |              | Infrastructure for Bhongweni (Q3)<br>2.3 Greater Mnqumeni WSS Phase 6 & 7 (Q4)<br>2.4 Creighton WSS Contract 4 (Q4); Replaced with Nazareth WSS designs<br>2.5 Greater Summerfield Summerfield WSS Phase 3 (Q4)<br>2.6 Refurb and Upgrade of Water Infrastructure for Shayamoya.(Q3)<br>2.7 Machunwini Water Supply Scheme (Q2) |
| 56152260410<br>EQP56ZZWD |  | Ref. No. 03<br>GGP 2022/2027: 3.3 | GG/C:8 | 3.3.7 |                                                                                                      | Provide HGDM communities with potable water that complies with SANS 241 and dispose effluent that is of good quality and not harmful to humans or the natural environment. | Provide safe drinking water to communities and curb contamination of water resources by ensuring safe disposal of effluent. | NOT REVISSED | WATER QUALITY                                                                                                                                                                                                                                                                                                                   |
| 56152260410<br>EQP56ZZWD |  | Ref. No. 03<br>GGP 2022/2027: 3.3 | GG/C:8 | 3.3.8 | WSA function as mandated by the legislation and regulated by the Department of Water and Sanitation. |                                                                                                                                                                            |                                                                                                                             | NOT REVISSED | WASTEWATER QUALITY                                                                                                                                                                                                                                                                                                              |

|                          |  |                                |        |         |                                                                                       |                                                                                                                                |                                                                                                                            |              |                               |
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| 56252260380<br>EQMRCZZWD |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.9.  | To assess performance of each unit process against design capacity.                   | By evaluating the performance of each unit process against design capacity and further documenting possible remedial measures. | Provide safe drinking water to communities and curb contamination of water resources by ensuring safe disposal of effluent | NOT REVISSED | WTW / WWTW PROCESS AUDIT      |
| 56056191420<br>CFF46ZZHO |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.10. | To ensure that water and sanitation complaints received are resolved within 48 hours. | By escalating the complaints automatically to relevant HGDM personnel for actioning within 48 hours.                           | Complaints Management System procured.                                                                                     | NOT REVISSED | COMPLAINTS MANAGEMENT SYSTEM. |
| 56602283610<br>EQP35ZZWD |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.11. | To ensure that all HGDM water services schemes are functional.                        | By repairing all water and sanitation scheme                                                                                   | Complaints resolved                                                                                                        | NOT REVISSED | MAINTANANCE KOKSTAD SCHEMES   |

|                          |  |                                   |        |         |                                                                |                                                                                                            |  |              |                                   |
|--------------------------|--|-----------------------------------|--------|---------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--|--------------|-----------------------------------|
|                          |  |                                   |        |         |                                                                | s as per complaints received and adherence to Maintenance Plan                                             |  |              |                                   |
| 56502283610<br>WTP32ZZWD |  | Ref. No. 03<br>GGP 2022/2027: 3.3 | GG/C:8 | 3.3.12. | To ensure that all HGDM water services schemes are functional. | By repairing all water and sanitation schemes as per complaints received and adherence to Maintenance Plan |  | NOT REVISSED | MAINTANANCE (NDZ) SCHEMES         |
| 56902283610<br>WTP92ZZHO |  | Ref. No. 03<br>GGP 2022/2027: 3.3 | GG/C:8 | 3.3.13. | To ensure that all HGDM water services schemes are functional. | By repairing all water and sanitation schemes as per complaints received and adherence to Maintenance Plan |  | NOT REVISSED | MAINTANANCE (UBUHLEBEZWE) SCHEMES |

|                          |  |                                          |        |         |                                                                |                                                                                                            |  |              |                                 |
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| 56602283620<br>WTP34ZZWD |  | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.14. | To ensure that all HGDM water services schemes are functional. | By repairing all water and sanitation schemes as per complaints received and adherence to Maintenance Plan |  | NOT REVISSED | MAINTANANCE (UMZIMKHULU SCHEMES |
| 56152320610<br>WTMRCZZWD |  | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.15. | To ensure that all HGDM water services schemes are functional. | By repairing all water and sanitation schemes as per complaints received and adherence to Maintenance Plan |  | NOT REVISSED | CHEMICALS                       |
| 56902265410<br>EQMRCZZWD |  | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.16. | To ensure that all HGDM water services schemes are functional. | By repairing all water and sanitation schemes as per complaints receive                                    |  | NOT REVISSED | SEWERAGE SERVICES               |

|     |  |                                |        |          |                                                                         |                                                                                                          |                     |              |            |
|-----|--|--------------------------------|--------|----------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------|--------------|------------|
|     |  |                                |        |          |                                                                         | d and adhere<br>nce to<br>Mainten<br>ance<br>Plan                                                        |                     |              |            |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 17. | To ensure that all AG queries are resolved to improve the audit outcome | By attending to all AG queries so as to ensure that the audit outcome is improved in the upcoming audits | AG queries resolved | NOT REVI SED | AG QUIRIES |

### Infrastructure Services Department (ISD)

| Votenum | NATIO<br>NAL<br>KEY<br>PERFO<br>RMANC<br>E AREA | IDP<br>Ref<br>No. | B2B<br>Ref<br>No. | Pro<br>jec<br>t<br>No. | Objective | Strate<br>gy | Output | Revi<br>sed<br>Outp<br>ut | DESCRIPTION/<br>CTIVITIES/ITE |
|---------|-------------------------------------------------|-------------------|-------------------|------------------------|-----------|--------------|--------|---------------------------|-------------------------------|
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### IDP STRATEGIC OBJECTIVE: TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND KEY CHALLENGE: LACK OF WATER RESOURCES AND PROVISION OF CLEAN DRINKING

|                                                      |                                               |                               |        |         |                                                                                                         |                                         |                                            |              |                                                                                                 |
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| 55056446020<br>M2D78ZZWD<br>55056446420<br>M2D85ZZWD | SERVICE<br>DELIVERY AND<br>INFRASTRUCTU<br>RE | REF No. 01 BSD 2022/2027: 1.1 | SD/B:8 | 1.1. 9. | To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities | By ensuring that all water projects are | Increase d percent age of Househ olds with | NOT REVI SED | GREATER SUMMERFIELD WTR SUPPLY PI LIN:<br>1. Construction o<br>rising main<br>2. Construction o |
|------------------------------------------------------|-----------------------------------------------|-------------------------------|--------|---------|---------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|--------------|-------------------------------------------------------------------------------------------------|

|  |  |                                                  |            |  |  |                                                                                                                                                         |                             |  |                                                                                      |
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|  |  |                                                  |            |  |  | implem<br>ented<br>to<br>eradicat<br>e water<br>backlog<br>within<br>the<br>stipulat<br>ed time<br>frames,<br>quality<br>and<br>approve<br>d<br>budget. | access<br>to basic<br>water |  | steel tanks<br>3. Water treatme<br>works<br>4. Abstraction<br>works<br>5. Sludge dam |
|  |  | REF<br>No.<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 |  |  |                                                                                                                                                         |                             |  |                                                                                      |
|  |  | REF<br>No.<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 |  |  |                                                                                                                                                         |                             |  |                                                                                      |
|  |  | REF<br>No.<br>01<br>BSD                          | SD/B<br>:8 |  |  |                                                                                                                                                         |                             |  |                                                                                      |

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|                          |  | 2022/<br>2027:<br>1.1                      |            |             |  |  |                                            |                                                                                  |
|                          |  | REF No. 01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 |             |  |  |                                            |                                                                                  |
| 55056449420<br>M2D84ZZWD |  | REF No. 01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 | 1.1.<br>10. |  |  | Sewer<br>r<br>upgra<br>de<br>compl<br>eted | UMZIMKHULU<br>UPGRADE PHAS<br>SEWER PIPES:<br>1. Pumpstation<br>2. Bulk pipeline |



|                          |  |                                               |            |             |  |  |  |                    |                                                                                                                       |
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|                          |  |                                               |            |             |  |  |  |                    |                                                                                                                       |
| 55056446020<br>M2D88ZZWD |  | REF<br>No. 01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 | 1.1.<br>11. |  |  |  | NOT<br>REVI<br>SED | KWAMAY-<br>THEEKLOOF<br>WATER S_PIPE<br>LINE:<br>1. Burfucation no<br>2. River crossing<br>3. Testing of<br>resorvoir |
|                          |  | REF<br>No. 01<br>BSD<br>2022/<br>2027:        | SD/B<br>:8 |             |  |  |  |                    |                                                                                                                       |

|                                                      |  |                               |         |          |  |  |  |  |                                                                                                                                                 |
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|                                                      |  | 1.1                           |         |          |  |  |  |  |                                                                                                                                                 |
|                                                      |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 |          |  |  |  |  |                                                                                                                                                 |
| 55056445420<br>M2F21ZZWD<br>55056446020<br>M2F14ZZWD |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 | 1.1. 12. |  |  |  |  | MNQUMENI / SANTOMBE WTR PHS 4 DAMS&W (ABSTRACTION WORKS):<br>1. Abstruption works                                                               |
| 55056446020<br>M2D45ZZR5                             |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 | 1.1. 13. |  |  |  |  | CREIGHTON WATER SCHEME<br>1. Pumpstation<br>2. Excavation for the reservoir<br>3. Splitter box<br>4. Steel pipeline<br>5. Installation of pumps |
|                                                      |  | REF No. 01 BSD 2022/2027:     | SD/B :8 |          |  |  |  |  |                                                                                                                                                 |

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|                          |  | 1.1                           |         |          |  |  |  |  |                                                                                                     |
|                          |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 |          |  |  |  |  |                                                                                                     |
|                          |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 |          |  |  |  |  |                                                                                                     |
| 55056446020<br>M2D46ZZR5 |  | REF No. 01 BSD 2022/2027: 1.1 | SD/B :8 | 1.1. 14. |  |  |  |  | KHUKHULELA<br>WATER SCHEME<br>1. Steel pipeline<br>2. Booster pumpstation<br>3. Roof and floor slab |

|                          |  |                                                     |      |             |  |  |                                                               |                                                                                   |
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|                          |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B |             |  |  |                                                               |                                                                                   |
| 55056449420<br>M2D79ZZR5 |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B | 1.1.<br>15. |  |  | Increased number of Households connected to sewer water borne | IBISI HOUSING SEWERS:<br>1. Connec 334 households to a sewer water borne          |
| 55056445420<br>M2D87ZZR3 |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B | 1.1.<br>16. |  |  | NOT REVISSED                                                  | KEMPSDALE DAM WALL:<br>1. Access road<br>2. Pumpstation building<br>3. Earthworks |
|                          |  | REF<br>No. :8<br>01                                 | SD/B |             |  |  |                                                               |                                                                                   |

|                          |  |                                                     |      |             |  |  |                                     |                                                                                                                   |
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|                          |  | BSD<br>2022/<br>2027:<br>1.1                        |      |             |  |  |                                     |                                                                                                                   |
|                          |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B |             |  |  |                                     |                                                                                                                   |
| 55056449420<br>M2D70ZZR3 |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B | 1.1.<br>17. |  |  | Sewer<br>r<br>lines<br>compl<br>ete | OPERATION AND<br>MAINTANANCE<br>(HORSESHOE):<br>1. Toilet structur<br>2. Plumbing<br>material<br>3. ERF connectio |
| N/A                      |  | REF<br>No. :8<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B | 1.1.<br>18. |  |  | NOT<br>REVI<br>SED                  | HIGHFLATS WAT<br>SCHEME:<br>1. Water testing<br>2. Water quality<br>results                                       |

|                                                      |  |                                               |            |             |  |  |  |                    |                                                                                                                                                                |
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|                                                      |  |                                               |            |             |  |  |  |                    |                                                                                                                                                                |
| 55056446020<br>M2D51ZZR5<br>55056446020<br>M2C99ZZWD |  | REF<br>No. 01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 | 1.1.<br>19. |  |  |  | NOT<br>REVI<br>SED | GALA WATER<br>SUPPLY SCHEME<br>1. Connecting the<br>Gqumeni Reservoir<br>to the bulk line<br>2. Complete the<br>gravity pipeline<br>from Gqumeni to<br>Jokweni |

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|  |  | REF<br>No.<br>01<br>BSD<br>2022/<br>2027:<br>1.1 | SD/B<br>:8 |  |  |  |  | NOT<br>REVI<br>SED |  |



|                                                                                                                                                                           |                                                                 |                                                  |              |            |                                                                                                                           |                                                        |                                                                 |                     |                                                                                                             |
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|                                                                                                                                                                           |                                                                 |                                                  |              |            |                                                                                                                           |                                                        |                                                                 |                     |                                                                                                             |
| <b>IDP STRATEGIC OBJECTIVE: TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMENT</b><br><b>KEY CHALLENGE: LOW REVENUE BASE AND NON-PAYMENT OF SERVICES BY SOME CUSTOMERS</b> |                                                                 |                                                  |              |            |                                                                                                                           |                                                        |                                                                 |                     |                                                                                                             |
| 55056445420<br>M2D87ZZR3<br>55056446020<br>M2D45ZZR5<br>55056446020<br>M2D46ZZR5                                                                                          | <b>MUNICIPAL<br/>FINANCIAL<br/>VIABILITY AND<br/>MANAGEMENT</b> | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.1 | SFM/<br>D:27 | 5.1.<br>6. | To Improve<br>coverage, quality,<br>efficiency and<br>sustainability of<br>water in all urban<br>and rural<br>communities | By<br>ensuring that<br>all<br>water<br>projects<br>are | Increase<br>d<br>percent<br>age of<br>expenditure on<br>capital | NOT<br>REVIS<br>SED | <b>MIG<br/>EXPENDITURE</b><br>Kempson raising<br>project dams &<br>weirs<br>Creighton water<br>supply pipes |

|                                                                                                                                                                                                  |                                                         |                                                   |              |             |                                                                                                                     |                                                                                                                                                                  |                                                                                          |                    |                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------|--------------|-------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 55056446020<br>M2D78ZZWD<br>55056446420<br>M2D85ZZWD<br>55056445420<br>M2F21ZZWD<br>55056446020<br>M2F14ZZWD<br>55056449420<br>M2D84ZZWD<br>55056446020<br>M2D88ZZWD<br>55056449420<br>M2D70ZZR3 |                                                         |                                                   |              |             |                                                                                                                     | implem<br>ented<br>(MIG)<br>to<br>eradicat<br>e water<br>backlog<br>within<br>the<br>stipulat<br>ed time<br>frames,<br>quality<br>and<br>approve<br>d<br>budget. | projects<br>(MIG)                                                                        |                    | Khukhulela water<br>supply pipes (risi<br>main) Great<br>Summerfield tan<br>and Rising main<br>Mnqumeni<br>Santombe<br>Abstraction work<br>Umzimkhulu<br>upgrade phase 2<br>sewer pipe<br>KwaMeyi Teekloo<br>water supply pipe<br>line<br>Horseshoe<br>sanitation project<br>Ibisi housing<br>reticulation sewe<br>pipes<br>Gala water projec |
| 55102283600<br>EQP27ZZWD                                                                                                                                                                         |                                                         | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.1  | SFM/<br>D:27 | 5.1.<br>7.  | To ensure that<br>municipal<br>buildings are<br>maintained<br>effectively                                           | By measuri<br>ng the<br>no of<br>complai<br>ns or<br>request<br>s vs the<br>respons<br>e<br>pertaini<br>ng<br>reporte<br>d cases                                 | Maintain<br>safe<br>working<br>environ<br>ment for<br>the<br>municip<br>al employe<br>es | NOT<br>REVI<br>SED | OFFICE<br>BUILDINGS - R8                                                                                                                                                                                                                                                                                                                      |
| <b>IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E</b>                                                                                                                   |                                                         |                                                   |              |             |                                                                                                                     |                                                                                                                                                                  |                                                                                          |                    |                                                                                                                                                                                                                                                                                                                                               |
| <b>KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS</b>                                                                                                                   |                                                         |                                                   |              |             |                                                                                                                     |                                                                                                                                                                  |                                                                                          |                    |                                                                                                                                                                                                                                                                                                                                               |
| N/A                                                                                                                                                                                              | <b>GOOD GOVERNANCE<br/>AND PUBLIC<br/>PARTICIPATION</b> | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8   | 3.3.<br>18. | To provide<br>reasonable<br>assurance that the<br>municipality<br>adheres to<br>applicable laws<br>and regulations. | By conveni<br>ng<br>audit<br>commit<br>tee<br>meetin<br>gs and<br>reportin                                                                                       | Audit<br>Committ<br>ee<br>meeting<br>s<br>convene<br>d                                   | NOT<br>REVI<br>SED | AUDIT COMM                                                                                                                                                                                                                                                                                                                                    |

|     |  |                                |        |          |                                                                                   |                                                                                                         |                                         |              |                 |
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|     |  |                                |        |          |                                                                                   | g to Council                                                                                            |                                         |              |                 |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 19. | To ensure effective fraud and corruption risk management within the municipality  | By providing a framework for fraud and corruption risk management and ensuring effective implementation | Risk Management Committee Meetings held | NOT REVI SED | RISK MANAGEMENT |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 20. | To ensure effective fraud and corruption risk management within the municipality  | By providing a framework for fraud and corruption risk management and ensuring effective implementation | Risk Management reports presented       | NOT REVI SED | RISK MANAGEMENT |
| N/A |  | Ref. No. 03 GGP 2022/2027:     | GG/C:8 | 3.3. 21. | To develop the Harry Gwala District Municipality strategic planning and reporting | By engaging all relevant key stakeholders                                                               | Quarterly reports submitted             | NOT REVI SED | SDBIP           |

|     |  |                                |        |         |                                                                                                                                        |                                                                                                          |                              |              |                        |
|-----|--|--------------------------------|--------|---------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------|--------------|------------------------|
|     |  | 3.3                            |        |         | documents in consultation with relevant stakeholders                                                                                   | lders in the development and reporting documents                                                         |                              |              |                        |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.22. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents                     | Signed performance agreement | NOT REVI SED | PERFORMANCE AGREEMENTS |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.23. | To ensure that all AG queries are resolved to improve the audit outcome                                                                | By attending to all AG queries so as to ensure that the audit outcome is improved in the upcoming audits | AG queries resolved          | NOT REVI SED | AG QUIRIES             |

**IDP STRATEGIC OBJECTIVE: TO INCREASE THE GROSS DOMESTIC PRODUCT OF THE D. URBAN, REGIONAL AND HUMAN SETTLEMENTS WHILST PROTECTING THE ENVIRONMI**  
**KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY**

|                          |                                                  |                                                        |      |            |                                                                                                                                                                |                                                                                         |              |                    |              |
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| 55101178910<br>EPZZZZZWD | <b>SOCIAL AND LOCAL ECONOMIC<br/>DEVELOPMENT</b> | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.9 | GG/C | 7.9.<br>1. | To increase work opportunities and income support to poor and unemployed people through the labour intensive delivery of public, community asset and services. | By creating employment within the District through our capital projects and programmes. | Jobs created | NOT<br>REVI<br>SED | JOB CREATION |
|--------------------------|--------------------------------------------------|--------------------------------------------------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------|--------------------|--------------|

**Office of The Municipal Manager (OMM)**

| Votenum | NATIO<br>NAL<br>KEY<br>PERFO<br>RMANC<br>E AREA | IDP<br>Ref<br>No. | B2B<br>Ref<br>No. | Pro<br>jec<br>t<br>No. | Objective | Strate<br>gy | Output | Revi<br>sed<br>Out<br>put | DESCRIPTION/<br>ACTIVITIES/ITE |
|---------|-------------------------------------------------|-------------------|-------------------|------------------------|-----------|--------------|--------|---------------------------|--------------------------------|
|---------|-------------------------------------------------|-------------------|-------------------|------------------------|-----------|--------------|--------|---------------------------|--------------------------------|

**IDP STRATEGIC OBJECTIVE: TO ENSURE A SMOOTH FUNCTIONING OF COUNCIL AND T**
**KEY CHALLENGE: SKILLS DEVELOPMENT OF MUNICIPAL EMPLOYEES IN ORDER FOR TI**

|                          |                                                  |                                                          |            |            |                                                             |                                                                   |                              |                    |            |
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| 51052300150<br>EQMRCZZHO | <b>TRANSFORMATIO<br/>N AND<br/>INSTITUTIONAL</b> | REF<br>No.<br>02<br>MTRA<br>NS<br>2022/<br>2027:<br>4.6. | BCGI<br>/E | 4.6.<br>1. | To ensure effective communication internally and externally | By develop<br>ing a<br>Newslet<br>ter on a<br>quarterl<br>y basis | Newslet<br>ter develop<br>ed | NOT<br>REVI<br>SED | NEWSLETTER |
|--------------------------|--------------------------------------------------|----------------------------------------------------------|------------|------------|-------------------------------------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|------------|

**IDP STRATEGIC OBJECTIVE: TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMEN**
**KEY CHALLENGE: LOW REVENUE BASE AND NON-PAYMENT OF SERVICES BY SOME CUS**

|                          |                                                     |                               |          |        |                                                                                |                                                                                                                                   |                                    |              |                                                          |
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| N/A                      | <b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b> | REF No. 05 FIN 2022/2027: 5.1 | SFM/D:27 | 5.1.8. | To ensure effective prevention of fraud and corruption within the municipality | By providing an advisory support in fighting fraud and corruption and ensuring effective implementation of consequence management | IWFU expenditure reduced           | NOT REVISSED | IRREGULAR, WASTEFUL, FRUITLESS, UNAUTHORISED EXPENDITURE |
| 51052273340<br>EQMRCZZHO |                                                     | REF No. 05 FIN 2022/2027: 5.2 | SFM/D:28 | 5.1.9. | To ensure effective prevention of fraud and corruption within the municipality | By providing an advisory support in fighting fraud and corruption and ensuring effective implementation of consequence management | Expenditure spent on legal matters | NOT REVISSED | LEGAL COSTS                                              |

| IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E |                                          |                                          |        |         |                                                                                                   |                                                                                                   |                                         |                 |                      |
|-------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------|---------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|----------------------|
| KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS |                                          |                                          |        |         |                                                                                                   |                                                                                                   |                                         |                 |                      |
| 51152270320<br>EQMRCZZHO                                                | GOOD GOVERNANCE AND PUBLIC PARTICIPATION | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.24. | To provide reasonable assurance that the municipality adheres to applicable laws and regulations. | By convening audit committee meetings and reporting to Council                                    | Audit Committee meeting convened        | NOT REVI<br>SED | AUDIT COMM           |
| 51172300120<br>EQMRCZZHO                                                |                                          | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.1 | BCGI/E | 3.1.1.  | To showcase and market the district                                                               | By continuously updating communities on existing and new service delivery programmes and projects | Marketing and Branding                  | NOT REVI<br>SED | MARKETING & BRANDING |
| 51152270400<br>EQS08ZZHO                                                |                                          | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.25. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management and ensuring effective implem   | Risk Management Committee Meetings held | NOT REVI<br>SED | RISK MANAGEMENT      |

|                          |  |                                                   |            |             |                                                                                                                           |                                                                                                                                            |                                           |                    |                    |
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|                          |  |                                                   |            |             |                                                                                                                           | entatio<br>n                                                                                                                               |                                           |                    |                    |
| 51152270400<br>EQS08ZZHO |  | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8 | 3.3.<br>26. | To ensure effective fraud and corruption risk management within the municipality                                          | By providin<br>g a framew<br>ork for fraud<br>and corrupti<br>on risk manage<br>ment and ensurin<br>g effectiv<br>e implem<br>entatio<br>n | Risk Manage<br>ment reports present<br>ed | NOT<br>REVI<br>SED | RISK<br>MANAGEMENT |
| 50252301130<br>EQP65ZZHO |  | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.1 | BCGI<br>/E | 3.1.<br>2.  | To showcase and market the district                                                                                       | By continu<br>ously updatin<br>g commu<br>nities on<br>existing and<br>new service<br>delivery progra<br>mmes and<br>projects              | Radio Slots<br>held                       | NOT<br>REVI<br>SED | RADIO SLOTS        |
| 51152300120<br>EQMRCZZHO |  | REF<br>NO.<br>03<br>GGP<br>2022/<br>2027:<br>7.9  | BCGI<br>/E | 7.9.<br>2.  | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant | By engagin<br>g all relevant<br>key stakeho<br>lders in the develop                                                                        | Submitt<br>ed Annual<br>report to AG      | NOT<br>REVI<br>SED | ANNUAL REPORT      |



|                          |  |                                                  |            |            |                                                                                                                                                                   |                                                                                                                                     |                                                           |                    |                     |
|--------------------------|--|--------------------------------------------------|------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------|---------------------|
|                          |  |                                                  |            |            | stakeholders                                                                                                                                                      | ment<br>and<br>reportin<br>g<br>docume<br>nts                                                                                       |                                                           |                    |                     |
| 51152300120<br>EQMRCZZHO |  | REF<br>NO.<br>03<br>GGP<br>2022/<br>2027:<br>7.9 | BCGI<br>/E | 7.9.<br>3. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By<br>engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin<br>g<br>docume<br>nts | Submitt<br>ed<br>Annual<br>report<br>to<br>Council        | NOT<br>REVI<br>SED | ANNUAL REPORT       |
| 51152300120<br>EQMRCZZHO |  | REF<br>NO.<br>03<br>GGP<br>2022/<br>2027:<br>7.9 | BCGI<br>/E | 7.9.<br>4. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By<br>engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin<br>g<br>docume<br>nts | Publicise<br>d<br>Annual<br>report                        | NOT<br>REVI<br>SED | ANNUAL REPORT       |
| 51152300120<br>EQMRCZZHO |  | REF<br>NO.<br>03<br>GGP<br>2022/<br>2027:<br>7.9 | BCGI<br>/E | 7.9.<br>5. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By<br>engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin                       | Submitt<br>ed<br>Oversig<br>ht<br>report<br>to<br>Council | NOT<br>REVI<br>SED | OVERSIGHT<br>REPORT |

|                          |  |                                          |        |         |                                                                                                                                        |                                                                                      |                                  |              |                        |
|--------------------------|--|------------------------------------------|--------|---------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|--------------|------------------------|
|                          |  |                                          |        |         |                                                                                                                                        | g documents                                                                          |                                  |              |                        |
| 51152300120<br>EQMRCZZHO |  | REF NO. 03<br>GGP 2022/<br>2027:<br>7.9  | BCGI/E | 7.9.6.  | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Submitted Oversight report to PL | NOT REVISSED | OVERSIGHT REPORT       |
| N/A                      |  | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.27. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Approved SDBIP                   | NOT REVISSED | SDBIP                  |
| N/A                      |  | Ref. No. 03<br>GGP 2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.28. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Signed performance agreement     | NOT REVISSED | PERFORMANCE AGREEMENTS |

|                          |  |                                |        |          |                                                                                                                                        |                                                                                                          |                                 |              |                        |
|--------------------------|--|--------------------------------|--------|----------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------|--------------|------------------------|
|                          |  |                                |        |          |                                                                                                                                        | documents                                                                                                |                                 |              |                        |
| N/A                      |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 29. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents                     | Submitted performance agreement | NOT REVISSED | PERFORMANCE AGREEMENTS |
| N/A                      |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 30. | To ensure that all AG queries are resolved to improve the audit outcome                                                                | By attending to all AG queries so as to ensure that the audit outcome is improved in the upcoming audits | AG queries resolved             | NOT REVISSED | AG queries             |
| 51182270400<br>EQS50ZZHO |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 31. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant              | By engaging all relevant key stakeholders in the develop                                                 | IDP meetings held               | NOT REVISSED | IDP PLANNING           |

|     |  |                                |        |          |                                                                                                                                        |                                                                                      |                                        |              |                             |
|-----|--|--------------------------------|--------|----------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------|--------------|-----------------------------|
|     |  |                                |        |          | stakeholders                                                                                                                           | ment<br>and<br>reportin<br>g<br>docume<br>nts                                        |                                        |              |                             |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 32. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Mid term performance reports submitted | NOT REVISSED | MID TERM PERFORMANCE REPORT |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 33. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and                     | Annual performance report submitted    | NOT REVISSED | ANNUAL PERFORMANCE REPORT   |

|                                                                                              |                                    |                                  |         |        |                                                                                                                                        |                                                                                      |                                |              |              |
|----------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|---------|--------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|--------------|--------------|
|                                                                                              |                                    |                                  |         |        |                                                                                                                                        | reporting documents                                                                  |                                |              |              |
| <b>IDP STRATEGIC OBJECTIVE: TO CREATE A FUNCTIONAL URBAN, REGIONAL AND HUMAN SETTLEMENTS</b> |                                    |                                  |         |        |                                                                                                                                        |                                                                                      |                                |              |              |
| <b>KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY GOWA DISTRICT</b>   |                                    |                                  |         |        |                                                                                                                                        |                                                                                      |                                |              |              |
| N/A                                                                                          | <b>CROSS CUTTING INTERVENTIONS</b> | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9.7. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Draft IDP submitted to Council | NOT REVISSED | IDP PLANNING |
| N/A                                                                                          |                                    | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9.8. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Draft IDP submitted to COGTA   | NOT REVISSED | IDP PLANNING |
| N/A                                                                                          |                                    | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9.9. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Publicise and Draft IDP        | NOT REVISSED | IDP PLANNING |

|     |  |                                  |         |          |                                                                                                                                        |                                                                                      |                                |              |              |
|-----|--|----------------------------------|---------|----------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|--------------|--------------|
|     |  |                                  |         |          |                                                                                                                                        | reporting documents                                                                  |                                |              |              |
| N/A |  | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9. 10. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Final IDP submitted to Council | NOT REVISSED | IDP PLANNING |
| N/A |  | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9. 11. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Final IDP submitted to COGTA   | NOT REVISSED | IDP PLANNING |
| N/A |  | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI /E | 7.9. 12. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents | Publicise and Final IDP        | NOT REVISSED | IDP PLANNING |

|                                                                                  |                                              |                                  |        |         |                                                                                                                                                                           |                                                                                      |                                                                      |              |                            |
|----------------------------------------------------------------------------------|----------------------------------------------|----------------------------------|--------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------|----------------------------|
|                                                                                  |                                              |                                  |        |         |                                                                                                                                                                           | documents                                                                            |                                                                      |              |                            |
| N/A                                                                              |                                              | REF NO. 04 LESO C 2022/2027: 7.9 | BCGI/E | 7.9.13. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders                                    | By engaging all relevant key stakeholders in the development and reporting documents | Technical HUBs coordinated                                           | NOT REVISSED | DISTRICT DEVELOPMENT MODEL |
| <b>IDP STRATEGIC OBJECTIVE: TO INCREASE THE GROSS DOMESTIC PRODUCT OF THE D.</b> |                                              |                                  |        |         |                                                                                                                                                                           |                                                                                      |                                                                      |              |                            |
| <b>KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY</b>     |                                              |                                  |        |         |                                                                                                                                                                           |                                                                                      |                                                                      |              |                            |
| 54152260300 EQMRCZZHO                                                            | <b>SOCIAL AND LOCAL ECONOMIC DEVELOPMENT</b> | REF NO. 04 LESO C 2022/2027: 6.3 | N/A    | 6.3.1.  | To provide support to destitute families within the district                                                                                                              | By coordinating support for the burial in destitute application                      | Applications processed for destitute                                 | NOT REVISSED | BURIAL OF DESTITUTE        |
| 54102260600 EQP66ZZHO<br>54102305730 EQP66ZZHO<br>54102305760 EQP66ZZHO          |                                              | REF NO. 04 LESO C 2022/2027: 3.2 | BCGI/E | 3.2.1.  | To promote human values by fighting poverty, crime, diseases, depravation and social ills, ensuring moral regeneration by working together through effective partnerships | By engaging all relevant stakeholders in the planning of the municipal events        | Functional District Aids Council structure (HIV/AIDS awareness held) | NOT REVISSED | HIV/AIDS                   |
| N/A                                                                              |                                              | REF NO. 04 LESO C                | BCGI/E | 3.2.2.  | To promote human values by fighting poverty, crime, diseases, depravation                                                                                                 | By engaging all relevant stakeholders                                                | Functional Operation Sukuma                                          | NOT REVISSED | OPERATION MB               |

|  |  |                       |  |  |                                                                                                                |                                                               |                                                                             |  |  |
|--|--|-----------------------|--|--|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|--|--|
|  |  | 2022/<br>2027:<br>3.2 |  |  | and social ills,<br>ensuring moral<br>regeneration by<br>working together<br>through effective<br>partnerships | lders in<br>the<br>plannin<br>g of the<br>municip<br>al event | Sakhe<br>(OSS)<br>structur<br>es<br>(District<br>Operatio<br>n MBO<br>held) |  |  |
|--|--|-----------------------|--|--|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|--|--|

### Corporate Services (CS)

| Votenum | NATIO<br>NAL<br>KEY<br>PERFO<br>RMANC<br>E AREA | IDP<br>Ref<br>No. | B2B<br>Ref<br>No. | Pro<br>jec<br>t<br>No. | Objective | Strate<br>gy | Output | Revi<br>sed<br>Outp<br>ut | DESCRIPTION,<br>CTIVITIES/ITE |
|---------|-------------------------------------------------|-------------------|-------------------|------------------------|-----------|--------------|--------|---------------------------|-------------------------------|
|         |                                                 |                   |                   |                        |           |              |        |                           |                               |

### IDP STRATEGIC OBJECTIVE: TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMENT

#### KEY CHALLENGE: LOW REVENUE BASE AND NON-PAYMENT OF SERVICES BY SOME CUSTOMERS

|                          |                                                 |                                                  |           |            |                                                                                             |                                                                                                                                       |                                    |                    |                                 |
|--------------------------|-------------------------------------------------|--------------------------------------------------|-----------|------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------|---------------------------------|
| 53102260350<br>EQP06ZZHO | MUNICIPAL FINANCIAL VIABILITY AND<br>MANAGEMENT | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.4 | SFM/<br>D | 5.4.<br>3. | To ensure<br>compliance with<br>the MFMA and<br>improve budgeting<br>reporting<br>processes | Coordin<br>ate the<br>budget<br>prepara<br>tion<br>process<br>in line<br>with<br>approve<br>d<br>schedul<br>e of key<br>deadlin<br>es | Expendi<br>ture<br>spent<br>on WSP | NOT<br>REVI<br>SED | EXPENDITURE ON<br>WSP TRAININGS |
|--------------------------|-------------------------------------------------|--------------------------------------------------|-----------|------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------|---------------------------------|

### IDP STRATEGIC OBJECTIVE: TO ENSURE A SMOOTH FUNCTIONING OF COUNCIL AND TOWN

#### KEY CHALLENGE: SKILLS DEVELOPMENT OF MUNICIPAL EMPLOYEES IN ORDER FOR THEM TO



|                          |                                                               |                                   |            |         |                                                                                                                                                                           |                                                        |                                          |              |                                |
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| 53152301780<br>EQMRCZZHO | <b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b> | REF No. 02 MTRANS 2022/2027: 4.5. | BCGI /E    | 4.5. 1. | To provide secure ICT infrastructure which delivers appropriate levels of data confidentiality and integrity                                                              | By ensuring that all annual subscriptions are paid for | Software licenses renewed                | NOT REVI SED | SOFTWARE LICENCES              |
| 53102260350<br>EQP06ZZHO |                                                               | REF No. 02 MTRANS 2022/2027: 4.1. | BCGI /E:35 | 4.1. 2. | To ensure that the municipality actually spend the percentage of a municipality's budget on implementing its Workplace Skills Plan                                        | By developing a Workplace Skills Plan                  | WSP implemented                          | NOT REVI SED | TRAINING_HR                    |
| N/A                      |                                                               | REF No. 02 MTRANS 2022/2027: 4.1. | BCGI /E:35 | 4.1. 3. | To ensure that the municipality actually spend the percentage of a municipality's budget on implementing its Workplace Skills Plan                                        | By developing a Workplace Skills Plan                  | WSP implemented                          | NOT REVI SED | WORKPLACE SKILLS PLAN          |
| N/A                      |                                                               | REF No. 02 MTRANS 2022/2027: 4.4. | BCGI /E    | 4.4. 1. | To implement the Employment Equity Plan by ensuring that the number of people from employment equity target groups are employed in the three highest levels of management | By implementing the Employment Equity Plan             | Implementation of Employment Equity Plan | NOT REVI SED | EMPLOYMENT EQUITY REPORT       |
| N/A                      |                                                               | REF No. 02 MTRANS 2022/2027: 4.4. | BCGI /E    | 4.4. 2. | To implement the Employment Equity Plan by ensuring that the number of people from employment equity target groups are                                                    | By implementing the Employment Equity Plan             | Implementation of Employment Equity Plan | NOT REVI SED | EMPLOYMENT EQUITY TARGET GROUP |

|                          |  |                                                |         |         |                                                                       |                                                                    |                                   |              |                         |
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|                          |  |                                                |         |         | employed in the three highest levels of management                    |                                                                    |                                   |              |                         |
| 53056420420<br>CFC25ZZHO |  | REF No. 02<br>MTRANS<br>2022/<br>2027:<br>4.4. | BCGI /E | 4.4. 3. | To ensure proper management of municipal fleet                        | By installing fleet management system                              | New vehicles procure              | NOT REVISSED | NEW VEHICLES            |
| 53156470020<br>CFC81ZZHO |  | REF No. 02<br>MTRANS<br>2022/<br>2027:<br>4.7. | BCGI /E | 4.7. 1. | To provide adequate backup storage for municipal data and information | By implementing the disaster recovery and business continuity plan | Server infrastructure procure     | NOT REVISSED | SERVER & DESKTOP BACKUP |
| 53152306300<br>EQMRCZZHO |  | REF No. 02<br>MTRANS<br>2022/<br>2027:<br>4.4. | BCGI /E | 4.4. 4. | To ensure proper management of municipal fleet                        | By installing fleet management system                              | Fleet management system installed | NOT REVISSED | VEHICLE TRACKING        |

|                          |  |                                   |            |         |                                                                                                           |                                                                    |                                                               |              |                                    |
|--------------------------|--|-----------------------------------|------------|---------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------|--------------|------------------------------------|
| 53152260390<br>EQS21ZZHO |  | REF No. 02 MTRANS 2022/2027: 4.7. | BCGI /E    | 4.7. 2. | To provide secure ICT environment within the municipality                                                 | By conducting ICT awareness sessions                               | ICT awareness conducted                                       | NOT REVISSED | CYBER SECURITY                     |
| 53152301750<br>EQP40ZZHO |  | REF No. 02 MTRANS 2022/2027: 4.7. | BCGI /E    | 4.7. 3. | To provide adequate backup storage for municipal data and information                                     | By implementing the disaster recovery and business continuity plan | Disaster management centre network infrastructure refurbished | NOT REVISSED | ICT NETWORKING                     |
| N/A                      |  | REF No. 02 MTRANS 2022/2027: 4.1. | BCGI /E:35 | 4.1. 4. | To ensure that HGDM is fully complying to its mandate as set by the prescripts governing local government | By reviewing HGDM policies                                         | HR policies presented at strategic planning                   | NOT REVISSED | INSTITUTIONAL POLICIES             |
| N/A                      |  | REF No. 02 MTRANS 2022/2027: 4.1. | BCGI /E:35 | 4.1. 5. | To ensure that HGDM is fully complying to its mandate as set by the prescripts governing local government | By reviewing HGDM policies                                         | Workshop on policies conducted                                | NOT REVISSED | WORKSHOPPING OF MUNICIPAL POLICIES |

|                                                                                  |                                              |                                                         |            |            |                                                                                                                 |                                                             |                                       |                    |                                    |
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|                                                                                  |                                              |                                                         |            |            |                                                                                                                 |                                                             |                                       |                    |                                    |
| <b>IDP STRATEGIC OBJECTIVE: TO INCREASE THE GROSS DOMESTIC PRODUCT OF THE D.</b> |                                              |                                                         |            |            |                                                                                                                 |                                                             |                                       |                    |                                    |
| <b>KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY</b>     |                                              |                                                         |            |            |                                                                                                                 |                                                             |                                       |                    |                                    |
| 53102281210<br>EQP26ZZHO                                                         | <b>SOCIAL AND LOCAL ECONOMIC DEVELOPMENT</b> | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>4.3. | BCGI<br>/E | 4.3.<br>1. | To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce | By implementing the Integrated Health and Wellness strategy | Cancer awareness conducted            | NOT<br>REVI<br>SED | INTEGRATED<br>HEALTH &<br>WELLNESS |
| N/A                                                                              |                                              | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>4.3. | BCGI<br>/E | 4.3.<br>2. | To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce | By implementing the Integrated Health and Wellness strategy | Inter-departmental games held         | NOT<br>REVI<br>SED | INTEGRATED<br>HEALTH &<br>WELLNESS |
| 53102260360<br>EQMRCZZHO                                                         |                                              | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>4.3. | BCGI<br>/E | 4.3.<br>3. | To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce | By implementing the Integrated Health and Wellness strategy | Health and safety trainings conducted | NOT<br>REVI<br>SED | OCCUPATIONAL<br>HEALTH & SAFETY    |
| 53152270390<br>EQP02ZZHO                                                         |                                              | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>4.3. | BCGI<br>/E | 4.3.<br>4. | To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce | By implementing the Integrated Health and Wellness strategy | Employee vaccination                  | NOT<br>REVI<br>SED | EMPLOYEE<br>VACCINATION            |

|                                                                                |                                                 |                                                   |            |             |                                                                                                                     |                                                                                                                                                                    |                                                              |                    |                    |
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|                                                                                |                                                 | 2027:<br>4.3.                                     |            |             | dedicated<br>workforce                                                                                              | Health<br>and<br>Wellnes<br>s<br>strateg<br>y                                                                                                                      |                                                              |                    |                    |
| <b>IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E</b> |                                                 |                                                   |            |             |                                                                                                                     |                                                                                                                                                                    |                                                              |                    |                    |
| <b>KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS</b> |                                                 |                                                   |            |             |                                                                                                                     |                                                                                                                                                                    |                                                              |                    |                    |
| N/A                                                                            | <b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b> | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8 | 3.3.<br>34. | To provide<br>reasonable<br>assurance that the<br>municipality<br>adheres to<br>applicable laws<br>and regulations. | By conveni<br>ng<br>audit<br>commit<br>tee<br>meetin<br>gs and<br>reportin<br>g to<br>Council                                                                      | Audit<br>Committ<br>ee<br>meeting<br>s<br>convene<br>d       | NOT<br>REVI<br>SED | AUDIT COMM         |
| N/A                                                                            |                                                 | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8 | 3.3.<br>35. | To ensure<br>effective fraud and<br>corruption risk<br>management<br>within the<br>municipality                     | By providin<br>g a<br>framew<br>ork for<br>fraud<br>and<br>corrupti<br>on risk<br>manage<br>ment<br>and<br>ensurin<br>g<br>effectiv<br>e<br>implem<br>entatio<br>n | Risk<br>Manage<br>ment<br>Committ<br>ee<br>Meeting<br>s held | NOT<br>REVI<br>SED | RISK<br>MANAGEMENT |
| N/A                                                                            |                                                 | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:        | GG/C<br>:8 | 3.3.<br>36. | To ensure<br>effective fraud and<br>corruption risk<br>management<br>within the<br>municipality                     | By providin<br>g a<br>framew<br>ork for<br>fraud                                                                                                                   | Risk<br>Manage<br>ment<br>reports<br>present<br>ed           | NOT<br>REVI<br>SED | RISK<br>MANAGEMENT |

|     |  |                                                   |            |             |                                                                                                                                                                   |                                                                                                                                     |                                        |                    |                           |
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|     |  | 3.3                                               |            |             |                                                                                                                                                                   | and<br>corrupti<br>on risk<br>manage<br>ment<br>and<br>ensurin<br>g<br>effectiv<br>e<br>implem<br>entatio<br>n                      |                                        |                    |                           |
| N/A |  | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8 | 3.3.<br>37. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By<br>engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin<br>g<br>docume<br>nts | Quarterl<br>reports<br>submitt<br>ed   | NOT<br>REVI<br>SED | SDBIP                     |
| N/A |  | Ref.<br>No.<br>03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C<br>:8 | 3.3.<br>38. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By<br>engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin<br>g<br>docume<br>nts | Signed<br>perform<br>ance<br>agreement | NOT<br>REVI<br>SED | PERFORMANCE<br>AGREEMENTS |

|     |  |                                |        |          |                                                                         |                                                                                                          |                     |              |            |
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| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 39. | To ensure that all AG queries are resolved to improve the audit outcome | By attending to all AG queries so as to ensure that the audit outcome is improved in the upcoming audits | AG queries resolved | NOT REVISSED | AG QUIRIES |
|-----|--|--------------------------------|--------|----------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------|--------------|------------|

### Budget and Treasury Office (BTO)

| Votenum | NATIONAL KEY PERFORMANCE AREA | IDP Ref No. | B2B Ref No. | Project No. | Objective | Strategy | Output | Revised Output | DESCRIPTION/ACTIVITIES/ITEMS |
|---------|-------------------------------|-------------|-------------|-------------|-----------|----------|--------|----------------|------------------------------|
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### IDP STRATEGIC OBJECTIVE: TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMENT

### KEY CHALLENGE: LOW REVENUE BASE AND NON-PAYMENT OF SERVICES BY SOME CUSTOMERS

|                          |                                              |                               |          |         |                                       |                                                   |                                                 |              |                   |
|--------------------------|----------------------------------------------|-------------------------------|----------|---------|---------------------------------------|---------------------------------------------------|-------------------------------------------------|--------------|-------------------|
| 52152300210<br>EQMRCZZHO | MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT | REF No. 05 FIN 2022/2027: 5.1 | SFM/D:27 | 5.1. 10 | To ensure improved revenue collection | Enforce credit control and debt management policy | Total amount collected from customers per month | NOT REVISSED | DEBT COLLECTION   |
| 52052301120<br>EQP38ZZHO |                                              | REF No.                       | SFM/D    | 5.3. 1. | To ensure updated and reliable debtor | Update the                                        | Updated data                                    | NOT REVISSED | CONSUMER DATABASE |

|     |  |                                                  |             |            |                                                                                             |                                                                                                                                       |                                                      |                    |                          |
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|     |  | 05<br>FIN<br>2022/<br>2027:<br>5.3               |             |            | information                                                                                 | consumer<br>database                                                                                                                  |                                                      | SED                |                          |
| N/A |  | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.2 | SD/D<br>:14 | 5.2.<br>1. | To ensure updated<br>and reliable<br>indigent debtor<br>information                         | Enforce<br>the<br>indigent<br>manage<br>ment<br>policy                                                                                | Updated<br>indigent<br>register                      | NOT<br>REVI<br>SED | FREE BASIC<br>SERVICES   |
| N/A |  | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.4 | SFM/<br>D   | 5.4.<br>1. | To ensure<br>compliance with<br>the MFMA and<br>improve budgeting<br>reporting<br>processes | Coordin<br>ate the<br>budget<br>prepara<br>tion<br>process<br>in line<br>with<br>approve<br>d<br>schedul<br>e of key<br>deadlin<br>es | Budget<br>approve<br>d in<br>compliance with<br>MFMA | NOT<br>REVI<br>SED | DRAFT BUDGET<br>APPROVAL |
| N/A |  | REF<br>No.<br>05<br>FIN<br>2022/<br>2027:<br>5.4 | SFM/<br>D   | 5.4.<br>2. | To ensure<br>compliance with<br>the MFMA and<br>improve budgeting<br>reporting<br>processes | Coordin<br>ate the<br>budget<br>prepara<br>tion<br>process<br>in line<br>with<br>approve<br>d<br>schedul<br>e of key<br>deadlin<br>es | Budget<br>approve<br>d in<br>compliance with<br>MFMA | NOT<br>REVI<br>SED | FINAL BUDGET<br>APPROVAL |



|                          |  |                               |       |        |                                                                                                                                                        |                                                                                                                          |                                                                   |              |                              |
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| N/A                      |  | REF No. 05 FIN 2022/2027: 5.5 | SFM/D | 5.5.1. | To ensure the municipality prepares GRAP compliant annual financial statements for the year ending June 2020 and submit to the Auditor General on time | Prepare monthly control account reconciliations to ensure reliable financial information is reported throughout the year | Interim Financial Statements (IFS) submitted to Internal Auditors | NOT REVISSED | INTERIM FINANCIAL STATEMENT  |
| 52052300200<br>EQMRCZZHO |  | REF No. 05 FIN 2022/2027: 5.5 | SFM/D | 5.5.2. | To ensure the municipality prepares GRAP compliant annual financial statements for the year ending June 2020 and submit to the Auditor General on time | Prepare monthly control account reconciliations to ensure reliable financial information is reported throughout the year | Annual Financial Statements (AFS) submitted on time               | NOT REVISSED | ANNUAL FINANCIAL STATEMENTS  |
| 56152260420<br>EQP11ZZWD |  | REF No. 05 FIN 2022/2027: 5.6 | SFM/D | 5.6.1. | To ensure updated fixed asset register                                                                                                                 | update fixed asset register                                                                                              | Updated fixed asset register                                      | NOT REVISSED | ASSESSMENT OF ASSET REGISTER |

|     |  |                               |          |         |                                                                                |                                                                                                                                   |                              |              |                                                          |
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| N/A |  | REF No. 05 FIN 2022/2027: 5.1 | SFM/D:27 | 5.1.11. | To ensure effective prevention of fraud and corruption within the municipality | By providing an advisory support in fighting fraud and corruption and ensuring effective implementation of consequence management | IWFU expenditure reduced     | NOT REVISSED | IRREGULAR, WASTEFUL, FRUITLESS, UNAUTHORISED EXPENDITURE |
| N/A |  | REF No. 05 FIN 2022/2027: 5.4 | SFM/D    | 5.4.4.  | To ensure compliance with the MFMA and improve budgeting reporting processes   | Coordinate the budget preparation process in line with approved schedule of key deadlines                                         | Payments made within 30 days | NOT REVISSED | PROCESSING OF PAYMENTS                                   |
| N/A |  | REF No. 05 FIN 2022/2027: 5.2 | SD/D:14  | 5.2.2.  | To ensure updated and reliable indigent debtor information                     | Enforce the indigent management policy                                                                                            | Approved Indigent register   | NOT REVISSED | INDIGENT REGISTER                                        |

|                                                                                |                                                 |                                |        |         |                                                                                                   |                                                                                                         |                                         |              |                 |
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|                                                                                |                                                 |                                |        |         |                                                                                                   |                                                                                                         |                                         |              |                 |
| <b>IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E</b> |                                                 |                                |        |         |                                                                                                   |                                                                                                         |                                         |              |                 |
| <b>KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS</b> |                                                 |                                |        |         |                                                                                                   |                                                                                                         |                                         |              |                 |
| N/A                                                                            | <b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b> | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.40. | To provide reasonable assurance that the municipality adheres to applicable laws and regulations. | By convening audit committee meetings and reporting to Council                                          | Audit Committee meetings convened       | NOT REVISSED | AUDIT COMM      |
| N/A                                                                            |                                                 | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.41. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management and ensuring effective implementation | Risk Management Committee Meetings held | NOT REVISSED | RISK MANAGEMENT |
| N/A                                                                            |                                                 | Ref. No. 03 GGP                | GG/C:8 | 3.3.42. | To ensure effective fraud and corruption risk management                                          | By providing a framework                                                                                | Risk Management reports                 | NOT REVISSED | RISK MANAGEMENT |

|     |  |                                             |        |         |                                                                                                                                        |                                                                                                                                    |                              |              |                        |
|-----|--|---------------------------------------------|--------|---------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------|------------------------|
|     |  | 2022/<br>2027:<br>3.3                       |        |         | within the<br>municipality                                                                                                             | ork for<br>fraud<br>and<br>corrupti<br>on risk<br>manage<br>ment<br>and<br>ensurin<br>g<br>effectiv<br>e<br>implem<br>entatio<br>n | present<br>ed                |              |                        |
| N/A |  | Ref. No. 03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.43. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents                                               | Quarterly reports submitted  | NOT REVISSED | SDBIP                  |
| N/A |  | Ref. No. 03<br>GGP<br>2022/<br>2027:<br>3.3 | GG/C:8 | 3.3.44. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant key stakeholders in the development and reporting documents                                               | Signed performance agreement | NOT REVISSED | PERFORMANCE AGREEMENTS |

|     |  |                                |        |         |                                                                        |                                                                                                         |                    |              |           |
|-----|--|--------------------------------|--------|---------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------|--------------|-----------|
|     |  |                                |        |         |                                                                        |                                                                                                         |                    |              |           |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3.45. | To ensure that all AG quires are resolved to improve the audit outcome | By attending to all AG quires so as to ensure that the audit outcome is improved in the upcoming audits | AG quires resolved | NOT REVI SED | AG quires |

### Social Services and Development Planning (SSDP)

| Votenum | NATIONAL KEY PERFORMANCE AREA | IDP Ref No. | B2B Ref No. | Project No. | Objective | Strategy | Output | Revised Output | DESCRIPTION/ACTIVITIES/ITEMS |
|---------|-------------------------------|-------------|-------------|-------------|-----------|----------|--------|----------------|------------------------------|
|         |                               |             |             |             |           |          |        |                |                              |

**IDP STRATEGIC OBJECTIVE: TO INCREASE THE GROSS DOMESTIC PRODUCT OF THE DISTRICT**  
**KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY**

|             |           |     |     |      |            |    |         |     |           |
|-------------|-----------|-----|-----|------|------------|----|---------|-----|-----------|
| 54102305760 | AL ECO NO | REF | N/A | 7.2. | To promote | By | Elderly | NOT | ELDERLY / |
|-------------|-----------|-----|-----|------|------------|----|---------|-----|-----------|

|                          |  |                                                        |     |            |                                                                                         |                                                                                                             |                                        |                    |                                   |
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| EQS01ZZHO                |  | NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2        |     | 1.         | healthy life style<br>within the district                                               | Inviting<br>the<br>elders<br>to<br>particip<br>ate in<br>Harry<br>Gwala<br>elderly<br>games                 | games<br>event<br>held                 | REVI<br>SED        | GOLDEN GAMES                      |
| 54102305760<br>EQS01ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>2. | To promote<br>healthy life style<br>within the district                                 | By<br>Inviting<br>the<br>disable<br>d to<br>particip<br>ate in<br>Harry<br>Gwala<br>disabilit<br>y<br>games | Disabled<br>games<br>event<br>held     | NOT<br>REVI<br>SED | DISABILITY<br>GAMES               |
| 54102305760<br>EQS01ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>3. | To promote moral<br>regeneration<br>within the district                                 | By<br>support<br>ing<br>izintom<br>bi that<br>will be<br>particip<br>ating in<br>reed<br>dance<br>event     | Reed<br>dance<br>event<br>held         | NOT<br>REVI<br>SED | REED<br>DANCE/UMKHOS<br>WOMHLANGA |
| 54102305760<br>EQS01ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>4. | To promote<br>participation of<br>elderly in service<br>delivery within the<br>district | By<br>coordin<br>ating<br>the<br>elders<br>to<br>particip<br>ate in<br>Harry<br>Gwala<br>elderly<br>event   | Elderly<br>Christm<br>as event<br>held | NOT<br>REVI<br>SED | ELDERLY<br>CHRISTMAS              |
| 54102305760<br>EQS01ZZHO |  | REF<br>NO.                                             | N/A | 7.2.<br>5. | To promote social<br>cohesion within                                                    | By<br>coordin                                                                                               | LGBTQ+<br>event                        | NOT<br>REVI        | LGBTQ+ event                      |

|                          |  |                                                        |     |            |                                                                                               |                                                                                                                        |                                                                  |                    |              |
|--------------------------|--|--------------------------------------------------------|-----|------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------|--------------|
|                          |  | 04<br>LESO<br>C<br>2022/<br>2027:<br>7.2               |     |            | the district                                                                                  | ating<br>the<br>Harry<br>Gwala<br>LGBTQ<br>+ event                                                                     | held                                                             | SED                |              |
| 54102305760<br>EQS01ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>6  | To promote<br>participation of<br>civil society in<br>servici delivery<br>within the district | By<br>coordin<br>ating<br>the<br>special<br>progra<br>ms<br>forum<br>meetin<br>g within<br>the<br>Harry<br>Gwala       | Special<br>program<br>s forum<br>meeting<br>s held               | NOT<br>REVI<br>SED | FORUM MEETIN |
| 54102270400<br>EQS18ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>7. | To promote the<br>horse riding within<br>the district                                         | By hosting<br>rural<br>sportin<br>g<br>activitie<br>s and<br>particip<br>ating in<br>Provinci<br>al<br>tourna<br>ments | HGDM<br>participa<br>ted in<br>Dundee<br>July                    | NOT<br>REVI<br>SED | DUNDEE JULY  |
| 54102270400<br>EQMRCZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.<br>8. | To promote<br>healthy life style<br>within the district                                       | By<br>hosting<br>the<br>Harry<br>Gwala<br>District<br>marath<br>on                                                     | Harry<br>Gwala<br>District<br>maratho<br>n hosted                | NOT<br>REVI<br>SED | HGDM MARATH  |
| 54102260600<br>EQP14ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:        | N/A | 7.2.<br>9. | To promote the<br>horse riding within<br>the district                                         | By<br>hosting<br>rural<br>sportin<br>g<br>activitie<br>s and                                                           | HGDM<br>participa<br>ted in<br>Rural<br>Horse<br>Riding<br>event | NOT<br>REVI<br>SED | SUMMER CUP   |

|                          |  |                                               |     |         |                                            |                                                                                                    |                                                                                                 |                 |                                         |
|--------------------------|--|-----------------------------------------------|-----|---------|--------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------|
|                          |  | 7.2                                           |     |         |                                            | participating in Provincial tournaments                                                            |                                                                                                 |                 |                                         |
| 54102270400<br>EQS18ZZHO |  | REF NO. 04<br>LESO C<br>2022/<br>2027:<br>7.2 | N/A | 7.2.10. | To promote the sports within the district  | By hosting the District Mayoral Cup within the district                                            | HGDM hosted the District Mayoral Cup event within the District                                  | REVISED TO ZERO | MAYORAL CUP                             |
| 54102301870<br>EQP55ZZHO |  | REF NO. 04<br>LESO C<br>2022/<br>2027:<br>7.1 | N/A | 7.1.1.  | To implement the Youth Development program | By engaging all youth structures to partake in the implementation of the Youth Development Program | Skills development program implemented                                                          | NOT REVISED     | YOUTH DEVELOPMENT PLAN                  |
| 54102301870<br>EQP55ZZHO |  | REF NO. 04<br>LESO C<br>2022/<br>2027:<br>7.1 | N/A | 7.1.2.  |                                            |                                                                                                    | Student assisted with tertiary registration fees and full bursaries within Harry Gwala District | NOT REVISED     | STUDENT REGISTRATION AND FULL BURSARIES |
| 54102301870<br>EQP55ZZHO |  | REF NO. 04<br>LESO C<br>2022/<br>2027:        | N/A | 7.1.3.  |                                            |                                                                                                    | Youth day Commemoration held                                                                    | NOT REVISED     | YOUTH DAY COMMEMORATION                 |



|                                                                                |                                                 |                                |        |          |                                                                                                   |                                                                                                         |                                         |              |                 |
|--------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------|--------|----------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------|-----------------|
|                                                                                |                                                 | 7.1                            |        |          |                                                                                                   |                                                                                                         |                                         |              |                 |
| <b>IDP STRATEGIC OBJECTIVE: TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT E</b> |                                                 |                                |        |          |                                                                                                   |                                                                                                         |                                         |              |                 |
| <b>KEY CHALLENGE: FULL ADHERENCE TO THE LEGISLATIVE PRESCRIPT THAT GOVERNS</b> |                                                 |                                |        |          |                                                                                                   |                                                                                                         |                                         |              |                 |
| N/A                                                                            | <b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b> | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 46. | To provide reasonable assurance that the municipality adheres to applicable laws and regulations. | By convening audit committee meetings and reporting to Council                                          | Audit Committee meetings convened       | NOT REVISSED | AUDIT COMM      |
| N/A                                                                            |                                                 | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 47. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management and ensuring effective implementation | Risk Management Committee Meetings held | NOT REVISSED | RISK MANAGEMENT |
| N/A                                                                            |                                                 | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 48. | To ensure effective fraud and corruption risk management within the municipality                  | By providing a framework for fraud and corruption risk management                                       | Risk Management reports presented       | NOT REVISSED | RISK MANAGEMENT |

|     |  |                                |        |          |                                                                                                                                        |                                                                                  |                              |              |                        |
|-----|--|--------------------------------|--------|----------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------|--------------|------------------------|
|     |  |                                |        |          |                                                                                                                                        | and ensuring effective implementation                                            |                              |              |                        |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 49. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant stakeholders in the development and reporting documents | Quarterly reports submitted  | NOT REVI SED | SDBIP                  |
| N/A |  | Ref. No. 03 GGP 2022/2027: 3.3 | GG/C:8 | 3.3. 50. | To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders | By engaging all relevant stakeholders in the development and reporting documents | Signed performance agreement | NOT REVI SED | PERFORMANCE AGREEMENTS |

|                                                                                 |                                    |                                                        |            |            |                                                                                                                             |                                                                              |                                                                          |                    |                                              |
|---------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|------------|------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------|----------------------------------------------|
|                                                                                 |                                    |                                                        |            |            |                                                                                                                             |                                                                              |                                                                          |                    |                                              |
| <b>IDP STRATEGIC OBJECTIVE: TO CREATE A FUNCTIONAL URBAN, REGIONAL AND HUMA</b> |                                    |                                                        |            |            |                                                                                                                             |                                                                              |                                                                          |                    |                                              |
| <b>KEY CHALLENGE: ATTRACTING INVESTMENT AND GROWING THE ECONOMY OF HARRY</b>    |                                    |                                                        |            |            |                                                                                                                             |                                                                              |                                                                          |                    |                                              |
| 54152260390<br>EQS45ZZHO                                                        | <b>CROSS CUTTING INTERVENTIONS</b> | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.7 | N/A        | 6.7.<br>1. | To provide for an integrated and coordinated disaster management that focuses on preventing /reducing the risk of disasters | By develop<br>ing a<br>fully<br>equipped<br>Disaster<br>Management<br>Centre | Disaster<br>Manage<br>ment<br>Stakehol<br>der<br>Engage<br>ments<br>held | NOT<br>REVI<br>SED | DISASTER<br>STAKEHOLDERS                     |
| 54252260390<br>EQS44ZZWD                                                        |                                    | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.8 | BCGI<br>/E | 7.8.<br>1. | To respond to climate change                                                                                                | Climate<br>change<br>respons<br>e<br>strateg<br>y<br>develop<br>ment         | Develop<br>ed<br>climate<br>change<br>respons<br>e<br>strategy           | NOT<br>REVI<br>SED | CLIMATE CHANG<br>& STORM WATER<br>MANAGEMENT |

|                                                      |  |                                                        |            |            |                                                                                                                             |                                                                                                                                  |                                                             |                    |                                                                                |
|------------------------------------------------------|--|--------------------------------------------------------|------------|------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------|
|                                                      |  |                                                        |            |            |                                                                                                                             |                                                                                                                                  |                                                             |                    |                                                                                |
| 54152320600<br>EQP88ZZHO<br>54152323600<br>EQP88ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.1 | BCGI<br>/E | 6.1.<br>1. | To provide for an integrated and coordinated disaster management that focuses on preventing /reducing the risk of disasters | By develop<br>ing a<br>fully<br>equippe<br>d<br>Disaster<br>Manage<br>ment<br>Centre                                             | Function<br>al<br>Disaster<br>Manage<br>ment<br>Centre      | NOT<br>REVI<br>SED | DISASTER RELIEF<br>- ACQUIRE<br>MATERIAL.<br>DISASTER RELIEF<br>ACQUIRE MATERI |
| 54152323600<br>EQS31ZZHO                             |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.7 | N/A        | 6.7.<br>2. | To provide for an integrated and coordinated disaster management that focuses on preventing /reducing the risk of disasters | By develop<br>ing a<br>fully<br>equippe<br>d<br>Disaster<br>Manage<br>ment<br>Centre                                             | Fire<br>Beaters<br>and Nap<br>sack<br>tanks<br>procure<br>d | NOT<br>REVI<br>SED | FIRE BEATERS<br>AND NAP SACK<br>TANKS                                          |
| 54152260360<br>EQMRCZZHO                             |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.3 | N/A        | 6.3.<br>2. | To ensure the implementation Municipal Health programme based on the National Norms and Standards                           | By implem<br>enting<br>municip<br>al<br>health<br>progra<br>mme<br>based<br>on the<br>Nationa<br>l Norms<br>and<br>Standar<br>ds | Training<br>on food<br>handling<br>conduct<br>ed            | NOT<br>REVI<br>SED | HEALTH &<br>HYGIENE                                                            |
| 54152270390<br>EQMRCZZHO                             |  | REF<br>NO.<br>04<br>LESO                               | N/A        | 6.7.<br>3. | To ensure the implementation Municipal Health programme based                                                               | By implem<br>enting<br>municip                                                                                                   | Notificat<br>ions<br>received<br>for                        | NOT<br>REVI<br>SED | INVESTIGATION<br>ON<br>COMMUNICABLE<br>DISEASE                                 |

|                          |  |                                                        |      |             |                                                                                                                                                                   |                                                                                                                               |                                                               |                    |                           |
|--------------------------|--|--------------------------------------------------------|------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------|---------------------------|
|                          |  | C<br>2022/<br>2027:<br>6.7                             |      |             | on the National<br>Norms and<br>Standards                                                                                                                         | al health<br>progra<br>mme<br>based<br>on the<br>Nationa<br>l Norms<br>and<br>Standar<br>ds                                   | investig<br>ation of<br>commun<br>icable<br>diseases          |                    |                           |
| 54252323600<br>EQS30ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.7 | N/A  | 6.7.<br>4.  | To provide for an<br>integrated and<br>coordinated<br>disaster<br>management that<br>focuses on<br>preventing<br>/reducing the risk<br>of disasters               | By develop<br>ing a<br>fully<br>equippe<br>d<br>Disaster<br>Manage<br>ment<br>Centre                                          | Lightnin<br>g Conduct<br>ors<br>installed                     | NOT<br>REVI<br>SED | LIGHTING<br>CONDUCTORS    |
| 54152260410<br>EQP56ZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>6.7 | N/A  | 6.7.<br>5.  | To ensure the<br>implementation<br>Municipal Health<br>programme based<br>on the National<br>Norms and<br>Standards                                               | By implem<br>enting<br>municip<br>al health<br>progra<br>mme<br>based<br>on the<br>Nationa<br>l Norms<br>and<br>Standar<br>ds | Samples<br>submitt<br>ed to<br>laborato<br>ry for<br>analysis | NOT<br>REVI<br>SED | WATER QUALITY             |
| 54152281820<br>EQMRCZZHO |  | REF<br>NO.<br>04<br>LESO<br>C<br>2022/<br>2027:<br>7.9 | GG/C | 7.9.<br>14. | To develop the<br>Harry Gwala<br>District<br>Municipality<br>strategic planning<br>and reporting<br>documents in<br>consultation with<br>relevant<br>stakeholders | By engagin<br>g all<br>relevant<br>key<br>stakeho<br>lders in<br>the<br>develop<br>ment<br>and<br>reportin                    | Visual<br>SDF<br>produce                                      | NOT<br>REVI<br>SED | VISUAL SDF<br>DEVELOPMENT |

|  |  |  |  |  |  |                    |  |  |  |
|--|--|--|--|--|--|--------------------|--|--|--|
|  |  |  |  |  |  | g<br>docume<br>nts |  |  |  |
|--|--|--|--|--|--|--------------------|--|--|--|

## **7. CONCLUSION**

The Municipality maintains a Portfolio of Evidence to support the achievements recorded in this Annual Performance Report, and Internal Audit has performed a verification of credibility of evidence for validity of the reported achievements.

Furthermore, For the past four years of its term of office, council of Harry Gwala District Municipality prioritised the provision of water and sanitation services to its community through the provision of various infrastructural projects in different wards. That included construction and maintenance of infrastructure, provision of social services such as capacitation of youth, sports activities, etc. due to financial constraints we could not deliver to all citizens at once but we reaffirm our commitment and dedication on improving the lives of all citizens in Harry Gwala

Yours in governance,

**MUNICIPAL MANAGER**  
**MR G.M. SINEKE**

***VOLUME 2: ANNUAL FINANCIAL  
STATEMENTS***





**Harry Gwala District Municipality and its Municipal Entity  
(Registration number D43) Annual financial statements for the year  
ended 30 June 2025**

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### General Information

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#### Legal form of entity

Government: Municipal

Municipality in terms of section 1 of the Local

Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

#### Nature of business and principal activities

sanitation) to communities in a

The provision of services (water and

sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Executive Mayor

ZD Nxumalo

Executive Deputy Mayor

TN Jojozi

Speaker

MSD Mdunge

Chief whip

N Mhatu

Executive Committee Member

KS Dlamini

Executive Committee Member

SD Bekwa

Executive Committee Member

Z Tshangase

MPAC chairperson

NW Dladla

MPWF Chairperson

ZP Dlamini

Ordinary Councillors

TSH Gamede

BL Marnce

NR Mtshali

TG Soni

PN Damoyi

B Siben

SRL Nzimande

HA Lukhozi

HV Msomi

NH Zaca

NH Malimela

ZM Ngidi

P Memela

N Dlamini

BR Memela

SG Mkhize

ZR Tshazi

N Mda

N Mathe

|                                             |                                                                                  |
|---------------------------------------------|----------------------------------------------------------------------------------|
| Traditional leader                          | X Memela                                                                         |
| Traditional leader                          | VV Zimema                                                                        |
|                                             | MB Mjoili                                                                        |
| <b>Grading of local authority</b>           | Grade 4                                                                          |
| <b>Acting Chief Financial Officer (CFO)</b> | Mrs S Mkhize-Zitha                                                               |
| <b>Accounting Officer</b>                   | Mr GM Sineke                                                                     |
| <b>Registered office</b>                    | Harry Gwala District Municipality Main office<br>40 Main street<br>Ixopo<br>3276 |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### General Information

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|                                                     |                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business address</b>                             | 40 Main street<br>Ixopo<br>3276                                                                                                                                                                                                                                                                                            |
| <b>Postal address</b>                               | Private Bag X501<br>Ixopo<br>3276                                                                                                                                                                                                                                                                                          |
| <b>Controlling entity</b>                           | Harry Gwala District Municipality                                                                                                                                                                                                                                                                                          |
| <b>Bankers</b>                                      | First National Bank                                                                                                                                                                                                                                                                                                        |
| <b>Auditors</b>                                     | Auditor General South Africa                                                                                                                                                                                                                                                                                               |
| <b>Attorneys</b>                                    | Zuma and Partners Incorporated<br>Seanego Incorporated<br>Mdledle Incorporated<br>Hughes-Madondo Incorporated<br>Ka-Mbonane Cooper                                                                                                                                                                                         |
| <b>Level of assurance</b><br>compliance with the    | These financial statements have been prepared in<br><br>applicable requirements of the Municipal Finance<br>Management Act.                                                                                                                                                                                                |
| <b>Preparer</b><br>compiled by:                     | The annual financial statements were internally<br><br>Mrs S Mkhize-Zitha<br>Deputy Chief Financial Officer                                                                                                                                                                                                                |
| <b>Harry Gwala Development Agency board members</b> | Ms SB Dlungwane: Chairperson (Terminated on the<br>12-11-2024)<br>Mr BM Mhlongo(Terminated on the 12-11-2024)<br>Mr SI Mbhele (Terminated on the 12-11-2024)<br>Ms PP Nzimakwe (Interim Chairperson)<br>Mr SI Mabaso<br>Mr Z Baleni (Appointed on the 12 December 2024)<br>Ms. L Mjobo (Appointed on the 12 December 2024) |
| <b>Chief Executive Officer (CEO)</b>                | Ms A.C.R Whyte (Resigned on the 04-06-2025)<br>Mrs TT Thiyane-Magaqa ( Acting CEO, Appointed on<br>the 02-05-2025)                                                                                                                                                                                                         |
| <b>Chief Financial Officer (CFO)</b>                | Mr LL Makhaye                                                                                                                                                                                                                                                                                                              |

2

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Index

|                                                      | <b>Pag<br/>e</b> |
|------------------------------------------------------|------------------|
| Accounting Officer's Responsibilities and Approval   | 4                |
| Statement of Financial Position                      | 5                |
| Statement of Financial Performance                   | 6                |
| Statement of Changes in Net Assets                   | 7                |
| Cash Flow Statement                                  | 8                |
| Statement of Comparison of Budget and Actual Amounts | 9-11             |
| Significant Accounting Policies                      | 12-35            |
| Notes to the Annual Financial Statements             | 36-96            |

### Abbreviations used:

|       |                                                     |
|-------|-----------------------------------------------------|
| COID  | Compensation for Occupational Injuries and Diseases |
| DBSA  | Development Bank of South Africa                    |
| GRAP  | Generally Recognised Accounting Practice            |
| HDF   | Housing Development Fund                            |
| IAS   | International Accounting Standards                  |
| IPSAS | International Public Sector Accounting Standards    |
| MFMA  | Municipal Finance Management Act                    |
| mSCOA | Municipal Standard Chart of Accounts                |
| HGDA  | Harry Gwala Development Agency                      |
| mSCOA | Municipal Standard Chart of Accounts                |
| ASB   | Accounting Standards Board                          |
| MANCO | Management Committee                                |
| MPWF  | Multi-party Women's Forum                           |
| MPAC  | Municipal Public Accounts Committee                 |
| HGDM  | Harry Gwala District Municipality                   |
| MM    | Municipal Manager                                   |

3

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Accounting Officer's Responsibilities and Approval**

The accounting officer is required by the Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

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

The municipality is highly dependent on the National and or Provincial grants for continued funding of operations. The annual financial statements are prepared on the basis that the



municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

In accordance with the provisions outlined in Section 124 (1)(a) of the Municipal Finance Management Act (MFMA), we hereby confirm the inclusion of comprehensive particulars regarding the salaries, allowances, and benefits of political office-bearers and councilors of Harry Gwala District Municipality in the notes to the annual financial statements. These particulars encompass both financial and in-kind components of remuneration, providing a transparent overview of the compensation structure for political office-bearers and councilors. Furthermore, as the accounting officer, I affirmatively declare that the salaries, allowances, and benefits outlined in the annual financial statements are thoroughly examined against the upper limits specified in Section 219 of the Constitution. This evaluation ensures strict adherence to the constitutional framework governing remuneration for political office-bearers and councilors. I can confirm that, to the best of my knowledge, the salaries, allowances, and benefits provided to political office-bearers and councilors fall within the prescribed upper limits established by Section 219 of the Constitution.

The annual financial statements set out from pages 5 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2025 and were signed on its behalf by:

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**Mr GM Sineke**  
**Accounting officer**

**30 September 2025**

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Financial Position as at 30 June 2025

|                                            |         | Economic entity  |                   | Controlling entity |                   |
|--------------------------------------------|---------|------------------|-------------------|--------------------|-------------------|
| Figures in Rand                            | Note(s) | 2025             | 2024<br>Restated* | 2025               | 2024<br>Restated* |
| <b>Assets</b>                              |         |                  |                   |                    |                   |
| Current Assets                             |         |                  |                   |                    |                   |
| Inventories                                | 3       | 955 529          | 858 345           | 955 529            | 858 345           |
| Receivables from non-exchange transactions | 4       | 3 625 084        | 3 721 751         | 3 625 084          | 3 721 751         |
| Receivables from exchange transactions     | 5&6     | 12 776 891       | 12 039 980        | 12 773 155         | 12 036 379        |
| Statutory receivables                      | 7       | 10 255 456       | 4 167 674         | 10 255 456         | 4 167 674         |
| Input Vat accruals                         | 8       | 21 559 053       | 14 882 626        | 21 229 582         | 14 254 618        |
| Cash and cash equivalents                  | 9       | 288 287          | 227 853           | 262 907            | 209 430           |
|                                            |         | 663              | 789               | 259                | 269               |
|                                            |         | <b>337 459</b>   | <b>263 524</b>    | <b>311 746</b>     | <b>244 469</b>    |
|                                            |         | <b>676</b>       | <b>165</b>        | <b>065</b>         | <b>036</b>        |
| Non-Current Assets                         |         |                  |                   |                    |                   |
| Property, plant and equipment              | 10      | 3 238 783        | 3 007 468         | 3 218 388          | 2 985 521         |
| Intangible assets                          | 11      | 187              | 197               | 736                | 095               |
| Investments in controlled entities         | 12      | 429 314          | 576 915           | 295 681            | 405 568           |
|                                            |         | -                | -                 | 100                | 100               |
|                                            |         | <b>3 239 212</b> | <b>3 008 045</b>  | <b>3 218 684</b>   | <b>2 985 926</b>  |
|                                            |         | <b>501</b>       | <b>112</b>        | <b>517</b>         | <b>763</b>        |
| <b>Total Assets</b>                        |         | <b>3 576 672</b> | <b>3 271 569</b>  | <b>3 530 430</b>   | <b>3 230 395</b>  |
|                                            |         | <b>177</b>       | <b>277</b>        | <b>582</b>         | <b>799</b>        |
| <b>Liabilities</b>                         |         |                  |                   |                    |                   |
| Current Liabilities                        |         |                  |                   |                    |                   |
| Payables from exchange transactions        | 13      | 182 363          | 108 814           | 179 445            | 107 359           |
| Output Vat accruals                        | 14      | 613              | 179               | 543                | 366               |
| Consumer deposits                          | 15      | 6 106 204        | 4 553 321         | 6 074 566          | 4 539 785         |
| Employee benefit obligation                | 16      | 3 440 893        | 3 178 970         | 3 440 893          | 3 178 970         |
| Unspent conditional grants and receipts    | 17      | 2 118 000        | 1 168 000         | 2 118 000          | 1 168 000         |
|                                            |         | 1 722 673        | 12 222 673        | -                  | 10 500 000        |
|                                            |         | <b>195 751</b>   | <b>129 937</b>    | <b>191 079</b>     | <b>126 746</b>    |
|                                            |         | <b>383</b>       | <b>143</b>        | <b>002</b>         | <b>121</b>        |
| Non-Current Liabilities                    |         |                  |                   |                    |                   |
| Other financial liabilities                | 19      | 2 770 602        | 2 770 602         | -                  | -                 |
| Employee benefit obligation                | 16      | 32 858 000       | 29 368 000        | 32 858 000         | 29 368 000        |

|                          |    |                  |                  |
|--------------------------|----|------------------|------------------|
| Short term - SIU         | 18 | - 10 405 815     | - 10 405 815     |
|                          |    | <b>35 628</b>    | <b>42 544</b>    |
|                          |    | <b>602</b>       | <b>417</b>       |
|                          |    | <b>32 858</b>    | <b>39 773</b>    |
|                          |    | <b>000</b>       | <b>815</b>       |
|                          |    | <b>231 379</b>   | <b>172 481</b>   |
|                          |    | <b>985</b>       | <b>560</b>       |
| <b>Total Liabilities</b> |    | <b>002</b>       | <b>936</b>       |
|                          |    | <b>3 345 292</b> | <b>3 099 087</b> |
| <b>Net Assets</b>        |    | <b>192</b>       | <b>717</b>       |
|                          |    | <b>580</b>       | <b>863</b>       |
|                          |    | 3 345 292        | 3 099 087        |
| Accumulated surplus      |    | 192              | 717              |
|                          |    | 580              | 863              |
|                          |    | <b>3 345 292</b> | <b>3 099 087</b> |
| <b>Total Net Assets</b>  |    | <b>192</b>       | <b>717</b>       |
|                          |    | <b>580</b>       | <b>863</b>       |

\* See Note 39

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Financial Performance

| Figures in Rand<br>s)                               | Note( | Economic entity             |                   | Controlling entity |                   |
|-----------------------------------------------------|-------|-----------------------------|-------------------|--------------------|-------------------|
|                                                     |       | 2025                        | 2024<br>Restated* | 2025               | 2024<br>Restated* |
|                                                     |       | Impairment loss             |                   |                    |                   |
| <b>Revenue</b>                                      |       | <b>Surplus for the year</b> |                   |                    |                   |
| <b>Revenue from exchange transactions</b>           |       |                             |                   |                    |                   |
| Service charges                                     |       |                             |                   |                    |                   |
| Rental income                                       |       |                             |                   |                    |                   |
| Other income                                        |       |                             |                   |                    |                   |
| Interest revenue                                    |       |                             |                   |                    |                   |
| <b>Total revenue from exchange transactions</b>     |       |                             |                   |                    |                   |
| <b>Revenue from non-exchange transactions</b>       |       |                             |                   |                    |                   |
| <b>Transfer revenue</b>                             |       |                             |                   |                    |                   |
| Government grants & subsidies                       |       |                             |                   |                    |                   |
| Skills development levy                             |       |                             |                   |                    |                   |
| refund                                              |       |                             |                   |                    |                   |
| <b>Total revenue from non-exchange transactions</b> |       |                             |                   |                    |                   |
| <b>exchange transactions Total revenue</b>          |       |                             |                   |                    |                   |
| <b>Expenditure</b>                                  |       |                             |                   |                    |                   |
| Bad debts written off                               |       |                             |                   |                    |                   |
| Contracted services                                 |       |                             |                   |                    |                   |
| Depreciation and amortisation                       |       |                             |                   |                    |                   |
| Employee related costs                              |       |                             |                   |                    |                   |
| Finance costs                                       |       |                             |                   |                    |                   |
| Inventory consumed                                  |       |                             |                   |                    |                   |
| Operating lease                                     |       |                             |                   |                    |                   |
| Operational costs                                   |       |                             |                   |                    |                   |
| Remuneration of councillors                         |       |                             |                   |                    |                   |
| Transfer payments                                   |       |                             |                   |                    |                   |
| <b>Total expenditure</b>                            |       |                             |                   |                    |                   |
| <b>Operating surplus</b>                            |       |                             |                   |                    |                   |
| Loss on disposal of assets and liabilities          |       |                             |                   |                    |                   |
| Actuarial gains/losses                              |       |                             |                   |                    |                   |

|    |                                             |                       |                    |                     |                       |                      |                    |                      |
|----|---------------------------------------------|-----------------------|--------------------|---------------------|-----------------------|----------------------|--------------------|----------------------|
|    |                                             |                       |                    |                     | 269 305               | 262 101              | 261 756            | 256 038              |
|    |                                             |                       |                    | 28                  | 404                   | 629                  | 403                | 759                  |
|    |                                             |                       |                    | 29                  | -                     | 2 749                | -                  | 2 153                |
| 20 | 77 718 381 72 558 094                       | 77 718 381 72 558 094 |                    |                     |                       |                      | 58 826             |                      |
|    | 89 688                                      | 113 688               | -                  | 30                  | 58 826 849 33 597 928 |                      | 849 33 597 928     |                      |
| 21 | 1 278 371                                   | 1 478 501             | 1 247 380          | 1 478 501           | 74 696                | 74 696               | -                  | -                    |
| 22 | 44 216 573 39 860 405 42 610 672 38 524 060 |                       |                    |                     |                       |                      | 88 484             |                      |
|    |                                             |                       |                    | 32                  | 94 267 406 82 367 132 |                      | 236 74 282 959     |                      |
|    | <b>123 303 013</b>                          | <b>114 010 688</b>    | <b>121 576 433</b> | <b>112 560 655</b>  | 8 305 581             | 7 500 547            | 7 581 271          | 6 931 900            |
|    |                                             |                       |                    |                     |                       |                      | 20 000             |                      |
|    |                                             |                       |                    |                     | -                     | -                    | 000 17 000 000     |                      |
|    |                                             |                       |                    |                     | <b>725 542 663</b>    | <b>651 324 762</b>   | <b>727 514 214</b> | <b>650 206 664</b>   |
| 23 | 852 401 325                                 | 810 062 164           | 852 401 325        | 809 851 580         |                       |                      |                    |                      |
|    | 392 880                                     | 418 239               | 392 880            | 418 239             | <b>250 554 555</b>    | <b>273 166 329</b>   | <b>246 856 424</b> | <b>272 623 810</b>   |
|    | <b>852 794 205</b>                          | <b>810 480 403</b>    | <b>852 794 205</b> | <b>810 269 1819</b> | (55)(1 212 335)       | -                    | (1 190 315)        |                      |
|    |                                             |                       |                    | 16                  | 785 000               | 1 374 000            | 785 000            | 1 374 000            |
|    | <b>976 097 218</b>                          | <b>924 491 091</b>    | <b>974 370 638</b> | <b>922 830 3474</b> | (149 312)             | (5 023)              | (149 312)          |                      |
| 24 |                                             |                       |                    |                     | 45 135 025)           | 986)                 | 705)               | 986)                 |
|    |                                             |                       |                    |                     | <b>(4 350 080)</b>    | <b>(149 151 321)</b> | <b>(4 238 705)</b> | <b>(149 129 301)</b> |
| 25 | 17 550 673 29 994 816                       |                       | 673 29 994 816     |                     |                       |                      |                    |                      |
|    | 161 017                                     | 134 686               | 159 114            | 133 502             |                       |                      |                    |                      |
| 26 | 456                                         | 168                   | 663                | 229                 | <b>246 204 475</b>    | <b>124 015 008</b>   | <b>242 617 719</b> | <b>123 494 509</b>   |
|    | 116 194                                     | 100 999               | 114 200            |                     |                       |                      |                    |                      |
| 27 | 598                                         | 097                   | 119 98 855 920     |                     |                       |                      |                    |                      |

\* See Note 39

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Changes in Net Assets

| Figures in Rand                          | Accumulated surplus / deficit | Total net assets |
|------------------------------------------|-------------------------------|------------------|
| <b>Economic entity</b>                   |                               |                  |
| <b>Balance at 01 July 2023</b>           | <b>2 975 072 709 2</b>        |                  |
| Changes in net assets                    | <b>975 072 709</b>            |                  |
| Surplus for the year                     | 124 015                       | 124 015          |
| Total changes                            | 008                           | 008              |
| <b>Restated* Balance at 01 July 2024</b> |                               |                  |
| Changes in net assets                    | 124 015                       | 124 015          |
| Surplus for the year                     | 008                           | 008              |
| Total changes                            | <b>3 099 087 717 3</b>        |                  |
| <b>Balance at 30 June 2025</b>           | <b>099 087 717</b>            |                  |
| Note(s)                                  | 246 204                       | 246 204          |
|                                          | 475                           | 475              |
| <b>Controlling entity</b>                |                               |                  |
| <b>Balance at 01 July 2023</b>           | 246 204                       | 246 204          |
| Changes in net assets                    | 475                           | 475              |
| Surplus for the year                     | <b>3 345 292 192 3</b>        |                  |
| Total changes                            | <b>345 292 192</b>            |                  |
| <b>Restated* Balance at 01 July 2024</b> |                               |                  |
| Changes in net assets                    |                               |                  |
| Surplus for the year                     | <b>2 940 381 354 2</b>        |                  |
| Total changes                            | <b>940 381 354</b>            |                  |
| <b>Balance at 30 June 2025</b>           | 123 494                       | 123 494          |
| Note(s)                                  | 509                           | 509              |
|                                          | 123 494                       | 123 494          |
|                                          | 509                           | 509              |
|                                          | <b>3 063 875 861 3</b>        |                  |
|                                          | <b>063 875 861</b>            |                  |
|                                          | 242 617                       | 242 617          |
|                                          | 719                           | 719              |
|                                          | 242 617                       | 242 617          |
|                                          | 719                           | 719              |
|                                          | <b>3 306 493 580 3</b>        |                  |
|                                          | <b>306 493 580</b>            |                  |

\* See Note 39

7

## Cash Flow Statement

|                                                 |    | Economic entity |                                             |                 |  | Controlling entity |                 |  |  |
|-------------------------------------------------|----|-----------------|---------------------------------------------|-----------------|--|--------------------|-----------------|--|--|
| Figures in Rand                                 |    | Note(s)         | 2025                                        | 2024            |  | 2025               | 2024            |  |  |
|                                                 |    |                 |                                             | Restated        |  |                    | Restated*       |  |  |
|                                                 |    |                 |                                             | *               |  |                    |                 |  |  |
| <b>Cash flows from operating activities</b>     |    |                 |                                             |                 |  |                    |                 |  |  |
| <b>Receipts</b>                                 |    |                 |                                             |                 |  |                    |                 |  |  |
| Sale of goods and services                      |    |                 | 64 655 182 65 811 825 64 569 628 66 102 470 |                 |  |                    |                 |  |  |
|                                                 |    |                 | 842 294                                     | 799 803         |  | 842 294            | 799 593         |  |  |
| Grants                                          |    |                 | 205                                         | 823             |  | 205                | 239             |  |  |
| Interest income                                 |    |                 | 31 427 391 24 733 465 29 821 490 23 397 120 |                 |  |                    |                 |  |  |
|                                                 |    |                 | 938 376                                     | 890 349         |  | 936 685            | 889 092         |  |  |
|                                                 |    |                 | 778                                         | 113             |  | 323                | 829             |  |  |
| <b>Payments</b>                                 |    |                 |                                             |                 |  |                    |                 |  |  |
| Employee costs                                  |    |                 | (272 436                                    | (265 258        |  | (264 112           | (258 795        |  |  |
| Suppliers                                       |    |                 | 121)                                        | 405)            |  | 676)               | 659)            |  |  |
| Finance costs                                   |    |                 | (266 460                                    | (238 729        |  | (280 564           | (245 443        |  |  |
|                                                 |    |                 | 320)                                        | 645)            |  | 733)               | 375)            |  |  |
|                                                 |    |                 | -                                           | (2 749)         |  | -                  | (2 153)         |  |  |
| <b>Net cash flows from operating activities</b> |    |                 |                                             |                 |  |                    |                 |  |  |
|                                                 |    |                 | (538 896                                    | (503 990        |  | (544 677           | (504 241        |  |  |
|                                                 |    |                 | 441)                                        | 799)            |  | 409)               | 187)            |  |  |
| <b>Cash flows from investing activities</b>     |    |                 |                                             |                 |  |                    |                 |  |  |
|                                                 |    |                 | <b>399 480</b>                              | <b>386 358</b>  |  | <b>392 007</b>     | <b>384 851</b>  |  |  |
| Purchase of property, plant and equipment       | 35 |                 | <b>337</b>                                  | <b>314</b>      |  | <b>914</b>         | <b>642</b>      |  |  |
| Purchase of other intangible assets             | 10 |                 | (328 559                                    | (298 231        |  | (328 125           | (297 661        |  |  |
|                                                 | 11 |                 | 516)                                        | 267)            |  | 108)               | 933)            |  |  |
| <b>Net cash flows from investing activities</b> |    |                 | (81 130)                                    | -               |  | -                  | -               |  |  |
|                                                 |    |                 | <b>(328 640</b>                             | <b>(298 231</b> |  | <b>(328 125</b>    | <b>(297 661</b> |  |  |
| <b>investing activities Cash</b>                |    |                 | <b>646)</b>                                 | <b>267)</b>     |  | <b>108)</b>        | <b>933)</b>     |  |  |
| <b>flows from financing activities</b>          |    |                 |                                             |                 |  |                    |                 |  |  |
| <b>activities</b>                               |    |                 |                                             |                 |  |                    |                 |  |  |
| <b>Net increase/(decrease) in cash and</b>      |    |                 | <b>60 433</b>                               | <b>85 727</b>   |  | <b>53 476</b>      | <b>84 789</b>   |  |  |



|                                                         |          |                    |                    |                    |                    |
|---------------------------------------------------------|----------|--------------------|--------------------|--------------------|--------------------|
| <b>cash</b>                                             |          | <b>874</b>         | <b>048</b>         | <b>990</b>         | <b>710</b>         |
| <b>equivalents</b>                                      |          |                    |                    |                    |                    |
| Cash and cash equivalents at the beginning of the year  |          | 227 853 789        | 142 126 741        | 209 430 269        | 124 640 559        |
| <b>Cash and cash equivalents at the end of the year</b> | <b>9</b> | <b>288 287 663</b> | <b>227 853 789</b> | <b>262 907 259</b> | <b>209 430 269</b> |

The accounting policies on pages 12 to 35 and the notes on pages 36 to 96 form an integral part of the annual financial statements.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                     | Approved<br>budget | Adjustments<br>Actual amounts | Final Budget<br>on<br>comparable<br>basis | Difference<br>between<br>final<br>budget and<br>actual | Referenc<br>e |
|-----------------------------------------------------|--------------------|-------------------------------|-------------------------------------------|--------------------------------------------------------|---------------|
| Figures in Rand                                     |                    |                               |                                           |                                                        |               |
| <b>Controlling entity</b>                           |                    |                               |                                           |                                                        |               |
| <b>Statement of Financial Performance</b>           |                    |                               |                                           |                                                        |               |
| <b>Revenue</b>                                      |                    |                               |                                           |                                                        |               |
| <b>Revenue from exchange transactions</b>           |                    |                               |                                           |                                                        |               |
| Service charges                                     | 71 195 235         | 8 013 159                     | <b>79 208 394</b>                         | <b>(1 490 013)</b>                                     | 48            |
| Other revenue                                       | 1 066 311          | 345 581                       | <b>1 411 892</b>                          | <b>1 247 380 (164 512)</b>                             | 48            |
| Interest received - investment                      | 32 689 659         | 10 146 177                    | <b>42 835 836</b>                         | <b>42 610 672 (225 164)</b>                            | 48            |
| <b>Total revenue from exchange transactions</b>     | <b>104 951 205</b> | <b>18 504 917</b>             | <b>123 456 122</b>                        | <b>121 576 433 (1 879 689)</b>                         |               |
| <b>Revenue from non-exchange transactions</b>       |                    |                               |                                           |                                                        |               |
| <b>Transfer revenue</b>                             |                    |                               |                                           |                                                        |               |
| Government grants & subsidies                       | 830 229 909        | 24 796 658                    | <b>855 026 567</b>                        | <b>852 401 325 (2 625 242)</b>                         | 48            |
| Skills development levy refund                      | 387 091            | -                             | <b>387 091</b>                            | <b>392 880 5 789</b>                                   | 48            |
| <b>Total revenue from non-exchange transactions</b> | <b>830 617 000</b> | <b>24 796 658</b>             | <b>855 413 658</b>                        | <b>852 794 205 (2 619 453)</b>                         |               |
| <b>Total revenue</b>                                | <b>935 568 205</b> | <b>43 301 575</b>             | <b>978 869 780</b>                        | <b>974 370 638 (4 499 142)</b>                         |               |
| <b>Expenditure</b>                                  |                    |                               |                                           |                                                        |               |
| Bad debts written off                               | (31 908 435)       | (8 022 382)                   | <b>(39 930 817)</b>                       | <b>(17 550 673) 22 380 144</b>                         | 48            |
| Contracted Services                                 | (149 165 312)      | (43 335 676)                  | <b>(192 500 988)</b>                      | <b>(159 114 663) 33 386 325</b>                        | 48            |
| Depreciation and                                    | (101 009)          | -                             | <b>(101 009)</b>                          | <b>(114 200 (13 190)</b>                               | 48            |

|                              |                 |                |                 |                 |                |    |
|------------------------------|-----------------|----------------|-----------------|-----------------|----------------|----|
| amortisation                 | 766)            |                | <b>766)</b>     | 119)            | <b>353)</b>    |    |
|                              | (265 764        |                | <b>(265 761</b> | (261 756        | <b>4 005</b>   |    |
| Employee costs               | 186)            | 2 732          | <b>454)</b>     | 403)            | <b>051</b>     | 48 |
| Finance costs                | (14 963)        | -              | <b>(14 963)</b> | -               | <b>14 963</b>  | 48 |
| Impairment loss/             |                 |                |                 |                 | <b>(5 023</b>  |    |
| Reversal of                  | -               | -              | -               | (5 023 705)     | <b>705)</b>    | 48 |
| impairments                  | (36 809         | (23 033        | <b>(59 843</b>  | (58 826         | <b>1 016</b>   |    |
|                              | 626)            | 697)           | <b>323)</b>     | 849)            | <b>474</b>     | 48 |
| Inventory Consumed           | (80 456         | (14 648        | <b>(95 105</b>  | (88 484         | <b>6 621</b>   |    |
|                              | 730)            | 971)           | <b>701)</b>     | 236)            | <b>465</b>     | 48 |
| Operating costs              |                 |                | <b>(7 664</b>   |                 |                |    |
| Remuneration of              | (8 605 929)     | 941 322        | <b>607)</b>     | (7 581 271)     | <b>83 336</b>  | 48 |
| councillors                  | (20 000         |                | <b>(20 000</b>  | (20 000         |                |    |
| Transfer payments            | 000)            | -              | <b>000)</b>     | 000)            | -              | 48 |
|                              | <b>(693 734</b> | <b>(88 096</b> | <b>(781 831</b> | <b>(732 537</b> | <b>49 293</b>  |    |
| <b>Total expenditure</b>     | <b>947)</b>     | <b>672)</b>    | <b>619)</b>     | <b>919)</b>     | <b>700</b>     |    |
|                              | <b>241 833</b>  | <b>(44 795</b> | <b>197 038</b>  | <b>241 832</b>  | <b>44 794</b>  |    |
| <b>Operating surplus</b>     | <b>258</b>      | <b>097)</b>    | <b>161</b>      | <b>719</b>      | <b>558</b>     |    |
| Actuarial gains/losses       | -               | -              | -               | 785 000         | <b>785 000</b> | 48 |
|                              | <b>241 833</b>  | <b>(44 795</b> | <b>197 038</b>  | <b>242 617</b>  | <b>45 579</b>  |    |
| <b>Surplus before</b>        | <b>258</b>      | <b>097)</b>    | <b>161</b>      | <b>719</b>      | <b>558</b>     |    |
| <b>taxation</b>              |                 |                |                 |                 |                |    |
| <b>Actual Amount on</b>      | <b>241 833</b>  | <b>(44 795</b> | <b>197 038</b>  | <b>242 617</b>  | <b>45 579</b>  |    |
| <b>Comparable</b>            | <b>258</b>      | <b>097)</b>    | <b>161</b>      | <b>719</b>      | <b>558</b>     |    |
| <b>Basis as Presented in</b> |                 |                |                 |                 |                |    |
| <b>the</b>                   |                 |                |                 |                 |                |    |
| <b>Budget and Actual</b>     |                 |                |                 |                 |                |    |
| <b>Comparative</b>           |                 |                |                 |                 |                |    |
| <b>Statement</b>             |                 |                |                 |                 |                |    |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|  | Approved<br>budget | Adjustmen<br>ts | Final<br>Budget | Actual<br>amounts<br>on<br>comparable<br>basis | Difference<br>between<br>final<br>budget and<br>actual | Reference |
|--|--------------------|-----------------|-----------------|------------------------------------------------|--------------------------------------------------------|-----------|
|--|--------------------|-----------------|-----------------|------------------------------------------------|--------------------------------------------------------|-----------|

Figures in Rand

#### Statement of Financial Position

##### Assets

##### Current Assets

|                                                   |                        |                            |                                     |                        |                        |    |
|---------------------------------------------------|------------------------|----------------------------|-------------------------------------|------------------------|------------------------|----|
| Inventories                                       | 758 732                | 99 613                     | <b>858 345</b>                      | 955 529                | <b>97 184</b>          | 48 |
| Receivables from<br>exchange<br>transactions      | 29 604 707             | (8 924<br>904)             | <b>20 679<br/>803</b>               | 12 773 155             | <b>(7 906<br/>648)</b> | 48 |
| Receivables from non-<br>exchange<br>transactions | 2 310 928              | 1 200                      | <b>2 312 128</b>                    | 3 625 084              | <b>1 312 956</b>       | 48 |
| Statutory receivables                             | 1 045 119              | 939 065<br>(17 023<br>880) | <b>1 984 184<br/>19 164<br/>500</b> | 10 255 456             | <b>8 271 272</b>       | 48 |
| VAT receivable                                    | 36 188 380             |                            | <b>500</b>                          | 21 229 582             | <b>2 065 082</b>       | 48 |
| Cash and cash<br>equivalents                      | 108 784<br>000         | 107 000                    | <b>108 891<br/>000</b>              | 262 907<br>259         | <b>154 016<br/>259</b> | 48 |
|                                                   | <b>178 691<br/>866</b> | <b>(24 801<br/>906)</b>    | <b>153 889<br/>960</b>              | <b>311 746<br/>065</b> | <b>157 856<br/>105</b> |    |

##### Non-Current Assets

|                                       |                          |                         |                          |                          |                         |    |
|---------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|-------------------------|----|
| Property, plant and<br>equipment      | 3 270 423<br>679         | (24 024<br>781)         | <b>3 246 398<br/>898</b> | 3 218 388<br>736         | <b>(28 010<br/>162)</b> | 48 |
| Intangible assets                     | 677 085                  | 286 326                 | <b>963 411</b>           | 295 681                  | <b>(667 730)</b>        | 48 |
| Investments in controlled<br>entities | 100                      | -                       | <b>100</b>               | 100                      | -                       | 48 |
|                                       | <b>3 271 100<br/>864</b> | <b>(23 738<br/>455)</b> | <b>3 247 362<br/>409</b> | <b>3 218 684<br/>517</b> | <b>(28 677<br/>892)</b> |    |

##### Total Assets

|                          |                         |                          |                          |                        |  |
|--------------------------|-------------------------|--------------------------|--------------------------|------------------------|--|
| <b>3 449 792<br/>730</b> | <b>(48 540<br/>361)</b> | <b>3 401 252<br/>369</b> | <b>3 530 430<br/>582</b> | <b>129 178<br/>213</b> |  |
|--------------------------|-------------------------|--------------------------|--------------------------|------------------------|--|

##### Liabilities

##### Current Liabilities

|                                        |                |                |                        |                |                       |    |
|----------------------------------------|----------------|----------------|------------------------|----------------|-----------------------|----|
| Payables from exchange<br>transactions | 109 656<br>542 | (930 150)      | <b>108 726<br/>392</b> | 179 445<br>544 | <b>70 719<br/>152</b> | 48 |
| VAT payable                            | 7 401 813      | (2 119<br>819) | <b>5 281 994</b>       | 6 074 566      | <b>792 572</b>        | 48 |

|                                |                  |                |                  |                  |                  |    |
|--------------------------------|------------------|----------------|------------------|------------------|------------------|----|
| Consumer deposits              | 3 521 850        | 226 619        | <b>3 748 469</b> | 3 440 893        | <b>(307 576)</b> | 48 |
| Employee benefit obligation    | -                | -              | -                | 2 118 000        | <b>2 118 000</b> | 48 |
|                                | <b>120 580</b>   | <b>(2 823</b>  | <b>117 756</b>   | <b>191 079</b>   | <b>73 322</b>    |    |
|                                | <b>205</b>       | <b>350)</b>    | <b>855</b>       | <b>003</b>       | <b>148</b>       |    |
| <hr/>                          |                  |                |                  |                  |                  |    |
| <b>Non-Current Liabilities</b> |                  |                |                  |                  |                  |    |
| Employee benefit obligation    | 29 399 098       | 1 136 902      | <b>30 536</b>    | 32 858 000       | <b>2 322 000</b> | 48 |
|                                | <b>149 979</b>   | <b>(1 686</b>  | <b>148 292</b>   | <b>223 937</b>   | <b>75 644</b>    |    |
|                                | <b>303</b>       | <b>448)</b>    | <b>855</b>       | <b>003</b>       | <b>148</b>       |    |
| <b>Total Liabilities</b>       | <b>3 299 813</b> | <b>(46 853</b> | <b>3 252 959</b> | <b>3 306 493</b> | <b>53 534</b>    |    |
|                                | <b>427</b>       | <b>913)</b>    | <b>514</b>       | <b>579</b>       | <b>065</b>       |    |
| <b>Net Assets</b>              |                  |                |                  |                  |                  |    |
| <b>Net Assets</b>              |                  |                |                  |                  |                  |    |
| <b>Net Assets</b>              |                  |                |                  |                  |                  |    |
| <b>Attributable to</b>         |                  |                |                  |                  |                  |    |
| <b>Owners of Controlling</b>   |                  |                |                  |                  |                  |    |
| <b>Entity</b>                  |                  |                |                  |                  |                  |    |
| <b>Reserves</b>                |                  |                |                  |                  |                  |    |
| Accumulated surplus            | 3 299 813        | (46 853        | <b>3 252 959</b> | 3 306 493        | <b>53 534</b>    |    |
|                                | 427              | 913)           | <b>514</b>       | 582              | <b>068</b>       | 48 |
| <hr/>                          |                  |                |                  |                  |                  |    |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|  | Approved<br>budget | Adjustment<br>s | Final<br>Budget | Actual<br>amounts<br>on<br>comparable<br>basis | Difference<br>between<br>final<br>budget and<br>actual | Referenc<br>e |
|--|--------------------|-----------------|-----------------|------------------------------------------------|--------------------------------------------------------|---------------|
|--|--------------------|-----------------|-----------------|------------------------------------------------|--------------------------------------------------------|---------------|

Figures in Rand

#### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

|                                      |                    |                   |                      |                    |                     |  |
|--------------------------------------|--------------------|-------------------|----------------------|--------------------|---------------------|--|
| Water, sanitation and other receipts | 130 518 635        | 6 502 404         | <b>137 021 039</b>   | 64 569 628         | <b>(72 451 411)</b> |  |
| Grants                               | 830 617 000        | 23 224 658        | <b>853 841 658</b>   | 842 294 205        | <b>(11 547 453)</b> |  |
|                                      |                    |                   | <b>28 471</b>        |                    |                     |  |
| Interest income                      | 17 434 585         | 11 037 291        | <b>876</b>           | 29 821 490         | <b>1 349 614</b>    |  |
|                                      | <b>978 570 220</b> | <b>40 764 353</b> | <b>1 019 334 573</b> | <b>936 685 323</b> | <b>(82 649 250)</b> |  |

##### Payments

|                                       |                      |                     |                      |                      |                    |  |
|---------------------------------------|----------------------|---------------------|----------------------|----------------------|--------------------|--|
| Employee costs and suppliers payments | (633 686 123)        | (75 093 804)        | <b>(708 779 927)</b> | (544 677 409)        | <b>164 102 518</b> |  |
| Finance costs                         | (142 163)            | 127 200             | <b>(14 963)</b>      | -                    | <b>14 963</b>      |  |
|                                       | <b>(633 828 286)</b> | <b>(74 966 604)</b> | <b>(708 794 890)</b> | <b>(544 677 409)</b> | <b>164 117 481</b> |  |

#### Net cash flows from operating activities

|  |                    |                     |                    |                    |                   |  |
|--|--------------------|---------------------|--------------------|--------------------|-------------------|--|
|  | <b>344 741 934</b> | <b>(34 202 251)</b> | <b>310 539 683</b> | <b>392 007 914</b> | <b>81 468 231</b> |  |
|--|--------------------|---------------------|--------------------|--------------------|-------------------|--|

#### Cash flows from investing activities

|                                           |               |              |                      |               |                   |  |
|-------------------------------------------|---------------|--------------|----------------------|---------------|-------------------|--|
| Purchase of property, plant and equipment | (322 311 682) | (53 972 419) | <b>(376 284 101)</b> | (328 125 105) | <b>48 158 996</b> |  |
|-------------------------------------------|---------------|--------------|----------------------|---------------|-------------------|--|

#### Cash flows from financing activities

|                                             |             |   |                    |   |                  |  |
|---------------------------------------------|-------------|---|--------------------|---|------------------|--|
| Repayment of service concession liabilities | (2 400 000) | - | <b>(2 400 000)</b> | - | <b>2 400 000</b> |  |
| Increase in deposits                        | (569 499)   | - | <b>(569 499)</b>   | - | <b>569 499</b>   |  |

#### Net cash flows from

|                            |                    |                |                    |                    |
|----------------------------|--------------------|----------------|--------------------|--------------------|
| <b>financing</b>           | <b>(2 969 499)</b> | <b>-</b>       | <b>(2 969 499)</b> | <b>- 2 969 499</b> |
| <b>activities</b>          |                    |                |                    |                    |
| Net increase/(decrease)    |                    | (88 174        | <b>(68 713</b>     | <b>132 596</b>     |
| in cash                    | 19 460 753         | 670)           | <b>917)</b>        | 63 882 809         |
| and cash equivalents       |                    |                |                    |                    |
| Cash and cash              | 136 855            |                | <b>196 616</b>     | 209 430            |
| equivalents at             | 632 59 760 511     |                | <b>143</b>         | 269                |
| the beginning of the       |                    |                |                    |                    |
| year                       |                    |                |                    |                    |
| <b>Cash and cash</b>       | <b>156 316</b>     | <b>(28 414</b> | <b>127 902</b>     | <b>273 313</b>     |
| <b>equivalents at</b>      | <b>385</b>         | <b>159)</b>    | <b>226</b>         | <b>078</b>         |
| <b>the end of the year</b> |                    |                |                    | <b>145 410</b>     |
|                            |                    |                |                    | <b>852</b>         |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

|                 |         | Economic entity |      | Controlling entity |      |
|-----------------|---------|-----------------|------|--------------------|------|
| Figures in Rand | Note(s) | 2025            | 2024 | 2025               | 2024 |
|                 | )       |                 |      |                    |      |

### 3. Significant accounting policies

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

#### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996).

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

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users



with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

## **1.5 Interests in other entities**

### **Consolidated financial statements**

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non-financial. The actual impact of an entity's involvement with another entity can have positive or negative aspects.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.5 Interests in other entities (continued)**

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties.

An economic entity is a controlling entity and its controlled entities.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity.

Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

#### **Presentation of consolidated financial statements**

The entity as controlling entity presents consolidated annual financial statements.

The entity as controlling entity does not present consolidated annual financial statements, due to it meeting all of the following conditions:

- 4.** it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated annual financial statements and in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated annual financial statements;
- 5.** its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- 6.** it did not file, nor is it in the process of filing, its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- 7.** its ultimate or any intermediate controlling entity produces annual financial statements that are available for public use and comply with the Standards of GRAP,

in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

The entity as controlling entity that is an investment entity, does not present consolidated annual financial statements, due to it being required to measure all of its controlled entities at fair value.

### **Control**

The entity determines whether it is a controlling entity by assessing whether it controls the other entity. The entity controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The entity controls another entity if the entity has all three of the following elements of control:

- 5.** power over the other entity;
- 6.** exposure, or rights, to variable benefits from its involvement with the other entity; and
- 7.** the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

The entity considers all facts and circumstances when assessing whether it controls another entity. The entity reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

---

#### **1.5 Interests in other entities (continued)**

As an entity with decision making rights, the entity determines whether it is a principal or an agent in undertaking transactions with third parties. The entity also determines whether another entity with decision making rights is acting as an agent for the entity. An agent is a party primarily engaged to undertake transactions with third parties on behalf of and for the benefit of another party or parties (the principal(s)) and therefore does not control the other entity when it exercises its decision making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.

#### **Accounting requirements**

The entity as controlling entity prepares consolidated annual financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Consolidation of a controlled entity begins from the date the entity obtains control of the other entity and ceases when the entity loses control of the other entity.

#### **Consolidation procedures**

Consolidated financial statements:

Combine like items of assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity with those of its controlled entities.

Offset (eliminate) the carrying amount of the controlling entity's investment in each controlled entity and the controlling entity's portion of net assets of each controlled entity.

Eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity. Intra-economic entity losses may indicate an impairment that requires recognition in the consolidated financial statements.

#### **Uniform accounting policies**

If a member of the economic entity uses accounting policies other than those adopted in the consolidated annual financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's annual financial statements in preparing the consolidated annual financial statements to ensure conformity with the economic entity's accounting policies.

#### **Measurement**

The entity includes the revenue and expenses of a controlled entity in the consolidated annual financial statements from the date it gains control until the date when the entity ceases to control the controlled entity. Revenue and expenses of the controlled entity are based on the amounts of the assets and liabilities recognised in the consolidated annual financial statements at the acquisition date.

#### **Reporting dates**

The financial statements of the entity as controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as at the same reporting date. When the end of the reporting period of the controlling entity is different from that of a controlled entity, the controlling entity either:

- obtains, for consolidation purposes, additional financial information as of the same date as the annual financial statements of the controlling entity; or
- uses the most recent annual financial statements of the controlled entity at the time of preparing the consolidation, adjusted for the effects of significant transactions or events that occur between the date of those annual financial statements and the date of the consolidated annual financial statements.

### **1.6 Significant judgements and sources of estimation uncertainty**

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

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

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.6 Significant judgements and sources of estimation uncertainty (continued)**

##### **Trade receivables / Held to maturity investments and/or loans and receivables**

The economic entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### **Impairment testing**

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

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

##### **Useful lives of waste and water network and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

##### **Post-retirement benefits**

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

### **Allowance for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### **1.7 Property, plant and equipment**

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

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.7 Property, plant and equipment (continued)**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.



Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

#### 1.7 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

| <b>Item</b>                        | <b>Depreciation method</b> | <b>Average useful life</b> |
|------------------------------------|----------------------------|----------------------------|
| Buildings                          | Straight-line              |                            |
| ▪ Office                           |                            | 30 years                   |
| Furniture and office equipment     | Straight-line              |                            |
| ▪ Office equipment                 |                            | 7 years                    |
| ▪ Office furniture                 |                            | 10 years                   |
| ▪ Paintings, sculptures, ornaments |                            | 10 years                   |
| Transport Assets                   | Straight-line              |                            |
| ▪ Motor vehicles                   |                            | 7 years                    |
| ▪ Trailers and accessories         |                            | 10 years                   |
| ▪ Trucks                           |                            | 10 years                   |
| Computer equipment                 | Straight-line              |                            |

|                                       |               |           |
|---------------------------------------|---------------|-----------|
| Computer hardware including operation |               |           |
| ▪ systems                             |               | 5 years   |
| ▪ Networks                            |               | 10 years  |
| ▪ Computer software                   |               | 5 years   |
| Dams/structure                        | Straight-line |           |
| ▪ Concrete                            |               | 100 years |
| ▪ Earth                               |               | 50 years  |
| River                                 |               |           |
| er                                    | Straight-line |           |
| ▪ Structure - Weir                    |               | 50 years  |
| ▪ Borehole Establishment              |               | 30 years  |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

#### 1.7 Property, plant and equipment (continued)

|                                             |               |       |
|---------------------------------------------|---------------|-------|
| Pump Stations                               | Straight-line | 55    |
| ▪ Structure - buildings                     |               | years |
|                                             |               | 55    |
| ▪ Structure - Clarifiers                    |               | years |
|                                             |               | 55    |
| ▪ Structure - Filters                       |               | years |
|                                             |               | 15    |
| ▪ Electrical                                |               | years |
|                                             |               | 15    |
| ▪ Mechanical                                |               | years |
|                                             |               | 15    |
| ▪ Containers - Diesel                       |               | years |
|                                             |               | 15    |
| ▪ Structure - Carports                      |               | years |
| Perimeter protection                        | Straight-line | 25    |
| ▪ Palisade - Concrete                       |               | years |
|                                             |               | 15    |
| ▪ Palisade - Steel / Razor wire / Weld mesh |               | years |
| Reservoirs                                  | Straight-line | 50    |
| ▪ Structure - Concrete                      |               | years |
|                                             |               | 30    |
| ▪ Structure - Galaxy                        |               | years |
|                                             |               | 30    |
| ▪ Structure - Steel Tank                    |               | years |
|                                             |               | 15    |
| ▪ Structure Jojo                            |               | years |
|                                             |               | 20    |
| ▪ Electrical                                |               | years |
|                                             |               | 15    |
| ▪ Mechanical                                |               | years |
| Underground                                 | Straight-line | 30    |
| ▪ Chambers                                  |               | years |
|                                             |               | 30    |
| ▪ Manholes                                  |               | years |
|                                             |               | 15    |
| ▪ Mechanical                                |               | years |
| Water purification works                    | Straight-line | 55    |
| ▪ Structure                                 |               | years |
|                                             |               | 55    |
| ▪ Ponds                                     |               | years |

|                                     |               |          |
|-------------------------------------|---------------|----------|
| ▪ Electrical                        |               | 20 years |
| ▪ Mechanical                        |               | 15 years |
| Spring protection                   | Straight-line |          |
| ▪ Spring                            |               | 20 years |
| ▪ Jojo tanks                        |               | 15 years |
| ▪ Reticulation                      |               | 40 years |
| ▪ Standpipes                        |               | 20 years |
| Sewerage pump stations              | Straight-line |          |
| ▪ Structure - Buildings             |               | 55 years |
| ▪ Structure - Reactors              |               | 55 years |
| ▪ Structure - Drying beds           |               | 55 years |
| ▪ Structure - Clarifiers chambers   |               | 35 years |
| ▪ Structure - Maturation Ponds      |               | 35 years |
| ▪ Structure - Maturation Ponds      |               | 20 years |
| ▪ Electrical                        |               | 15 years |
| ▪ Mechanical                        |               | 15 years |
| ▪ Containers - Diesel               |               | 15 years |
| ▪ Structure, Carports               |               | 40 years |
| ▪ Rising mains                      |               | 40 years |
| ▪ Gravity mains                     |               | 40 years |
| Other machinery and equipment       | Straight-line |          |
| ▪ Audiovisual equipments            |               | 10 years |
| ▪ Building air conditioning systems |               | 5 years  |
| ▪ Domestic equipment                |               | 5 years  |
| ▪ Kitchen appliances                |               | 10 years |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.7 Property, plant and equipment (continued)**

The economic entity assesses at each reporting date whether there is any indication that the economic entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

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

#### **1.8 Intangible assets**

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and

- the cost or fair value of the asset can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

---

#### 1.8 Intangible assets (continued)

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

---

| <b>Item</b>              | <b>Depreciation method</b> | <b>Average useful life</b> |
|--------------------------|----------------------------|----------------------------|
| Computer software, other | Straight-line              | 5 years                    |

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

#### 1.9 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

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#### 1.9 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

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#### 1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

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

##### Class

Short-term Investment Deposits  
Bank Balances and Cash  
Consumer Debtors  
Other Debtors

##### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

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

**Class**

Trade and other payables  
Consumer Deposit  
Bank overdraft  
Finance leases

**Category**

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.10 Tax**

##### **Value Added Tax**

##### **(i) Statutory receivable**

Statutory receivables are receivables that:

- a) arise from legislation, supporting regulations, or similar means; and
- b) require settlement by another entity in cash or another financial asset.

The liability to pay VAT to SARS arises from legislation. As a result, it is a "statutory" arrangement.

The annual financial statements are prepared on accrual basis, however accounts for the statutory receivable/payable on payment basis. Therefore, VAT is receivable or payable to SARS when cash is received or paid.

The amount of VAT receivable from or payable to SARS is calculated as the net amount of output VAT collected and input VAT paid

##### **(ii) Vat accruals**

VAT accrual represents VAT still to be collected in cash.

The VAT accrual accounts represent the amounts that are associated with transactions that are yet to be settled. There is no money to be received or paid yet. As there is no transaction to settle with a specific counterparty at this point, the Input VAT Accrual and Output VAT Accruals are not set off.

#### **1.11 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### **Finance leases - lessee**

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

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

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

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

### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight -line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.12 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.



## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

---

#### **1.12 Inventories (continued)**

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date.

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **1.13 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

---

#### **1.14 Impairment of non-cash-generating assets**

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

Assets that generate a commercial return are those that generate positive cash flows which are expected to be significantly higher than the cost of the assets.

Non-cash-generating assets are assets other than cash-generating assets. Non-cash-generating assets are assets that are not used with the objective to generate a commercial return. Instead, they are used to deliver services.

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 (amortisation).

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity;
- or

25

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

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#### 1.14 Impairment of non-cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the economic entity.

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

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Identification

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. The municipality assesses the indicators of impairment at the end of each reporting date. If any such indication exists, the municipality tests the asset for impairment by making estimates of the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the

non-cash generating asset is reduced to its recoverable service amount. Impairment loss is recognised in surplus or deficit

**Reversal of impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

---

#### 1.14 Impairment of non-cash-generating assets (continued)

carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a non-cash-generating unit is allocated to the non-cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a non-cash-generating unit.

In allocating a reversal of an impairment loss for a non-cash-generating unit, the carrying amount of an asset is not increased above the lower of:

its recoverable service amount (if determinable); and

the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

#### 1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

27



## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.16 Employee benefits**

##### **Identification**

##### **Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi - employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

##### **Short-term employee benefits**

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

Short-term employee benefits include items such as:

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

#### **1.17 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

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#### 1.17 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

#### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

29

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

---

#### **1.19 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Service charges**

Service charges relating to water are based on consumption. Meters are read on a monthly basis and recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption are made in the invoicing period in which meters have been read. 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.

In circumstances where services cannot readily be measured and qualified, a flat rate service charge is levied monthly on such properties.

#### **Tariff charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

#### **Interest**

Interest is recognised, in surplus or deficit, using the effective interest rate method.

30

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.20 Revenue from non-exchange transactions**

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

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### **Recognition**

An inflow of resources from a non- exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### **Measurement**

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



## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.20 Revenue from non-exchange transactions (continued)**

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### **Transfers**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### **Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### **1.21 Investment income**

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

### **1.22 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.23 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.24 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

#### **1.25 Fruitless and wasteful expenditure**

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

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

#### **1.26 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

#### **1.27 Segment information**

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### **Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements

and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.28 Research and development expenditure**

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

#### **1.29 Budget information**

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### **1.30 Related parties**

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

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

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

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

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

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

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

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

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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#### **1.30 Related parties (continued)**

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### **1.31 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

35



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

## 2. New standards and

### interpretations GRAP 25 (as

### revised): Employee Benefits

#### Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14® ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

#### Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2023.

The economic entity expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

## **2.1 Standards and interpretations issued, but not yet effective**

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2025 or later periods:

### **GRAP 103 (as revised): Heritage Assets**

#### **Background**

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

## **Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### **Notes to the Annual Financial Statements**

## **2. New standards and**

### **interpretations (continued) Key**

#### **amendments to GRAP 103**

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

#### **GRAP 104 (as revised): Financial Instruments**

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

#### **Materiality and aggregation**

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

37

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The municipality expects to adopt the amendment for the first time in the 2025/2026 annual financial statements.

The impact of this amendment is currently being assessed.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

#### 3. Inventories

|                        |         |         |         |         |
|------------------------|---------|---------|---------|---------|
| Water for distribution | 955 529 | 858 345 | 955 529 | 858 345 |
|------------------------|---------|---------|---------|---------|

#### 4. Receivables from non-exchange transactions

|                                               |                  |                  |                  |                  |
|-----------------------------------------------|------------------|------------------|------------------|------------------|
| Salary third party payments -SARS Overpayment | 1 083 579        | 387 513          | 1 083 579        | 387 513          |
| Other receivables from non-exchange revenue   | 2 541 505        | 3 334 238        | 2 541 505        | 3 334 238        |
|                                               | <b>3 625 084</b> | <b>3 721 751</b> | <b>3 625 084</b> | <b>3 721 751</b> |

Salary third party payments -SARS Overpayment, is made up of the payment was made to SARS R 382 413 for the late payment of PAYE,UIF and SDL while the application for

appeal was already done which was approved in July 2024, overpayment was offset against August SARS Liability and also there was over payment for the payment made to Department of Justice R 5 100 in April 2024 (Children maintenance from some of the employees).

| <b>Receivables from exchange transactions Disclosure</b> | <b>2025</b>      | <b>2024</b>      | <b>2025</b>      | <b>2024</b>      |
|----------------------------------------------------------|------------------|------------------|------------------|------------------|
| Gross Balances                                           | 5 625 084        | 5 874 664        | 5 625 084        | 5 874 664        |
|                                                          |                  | (2 105 753)      | (2 000 000)      | (2 105 753)      |
| Less: Allowances for impairment                          | (2 000 000)      |                  |                  |                  |
|                                                          |                  | <b>3 768 911</b> | <b>3 625 084</b> | <b>3 768 911</b> |
|                                                          | <b>3 625 084</b> |                  |                  |                  |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 4. Receivables from non-exchange

##### transactions (continued) Receivables from

##### non-exchange transactions impaired

|                                       | 2025        | 2024        | 2025        | 2024        |
|---------------------------------------|-------------|-------------|-------------|-------------|
| Debtor-Kokstad deposits               | -           | 10 575      | -           | 105 753     |
| Cyclone construction - Farmers market | 2 000 000   | 2 000 000   | 2 000 000   | 2 000 000   |
| Subtotal                              | 2 000 000   | 2 010 575   | 2 000 000   | 2 105 753   |
| Less: Allowance for impairment        | (2 000 000) | (2 105 753) | (2 000 000) | (2 105 753) |

During the 2024/2025 financial year management assessed the recoverability of receivables from non exchange transaction due to the lack of movement in their respective accounts. This assesment was performed by evaluating the transaction recorded at initial recognition against the available supporting evidence. It was discovered that these balances lacked supporting evidence. Management took a decision to suggest a write off to the Executive Committee and the write off was approved accordingly.

#### 5. Receivables from exchange transactions

|                                    |            |            |            |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | 3 736      | 3 601      | -          | -          |
| Accrued Interest                   | 9 734 378  | 8 894 893  | 9 734 378  | 8 894 893  |
| Consumer debtors - Water           | 1 503 352  | 1 672 800  | 1 503 352  | 1 672 800  |
| Consumer debtors - Sewerage        | 1 535 425  | 1 468 686  | 1 535 425  | 1 468 686  |
| Consumer debtors - Value Added Tax | 12 776 891 | 12 039 980 | 12 773 155 | 12 036 379 |

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 12 months past due are not considered to be impaired. At 30 June 2025, 6 968 806 (30 June 2024: R 6 968 806,00 were past due but not impaired.

This relates to the interest on short term investments reflected in July 2025 on the bank statement.

#### 6. Consumer debtors disclosure

**Gross balances**

Consumer debtors - Water

Consumer debtors - Sewerage

Consumer debtors - Value Added Tax

|                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 156 323               | 159 884               | 156 323               | 159 884               |
| 615                   | 663                   | 615                   | 663                   |
| 59 536 561 52 716 814 | 59 536 561 52 716 814 | 59 536 561 52 716 814 | 59 536 561 52 716 814 |
| 20 904 431 21 567 428 | 20 904 431 21 567 428 | 20 904 431 21 567 428 | 20 904 431 21 567 428 |

**Less: Allowance for****impairment** Consumer

debtors - Water Consumer

debtors - Sewerage

Consumer debtors - Value

Added Tax

|                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|
| <b>236 764</b>  | <b>234 168</b>  | <b>236 764</b>  | <b>234 168</b>  |
| <b>607</b>      | <b>905</b>      | <b>607</b>      | <b>905</b>      |
| (146 589        | (150 989        | (146 589        | (150 989        |
| 237)            | 770)            | 237)            | 770)            |
| (58 033         | (51 044         | (58 033         | (51 044         |
| 209)            | 014)            | 209)            | 014)            |
| (19 369         | (20 098         | (19 369         | (20 098         |
| 006)            | 742)            | 006)            | 742)            |
| <b>(223 991</b> | <b>(222 132</b> | <b>(223 991</b> | <b>(222 132</b> |
| <b>452)</b>     | <b>526)</b>     | <b>452)</b>     | <b>526)</b>     |

**Net balance**

Consumer debtors - Water

Consumer debtors -

Sewerage Consumer

debtors - Value Added Tax

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 9 734 378 | 8 894 893 | 9 734 378 | 8 894 893 |
| 1 503 352 | 1 672 800 | 1 503 352 | 1 672 800 |
| 1 535 425 | 1 468 686 | 1 535 425 | 1 468 686 |

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>12 773</b> | <b>12 036</b> | <b>12 773</b> | <b>12 036</b> |
| <b>155</b>    | <b>379</b>    | <b>155</b>    | <b>379</b>    |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                                   | Economic entity |                | Controlling entity |                |
|---------------------------------------------------|-----------------|----------------|--------------------|----------------|
|                                                   | 2025            | 2024           | 2025               | 2024           |
| <b>6. Consumer debtors disclosure (continued)</b> |                 |                |                    |                |
| <b>Water</b>                                      |                 |                |                    |                |
| Current (0 -30 days)                              | 5 649 862       | 11 927 145     | 5 649 862          | 11 927 145     |
| 3                                                 |                 |                |                    |                |
| 1 - 60 days                                       | 4 412 631       | 4 412 631      | 4 412 631          | 4 427 853      |
| 6                                                 |                 |                |                    |                |
| 1 - 90 days                                       | 2 233 226       | 2 824 468      | 2 233 226          | 2 824 468      |
| 9                                                 |                 |                |                    |                |
| 1 - 120 days                                      | 2 001 255       | 2 404 844      | 2 001 255          | 2 404 844      |
|                                                   | 142 026         | 138 300        | 142 026            | 138 300        |
| >120 days                                         | 641             | 353            | 641                | 353            |
|                                                   | <b>156 323</b>  | <b>159 869</b> | <b>156 323</b>     | <b>159 884</b> |
|                                                   | <b>615</b>      | <b>441</b>     | <b>615</b>         | <b>663</b>     |
| <b>Sewerage</b>                                   |                 |                |                    |                |
| Current (0 -30 days)                              | 1 389 382       | 2 563 687      | 1 389 382          | 2 563 687      |
| 3                                                 |                 |                |                    |                |
| 1 - 60 days                                       | 1 141 896       | 772 199        | 1 141 896          | 772 199        |
| 6                                                 |                 |                |                    |                |
| 1 - 90 days                                       | 714 931         | 630 456        | 714 931            | 630 456        |
| 9                                                 |                 |                |                    |                |
| 1 - 120 days                                      | 711 813         | 602 395        | 711 813            | 602 395        |
| >120 days                                         | 55 578 537      | 48 148 077     | 55 578 537         | 48 148 077     |
|                                                   | <b>59 536</b>   | <b>52 716</b>  | <b>59 536</b>      | <b>52 716</b>  |
|                                                   | <b>559</b>      | <b>814</b>     | <b>559</b>         | <b>814</b>     |
| <b>Vat</b>                                        |                 |                |                    |                |
| Current (0 -30 days)                              | 884 137         | 1 751 926      | 884 137            | 1 751 926      |
| 3                                                 |                 |                |                    |                |
| 1 - 60 days                                       | 659 289         | 581 966        | 659 289            | 581 966        |
| 6                                                 |                 |                |                    |                |
| 1 - 90 days                                       | 269 905         | 306 327        | 269 905            | 306 327        |
| 9                                                 |                 |                |                    |                |
| 1 - 120 days                                      | 236 727         | 252 108        | 236 727            | 252 108        |
| >120 days                                         | 18 853 662      | 18 675 101     | 18 853 662         | 18 675 101     |
|                                                   | <b>20 903</b>   | <b>21 567</b>  | <b>20 903</b>      | <b>21 567</b>  |
|                                                   | <b>720</b>      | <b>428</b>     | <b>720</b>         | <b>428</b>     |

40

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                           | Economic entity |                | Controlling entity |                |
|-------------------------------------------|-----------------|----------------|--------------------|----------------|
|                                           | 2025            | 2024           | 2025               | 2024           |
| <b>Consumer debtors disclosure</b>        |                 |                |                    |                |
| <b>(continued) Summary of debtors</b>     |                 |                |                    |                |
| <b>by customer classification</b>         |                 |                |                    |                |
| <b>Consumers</b>                          |                 |                |                    |                |
| Current (0 -30 days)                      | 2 189 280       | 4 999 824      | 2 189 280          | 4 999 824      |
| 3                                         |                 |                |                    |                |
| 1 - 60 days                               | 2 161 133       | 2 454 653      | 2 161 133          | 2 454 653      |
| 6                                         |                 |                |                    |                |
| 1 - 90 days                               | 1 885 710       | 2 447 884      | 1 885 710          | 2 447 884      |
| 9                                         |                 |                |                    |                |
| 1 - 120 days                              | 2 049 775       | 2 125 788      | 2 049 775          | 2 125 788      |
|                                           | 183 952         | 171 242        | 183 952            | 171 242        |
| >120 days                                 | 013             | 898            | 013                | 898            |
|                                           | <b>192 237</b>  | <b>183 271</b> | <b>192 237</b>     | <b>183 271</b> |
|                                           | <b>911</b>      | <b>047</b>     | <b>911</b>         | <b>047</b>     |
| <b>Industrial/ commercial</b>             |                 |                |                    |                |
| Current (0 -30 days)                      | 664 028         | 1 206 076      | 664 028            | 1 206 076      |
| 3                                         |                 |                |                    |                |
| 1 - 60 days                               | 536 285         | 428 865        | 536 285            | 428 865        |
| 6                                         |                 |                |                    |                |
| 1 - 90 days                               | 307 125         | 349 357        | 307 125            | 349 357        |
| 9                                         |                 |                |                    |                |
| 1 - 120 days                              | 335 877         | 354 655        | 335 877            | 354 655        |
| >120 days                                 | 17 174 390      | 13 680 434     | 17 174 390         | 13 680 434     |
|                                           | <b>19 017</b>   | <b>16 019</b>  | <b>19 017</b>      | <b>16 019</b>  |
|                                           | <b>705</b>      | <b>387</b>     | <b>705</b>         | <b>387</b>     |
| <b>National and provincial government</b> |                 |                |                    |                |
| Current (0 -30 days)                      | 5 070 074       | 10 036 858     | 5 070 074          | 10 036 858     |
| 3                                         |                 |                |                    |                |
| 1 - 60 days                               | 3 516 398       | 2 898 500      | 3 516 398          | 2 898 500      |
| 6                                         |                 |                |                    |                |
| 1 - 90 days                               | 1 025 227       | 964 010        | 1 025 227          | 964 010        |
| 9                                         |                 |                |                    |                |
| 1 - 120 days                              | 564 144         | 778 904        | 564 144            | 778 904        |
| >120 days                                 | 15 332 437      | 20 200 198     | 15 332 437         | 20 200 198     |

|                                                   | 25 508<br>280    | 34 878<br>470    | 25 508<br>280   | 34 878<br>470    |
|---------------------------------------------------|------------------|------------------|-----------------|------------------|
| <b>Total</b>                                      |                  |                  |                 |                  |
| Current (0 -30 days)                              | 7 923 381        | 16 242 758       | 7 923 381       | 16 242 758       |
| 3                                                 |                  |                  |                 |                  |
| 1 - 60 days                                       | 6 213 816        | 5 782 018        | 6 213 816       | 5 782 018        |
| 6                                                 |                  |                  |                 |                  |
| 1 - 90 days                                       | 3 218 062        | 3 761 251        | 3 218 062       | 3 761 251        |
| 9                                                 |                  |                  |                 |                  |
| 1 - 120 days                                      | 2 949 795        | 3 259 347        | 2 949 795       | 3 259 347        |
|                                                   | 216 458          | 205 123          | 216 458         | 205 123          |
| >120 days                                         | 840              | 530              | 840             | 530              |
|                                                   | 236 763          | 234 168          | 236 763         | 234 168          |
|                                                   | 894              | 904              | 894             | 904              |
|                                                   | (223 990         | (222 130         | (223 990        | (222 130         |
| Less: Allowance for impairment                    | 721)             | 781)             | 721)            | 781)             |
|                                                   | <b>12 773</b>    | <b>12 038</b>    | <b>12 773</b>   | <b>12 038</b>    |
|                                                   | <b>173</b>       | <b>123</b>       | <b>173</b>      | <b>123</b>       |
| <b>Total debtor past due but not impaired</b>     |                  |                  |                 |                  |
| Current (0 -30 days)                              | 3 363 861        | 3 363 861        | 3 363 861       | 3 363 861        |
| 31 - 60 days                                      | 3 238 806        | 3 238 806        | 3 238 806       | 3 238 806        |
| 61 - 90 days                                      | 359 758          | 359 758          | 359 758         | 359 758          |
| 91 - 120 days                                     | 3 707            | 3 707            | 3 707           | 3 707            |
| >120 days                                         | 2 674            | 2 674            | 2 674           | 2 674            |
|                                                   |                  |                  | <b>6 968</b>    |                  |
|                                                   | <b>6 968 806</b> | <b>6 968 806</b> | <b>806</b>      | <b>6 968 806</b> |
| <b>Reconciliation of allowance for impairment</b> |                  |                  |                 |                  |
| Balance at beginning of the year                  | (222 130         | (210 624         | (222 130        | (210 624         |
| Contributions to allowance                        | 781)             | 726)             | 781)            | 726)             |
|                                                   |                  | (11 506          | (1 859          | (11 506          |
|                                                   | (1 859 940)      | 055)             | 940)            | 055)             |
|                                                   | <b>(223 990</b>  | <b>(222 130</b>  | <b>(223 990</b> | <b>(222 130</b>  |
|                                                   | <b>721)</b>      | <b>781)</b>      | <b>721)</b>     | <b>781)</b>      |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### Statutory receivable

|                      |            |           |            |           |
|----------------------|------------|-----------|------------|-----------|
| Statutory receivable | 10 255 456 | 4 167 674 | 10 255 456 | 4 167 674 |
|----------------------|------------|-----------|------------|-----------|

|                |            |           |            |           |
|----------------|------------|-----------|------------|-----------|
| Current assets | 10 255 456 | 4 167 674 | 10 255 456 | 4 167 674 |
|----------------|------------|-----------|------------|-----------|

Value Added Tax( VAT) is levied in terms of Value Added Tax Act as amended and administered by South African Revenue Service (SARS)

Output VAT is charged by the municipality on taxable supplies at a rate of 15%.

Input VAT is paid by the municipality on goods and services used for making taxable supplies at a rate of 15%

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

In assessing whether there is any indication that a statutory receivable, may be impaired, the municipality considers Significant financial difficulty of the debtor (SARS) and defaults in principal or interest payments by the debtor (SARS)

As of 30 June 2025, there were no statutory receivables that were past due nor impaired.

#### 8. Input VAT accruals

|    |            |            |        |         |
|----|------------|------------|--------|---------|
| VA |            |            | 21 229 |         |
| T  | 21 559 053 | 14 882 626 | 582 14 | 254 618 |

#### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                |                |                |                |
|---------------------|----------------|----------------|----------------|----------------|
| Cash on hand        | 301            | 300            | 300            | 300            |
|                     |                |                | 76 251         |                |
| Bank balances       | 92 731 733     | 50 366 972     | 421 41         | 922 070        |
|                     | 195 555        | 177 486        | 186 655        | 167 507        |
| Short-term deposits | 629            | 517            | 538            | 899            |
|                     | <b>288 287</b> | <b>227 853</b> | <b>262 907</b> | <b>209 430</b> |
|                     | <b>663</b>     | <b>789</b>     | <b>259</b>     | <b>269</b>     |

#### Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for Eskom account

|         |         |         |         |
|---------|---------|---------|---------|
| 200 000 | 200 000 | 200 000 | 200 000 |
|---------|---------|---------|---------|

42

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number /<br>description                       | Bank statement balances |                         |                         | Cash book balances      |                 |                 |
|-------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----------------|
|                                                       | 30 June<br>2025         | 30 June<br>2024         | 30 June<br>2023         | 30 June<br>2025         | 30 June<br>2024 | 30 June<br>2023 |
| FNB Current account<br>number- 62022648169            | 76 251 323 41 927 867   | 3 390 475               | 76 251 421 41 922 070   | (3 456 198)             |                 |                 |
| FNB call account<br>number-<br>62032587331            | 269 281 35 700 000      | 9 562 219               | 269 281 35 700 000      | 9 562 219               |                 |                 |
| FNB call account number<br>-<br>62095523281           | 200 000                 | 202 000 25 858 944      | 200 000                 | 202 000 25 858 944      |                 |                 |
| FNB call account number<br>-<br>62138538692           |                         | - 10 502 000 30 829 245 |                         | - 10 502 000 30 829 245 |                 |                 |
| FNB call account number<br>-<br>62398395204           |                         | 2 000 4 009 721         |                         | 2 000 4 009 721         |                 |                 |
| FNB call account number<br>-<br>62434145331           | 3 686                   | 8 667 1 252 178         | 3 686                   | 8 667 1 252 178         |                 |                 |
| FNB call account number<br>-<br>62434147072           | 1 138 734               | 1 775 981 4 215 598     | 1 138 734               | 1 775 981 4 215 598     |                 |                 |
| FNB call account number<br>-<br>62434151239           | 74 011 145 46 112 137   | 12 856                  | 74 011 145 46 112 137   | 12 856                  |                 |                 |
| FNB call account number<br>-<br>62414264797           | 80 416                  | 17 518 1 154 044        | 80 416                  | 17 518 1 154 044        |                 |                 |
| Investec bank call<br>account<br>number - 50006688425 | -                       | - 29 081 540            | -                       | - 29 081 540            |                 |                 |
| FNB fixed term account<br>number<br>- 76204521754     | 53 314 182 49 086 859   |                         | - 53 314 182 49 086 859 |                         |                 |                 |
| FNB fixed term account<br>number<br>- 76205904082     |                         | - 24 000 000            |                         | - 24 000 000            |                 |                 |

|                                                                              |                        |                        |                        |                        |                        |                        |
|------------------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Nedbank fixed term<br>account<br>number - 7881166592                         | -                      | 100 737 23 261 236     | -                      | 100 737 23 261 236     |                        |                        |
| Standard bank fixed<br>term<br>account number -<br>268610053001              | 57 638 092             | -                      | - 57 638 092           | -                      | -                      |                        |
| FNB - Ixopo Bank -<br>cheque<br>account - account<br>number -<br>62313233504 | 16 480 312             | 8 444 902              | 5 955 894              | 16 480 312             | 8 444 902              | 5 955 894              |
| FNB - Ixopo bank - call<br>account<br>- account number -<br>62372506306      | 7 505 441              | 7 648 742              | 8 625 253              | 7 505 441              | 7 648 742              | 8 625 253              |
| FNB - Ixopo bank -<br>cheque<br>account - account<br>number -<br>62478289989 | 1 288 611              | 1 224 940              | 1 160 087              | 1 288 611              | 1 224 940              | 1 160 087              |
| STB Bank -Kloof branch<br>account number -cheque<br>account -251660419       | 76 429                 | 1 082 620              | 806 543                | 76 429                 | 1 082 620              | 806 543                |
| STB Bank -Kloof branch<br>account number - call<br>account -<br>254472435    | 29 610                 | 22 315                 | 938 836                | 29 610                 | 22 315                 | 938 836                |
| <b>Total</b>                                                                 | <b>288 287<br/>262</b> | <b>227 859<br/>285</b> | <b>150 114<br/>669</b> | <b>288 287<br/>360</b> | <b>227 853<br/>488</b> | <b>143 267<br/>996</b> |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment

Economic entity

|                                               | 2025                 |                                                                                   | 2024                   |                                                                                   |
|-----------------------------------------------|----------------------|-----------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------|
|                                               | Cost /<br>Valuation  | Accumulated<br>Carrying value<br>depreciation<br>and<br>accumulated<br>impairment | Cost /<br>Valuation    | Accumulated<br>Carrying value<br>depreciation<br>and<br>accumulated<br>impairment |
| Land                                          | 13 672 272           | - 13 672 272                                                                      | 13 672 272             | - 13 672 272                                                                      |
| Buildings                                     | 71 007 409           | (29 523 711)                                                                      | 41 483 698             | (26 585 249)                                                                      |
| Machinery and equipment                       | 10 940 531           | (4 423 809)                                                                       | 6 516 722              | (3 679 134)                                                                       |
| Furniture and office equipment                | 9 702 417            | (6 055 188)                                                                       | 3 647 229              | (5 843 134)                                                                       |
| Transport assets                              | 55 968 568           | (29 255 695)                                                                      | 26 712 873             | (23 934 110)                                                                      |
| Computer equipment                            | 17 095 189           | (11 570 298)                                                                      | 39 972 733             | (16 038 623)                                                                      |
| Infrastructure: information and communication | 996 513              | (456 684)                                                                         | 5 524 891              | (9 390 424)                                                                       |
| Infrastructure                                | 4 196 702            | (1 057 452)                                                                       | 740 3 139              | (782 382)                                                                         |
| Community                                     | 733                  | 249 993                                                                           | 673                    | 424                                                                               |
|                                               | 2 257 925            | (822 245)                                                                         | 1 435 680              | (738 249)                                                                         |
| <b>Total</b>                                  | <b>4 378 343 557</b> | <b>(1 323 873 386)</b>                                                            | <b>413 852 945 229</b> | <b>3 007 468 197</b>                                                              |

44

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment (continued)

Controlling entity

|                                               | 2025                 |                                                                                   | 2024                       |                                                                                   |
|-----------------------------------------------|----------------------|-----------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------------|
|                                               | Cost /<br>Valuation  | Accumulated<br>Carrying value<br>depreciation<br>and<br>accumulated<br>impairment | Cost /<br>Valuation        | Accumulated<br>Carrying value<br>depreciation<br>and<br>accumulated<br>impairment |
| Land                                          | 13 672 272           | -                                                                                 | 13 672 272                 | -                                                                                 |
| Buildings                                     | 39 838 978           | (17 216 261)                                                                      | 37 529 025                 | (16 023 012)                                                                      |
| Machinery and equipment                       | 10 797 941           | (4 351 532)                                                                       | 6 030 720                  | (3 581 247)                                                                       |
| Furniture and office equipment                | 8 897 905            | (5 428 513)                                                                       | 7 374 731                  | (5 275 477)                                                                       |
| Transport assets                              | 55 968 568           | (29 255 695)                                                                      | 39 972 733                 | (23 934 110)                                                                      |
| Computer equipment                            | 15 620 693           | (11 078 622)                                                                      | 13 932 094                 | (9 028 716)                                                                       |
| Infrastructure: information and communication | 996 513              | (456 684)                                                                         | 616 662                    | (392 505)                                                                         |
| Infrastructure                                | 4 196 279            | (1 057 331)                                                                       | 3 705 430                  | (782 321)                                                                         |
| Community                                     | 233                  | 947 493                                                                           | 173                        | 924                                                                               |
|                                               | 2 257 925            | (822 245)                                                                         | 2 257 925                  | (738 249)                                                                         |
| <b>Total</b>                                  | <b>4 344 330 028</b> | <b>(1 125 941 292)</b>                                                            | <b>3 218 (841 295 240)</b> | <b>2 985</b>                                                                      |

388 736 3 826 816 335

521 095

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45

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Economic entity - 30 June 2025

|                                               | Opening<br>balance | Addition<br>s  | Reclassific<br>ati<br>on | Depreciat<br>ion | Impairm<br>ent<br>loss | Total          |
|-----------------------------------------------|--------------------|----------------|--------------------------|------------------|------------------------|----------------|
| Land                                          |                    |                |                          |                  |                        | 13 672         |
| Buildings                                     | 13 672 272         | -              | -                        | -                | -                      | 272            |
| Machinery and equipment                       |                    |                |                          |                  |                        | 41 483         |
| Furniture and office equipment                | 42 015 079         | 2 407 133      |                          | -(2 938 415)     | -                      | 698            |
| Transport assets                              | 2 510 975          | 4 785 611      | (698)                    | (779 044)        | -                      | 6 516 722      |
| Computer equipment                            | 2 319 707          | 2 076 809      | 94                       | (749 358)        | -                      | 3 647 229      |
| Infrastructure: information and communication |                    |                |                          |                  |                        | 26 712         |
| Infrastructure                                | 16 038 623         | 17 221 675     |                          | -(6 547 425)     | -                      | 873            |
| Community                                     | 5 696 459          | 2 068 505      | 604                      | (2 226 266)      | (14 410)               | 5 524 891      |
|                                               | 224 157            | 379 851        | -                        | (64 179)         | -                      | 539 829        |
|                                               | 2 923 471          | 320 569        |                          | (102 673)        | (2 116 953)            | 3 139 249      |
|                                               | 249                | 651            | -                        | 954)             |                        | 993            |
|                                               | 1 519 676          | -              | -                        | (83 996)         | -                      | 1 435 680      |
|                                               | <b>3 007 468</b>   | <b>349 509</b> |                          | <b>(116 062</b>  | <b>(2 131 363)</b>     | <b>3 238</b>   |
|                                               | <b>197</b>         | <b>235</b>     | <b>-</b>                 | <b>637)</b>      |                        | <b>783 187</b> |

46

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Economic entity - 30 June 2024

|                                               | Opening<br>balance | Additions      | Disposals     | Prior Period<br>error | Depreciation    | Impairment<br>loss   | Total          |
|-----------------------------------------------|--------------------|----------------|---------------|-----------------------|-----------------|----------------------|----------------|
| Land                                          | 13 672 272         | -              | -             | -                     | -               | -                    | 13 672 272     |
| Buildings                                     | 44 548 576         | 168 000        | -             | 231 893               | (2 933 724)     | -                    | 42 015 079     |
| Machinery and equipment                       | 1 848 046          | 1 306 457      | (9 254)       | -                     | (634 274)       | -                    | 2 510 975      |
| Furniture and office equipment                | 2 008 967          | 1 065 631      | (10 882)      | -                     | (744 009)       | -                    | 2 319 707      |
| Transport assets                              | 17 830 502         | 3 543 097      | (245 168)     | -                     | (5 089 809)     | -                    | 16 038 623     |
| Computer equipment                            | 4 870 384          | 2 585 311      | (32 356)      | 2 552                 | (1 728 976)     | -                    | 5 696 459      |
| Infrastructure: information and communication | 296 270            | -              | (3 602)       | -                     | (68 510)        | -                    | 224 157        |
| Infrastructure                                | 2 861 443          | 290 696        | -             | -                     | (89 379)        | (138 517 301)        | 2 923 471 249  |
| Community                                     | 328                | 490            | (771 680)     | -                     | 588             | -                    | 471 249        |
|                                               | 1 758 949          | -              | (125 952)     | -                     | (113 321)       | -                    | 1 519 676      |
|                                               | <b>2 948 277</b>   | <b>299 364</b> | <b>(1 198</b> |                       | <b>(100 692</b> | <b>(138 517 301)</b> | <b>3 007</b>   |
|                                               | <b>294</b>         | <b>986</b>     | <b>894)</b>   | <b>234 445</b>        | <b>211)</b>     |                      | <b>468 197</b> |

47



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 30 June 2025

|                                               | Opening<br>balance | Additions      | Depreciation    | Impairment<br>loss | Total          |
|-----------------------------------------------|--------------------|----------------|-----------------|--------------------|----------------|
| Land                                          | 13 672 272         | -              | -               | -                  | 13 672 272     |
| Buildings                                     | 21 506 013         | 2 309 953      | (1 193 249)     | -                  | 22 622 717     |
| Machinery and equipment                       | 2 449 473          | 4 767 221      | (770 285)       | -                  | 6 446 409      |
| Furniture and office equipment                | 2 099 254          | 2 076 809      | (706 671)       | -                  | 3 469 392      |
|                                               |                    | 17 221         |                 |                    |                |
| Transport assets                              | 16 038 623         | 675            | (6 547 425)     | -                  | 26 712 873     |
| Computer equipment                            | 4 903 378          | 1 749 665      | (2 110 972)     | -                  | 4 542 071      |
| Infrastructure: information and communication | 224 157            | 379 851        | (64 179)        | -                  | 539 829        |
|                                               | 2 923 108          | 320 569        | (102 613)       | (2 116 953)        | 3 138 947      |
| Infrastructure                                | 249                | 653            | 456)            |                    | 493            |
| Community                                     | 1 519 676          | -              | (83 996)        | -                  | 1 435 680      |
|                                               | <b>2 985 521</b>   | <b>349 074</b> | <b>(114 090</b> | <b>(2 116 953)</b> | <b>3 218</b>   |
|                                               | <b>095</b>         | <b>827</b>     | <b>233)</b>     |                    | <b>388 736</b> |

48

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Controlling entity - 30 June 2024

|                                               | Opening<br>balance | Additions      | Disposals     | Depreciation   | Impairment<br>loss   | Total      |
|-----------------------------------------------|--------------------|----------------|---------------|----------------|----------------------|------------|
| Land                                          |                    |                |               |                |                      | 13 672     |
| Buildings                                     | 13 672 272         | -              | -             | -              | -                    | 272        |
| Machinery and equipment                       |                    |                |               |                |                      | 21 506     |
| Furniture and office equipment                | 22 699 262         | -              | -(1 193 249)  | -              | -                    | 013        |
| /                                             | 1 771 644          | 1 306 457      | (4 186)       | (624 442)      | -                    | 2 449 473  |
| Computer equipment                            | 1 738 561          | 1 063 023      | (10 882)      | (691 448)      | -                    | 2 099 254  |
| Infrastructure: information and communication |                    |                |               |                |                      | 16 038     |
| Infrastructure                                | 17 830 502         | 3 543 098      | (245 168)     | (5 089 809)    | -                    | 623        |
| Community                                     | 4 391 807          | 2 186 584      | (28 847)      | (1 646 166)    | -                    | 4 903 378  |
|                                               | 296 270            | -              | (3 603)       | (68 510)       | -                    | 224 157    |
|                                               | 2 861 019          | 290 696        |               | (89 319)       | (138 517 301)        | 2 923      |
|                                               | 828                | 490            | (771 680)     | 088)           |                      | 108 249    |
|                                               | 1 758 949          | -              | (125 952)     | (113 321)      | -                    | 1 519 676  |
|                                               | <b>2 925 179</b>   | <b>298 795</b> | <b>(1 190</b> | <b>(98 746</b> | <b>(138 517 301)</b> | <b>2</b>   |
|                                               | <b>095</b>         | <b>652</b>     | <b>318)</b>   | <b>033)</b>    | <b>985 521</b>       | <b>095</b> |

49

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### Property, plant and equipment (continued)

#### Capital projects that have been significantly delayed

Construction work in progress has been included in the above mentioned property, plant and equipment, based on the nature of the project being constructed. The following projects have been identified as significantly delayed because they have exceeded the expected completion date. The reasons for the significant delays is budget constraints and the reprioritization of projects that the municipality had to implement.

| PPE                                 | 30 June<br>2025<br>Expenditure<br>to date | 30 June<br>2024<br>Expenditure<br>to date |
|-------------------------------------|-------------------------------------------|-------------------------------------------|
| Infrastructure Water and Sanitation | 233 249<br>542                            | 304 651<br>881                            |

#### Change in estimate

During the 2024/25 financial year , the municipality assessed and changed the estimate of useful lives for certain Property,Plant and Equipment that were reaching their initial estimated useful lives.

The effect of this revision has increased the depreciation charges for the current and future periods by R528 408.

#### Details

Movable Assets  
Infrastructure Assets

#### Reconciliation of Work-in-Progress Economic entity - 30 June 2024

#### Reconciliation of Work-in-Progress Economic entity - 30 June 2025

Opening balance  
Additions/capital expenditure  
Transferred to completed items  
Impairment loss on WIP

Opening balance  
Additions/capital expenditure  
Transferred to completed items  
Impairment loss on WIP



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 10. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress Controlling entity -30 June 2025

|                                | Included within Other PPE | Total          |
|--------------------------------|---------------------------|----------------|
| Opening balance                | 639 523                   | 639 523        |
|                                | 905                       | 905            |
| Additions/capital expenditure  | 304 922                   | 304 922        |
|                                | 268                       | 268            |
| Transferred to completed items | (21 237)                  | (21 237)       |
|                                | 161)                      | 161)           |
|                                |                           | (2 116         |
| Impairment loss on WIP         | (2 116 953)               | 953)           |
|                                | <b>921 092</b>            | <b>921 092</b> |
|                                | <b>059</b>                | <b>059</b>     |

#### Reconciliation of Work-in-Progress 30 June 2024

|                                | Included within Infrastructure | Total          |
|--------------------------------|--------------------------------|----------------|
| Opening balance                | 718 005                        | 718 005        |
|                                | 013                            | 013            |
| Additions/capital expenditure  | 298 048                        | 298 048        |
|                                | 454                            | 454            |
| Impairment loss on WIP         | (124 278                       | (124 278       |
|                                | 459)                           | 459)           |
| Transferred to completed items | (252 251                       | (252 251       |
|                                | 103)                           | 103)           |
|                                | <b>639 523</b>                 | <b>639 523</b> |
|                                | <b>905</b>                     | <b>905</b>     |

**Expenditure incurred to repair and maintain property, plant and equipment**

**Expenditure incurred to repair and maintain**

**property, plant and equipment included in Statement of Financial Performance**

|                     |            |                           |
|---------------------|------------|---------------------------|
|                     |            | 43 759                    |
| Contracted services | 36 936 262 | 463 36 884 353 43 625 993 |

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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 11. Intangible assets

Economic entity

|                   | 2025                        |                                                                                                  | 2024                        |                                                                                                  |
|-------------------|-----------------------------|--------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------|
|                   | <b>Cost /<br/>Valuation</b> | <b>Accumulated<br/>Carrying value<br/>amortisation<br/>on and<br/>accumulated<br/>impairment</b> | <b>Cost /<br/>Valuation</b> | <b>Accumulated<br/>Carrying value<br/>amortisation<br/>on and<br/>accumulated<br/>impairment</b> |
| Computer software | 1 944 745                   | (1 515 431) 429 314                                                                              | 1 917 606                   | (1 340 691) 576 915                                                                              |

Controlling entity

|                   | 2025                        |                                                                                                  | 2024                        |                                                                                                  |
|-------------------|-----------------------------|--------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------|
|                   | <b>Cost /<br/>Valuation</b> | <b>Accumulated<br/>Carrying value<br/>amortisation<br/>on and<br/>accumulated<br/>impairment</b> | <b>Cost /<br/>Valuation</b> | <b>Accumulated<br/>Carrying value<br/>amortisation<br/>on and<br/>accumulated<br/>impairment</b> |
| Computer software | 541 591                     | (245 910) 295 681                                                                                | 595 582                     | (190 014) 405 568                                                                                |

**Reconciliation of intangible assets - Economic entity - 30 June 2025**

|                   | <b>Opening<br/>balance</b> | <b>Additions</b> | <b>Amortisation</b> | <b>Impairment<br/>loss</b> | <b>Total</b> |
|-------------------|----------------------------|------------------|---------------------|----------------------------|--------------|
| Computer software | 576 915                    | 81 130           | (131 821)           | (96 910)                   | 429 314      |

**Reconciliation of intangible assets - Economic entity - 30 June 2024**

|                   | <b>Opening<br/>balance</b> | <b>Derecognition<br/>of<br/>Licenses</b> | <b>Amortisation</b> | <b>Impairment<br/>loss</b> | <b>Total</b> |
|-------------------|----------------------------|------------------------------------------|---------------------|----------------------------|--------------|
| Computer software | 897 635                    | (13 872)                                 | (306 848)           | 1                          | 576 915      |

Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

11.Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 30 June 2024

|                   | Opening<br>balance | Amortisati<br>on | Total   |
|-------------------|--------------------|------------------|---------|
| Computer software | 405 568            | (109 887)        | 295 681 |

Reconciliation of intangible assets - Controlling entity -  
30 June 2024

|                   | Opening<br>balance | Amortisati<br>on | Total   |
|-------------------|--------------------|------------------|---------|
| Computer software | 515 455            | (109 887)        | 405 568 |

12. Interests in other entities

Investments in controlled entities

| Name        | Determinatio<br>n of<br>ownershi<br>p<br>interest | Economic<br>Entity    |                       | Controlling<br>Entity |                       | Economic Entity            |                            | Controlling<br>Entity      |                            |
|-------------|---------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|             |                                                   | %<br>ownershi<br>2025 | %<br>ownershi<br>2024 | %<br>ownershi<br>2025 | %<br>ownershi<br>2024 | Carrying<br>amount<br>2025 | Carrying<br>amount<br>2024 | Carrying<br>amount<br>2025 | Carrying<br>amount<br>2024 |
| Harry Gwala | Harry                                             | 100.00 %              | 100.00 %              | 100.00 %              | 100.00 %              | -                          | -                          | 100                        | 100                        |

|                       |                                   |          |   |   |     |     |
|-----------------------|-----------------------------------|----------|---|---|-----|-----|
| Development<br>Agency | Gwala<br>District<br>Municipality | 100.00 % |   |   |     |     |
|                       |                                   |          | - | - | 100 | 100 |
|                       |                                   |          | - | - | 100 | 100 |

The Harry Gwala District Municipality maintains full ownership and control over the Harry Gwala Development Agency ("the Agency"). As of 30 June 2025, the Municipality possesses 100% ownership of the Agency's equity..

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                              | Economic entity    |                    | Controlling entity |                    |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                              | 2025               | 2024               | 2025               | 2024               |
| <b>13</b>                                    |                    |                    |                    |                    |
| <b>. Payables from exchange transactions</b> |                    |                    |                    |                    |
| Trade payables                               | 91 061 190         | 21 464 012         | 88 613 026         | 20 529 239         |
| Retentions                                   | 62 763 411         | 59 528 033         | 62 682 967         | 59 447 589         |
| Accrued leave pay                            | 16 916 114         | 16 825 032         | 16 526 652         | 16 385 436         |
| Accrued bonus                                | 5 135 829          | 4 608 264          | 5 135 829          | 4 608 264          |
| Debtors with credit balances                 | 6 487 069          | 6 388 838          | 6 487 069          | 6 388 838          |
|                                              | <b>182 363 613</b> | <b>108 814 179</b> | <b>179 445 543</b> | <b>107 359 366</b> |
| <b>14</b>                                    |                    |                    |                    |                    |
| <b>. Output Vat accruals</b>                 |                    |                    |                    |                    |
| Output Vat accruals                          | 6 106 204          | 4 553 321          | 6 074 566          | 4 539 785          |
| <b>15</b>                                    |                    |                    |                    |                    |
| <b>. Consumer deposits</b>                   |                    |                    |                    |                    |
| Water                                        | 3 440 893          | 3 178 970          | 3 440 893          | 3 178 970          |

As of the year- end date, our annual financial statements reflect a liability related to consumer water deposits. Consumer water deposits represent funds collected from customers as security against potential non- payment of water services or to ensure adherence to the terms of water usage agreements. Throughout the year, changes to the consumer water deposits liability occurs due to various factors, such as new deposits, withdrawals of deposits, or the return of deposits when customers terminate their agreements.

### 16. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

|                                               |                     |                     |                     |                     |
|-----------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                               | (19 767 000)        | (16 734 000)        | (19 767 000)        | (16 734 000)        |
| Post-retirement health care benefit liability | (15 209 000)        | (13 802 000)        | (15 209 000)        | (13 802 000)        |
| Long service awards                           |                     |                     |                     |                     |
|                                               | <b>(34 976 000)</b> | <b>(30 536 000)</b> | <b>(34 976 000)</b> | <b>(30 536 000)</b> |
|                                               | (32 858 000)        | (29 368 000)        | (32 858 000)        | (29 368 000)        |
| Non-current liabilities                       |                     |                     |                     |                     |
| Current liabilities                           | (2 118 000)         | (1 168 000)         | (2 118 000)         | (1 168 000)         |

|  |                |                |                |
|--|----------------|----------------|----------------|
|  | 000)           | 000)           | 000)           |
|  | <b>(34 976</b> | <b>(30 536</b> | <b>(34 976</b> |
|  | <b>000)</b>    | <b>000)</b>    | <b>000)</b>    |

### Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

Bonitas  
Keyhealth  
LA Health  
Samwumed  
Hosmed

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 16. Employee benefit obligations (continued)

##### Changes in the present value of the defined benefit obligation are as follows:

|                                                                  |                   |                   |                   |                   |
|------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                                                  |                   | 14 923            | 16 734            | 14 923            |
| Net expense recognised in the statement of financial performance | 16 734 000        | 000               | 000               | 000               |
|                                                                  | 3 033 000         | 1 811 000         | 3 033 000         | 1 811 000         |
|                                                                  | <b>19 767 000</b> | <b>16 734 000</b> | <b>19 767 000</b> | <b>16 734 000</b> |

##### Net expense recognised in the statement of financial performance are as follows:

|                          |                  |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|
| Service cost             | 1 353 000        | 1 214 000        | 1 353 000        | 1 214 000        |
| - Current service cost   | 1 353 000        | 1 214 000        | 1 353 000        | 1 214 000        |
|                          |                  | (1 282 000)      |                  | (1 282 000)      |
| Actuarial (gains) losses | (376 000)        | 000              | (376 000)        | 000              |
| Interest cost            | 2 056 000        | 1 879 000        | 2 056 000        | 1 879 000        |
|                          | <b>3 033 000</b> | <b>1 811 000</b> | <b>3 033 000</b> | <b>1 811 000</b> |

55



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 16. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

|                                                     |         |         |         |         |
|-----------------------------------------------------|---------|---------|---------|---------|
| Discount rates used                                 | 11.40 % | 12.32 % | 11.40 % | 12.32 % |
| Expected increase in healthcare costs               | 7.20 %  | 7.79 %  | 7.20 %  | 7.79 %  |
| Future changes in maximum state healthcare benefits | 3.90 %  | 4.20 %  | 3.90 %  | 4.20 %  |
| Actual return on reimbursement rights               | 62      | 62      | 62      | 62      |

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2025

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The table below summarises the results of this analysis on the Current-Service and Interest Costs for the year ending 30 June 2025.

#### Post Employment Medical Benefit - DBO

| Assumption                    | One percent point increase/One year point decrease | One percent point increase/One year point decrease |
|-------------------------------|----------------------------------------------------|----------------------------------------------------|
| Medical Aid Contribution rate | 21 509 000                                         | 17 496 000                                         |
| Discount Rate                 | 16 749 000                                         | 23 566 000                                         |
| Post employment mortality     | 19 273 000                                         | 20 252 000                                         |

#### Current Service and Interest Costs

#### Assumption

| Assumption                    | One percent point increase/One year point decrease | One percent point increase/One year point decrease |
|-------------------------------|----------------------------------------------------|----------------------------------------------------|
| Medical Aid Contribution rate | 3 753 000                                          | 2 977 000                                          |
| Discount Rate                 | 3 019 000                                          | 3 880 000                                          |
| Post employment mortality     |                                                    |                                                    |

3 322 000 3 493 000

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Maturity analysis of DBO (up to 80 years , R millions)

| <b>Future year</b> | <b>Expected<br/>benefit<br/>payment<br/>s</b> | <b>Future<br/>year</b> | <b>Expected<br/>benefit<br/>payments</b> | <b>Future<br/>year</b> | <b>Expected<br/>benefit<br/>payments</b> |
|--------------------|-----------------------------------------------|------------------------|------------------------------------------|------------------------|------------------------------------------|
| 1                  | 0.175                                         | 9-10                   | 7.029                                    | 31-40                  | 251.299                                  |
| 2                  | 0.311                                         | 11-15                  | 22.073                                   | 41-50                  | 235                                      |
| 3                  | 0.455                                         | 16-20                  | 43.903                                   | 51-60                  | 136.904                                  |
| 4                  | 0.499                                         | 21-25                  | 72.687                                   | 61-70                  | 42.856                                   |
| 5                  | 0.699                                         | 26-30                  | 103.493                                  | 71-80                  | 5.631                                    |

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## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 16. Employee benefit obligations (continued)

#### Long service awards

The municipality operate an unfunded defined benefit plan for all its employees. The Municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa.

Changes in the present value of the defined benefit obligation are as follows:

| Figures in Rand                                                  | 2025             | 2024             | 2025             | 2024             |
|------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Opening balance                                                  |                  | 12 812           | 13 802           | 12 812           |
| Expected benefits vesting                                        | 13 802 000       | 000              | 000              | 000              |
| Net expense recognised in the statement of financial performance | (1 069 000)      | (1 616 000)      | (1 069 000)      | (1 616 000)      |
| Subtotal                                                         |                  |                  | 2 476            |                  |
| Current service cost                                             | 2 476 000        | 2 606 000        | 000              | 2 606 000        |
| Interest cost                                                    |                  | 13 802 000       | 15 209 000       | 13 802 000       |
| Actuarial (gains)/ losses                                        | 15 209 000       | 000              | 1 385 000        | 1 311 000        |
|                                                                  |                  |                  | 1 500            |                  |
|                                                                  | 1 500 000        | 1 387 000        | 000              | 1 387 000        |
|                                                                  | (409 000)        | (92 000)         | (409 000)        | (92 000)         |
|                                                                  | <b>2 476 000</b> | <b>2 606 000</b> | <b>2 476 000</b> | <b>2 606 000</b> |
| <b>Key Assumptions Used</b>                                      | <b>2025</b>      | <b>2024</b>      | <b>2025</b>      | <b>2024</b>      |
| Discount rates used                                              | 9.90 %           | 11.29 %          | 9.90 %           | 11.29 %          |
| General earnings inflation rate (long-term)                      | 4.90 %           | 6.42 %           | 4.90 %           | 6.42 %           |
| Net effective discount rate                                      | 4.80 %           | 4.58 %           | 4.80 %           | 4.58 %           |
| Average retirement age                                           | 62               | 62               | 62               | 62               |

57

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 16. Employee benefit obligations (continued)

#### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2025

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The table below summarises the results of this analysis on the Current-Service and Interest Costs for the year ending 30 June 2025.

#### Long Service Award- BDO

| Assumption                      | One percent point increase/ One year point increase | One percent point decrease/ One year point decrease |
|---------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| General Earnings inflation rate | 16 089 000                                          | 14 407 000                                          |
| Discount rate                   | 14 388 000                                          | 16 123 000                                          |
| Average retirement Age          | 15 941 000                                          | 14 408 000                                          |

#### Current Service and Interest Costs

| Assumption                      | One percent point increase/ TWO year point increase | One percent point decrease/ TWO year point decrease |
|---------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| General Earnings inflation rate | 3 084 000                                           | 2 705 000                                           |
| Discount rate                   | 2 839 000                                           | 2 934 000                                           |
| Average retirement Age          | 3 020 000                                           | 2 725 000                                           |

#### Maturity analysis of DBO (up to 40 years , R millions)

| Future year | Expected benefits vesting | Future year | Expected benefits vesting |
|-------------|---------------------------|-------------|---------------------------|
| 1           | 2.11                      | 6-10        | 14.333                    |

|       |  |      |       |        |
|-------|--|------|-------|--------|
|       |  | 7    |       |        |
|       |  | 2.53 |       |        |
| 2     |  | 2    | 11-15 | 16.202 |
|       |  | 2.47 |       |        |
| 3     |  | 8    | 16-20 | 13.055 |
|       |  | 1.95 |       |        |
| 4     |  | 6    | 21-30 | 14.718 |
|       |  | 1.69 |       |        |
| 5     |  | 3    | 31-40 | 1.422  |
| <hr/> |  |      |       |        |
| <hr/> |  |      |       |        |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                                                       | Economic entity  |                   | Controlling entity |                   |
|-----------------------------------------------------------------------|------------------|-------------------|--------------------|-------------------|
|                                                                       | 2025             | 2024              | 2025               | 2024              |
| <b>Unspent conditional grants and receipts</b>                        |                  |                   |                    |                   |
| <b>Unspent conditional grants and receipts comprises of:</b>          |                  | 10 814            |                    | 10 500            |
|                                                                       | 314 113          | 113               | -                  | 000               |
| <b>Unspent conditional grants and receipts</b> Municipal              | 1 169 348        | 1 169 348         | -                  | -                 |
| infrastructure grant DBSA - Jobs                                      | 149 796          | 149 796           | -                  | -                 |
| Fund                                                                  | 89 416           | 89 416            | -                  | -                 |
| Department of Economic Development, Tourism and Environmental Affairs |                  | <b>12 222 673</b> |                    | <b>10 500 000</b> |
| TIKZN                                                                 | <b>1 722 673</b> | <b>673</b>        | -                  | <b>000</b>        |

In 2023/24 financial year the municipality received an advance payment on MIG grant amounting to R10 500 000. This amount was meant to be spent once the conditions relating to 2024/25 financial year were met.

These amounts are invested in a ring-fenced investment until utilised.

See note 23 for reconciliation of grants from National/Provincial Government.

### 18.Short term -SIU

The Special Investigating Unit (SIU) performed an investigation per the President's proclamation on allegations of financial misconduct. The investigations resulted in SIU billing the municipality an amount of R14.2 million for the services rendered. However due to financial difficulties that was facing the municipality at the time, the municipality could not afford to pay for these services.

During the 2018/2019 financial year the municipality entered into an arrangement with the Special Investigating Unit (SIU) to repay the amount owed by the municipality in monthly installment of R200 000. There is no interest charged on the outstanding balance. The municipality is struggling to honour this arrangement as this was not budgeted for.

The amount payable within the next 12 months so it is reclassified as current liabilities.

### Current year and prior year reconciliation of long term payables from exchange transactions

| Figures in Rand | 2025       | 2024       | 2025       | 2024       |
|-----------------|------------|------------|------------|------------|
| Opening balance | 12 805 816 | 12 793 504 | 12 805 816 | 12 793 504 |

|                                         |               |             |               |             |
|-----------------------------------------|---------------|-------------|---------------|-------------|
| Invoices                                | -             | 12 312      | -             | 12 312      |
| Subtotal                                | 12 805 816    | 12 805 816  | 12 805 816    | 12 805 816  |
| Reclassification to Current liabilities | (12 805 816)  | (2 400 000) | (12 805 816)  | (2 400 000) |
|                                         | <b>10 405</b> |             | <b>10 405</b> |             |
|                                         | - <b>816</b>  | -           | - <b>816</b>  |             |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 19. Other financial liabilities

#### At amortised cost

|                                               |           |           |   |   |
|-----------------------------------------------|-----------|-----------|---|---|
| Ithala Development Finance Corporation (IDFC) | 2 770 602 | 2 770 602 | - | - |
|-----------------------------------------------|-----------|-----------|---|---|

This loan is interest free

This relates to the revolving credit which aimed at

assisting Development Agencies financial by paying

suppliers for the provision of services specifically for

the Nutrition Programme.

The arrangement was that the DHET was suppose

reimburse the Ithala through HGDA.

The Agency has engaged Ithala with the intention of

requesting a write off due to the non -payment by DHET and unavailability of funds as the entity solely

rely on the transfer from the parent municipality.

A request was submitted to EDTEA as the parent

department of ithala, howerever there was no response

up to the finalisation of the annual financial statements

#### Non-current liabilities

|                   |           |           |   |   |
|-------------------|-----------|-----------|---|---|
| At amortised cost | 2 770 602 | 2 770 602 | - | - |
|-------------------|-----------|-----------|---|---|

### 20. Service charges

|                                 |               |               |               |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 |               | 56 395        | 60 733        | 56 395        |
| Sale of water                   | 60 733 074    | 992           | 074           | 992           |
|                                 |               | 16 162        | 16 985        | 16 162        |
| Sewerage and sanitation charges | 16 985 307    | 102           | 307           | 102           |
|                                 | <b>77 718</b> | <b>72 558</b> | <b>77 718</b> | <b>72 558</b> |
|                                 | <b>381</b>    | <b>094</b>    | <b>381</b>    | <b>094</b>    |

### 21. Other income

|                             |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|
| Insurance refund            | 45 747  | 780 622 | 14 756  | 780 622 |
| Recoveries                  | 233 331 | -       | 233 331 | -       |
| Inspection fees             | 37 522  | 41 955  | 37 522  | 41 955  |
| Clearance certificate       | 6 674   | 8 288   | 6 674   | 8 288   |
| Forfeits: unclaimed monies  | 786 084 | 478 418 | 786 084 | 478 418 |
| Tender documents            | 37 764  | 169 218 | 37 764  | 169 218 |
| Endowment/ Subdivision fees | 131 249 | -       | 131 249 | -       |

|                  |              |              |              |
|------------------|--------------|--------------|--------------|
|                  | <b>1 478</b> | <b>1 247</b> | <b>1 478</b> |
| <b>1 278 371</b> | <b>501</b>   | <b>380</b>   | <b>501</b>   |

## 22. Interest received

### Interest revenue

|                                                 |            |        |        |        |
|-------------------------------------------------|------------|--------|--------|--------|
| Ban                                             |            | 23 324 | 28 011 | 21 988 |
| k                                               | 29 617 709 | 368    | 808    | 023    |
|                                                 |            | 16 536 | 14 598 | 16 536 |
| Interest charged on trade and other receivables | 14 598 864 | 037    | 864    | 037    |

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>44 216</b> | <b>39 860</b> | <b>42 610</b> | <b>38 524</b> |
| <b>573</b>    | <b>405</b>    | <b>672</b>    | <b>060</b>    |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                                                       | Economic entity       |                       | Controlling entity    |                       |
|-----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                       | 2025                  | 2024                  | 2025                  | 2024                  |
| <b>23. Government grants &amp; subsidies</b>                          |                       |                       |                       |                       |
| <b>Operating grants</b>                                               |                       |                       |                       |                       |
| Equitable share                                                       | 491 837 000           | 463 631 000           | 491 837 000           | 463 631 000           |
| Expanded public works programme                                       | 4 460 000             | 5 823 000             | 4 460 000             | 5 823 000             |
| Department of economic development, tourism and environmental affairs | -                     | 210 584               | -                     | -                     |
| Financial management grant                                            | 1 200 000             | 1 200 000             | 1 200 000             | 1 200 000             |
| Municipal infrastructure grant                                        | 33 363 435            | 4 487 217             | 33 363 435            | 4 487 217             |
| Water services infrastructure grant                                   | 1 349 755             | -                     | 1 349 755             | -                     |
| Rural roads asset management system grant                             | 2 498 000             | 2 391 000             | 2 498 000             | 2 391 000             |
|                                                                       | <b>534 708 190</b>    | <b>477 742 801</b>    | <b>534 708 190</b>    | <b>477 532 217</b>    |
| <b>Capital grants</b>                                                 |                       |                       |                       |                       |
| Municipal Infrastructure grant                                        | 194 978 565           | 242 319 363           | 194 978 565           | 242 319 363           |
| Water services infrastructure grant                                   | 98 650 245 90 000 000 | 98 650 245 90 000 000 | 98 650 245 90 000 000 | 98 650 245 90 000 000 |
| DWS grant                                                             | 24 064 325            | -                     | 24 064 325            | -                     |
|                                                                       | <b>317 693 135</b>    | <b>332 319 363</b>    | <b>317 693 135</b>    | <b>332 319 363</b>    |
|                                                                       | <b>852 401 325</b>    | <b>810 062 164</b>    | <b>852 401 325</b>    | <b>809 851 580</b>    |

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

### Municipal infrastructure grant

|                                                                                 |               |               |               |               |
|---------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Balance unspent at beginning of year                                            | 10 500 000    | 21 176 580    | 10 500 000    | 21 176 580    |
| Current-year receipts                                                           | 217 842 000   | 236 130 000   | 217 842 000   | 236 130 000   |
| Conditions met - transferred to revenue (current year allocation - capital)     | (194 577 164) | (242 319 363) | (194 577 164) | (242 319 363) |
| Conditions met - transferred to revenue (current year allocation - operational) | (33 764 836)  | (4 487 217)   | (33 764 836)  | (4 487 217)   |

|   |               |   |               |
|---|---------------|---|---------------|
|   | <b>10 500</b> |   | <b>10 500</b> |
| - | <b>000</b>    | - | <b>000</b>    |

Conditions still to be met - remain liabilities (see note 17).

The municipal infrastructure grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas.

The operational expenditure relates to the payment of salaries for the project management unit staff.

### **Financial management grant**

|                                         |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                   | 1 200 000   | 1 200 000   | 1 200 000   | 1 200 000   |
|                                         |             | (1 200 000) | (1 200 000) | (1 200 000) |
| Conditions met - transferred to revenue | (1 200 000) |             |             |             |
|                                         | -           | -           | -           | -           |

Financial management grant is used to implement financial management reforms required by the MFMA.

### **Department of economic development, tourism and environmental affairs**

|                                      |         |         |   |   |
|--------------------------------------|---------|---------|---|---|
| Balance unspent at beginning of year | 149 796 | 149 796 | - | - |
|--------------------------------------|---------|---------|---|---|

Conditions still to be met - remain liabilities (see note 17).

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 23. Government grants & subsidies (continued)

The purpose of the grant is to revamp the agro processing facility and cold rooms. The project is fully complete and there were savings as the award was less than the allocation grant funding.

#### TIKZN - GRANT

|                                         |               |               |          |          |
|-----------------------------------------|---------------|---------------|----------|----------|
| Balance unspent at beginning of year    | 89 416        | -             | -        | -        |
| Current-year receipts                   | -             | 300 000       | -        | -        |
| Conditions met - transferred to revenue | -             | (210 584)     | -        | -        |
|                                         | <b>89 416</b> | <b>89 416</b> | <b>-</b> | <b>-</b> |

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to assist the Agency with Tourism related activities and operation of One Stop Shop(OSS) which was launched by EDTEA MEC. The remaining balance will utilised in 2024/2025.

#### Department of higher education training grant

|                                      |         |         |   |   |
|--------------------------------------|---------|---------|---|---|
| Balance unspent at beginning of year | 314 113 | 314 113 | - | - |
|--------------------------------------|---------|---------|---|---|

Conditions still to be met - remain liabilities (see note 17).

The purpose of this grant is provide funding through National Skills Fund for the capacitation of the youth with skills. The grant could not be spent during the year under review and there are engagements with the funder to reprioritize funds so that they are used in other related activities by the Agency.

#### Development bank of South Africa

|                                      |           |           |   |   |
|--------------------------------------|-----------|-----------|---|---|
| Balance unspent at beginning of year | 1 169 348 | 1 169 348 | - | - |
|--------------------------------------|-----------|-----------|---|---|

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to capacitate co-operatives through Jobs Fund Projects. There was no movement during the year, The Agency has engaged National Treasury(Jobs Fund Division).

#### Expanded public works programme

|                                         |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                   | 4 460 000   | 5 823 000   | 4 460 000   | 5 823 000   |
| Conditions met - transferred to revenue | (4 460 000) | (5 823 000) | (4 460 000) | (5 823 000) |

|  | 000) | 000) | 000) |
|--|------|------|------|
|  | -    | -    | -    |

Expanded public works programme grant is used to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas.

### Water services infrastructure grant

|                                                                                 |              |              |              |              |
|---------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                                 | 100 000      | 90 000       | 100 000      | 90 000       |
| Current-year receipts                                                           | 000          | 000          | 000          | 000          |
| Conditions met - transferred to revenue (current year allocation - capital)     | (98 650 245) | (90 000 000) | (98 650 245) | (90 000 000) |
| Conditions met - transferred to revenue (current year allocation - operational) | (1 349 755)  | -            | (1 349 755)  | -            |
|                                                                                 | -            | -            | -            | -            |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 23. Government grants & subsidies (continued)

The water services infrastructure grants is used to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services.

#### DWS grant

|                                         |              |   |              |   |
|-----------------------------------------|--------------|---|--------------|---|
| Current-year receipts                   | 24 064 325   |   | - 24 064 325 | - |
| Conditions met - transferred to revenue | (24 064 325) |   | (24 064 325) | - |
|                                         |              |   |              |   |
| DWS planning, design and related work.  | -            | - | -            | - |

#### Rural roads asset management system grant

|                                                                |             |             |             |             |
|----------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                                          | 2 498 000   | 2 391 000   | 2 498 000   | 2 391 000   |
| Conditions met - transferred to revenue                        |             |             | (2 498 000) | (2 391 000) |
|                                                                | (2 498 000) | (2 391 000) |             |             |
| Conditions still to be met - remain liabilities (see note 17). | -           | -           | -           | -           |

Rural roads asset management system grants is utilised to assess traffic management initiatives.

Interest received

### 24. Revenue

Service charges  
Rental income  
Other income  
Interest received  
Government grants & subsidies  
Skills development levy refund

**The amount included in revenue arising from non-exchange transactions is as follows: Taxation revenue**

**Transfer revenue**

Government grants & subsidies  
Skills development levy refund

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges  
Rental income  
Other income

|                |                |                |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                |                |                |                | 1 278 371      | 1 478 501      | 1 247 380      | 1 478 501      |
|                |                |                |                | 44 216 573     | 39 860 405     | 42 610 672     | 38 524 060     |
| 77 718 381     | 72 558 094     | 77 718 381     | 72 558 094     |                |                |                |                |
| 89 688         | 113 688        | -              | -              | <b>123 303</b> | <b>114 010</b> | <b>121 576</b> | <b>112 560</b> |
| 1 278 371      | 1 478 501      | 1 247 380      | 1 478 501      | <b>013</b>     | <b>688</b>     | <b>433</b>     | <b>655</b>     |
| 44 216 573     | 39 860 405     | 42 610 672     | 38 524 060     |                |                |                |                |
| 852 401        | 810 062        | 852 401        | 809 851        |                |                |                |                |
| 325            | 164            | 325            | 580            |                |                |                |                |
| 392 880        | 418 239        | 392 880        | 418 239        |                |                |                |                |
|                |                |                |                | 852 401        | 810 062        | 852 401        | 809 851        |
|                |                |                |                | 325            | 164            | 325            | 580            |
|                |                |                |                | 392 880        | 418 239        | 392 880        | 418 239        |
| <b>976 097</b> | <b>924 491</b> | <b>974 370</b> | <b>922 830</b> |                |                |                |                |
| <b>218</b>     | <b>091</b>     | <b>638</b>     | <b>474</b>     | <b>852 794</b> | <b>810 480</b> | <b>852 794</b> | <b>810 269</b> |
|                |                |                |                | <b>205</b>     | <b>403</b>     | <b>205</b>     | <b>819</b>     |
| 77 718 381     | 72 558 094     | 77 718 381     | 72 558 094     |                |                |                |                |
| 89 688         | 113 688        | -              | -              |                |                |                |                |

## 25. Bad debts written off

|                       |            |        |        |        |
|-----------------------|------------|--------|--------|--------|
|                       |            | 29 994 | 17 550 | 29 994 |
| Bad debts written off | 17 550 673 | 816    | 673    | 816    |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                              | Economic entity    |                    | Controlling entity |                    |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                              | 2025               | 2024               | 2025               | 2024               |
| <b>26</b>                                    |                    |                    |                    |                    |
| <b>. Contracted services</b>                 |                    |                    |                    |                    |
| <b>Presented previously</b>                  |                    |                    |                    |                    |
| Financial Management Support                 | 89 202             | 165 417            | -                  | -                  |
| <b>Outsourced Services</b>                   |                    |                    |                    |                    |
| Administrative and Support Staff             | 10 620 063         | 12 201 195         | 10 620 063         | 12 201 195         |
| Burial Services                              | 207 149            | 147 981            | 207 149            | 147 981            |
| Business and Advisory                        | 13 288 385         | 8 724 683          | 13 163 303         | 8 724 683          |
| Catering Services                            | 622 028            | 563 068            | 622 028            | 563 068            |
| Cleaning Services                            | 743 498            | 559 483            | 743 498            | 559 483            |
| Process audits                               | 4 996 800          | 6 570 742          | 4 996 800          | 6 570 742          |
| Security Services                            | 40 258 970         | 33 942 711         | 39 130 011         | 33 080 394         |
| Sewerage Services                            | 2 773 693          | 1 873 420          | 2 773 693          | 1 873 420          |
| <b>Consultants and Professional Services</b> |                    |                    |                    |                    |
| Business and Advisory                        | 8 747 087          | 6 412 462          | 8 747 087          | 6 412 462          |
| Legal Cost                                   | 8 829 053          | 5 673 085          | 8 269 503          | 5 516 880          |
| <b>Contractors</b>                           |                    |                    |                    |                    |
| Operational expenses on MIG allocation       | 25 444 900         | -                  | 25 444 900         | -                  |
| Catering Services                            | 349 283            | 218 228            | 349 283            | 218 228            |
| Employee Wellness                            | 25 539             | 19 872             | 25 539             | 19 872             |
| Event Promoters                              | 278 261            | 194 000            | 278 261            | 194 000            |
| Graphic Designers                            | 173 913            | -                  | 173 913            | -                  |
| Maintenance of Buildings and Facilities      | 3 980 007          | 4 288 164          | 3 980 007          | 4 288 164          |
| Maintenance of Equipment                     | 26 970 433         | 29 742 222         | 26 970 433         | 29 742 222         |
| Maintenance of Unspecified Assets            | 9 515 913          | 9 766 449          | 9 515 913          | 9 766 449          |
| Rural roads site supervision and consulting  | 3 103 279          | 2 830 479          | 3 103 279          | 2 830 479          |
| VIP toilet - (Ibisi Sewer project)           | -                  | 10 792 507         | -                  | 10 792 507         |
|                                              | <b>161 017 456</b> | <b>134 686 168</b> | <b>159 114 663</b> | <b>133 502 229</b> |
| <b>27</b>                                    |                    |                    |                    |                    |
| <b>. Depreciation and amortisation</b>       |                    |                    |                    |                    |
| Property, plant and equipment                | 116 062 778        | 100 692 249        | 114 090 232        | 98 746 033         |
| Intangible assets                            | 131 820            | 306 848            | 109 887            | 109 887            |
|                                              | <b>116 194 598</b> | <b>100 999 097</b> | <b>114 200 119</b> | <b>98 855 920</b>  |

64

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                                                                      | Economic entity |                | Controlling entity |                |
|--------------------------------------------------------------------------------------|-----------------|----------------|--------------------|----------------|
|                                                                                      | 2025            | 2024           | 2025               | 2024           |
| <b>28. Employee related costs</b>                                                    |                 |                |                    |                |
| Basic                                                                                | 166 039         | 154 150        | 158 893            | 148 362        |
| Bonus                                                                                | 762             | 988            | 561                | 530            |
| Medical aid - company contributions                                                  | 11 322 775      | 10 668 058     | 11 322 775         | 10 668 058     |
| Unemployment insurance fund                                                          | 11 461 551      | 10 904 865     | 11 461 551         | 10 904 865     |
| Leave pay provision charge                                                           | 1 091 818       | 1 063 803      | 1 064 129          | 1 042 730      |
| Health care retirement benefit                                                       | 2 004 796       | 1 233 165      | 1 755 609          | 1 020 255      |
| Social contributions - pension fund and provident fund Social contribution - SALGABC | 3 409 000       | 3 093 001      | 3 409 000          | 3 093 001      |
| Travel, motor car, accommodation, subsistence and other allowances                   | 22 977 286      | 21 591 302     | 22 977 286         | 21 591 302     |
| Overtime payments                                                                    | 58 782          | 58 234         | 58 782             | 58 234         |
| Long-service awards                                                                  | 16 175 960      | 27 346 721     | 16 175 960         | 27 346 721     |
| Acting allowances                                                                    | 24 083 375      | 21 206 787     | 24 083 375         | 21 206 787     |
| Housing benefits and allowances                                                      | 2 458 243       | 2 393 786      | 2 458 243          | 2 393 786      |
| Union Fees                                                                           | 118 244         | 38 909         | -                  | -              |
|                                                                                      | 647 318         | 651 577        | 647 318            | 651 577        |
|                                                                                      | 7 680           | 1 520          | -                  | -              |
|                                                                                      | <b>261 856</b>  | <b>254 402</b> | <b>254 307</b>     | <b>248 339</b> |
|                                                                                      | <b>590</b>      | <b>716</b>     | <b>589</b>         | <b>846</b>     |

### Remuneration of municipal manager - Mr GM Sineke

|                     |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|
| Annual Remuneration | 1 131 076 | 1 261 364 | 1 131 076 | 1 261 364 |
| Car Allowance       | 213 018   | 189 727   | 213 018   | 189 727   |
| Cellphone Allowance | 19 449    | 19 449    | 19 449    | 19 449    |
| Housing Allowance   | 120 483   | 66 621    | 120 483   | 66 621    |
| Rural Allowance     | 57 986    | 49 063    | 57 986    | 49 063    |

### Remuneration of chief finance officer - Mr KMB Mzimela

|                     |                  |                  |                  |                  |
|---------------------|------------------|------------------|------------------|------------------|
| Annual Remuneration | 1 051 884        | 1 087 883        | 1 051 884        | 1 087 883        |
| Car Allowance       | 44 179           | 37 780           | 44 179           | 37 780           |
| Housing Allowance   | 106 495          | 106 738          | 106 495          | 106 738          |
| Rural Allowance     | 47 399           | 40 720           | 47 399           | 40 720           |
| Cellphone Allowance | 19 449           | 19 449           | 19 449           | 19 449           |
|                     | <b>1 269 406</b> | <b>1 292 570</b> | <b>1 269 406</b> | <b>1 292 570</b> |

**Remuneration of social services executive director - Miss NNF Buthelezi**

|                     |         |         |         |         |
|---------------------|---------|---------|---------|---------|
| Annual Remuneration | 478 652 | 939 504 | 478 652 | 939 504 |
| Car Allowance       | 119 029 | 184 601 | 119 029 | 184 601 |
| Rural Allowance     | 26 920  | 40 720  | 26 920  | 40 720  |
| Cellphone Allowance | 11 346  | 19 449  | 11 346  | 19 449  |
| Leave payout        | 85 081  | -       | 85 081  | -       |
| Housing Allowance   | 98 413  | 133 440 | 98 413  | 133 440 |

|                                                  |                |              |                |              |
|--------------------------------------------------|----------------|--------------|----------------|--------------|
|                                                  |                | <b>1 317</b> |                | <b>1 317</b> |
| Miss NNF Buthelezi resigned on 31 December 2024. | <b>819 441</b> | <b>714</b>   | <b>819 441</b> | <b>714</b>   |

Miss T Mahlaba was acting from 1 January to 31 May 2025.

Miss T Mahlaba was appointed on 1 June 2025.

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Miss T Mahlaba's June 2025 salary is included above.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 28. Employee related costs (continued)

##### Remuneration of corporate services executive director - Mrs TT Magaqa

|                              |                      |         |                      |         |
|------------------------------|----------------------|---------|----------------------|---------|
| Annual Remuneration          | 909 014              | 995 585 | 909 014              | 995 585 |
| Car Allowance                | 247 171              | 211 435 | 247 171              | 211 435 |
| Cellphone Allowance          | 19 449               | 19 449  | 19 449               | 19 449  |
| Contributions to medical aid | 48 000               | 48 000  | 48 000               | 48 000  |
| Rural Allowance              | 47 399               | 41 597  | 47 399               | 41 597  |
|                              | <b>1 271</b>         |         | <b>1 271</b>         |         |
|                              | <b>033 1 316 066</b> |         | <b>033 1 316 066</b> |         |

##### Remuneration of water services executive director - Mr L Gwala

|                     |                    |         |                    |         |
|---------------------|--------------------|---------|--------------------|---------|
| Annual Remuneration | 833 736            | 589 452 | 833 736            | 589 452 |
| Car Allowance       | 239 994            | 131 975 | 239 994            | 131 975 |
| Cellphone Allowance | 19 449             | 12 966  | 19 449             | 12 966  |
| Housing Allowance   | 130 226            | 86 817  | 130 226            | 86 817  |
| Rural Allowance     | 47 399             | 27 435  | 47 399             | 27 435  |
|                     | <b>1 270</b>       |         | <b>1 270</b>       |         |
|                     | <b>804 848 645</b> |         | <b>804 848 645</b> |         |

##### Remuneration of infrastructure executive director - Mr N Biyase

|                     |                      |         |                      |         |
|---------------------|----------------------|---------|----------------------|---------|
| Annual Remuneration | 837 936              | 977 257 | 837 936              | 977 257 |
| Car Allowance       | 371 334              | 300 359 | 371 334              | 300 359 |
| Rural Allowance     | 47 399               | 40 629  | 47 399               | 40 629  |
| Cellphone Allowance | 19 449               | 19 449  | 19 449               | 19 449  |
|                     | <b>1 276</b>         |         | <b>1 276</b>         |         |
|                     | <b>118 1 337 694</b> |         | <b>118 1 337 694</b> |         |

##### Remuneration of Board Members

|                      |                    |         |   |   |
|----------------------|--------------------|---------|---|---|
| Annual Remuneration  | 667 357            | 500 889 | - | - |
| Board Members Travel | 56 953             | 67 758  | - | - |
|                      | <b>724</b>         |         |   |   |
|                      | <b>310 568 647</b> |         | - | - |

##### Remuneration of Chief Executive Officer - Harry Gwala Development Agency - Ms ACR Whyte

|                     |         |         |   |   |
|---------------------|---------|---------|---|---|
| Annual Remuneration | 909 680 | 949 983 | - | - |
| Car Allowance       | 167 076 | 180 000 | - | - |

|                              |                      |        |          |          |
|------------------------------|----------------------|--------|----------|----------|
| Cellphone Allowance          | 27 500               | 30 000 | -        | -        |
| Contributions to UIF and SDL | 14 644               | 14 467 | -        | -        |
| Remote Allowance             | 43 070               | 45 199 | -        | -        |
| Travel Reimbursement         | -                    | 41 578 | -        | -        |
| Back Pay                     | 9 719                | 59 215 | -        | -        |
| Leave Paid Out               | 68 981               | -      | -        | -        |
|                              | <b>1 240</b>         |        |          |          |
|                              | <b>670 1 320 442</b> |        | <b>-</b> | <b>-</b> |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 28. Employee related costs (continued)

#### Remuneration of Chief Financial Officer - Harry Gwala Development

##### Agency - MR LL Makhaye

|                              |                  |              |   |   |
|------------------------------|------------------|--------------|---|---|
| Annual Remuneration          | 898 022          | 870 387      | - | - |
| Car Allowance                | 144 000          | 144 000      | - | - |
| Cellphone Allowance          | 19 449           | 19 449       | - | - |
| Contributions to UIF and SDL | 14 114           | 12 912       | - | - |
| Back Pay                     | 8 725            | 55 238       | - | - |
| Remote Allowance             | 41 681           | 40 576       | - | - |
| Acting Allowance             | 28 027           | -            | - | - |
| Travel Reimbursement         | 14 077           | 15 880       | - | - |
| Leave Paid Out               | 32 320           | -            | - | - |
|                              |                  | <b>1 158</b> |   |   |
|                              | <b>1 200 415</b> | <b>442</b>   | - | - |

#### Transfer payment

Transfer payments - Harry Gwala Development

|        |   |              |            |
|--------|---|--------------|------------|
| Agency | - | - 20 000 000 | 17 000 000 |
|--------|---|--------------|------------|

The transfers from the district municipality to its municipal entity are carried out to provide the necessary financial resources for the day-to-day operational activities of the entity. These funds are intended to support various functions, projects, and initiatives that contribute to the provision of essential services to the community and the achievement of our organizational goals.

### 29. Finance costs

|                          |          |              |          |              |
|--------------------------|----------|--------------|----------|--------------|
| Trade and other payables | -        | 2 153        | -        | 2 153        |
| Bank                     | -        | 596          | -        | -            |
|                          | <b>-</b> | <b>2 749</b> | <b>-</b> | <b>2 153</b> |

### 30. Inventory consumed

|                                              | 2025       | 2024      | 2025       | 2024      |
|----------------------------------------------|------------|-----------|------------|-----------|
| Consumables: Water treatment works chemicals | 4 930 318  | 4 484 410 | 4 930 318  | 4 484 410 |
| Consumables: Other                           | 15 770     | 76 446    | 15 770     | 76 446    |
| Materials and supplies                       | 770 125    | 3 464 485 | 770 125    | 3 464 485 |
|                                              |            | 25 395    |            | 25 395    |
| Bulk purchases - water                       | 27 881 715 | 858       | 27 881 715 | 858       |

|  | <b>33 597<br/>928</b> | <b>33 421<br/>199</b> | <b>33 597<br/>928</b> | <b>33 421<br/>199</b> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|--|-----------------------|-----------------------|-----------------------|-----------------------|

### 31. Operating lease

#### Plant and equipment

|                     |        |        |   |   |
|---------------------|--------|--------|---|---|
| Contractual amounts | 74 696 | 74 696 | - | - |
|---------------------|--------|--------|---|---|

#### Minimum lease payment due

|                                                                            |  |  |                |          |
|----------------------------------------------------------------------------|--|--|----------------|----------|
| Due within one year                                                        |  |  | 55 760         | -        |
| Due within a period that is excess of one year but not longer than 5 years |  |  | 111 520        | -        |
|                                                                            |  |  | <b>167 280</b> | <b>-</b> |

Current year relates to lease of photocopier from Konica, the lease contract was in use for the duration of 2024/2025 Financial Year however the contract ended in 30 June 2025 and there were no minimum lease payment due in the next financial year or next 12 months for the lease. The entity entered in a new contract with ITEC Newcastle for a period of 36 Months and the above minimum lease disclosure relates to the new contract concluded in June 2025.



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                    | Economic entity   |                   | Controlling entity |                   |
|------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                    | 2025              | 2024              | 2025               | 2024              |
| <b>32. Operational costs</b>       |                   |                   |                    |                   |
| Advertising                        | 2 248 811         | 2 980 573         | 2 134 977          | 2 749 350         |
| Auditors remuneration              | 6 362 303         | 5 047 189         | 5 765 462          | 4 572 278         |
| Bank charges                       | 143 665           | 145 632           | 128 633            | 126 651           |
| Cleaning                           | 64 320            | 112 053           | -                  | -                 |
| Commission paid                    | 588 656           | 595 416           | 588 656            | 595 416           |
| ICT support                        | 302 169           | 67 183            | -                  | -                 |
| Programme Expenses                 | 3 368 124         | 5 857 285         | -                  | -                 |
| Hire                               | 1 119 188         | 1 187 789         | 1 119 188          | 1 187 789         |
| Insurance                          | 2 351 975         | 2 529 962         | 2 179 727          | 2 391 989         |
| Fleet                              | 1 048 653         | 1 920 410         | 1 048 653          | 1 920 410         |
| Motor vehicle expenses             | 432 996           | 452 669           | 432 996            | 452 669           |
|                                    |                   | 12 947            | 12 398             | 12 947            |
| Fuel and oil                       | 12 398 267        | 235               | 267                | 235               |
| Printing and stationery            | 2 153 458         | 1 213 693         | 2 064 728          | 1 137 382         |
| Protective clothing                | 4 130 436         | 2 740 053         | 4 116 482          | 2 740 053         |
| Repairs and maintenance            | 51 909            | 133 470           | -                  | -                 |
| Software expenses                  | 5 527 810         | 4 633 657         | 5 527 810          | 4 633 657         |
| Bursaries for employees            | 142 145           | 62 752            | 119 998            | 62 752            |
| Subscriptions and membership fees  | 124 577           | 121 918           | 109 626            | 121 918           |
| Communication                      | 4 396 365         | 3 660 519         | 4 366 795          | 3 630 359         |
| Transport and freight              | -                 | 561 854           | -                  | 561 854           |
| Training                           | 84 088            | 40 584            | -                  | -                 |
| Travel - local                     | 4 453 085         | 3 277 480         | 4 153 890          | 2 989 816         |
|                                    |                   | 24 758            | 36 638             | 24 422            |
| Electricity                        | 36 904 999        | 486               | 785                | 215               |
| Event registration fees            | 438 194           | 934 076           | 238 271            | 710 698           |
| Rental of offices                  | 417 167           | 480 698           | 417 167            | 480 698           |
| Assets less than capital threshold | 77 864            | -                 | 77 864             | -                 |
| Skills development levy            | 2 086 849         | 2 040 561         | 2 011 390          | 1 983 835         |
| Leasingship                        | -                 | 166 868           | -                  | 166 868           |
| Signage                            | 36 910            | -                 | 36 910             | -                 |
| SALGA fees                         | 2 812 423         | 2 767 545         | 2 807 961          | 2 767 545         |
| Work Compensation                  | -                 | 929 522           | -                  | 929 522           |
|                                    | <b>94 267 406</b> | <b>82 367 132</b> | <b>88 484 236</b>  | <b>74 282 959</b> |

### 33. Remuneration of councillors

|                 |           |           |           |           |
|-----------------|-----------|-----------|-----------|-----------|
| Executive Major | 1 725 601 | 1 532 503 | 1 058 244 | 1 031 614 |
|-----------------|-----------|-----------|-----------|-----------|

|                             |                  |              |              |              |
|-----------------------------|------------------|--------------|--------------|--------------|
| Deputy Executive Mayor      | 933 334          | 903 605      | 876 381      | 835 847      |
| Executive Committee Members | 1 680 532        | 1 385 483    | 1 680 532    | 1 385 483    |
| Speaker                     | 876 382          | 823 795      | 876 382      | 823 795      |
| Councillors                 | 1 669 330        | 1 622 309    | 1 669 330    | 1 622 309    |
| Chief Whip                  | 481 021          | 464 818      | 481 021      | 464 818      |
| Meeting allowance           | 483 929          | 359 736      | 483 929      | 359 736      |
| Travelling allowance        | 455 452          | 408 298      | 455 452      | 408 298      |
|                             |                  | <b>7 500</b> | <b>7 581</b> | <b>6 931</b> |
|                             | <b>8 305 581</b> | <b>547</b>   | <b>271</b>   | <b>900</b>   |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### Remuneration of councillors

#### (continued) In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

### 34. Impairment loss

#### Impairments

|                               |                  |                |              |                |
|-------------------------------|------------------|----------------|--------------|----------------|
|                               |                  | 138 517        |              | 138 517        |
| Property, plant and equipment | 2 116 953        | 301            | 2 116 953    | 301            |
| Intangible assets             | 111 320          | -              | -            | -              |
|                               |                  | 15 810         |              | 15 810         |
| Trade and other receivables   | 7 223 521        | 780            | 7 223 521    | 780            |
|                               |                  |                |              |                |
|                               |                  | <b>154 328</b> | <b>9 340</b> | <b>154 328</b> |
|                               | <b>9 451 794</b> | <b>081</b>     | <b>474</b>   | <b>081</b>     |

#### Reversal of impairments

|                                             |                  |                |              |                |
|---------------------------------------------|------------------|----------------|--------------|----------------|
|                                             |                  | (5 015         | (4 316       | (5 015         |
| Trade and other receivables                 | (4 316 769)      | 095)           | 769)         | 095)           |
|                                             |                  |                |              |                |
| <b>Total impairment losses (recognised)</b> |                  | <b>149 312</b> | <b>5 023</b> | <b>149 312</b> |
| <b>reversed</b>                             | <b>5 135 025</b> | <b>986</b>     | <b>705</b>   | <b>986</b>     |

### 35. Cash generated from operations

|                               |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|
|                               | 246 204 | 124 015 | 242 617 | 123 494 |
| Surplus                       | 475     | 008     | 719     | 509     |
| <b>Adjustments for:</b>       |         |         |         |         |
|                               | 116 194 | 100 999 | 114 200 | 98 855  |
| Depreciation and amortisation | 598     | 097     | 119     | 920     |

|                                                        |                |                |                |                |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|
| Gain on sale of assets and liabilities                 | 55             | 1 212 335      | -              | 1 190 315      |
|                                                        |                | 149 312        |                | 149 312        |
| Impairment deficit                                     | 5 135 025      | 986            | 5 023 705      | 986            |
|                                                        |                | 29 994         | 17 550         | 29 994         |
| Debt impairment                                        | 17 550 673     | 816            | 673            | 816            |
| Movements in retirement benefit assets and liabilities | 4 440 000      | 2 801 001      | 4 440 000      | 2 801 001      |
|                                                        | (20 949        | (1 133         | (20 949        | (1 133         |
| Capital assets purchases on credit                     | 720)           | 719)           | 720)           | 719)           |
| Other non-cash items                                   | 46             | (7 071)        | -              | -              |
| <b>Changes in working capital:</b>                     |                |                |                |                |
| Inventories                                            | (97 184)       | (142 560)      | (97 184)       | (142 560)      |
|                                                        | (21 194        | (21 126        | (21 194        | (20 691        |
| Consumer debtors                                       | 336)           | 447)           | 201)           | 123)           |
| Other receivables from non-exchange transactions       | 96 667         | 47 160         | 96 667         | 47 160         |
|                                                        |                | (2 417         | (6 087         | (2 417         |
| Statutory receivables                                  | (6 087 782)    | 102)           | 782)           | 102)           |
|                                                        |                | (2 751         | 72 086         | (2 143         |
| Payables from exchange transactions                    | 73 549 441     | 721)           | 178            | 381)           |
|                                                        |                | 15 467         | (5 440         | 15 595         |
| VAT                                                    | (5 123 544)    | 227            | 183)           | 516            |
|                                                        | (10 500        | (10 676        | (10 500        | (10 676        |
| Unspent conditional grants and receipts                | 000)           | 580)           | 000)           | 580)           |
| Consumer deposits                                      | 261 923        | 763 884        | 261 923        | 763 884        |
|                                                        | <b>399 480</b> | <b>386 358</b> | <b>392 007</b> | <b>384 851</b> |
|                                                        | <b>337</b>     | <b>314</b>     | <b>914</b>     | <b>642</b>     |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                                        | Economic entity |                | Controlling entity |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|--------------------|----------------|
|                                                                                                                                                                                        | 2025            | 2024           | 2025               | 2024           |
| <b>Commitments</b>                                                                                                                                                                     |                 |                |                    |                |
| <b>Authorised capital expenditure</b>                                                                                                                                                  |                 |                |                    |                |
| <b>Already contracted for but not provided for</b>                                                                                                                                     |                 |                |                    |                |
| • Property, plant and equipment                                                                                                                                                        | -               | 460 810<br>136 | -                  | 460 810<br>136 |
| <b>Total capital commitments</b>                                                                                                                                                       |                 | 460 810        |                    | 460 810        |
| Already contracted for but not provided for                                                                                                                                            | -               | 136            | -                  | 136            |
| <b>Authorised operational expenditure</b>                                                                                                                                              |                 |                |                    |                |
| This committed capital expenditure relates to water and sanitation projects that have been awarded and will be financed by conditional grants gazetted and funds internally generated. |                 |                |                    |                |
| <b>Total commitments</b>                                                                                                                                                               |                 |                |                    |                |
| <b>Total commitments</b>                                                                                                                                                               |                 |                |                    |                |
| Authorised capital expenditure                                                                                                                                                         | -               | 460 810 136    | -                  | 460 810 136    |

70

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 37. Contingencies

#### Contingent liabilities

|                                     | 2025          | 2024          | 2025          | 2024          |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Mdlebeni Trading (Pty) Ltd          | -             | 10 000        | -             | 10 000        |
| Unitrade 1047 CC T/A Isidingo       | -             | 500 000       | -             | 500 000       |
| Security Services Unlawful arrest   | -             | 210 000       | -             | 210 000       |
| and detention Water scheme project  | 150 000       | 150 000       | 150 000       | 150 000       |
| Impande Consulting engineers        |               | 56 499        | 56 499        | 56 499        |
| Lerumo Lantate Training and         | 56 499 504    | 504           | 504           | 504           |
| Development Services                | 1 000 000     | 1 000 000     | 1 000 000     | 1 000 000     |
| Lakani Projects Pty Ltd             | 65 000        | 3 500 000     | 65 000        | 3 500 000     |
| Mahlasela and Sons Property         | 300 000       | 500 000       | 300 000       | 500 000       |
| Zana Manzi Services                 | -             | 400 000       | -             | 400 000       |
| Proprietary Limited Telela          | 63 722        | 63 722        | 63 722        | 63 722        |
| Matutyana & Siviwe Desi             | 138 546       | 138 456       | 138 546       | 138 456       |
| Rheochem (Pty) Ltd                  | -             | 1 404 216     | -             | -             |
| National Skills Funds Service       | 243 461       | 743 461       | -             | -             |
| Providers Ithala Bank Loan          | 424 546       | -             | -             | -             |
| Company Secretary (Siyatamba Sokutu | 9 952 815     | -             | 9 952 815     | -             |
| Attorneys)                          | 2 455 731     | -             | 2 455 731     | -             |
| Egxen Engineering T/A Umpisi        | 421 169       | -             | 421 169       | -             |
| Construction                        |               |               |               |               |
| Ziyanda Consulting                  | <b>71 714</b> | <b>65 119</b> | <b>71 046</b> | <b>62 971</b> |
| Makhaotse Narasimulu                | <b>494</b>    | <b>359</b>    | <b>487</b>    | <b>682</b>    |

71



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 37.Contingencies (continued)

The municipality has no present obligations on the above matters.

These are all possible obligations dependent on court outcomes.

#### Mdlebeni Trading (Pty) Ltd

The service provider was claiming an amount of R1 254 000 against the municipality for an alleged breach of contract .The plaintiff has taken no further steps to prosecute its claim. The previous attorney's of the plaintiff have withdrawn. Arrangements for the pre-trial conference are being made.

#### Unitrade 1047 CC T/A Isidingo Security Services

This matter involves a damages claim instituted by Unitrade, relating to the awarding of a tender. The matter has been defended. A pre-trial conference has been held however the plaintiff has taken no steps to enrol the matter for trial.

#### Unlawful arrest and detention

This matter is in relation to the alleged unlawful arrest and detention of Mr Mdladlana.As a results Mr Mdladlana claims the damages of R500 000. The matter is in the stage of recover.In a process to depose the discover deposit.

#### Water scheme project

This is a matter where the Khuzwayo family has demanded payment of R2 000 000 as compensation for the Municipality's construction of water treatment plant on parts of its property .The Municipality may have to pay the family , far less than what they initially demanded.

#### Impande Consulting Engineers

Impande issued summons against the municipality relating to the termination of their contract on which they were appointed on the panel , tender bid number 749/HGDM/2021, for services related to immovable and movable assets management.

Impande issued summons against the municipality relating to the account alleged to be in arrears as they had already provided the services to the municipality on their contract on which they were appointed on the panel , tender bid number 749/HGDM/2021, for services related to immovable and movable assets management.

Impande applied to review and set aside the appointment of the engineers named TSI ,under the tender number 749/HGDM/2021.

**Lerumo Lantate Training and Development Services**

Harry Gwala District` Municipality has a civil claim instituted by Lerumo Lantate Training and Development Services at the Pietermaritzburg High Court, under case number: 9372/2022P. The claim amount is R 736 319.90 and interests from the date of demand.

**Lakani Projects (PTY) LTD**

The municipality is engaged in legal proceedings initiated by Lakani Projects( PTY) Ltd. regarding the construction of VIP toilets in Umzimkhulu.Lakani projects had instituted actions against the municipality , alleging contractual and project related issues. The municipality is defending itself against the legal claim brought forth by Lakani Projects (PTY) Ltd. There hasn't been not much activity , then the estimate of the contingent liability is reduced.

**Mahlasela And Sons Property Limited**

The municipality is currently involved in legal proceedings initiated by Mahlasela and Sons pertaining the right to use of land for the construction of a water project. Mahlasela and sons applied for an interdict from the court to stop the municipality from proceeding with the water projects works in Summerfield. The municipality is defending itself against the legal claim brought forth by Mahlasela and sons.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 37. Contingencies (continued)

#### Zana Manzi Services Proprietary Limited

Zana Manzi Services Proprietary Limited instituted an action against the Municipality, claiming an amount of R 4 546 489,78 the interest from the date of demand and costs of suit.

#### Telela Matutyana & Siviwe Desi

Action for damages arising from a motor vehicle collision as a result of an excavation within the municipal boundaries. The road does not belong to Harry Gwala District Municipality.

#### Rheochem (Pty) Ltd

Claim against the Municipality for rental of chemical containers as well as holding over damages for not returning same to supplier.

#### The Present Trading & Project CC

This is an application for the return of certain goods that were confiscated by the Municipality. The future financial impact cannot be estimated at this point.

#### Town and Around Cilvil

Matter was finalised. Application for review was dismissed with cost.

#### Egxen Engineering T/A Umpisi Construction

The consultant sued the municipality for outstanding fees totaling to R9 952 818.02. The matter is being defended

#### Ziyanda Consulting

The consultant ( Ziyanda Consulting)sued the municipality for the outstanding fees totaling to R2 455 731.22. The matter is currently defended.

#### Makhaotse Narasimulu

The consultant sued the municipality for outstanding fees totaling to R421 168.82. The matter is currently defended.

#### NSF Service Providers

R1 404 216 was raised in 2020 based on a pending litigation for the payment of National Skills Funds Service Providers whose payments were withheld by the Agency. This is no longer deemed to be probable , the confirmation from attorneys has been received confirming that according to Prescriptions act of 1969, a creditor has three years from the

date that the debt becomes due, owing , and payable to pursue it. If the creditor fails to pursue the claim, the claim is regarded as being extinguished or prescribed and is no longer claimable from the debtor.

### **Ithala Bank**

R243 461 relates to the difference between the loan confirmed in the prior year and current year by Ithala, this resulted in consistence which will require the management to engage with the bank for further confirmation and validation. Management had a meeting with ithala regarding this, Ithala Bank acknowledged an error of including R500 000.00 which was a Grant received for Cold rooms from EDTEA, they indicated that they want to perform a reconciliation and provide us with a confirmation of the remaining liability balance.

**Harry Gwala District Municipality and its Municipal Entity**  
(Registration number D43)  
Annual Financial Statements for the year ended 30 June 2025

**Notes to the Annual Financial Statements**

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

**Contingencies**

**(continued) Sokutu**

**Attorney**

The new contingent liability emanated from the dispute of invoices between the entity and Sokutu Attorneys appointed as the Company Secretary of the entity, details of the litigation is attached in the working paper file as the matter is before the court scheduled to sit on the 9th of September 2025

74

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 38. Related parties

#### Related party transactions

##### Transfer payments to related parties

|                                |            |  |        |
|--------------------------------|------------|--|--------|
|                                |            |  | 17 000 |
| Harry Gwala Development Agency | 20 000 000 |  | 000    |

The transfer to the municipal entity is meant to assist the entity's day to day operations. No conditions are attached to these transfers except that these amounts should be spend according to the approved budget.

#### Key management information

| Class                | Description                                  | Number |
|----------------------|----------------------------------------------|--------|
| Accounting Officer   | Municipal manager                            | 1      |
| Executive management | Executive management                         | 5      |
| Councillors          | District Mayor                               | 1      |
| Councillors          | Deputy Mayor                                 | 1      |
| Councillors          | Speaker                                      | 1      |
| Councillors          | Ordinary councillors and traditional leaders | 25     |

#### Remuneration of management

##### Management class: Board members

Refer to note 28

##### Management class: Councillors

#### 2025

| Name              | Basic salary | Cellphone allowance | Travelling allowance | Medical aid contributions | Pension contributions | Total     |
|-------------------|--------------|---------------------|----------------------|---------------------------|-----------------------|-----------|
| Executive Mayor   | 811 799      | 43 200              | 202 950              | 295                       | -                     | 1 058 244 |
| Deputy mayor      | 649 432      | 43 200              | 162 358              | -                         | 21 391                | 876 381   |
| Speaker           | 649 432      | 43 200              | 162 358              | -                         | 21 391                | 876 381   |
| EXCO members      | 1 216 101    | 129 600             | 310 880              | 266                       | 23 685                | 1 680 532 |
| Chief Whip        | 343 654      | 43 200              | 93 737               | 431                       | -                     | 481 022   |
| Other councillors | 1 918 423    | 216 000             | 455 713              | 1 111                     | 17 464                | 2 608 711 |

|                  |                |              |              |               |              |
|------------------|----------------|--------------|--------------|---------------|--------------|
|                  |                | <b>1 387</b> |              |               | <b>7 581</b> |
| <b>5 588 841</b> | <b>518 400</b> | <b>996</b>   | <b>2 103</b> | <b>83 931</b> | <b>271</b>   |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 38. Related parties (continued)

2024

| Name              | Basic salary | Cellphone allowance | Travelling allowance | Medical aid contributions | Pension contributions | Total            |
|-------------------|--------------|---------------------|----------------------|---------------------------|-----------------------|------------------|
| Executive Mayor   | 778 134      | 45 600              | 197 692              | 10 188                    | -                     | 1 031 614        |
| Deputy mayor      | 608 385      | 45 600              | 158 156              | -                         | 23 706                | 835 847          |
| Speaker           | 597 973      | 45 600              | 158 156              | -                         | 22 066                | 823 795          |
| EXCO members      | 954 103      | 136 800             | 248 149              | 10 660                    | 35 771                | 1 385 483        |
| Chief Whip        | 324 274      | 45 600              | 87 791               | 7 153                     | -                     | 464 818          |
| Other councillors | 1 761 379    | 228 000             | 346 944              | 3 200                     | 51 013                | 2 390 536        |
|                   |              |                     | <b>1 196 888</b>     | <b>31 201</b>             | <b>132 556</b>        | <b>6 932 093</b> |

Refer to page 2 "General information (Council)"

#### Management class: Executive management

Refer to note 28

76

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 39. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

##### 30 June 2024

|                                                              | Not<br>e | As previously<br>reported | Correction of<br>error | Restated        |
|--------------------------------------------------------------|----------|---------------------------|------------------------|-----------------|
| Vat Receivables                                              | 7        | 13 857 907                | 24 599                 | 13 882 506      |
|                                                              |          | (107 150)                 | (208 840)              | (107 359)       |
| Payable from exchanged transactions                          | 13       | 527)                      |                        | 367)            |
| Accumulated depreciation Infrastructure water and sanitation | 10       | (781 786                  | (535 216)              | (782 321        |
| Accumulated amortisation                                     | 11       | 708)                      |                        | 924)            |
|                                                              |          | (282 119)                 | 92 106                 | (190 013)       |
|                                                              |          | 3 716 222                 | (10 792 507)           | 3 705           |
| Infrastructure water and sanitation                          |          | 681                       |                        | 430 174         |
|                                                              |          | (3 075 295                | 11 252                 | (3 064 042      |
| Accumulated surplus                                          | 10       | 721)                      | 981                    | 740)            |
|                                                              |          | <b>(234 434</b>           | <b>(166</b>            | <b>(234 601</b> |
|                                                              |          | <b>487)</b>               | <b>877)</b>            | <b>364)</b>     |

#### Statement of financial performance

##### 30 June 2024

|                      | Not<br>e | As previously<br>reported | Correction of<br>error | Restated       |
|----------------------|----------|---------------------------|------------------------|----------------|
|                      |          |                           | 10 968                 | 133 502        |
| Contracted services  | 26       | 122 533 973               | 256                    | 229            |
| Operational expenses | 32       | 74 274 467                | 8 492 74               | 282 959        |
| Depreciation         | 27       | 98 210 817                | 535 216                | 98 746 033     |
| Amortisation         | 27       | 201 993                   | (92 106)               | 109 887        |
|                      |          | <b>295 221</b>            | <b>11 419</b>          | <b>306 641</b> |
|                      |          | <b>250</b>                | <b>858</b>             | <b>108</b>     |

#### Surplus for the year

#### Errors

77

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 39. Prior-year adjustments (continued)

The following prior period errors adjustment occurred:

#### Vat receivables

There were accruals, relating to 2023/24 financial year, that were identified and recorded after the AFS submission. The input vat amount on these accruals amounted to R24 599.

#### Accumulated depreciation

During 2024/25 financial year, it was discovered that the Clysdale project was completed in 2023 financial year.

The accumulated depreciation is therefore accounted for up to the year ending June 2024.

#### Infrastructure Water and Sanitation

During the 2024/25 financial year, when the unbundling of the Ibisi project was conducted, it was noted that VIP toilets amounting to R10 792 507 were constructed together with the sewer line project. VIP toilets are not capital assets of the municipality and therefore had to be expensed. The 2023/24 comparative is thus restated.

#### Trade payables and other payables

There were accruals, relating to 2023/24 financial year, that were identified and recorded after the AFS submission. They amounted to R208 839.

#### Contracted Services

There were accruals, relating to 2023/24 financial year, that were identified and recorded after the AFS submission. Expenditure relating to contracted services amounted to R175 749.

During the 2024/25 financial year, when the unbundling of the Ibisi project was conducted, it was noted that VIP toilets amounting to R10 792 507 were constructed together with the sewer line project. VIP toilets are not capital assets of the municipality and therefore had to be expensed. The 2023/24 comparative is thus restated.

**Operational costs**

There were accruals, relating to 2023/24 financial year, that were identified and recorded after the AFS submission. Expenditure relating to operational costs amounted to R8 492.

**Service charges**

There was a refund for Water tankers that was authorised to be paid in 2022 Financial year, however it was not paid in the bank and only discovered during 2024 Financial year, It was cancelled, recaptured and paid amount of R 1 603.

**Accumulated Depreciation on Infrastructure Water and Sanitation**

During 2023/24 financial year , it was discovered that two capital projects that were still included in Work In Progress, were infact completed and had to be transferred to completed assets.

These projects were completed in the prior years.

The accumulated depreciation up to 30 June 2023 on the assets was calculated and amounts to R1 593 500.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 39. Prior-year adjustments (continued)

#### Depreciation

During 2024/25 financial year, it was discovered that the Clysdale project was completed in 2023 financial year.

Depreciation expense is thus provided for the 2023/24 financial year.

#### Amortisation

In the period ending 30 June 2024, A correction is done during 2025 financial of impairment loss incorrectly allocated to amortisation.

#### Splitting of vat disclosure

In 2024/25 financial year , the municipality adopted the ASB guidance in the classification and presentation of VAT , based on the principles in GRAP 104 on Financial

Instruments and GRAP 108 on Statutory Receivables.

Statutory Receivable is separately disclosed from the VAT Accruals. Input VAT Accrual and Output VAT accrual are not offset; they are separately presented. VAT Receivable presented in the prior year was restated to show the separate presentation.

#### Change in Accounting Policy

##### Nature of Change

In the prior financial year, Value Added Tax (VAT) balances were presented on a net basis in the Statement of Financial Position. This approach resulted in the offsetting of Input VAT and Output VAT, with the net amount disclosed under statutory receivables or payables.

##### Current Year Treatment

During the current financial year, the municipality reviewed its accounting policy for VAT presentation, as per ASB guidance to enhance transparency and compliance with the principles of **GRAP 1: Presentation of Financial Statements; GRAP 104: Financial Instruments and GRAP 108 Statutory Receivables.**

As a result, VAT accounts are now disclosed separately as follows:

- i) **VAT Accruals** represents the amounts that are associated with transactions that are yet to be settled.

1. Input VAT accruals; representing VAT recoverable on goods and services acquired.
  2. Output VAT accruals; representing VAT payable on taxable supplies made.
- ii) **Statutory Receivable** representing amounts due from SARS in respect of VAT refunds.

### **Reason for Change**

The change was implemented to provide more relevant and reliable information to users of the financial statements by clearly distinguishing between VAT components, improving comparability and compliance with applicable GRAP standards.

### **Impact on Financial Statements**

The change in accounting policy has been applied retrospectively in accordance with

#### **GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.**

Comparative figures have been restated to reflect the separate disclosure of VAT accounts. The effect of the restatement is



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 39. Prior-year adjustments (continued) as follows:

-Prior year statutory receivable/payable has been reclassified into Input VAT Accrual, Output VAT Accrual, and Statutory Receivable.

-There is no impact on net assets or surplus/deficit for the prior year.

#### Comparative Figures

Comparative figures have been restated to reflect the separate disclosure of VAT accounts. The restatement does not affect the Statement of Financial Position.

#### Statement of Financial Position Previously Presented

|                | Column heading | 2025 | 2024       |
|----------------|----------------|------|------------|
| VAT Receivable | -              | -    | 13 857 907 |

#### Statement of Financial Position -Restated

|                      | 2025              | 2024              |
|----------------------|-------------------|-------------------|
| Input VAT Accrual    | 21 229 582        | 14 254 618        |
| Statutory Receivable | 10 265 139        | 4 167 674 (4 539) |
| Output VAT Accrual   | (6 074 566)       | 785)              |
|                      | <b>25 420 155</b> | <b>13 882 507</b> |

#### Explanation:

-Previously, VAT was presented as a single net amount of **R13 857 907** under VAT receivable.

-Under the new policy, Input VAT Accrual, Output VAT Accrual and Statutory Receivable are disclosed separately.

-There is **no impact on net assets or surplus/deficit**.

80

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 40. Risk

##### management

##### Financial risk

##### management

##### Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Economic entity

##### At 30 June 2025

|                                                          | Less than 1 year |   |   |   |
|----------------------------------------------------------|------------------|---|---|---|
| Unspent conditional grants and receipts                  | 1 722 673        |   |   |   |
| Trade and other payables                                 | 182 395 249      |   |   |   |
| Consumer deposits                                        | 3 440 893        |   |   |   |
| Other financial liabilities (Revolving Loan From Ithala) | 2 770 602        |   |   |   |
| Output Vat accruals                                      | 6 106 204        | - | - | - |

##### At 30 June 2024

|                                                          | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------------------------------------|------------------|-----------------------|-----------------------|--------------|
| Unspent conditional grants and receipts                  | 12 222 673       |                       |                       |              |
| Trade and other payables                                 | 108 827 715      |                       |                       |              |
| Long-term payable from exchange transactions             | 2 400 000        | 2 400 000             | 7 200 000             | 805 816      |
| Consumer deposits                                        | 3 178 970        |                       |                       |              |
| Other financial liabilities (Revolving Loan From Ithala) | 2 770 602        |                       |                       |              |
| Output Vat accruals                                      | 4 553 321        | -                     | -                     | -            |

#### Controlling entity

##### At 30 June 2025

|                          | Less than 1 year |
|--------------------------|------------------|
| Trade and other payables | 179 445 541      |
| Consumer deposits        | 3 440 893        |
| Output Vat accruals      | 6 074 566        |

| <b>At 30 June 2024</b>                       | <b>Less than 1<br/>year</b> | <b>Between 1<br/>and 2<br/>years</b> | <b>Between 2<br/>and 5<br/>years</b> | <b>Over 5<br/>years</b> |
|----------------------------------------------|-----------------------------|--------------------------------------|--------------------------------------|-------------------------|
| Unspent conditional grants and receipts      | 10 500 000                  |                                      |                                      |                         |
| Payables from exchange transactions          | 107 359 366                 |                                      |                                      |                         |
| Long-term payable from exchange transactions | 2 400 000                   | 2 400 000                            | 7 200 000                            | 805 816                 |
| Consumer deposits                            | 3 178 970                   |                                      |                                      |                         |
| Output Vat accruals                          | 4 539 785                   | -                                    | -                                    | -                       |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 40. Risk management

##### (continued) Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument                       | Economic<br>entity - 2025 | Economic<br>entity -<br>2024 | Controlling<br>entity -<br>30<br>June<br>2025 | Controlling<br>entity -<br>2024 |
|--------------------------------------------|---------------------------|------------------------------|-----------------------------------------------|---------------------------------|
| Cash and cash equivalents                  | 288 287 661               | 227 853 789                  | 262 907 259                                   | 209 430 269                     |
| Receivables from exchange transactions     | 236 764 607               | 234 168 905                  | 236 764 607                                   | 234 168 905                     |
| Receivables from non-exchange transactions | 5 625 084                 | 5 827 505                    | 5 625 084                                     | 5 827 505                       |
| Input Vat accruals                         | 21 229 582                | 14 254 618                   | 21 229 582                                    | 14 254 618                      |

#### Market risk

##### Interest rate risk

#### 41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the municipality continue to receive conditional grants and equitable share allocations as gazetted for the ongoing operations for the municipality.

42.Events after the reporting date

On 28 August 2025 , the municipal council set and the following resolutions were taken. Based on the investigations performed by the MPAC, the council resolved to write off the irregular expenditure incurred amounting to R112 226 301.95 relating to historical contracts and the unauthorised expenditure amounting to R127 976 270 incurred in 2023/24. Council resolved to adopt the 2024/25 adjustment budget for unforeseen expenditure incurred.

43.Unauthorised expenditure

|                                         |               |                |               |                |
|-----------------------------------------|---------------|----------------|---------------|----------------|
| Opening balance as previously reported  | 127 989       |                | 127 976       |                |
| Add: Unauthorised expenditure - current | 570           | 9 704 977      | 270           | 9 691 677      |
| Less: Amount written off - prior period |               | 127 976        |               | 127 976        |
| <b>Closing balance</b>                  | 34 469 121    | 270            | 34 469 121    | 270            |
|                                         | (127 976      | (9 691         | (127 976      | (9 691         |
|                                         | 270)          | 677)           | 270)          | 677)           |
|                                         | <b>34 482</b> | <b>127 989</b> | <b>34 469</b> | <b>127 976</b> |
|                                         | <b>421</b>    | <b>570</b>     | <b>121</b>    | <b>270</b>     |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 43.Unauthorised expenditure (continued)

The nature of the overspending is primarily attributed to non-cash items, namely employee related costs , actuarial assumptions on employee benefit obligations and loss on disposal of assets and liabilities. These items were incurred centrally and were not allocated and spread across multiple departments. Management chose to record them under one vote, namely Vote 3 Budget and Treasury Office. It's crucial to note that, in total, the budget has not been overspent when accounting for these non-cash items.

#### The over expenditure incurred by municipal departments during the year is attributable to the following categories:

|          |            |                |         |
|----------|------------|----------------|---------|
| Non-cash |            | 127 976        | 127 976 |
|          | 34 292 350 | 270 34 292 350 | 270     |

#### Analysed as follows: non-cash

|                                                              |               |                |               |                |
|--------------------------------------------------------------|---------------|----------------|---------------|----------------|
| Employee related cost                                        |               |                |               |                |
| Depreciation and amortisation                                | -             | 1 597 968      | -             | 1 597 968      |
| Bad debts written off from non-exchange transaction          | 18 985 161    | -              | 18 985 161    | -              |
|                                                              | 741 715       | -              | 741 715       | -              |
| Employee benefit obligation actuarial valuations             | 5 225 000     | 4 175 001      | 5 225 000     | 4 175 001      |
|                                                              |               | 121 012        |               | 121 012        |
| Provision of impairment                                      | 9 340 474     | 986            | 9 340 474     | 986            |
| Loss on disposal of fixed and intangible assets              | -             | 1 190 315      | -             | 1 190 315      |
|                                                              | 176 772       | -              | 176 772       | -              |
| Assets less than capitalised threshold and contract builders |               |                |               |                |
|                                                              | <b>34 469</b> | <b>127 976</b> | <b>34 469</b> | <b>127 976</b> |
|                                                              | <b>122</b>    | <b>270</b>     | <b>122</b>    | <b>270</b>     |

The nature of the overspending is primarily attributed to non-cash items, namely employee related costs , actuarial assumptions on employee benefit obligations and loss on disposal of assets and liabilities. These items were incurred centrally and were not allocated and spread across multiple departments. Management chose to record them under one vote, namely Vote 3 Budget and Treasury Office. It's crucial to note that, in total, the budget has not been overspent when accounting for these non-cash items.

#### 44.Fruitless and wasteful expenditure

|                                                              |                  |              |              |              |
|--------------------------------------------------------------|------------------|--------------|--------------|--------------|
| Opening balance as previously reported                       | 8 895 489        | 8 892 740    | 8 169 322    | 8 167 169    |
| Add: Fruitless and wasteful expenditure identified - current | 112 054          | 2 749        | 112 054      | 2 153        |
|                                                              | (726 167)        | -            | -            | -            |
| Less: Amount written off - prior period                      |                  |              |              |              |
| <b>Closing balance</b>                                       | <b>8 281 376</b> | <b>8 895</b> | <b>8 281</b> | <b>8 169</b> |

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Accumulated balance for fruitless and wasteful expenditure arises from prior years from late payments to suppliers and third parties including South African Revenue Services. .

Interest and penalties relate to PAYE for non-submission of monthly payroll returns for the periods where the Agency was non-functional and in the transitional period for Authorized Public Officer. The Agency had issues of accessing profile from SARS due to the change of Directors and the entities Public Officer, however that was resolved all submission were made and the Agency is now in compliance, all submissions thereafter were done on time. The expenditure relates to the payment made for Hotel Accommodation in the prior year that was never used due to the health and safety concerns cited by CEO and Ms. Khoza which then necessitated that alternative accommodation be sought at the eleventh hour This has been submitted to MPAC to be dealt with in terms section 32 (2) (b) of the Municipal Finance Management Act 32 of 2000, there were write offs concluded during the year as all investigations were concluded and presented to council.



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                                            | Economic entity |              | Controlling entity |              |
|--------------------------------------------|-----------------|--------------|--------------------|--------------|
| Figures in Rand                            | 2025            | 2024         | 2025               | 2024         |
| <b>44. Fruitless and wasteful</b>          |                 |              |                    |              |
| <b>expenditure (continued) Details of</b>  |                 |              |                    |              |
| <b>fruitless and wasteful expenditure</b>  |                 |              |                    |              |
|                                            | -               | 2 153        | -                  | 2 153        |
| Interest paid on Eskom account             | 112 054         | -            | 112 054            | -            |
| Delivery costs, staff costs and legal fees | <b>112 054</b>  | <b>2 153</b> | <b>112 054</b>     | <b>2 153</b> |

84

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand                           | Economic entity |               | Controlling entity |           |
|-------------------------------------------|-----------------|---------------|--------------------|-----------|
|                                           | 2025            | 2024          | 2025               | 2024      |
| <b>45. Irregular expenditure</b>          |                 |               |                    |           |
| Opening balance as previously reported    | 41 250 430      | 42 297 504    | -                  | 3 503 831 |
| Add: Irregular expenditure - current      | 243 853         | 147 693       | 241 846            | 147 693   |
| Add: Irregular expenditure - prior period | 012             | 369           | 476                | 369       |
| Less: Amount written off - current        | -               | 2 871 192     | -                  | -         |
| Less: Amount written off - prior period   | (113 975)       | (147 693)     | (112 551)          | (147 693) |
| <b>Closing balance</b>                    | 813             | 369           | 945                | 369       |
|                                           | (41 250         |               |                    | (3 503    |
|                                           | 430)            | (3 918 266)   | -                  | 831)      |
|                                           | <b>129 877</b>  | <b>41 250</b> | <b>129 294</b>     |           |
|                                           | <b>199</b>      | <b>430</b>    | <b>531</b>         | <b>-</b>  |

The council approved the write off of irregular expenditure incurred in the current financial year amounting to R112 551 945.

#### Harry Gwala Development Agency

1. The irregular expenditure for prior years amounting to R38 793 673 arose from the appointment of service providers appointed without following SCM processes by the previous administration of the Agency, this has been submitted to MPAC to be dealt with in terms section 32 (2) (b) of the Municipal Finance Management Act 32 of 2000, Investigations were concluded and the recommendation for write off was tabled and approved by council on the 29 July 2025.

2. Part of the prior Year Irregular expenditure there was (R604 120) incurred as a result of the expired contracts used, those contracts were terminated and new service providers through competitive bidding were appointed to ensure that this is rectified. This is part of the write offs indicated in the comparative year.

3. The irregular expenditure amounting to R1 423 868 & R2 871 192.00 emanated from 2022/2023 & 2023/2024 FY for two contracts that are still in use and will be disclosed up to their expiration (Irregular Expenditure Register is attached) and the other Expenditure was as a result of allocating Specific goals to a company that is 50% owned by african instead of 50% plus one and the other one relates to the award of bid to a service provider not confirmed as registered on CSD on the closing date of the bid which was part of mandatory on the returnable documents.

4. Irregular Expenditure amounting to R582 668 relates to the expenditure incurred by the entity on the appointment of independent investigator, appointment of legal representative, evidence leader and presiding officer responding on allegations of misconduct that were levelled against the former CEO including the disciplinary processes, deviations did not meet the criterion and are to be disclosed as Irregular Expenditure. These instances of

irregular expenditure will be reported to the board of directors and council to be dealt with in terms of section 32 of the MFMA.

5. Prior year Irregular Expenditure was reported to the board of directors and council as required by the legislation, there were write offs concluded during the year amounting to R42 674 298 and R414 435 in the prior year.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 45. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

|                                                                        |                |                |                |                |
|------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                        | 211 065        | 104 035        | 211 065        | 104 035        |
| Competitive bidding process not followed and panel allocation not fair | 071            | 674            | 071            | 674            |
| Supplier in service of the state                                       | 110 791        | -              | 110 791        | -              |
| Incorrect application of SCM delegations                               | 6 237 534      | 20 831 498     | 6 237 534      | 20 831 498     |
| Local content incorrectly applied                                      | 18 862 838     | 22 826 197     | 18 862 838     | 22 826 197     |
| Change of scope                                                        | 4 980 242      | -              | 4 980 242      | -              |
| Possible tender splitting                                              | 390 000        | -              | -              | -              |
| Reasons for deviation not justifiable                                  | 200 000        | -              | -              | -              |
|                                                                        | <b>241 846</b> | <b>147 693</b> | <b>241 256</b> | <b>147 693</b> |
|                                                                        | <b>476</b>     | <b>369</b>     | <b>476</b>     | <b>369</b>     |

Competitive bidding process not followed is comprised of payments in the current year for old multi year contracts and payments made to suppliers on a panel.

Awards made to close family members of persons in service of the state

During 2023/24 financial year, the municipality conducted business with the supplier whose spouse is employed by the municipality. The supplier was requested to fill in MBD 4 and declare any known interest, however, the interest was not declared and the municipality appointed the supplier Njana(pty) Ltd was appointed for the supply and delivery of blankets. The award amount was R194 350.

Name

The name of the spouse employed by the municipality is Sthembile Mbanjwa.

Position

Ms Sthembile Mbanjwa is executive secretary to Executive Director : Corporate Services.

|       |      |      |      |
|-------|------|------|------|
| 2025  | 2024 | 2025 | 2024 |
| <hr/> |      |      |      |

Economic entity      Controlling entity

86

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 46. Additional disclosure in terms of Municipal

##### Finance Management Act Contributions to organised

##### local government

|                                 |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|
| Current year subscription / fee | 2 807 961   | 2 767 545   | 2 807 961   | 2 767 545   |
| Amount paid - current year      | (2 807 961) | (2 767 545) | (2 807 961) | (2 767 545) |
|                                 | -           | -           | -           | -           |

##### Material losses

|              |            |            |            |            |
|--------------|------------|------------|------------|------------|
| Water losses | 12 223 651 | 11 163 386 | 12 223 651 | 11 163 386 |
|--------------|------------|------------|------------|------------|

The water losses of 36.57% (2023/24 : 37.5 %) is calculated on the system input volume of 3 521 996 kl (2023/24 : 3 267 336

kl) purchased at an average price of R9.984 (2023/24 : R8.365 ) per kl and total units sold amounting to 2 233 993,2 kl

(2023/24 : 2 043 012 kl). Total water stock losses amounts to 1 280 003 kl (2023/24 : 1 224 324 kl)

##### The following are the major root causes for the water losses:

1. Ageing infrastructure around the District also causes water losses, there are still asbestos and cement pipes that are still under ground and they keep bursting most of the times.
2. Illegal connections especially in rural areas and informal settlements.

##### Audit fees

|                                 |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|
| Current year subscription / fee | 6 362 303   | 5 047 189   | 5 765 462   | 4 572 278   |
| Amount paid - current year      | (6 362 303) | (5 047 189) | (5 765 462) | (4 572 278) |
|                                 | -           | -           | -           | -           |

##### PAYE and UIF

|                                 |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|
| Current year subscription / fee | 43 786 721   | 42 867 935   | 41 956 689   | 41 491 387   |
| Amount paid - current year      | (43 786 721) | (42 867 935) | (41 956 689) | (41 491 387) |

**Pension and Medical Aid Deductions**

|                                 |            |         |         |         |
|---------------------------------|------------|---------|---------|---------|
|                                 | -          | -       | -       | -       |
|                                 |            | 32 496  | 34 438  | 32 496  |
| Current year subscription / fee | 34 438 837 | 167     | 837     | 167     |
|                                 | (34 438    | (32 496 | (34 438 | (32 496 |
| Amount paid - current year      | 837)       | 167)    | 837)    | 167)    |

**SALGBC**

|                               |             |             |             |             |
|-------------------------------|-------------|-------------|-------------|-------------|
|                               | <b>2025</b> | <b>2024</b> | <b>2025</b> | <b>2024</b> |
| Current year subscription/fee | 58 782      | 58 232      | 58 782      | 58 232      |
| Amount paid - current year    | (58 782)    | (58 232)    | (58 782)    | (58 232)    |



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

There are the deviations during the 2023/2024 financial year as follows:

|                                                                                                                                                                                                                        | 2025      | 2024   | 2025      | 2024   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|-----------|--------|
| <b>Reason for deviation</b>                                                                                                                                                                                            |           |        |           |        |
| Supply chain management processes followed, however, at least three quotations were not obtained                                                                                                                       | 121 500   | -      | 121 500   | -      |
| impossible and impractical to follow the supply chain management processes                                                                                                                                             | 2 467 473 | -      | 2 467 473 | -      |
| Emergency procurement of water chemicals to prevent the future water quality failures and ensure quality supply of water to the community of Underberg.                                                                | -         | 18 802 | -         | 18 802 |
| Blaq Origin -The Agency paid Blaq Origin for the exhibition stand, Blaq Origin has been appointed by Tourism Department to manage all aspects pertaining to operations and logistics for the 2025 Africa Travel Indaba | 126 258   | -      | -         | -      |
| Conker Investments - The Agency paid Conker for the exhibition stand, Conker has been appointed as the sole service provider to manage the Comrades                                                                    | 51 250    | -      | -         | -      |

|                                                                                                                                                                                                                                                                                                                                                                                     |         |   |   |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---|---|---|
| Marathon Expo                                                                                                                                                                                                                                                                                                                                                                       |         |   |   |   |
| Seethal Attorneys - Appointment as the legal representative for Harry Gwala Development Agency on legal matters pertaining to the CEO including the disciplinary hearing, legislation requires this process to be completed within a certain timeframe, due to its nature and confidentiality it was impractical to follow the normal processes.                                    | 179 598 | - | - | - |
| Alpha Group Advocates: Mnikazi Attorneys - Mnikazi Attorneys was appointed as a chairperson of the Disciplinary Committee. The appointment of a chairperson for the disciplinary process is required, legislation requires that the process is completed within a certain period, hence it was impractical to follow the normal processes due to its nature and its confidentiality | 51 570  | - | - | - |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 47. Deviation from supply chain management regulations (continued)

K Gcolotela and Peter Attorneys - Due to sensitivity and confidentiality of the matter it required an independent investigator for allegations levelled against the CEO thereby making it impractical to follow the procurement process. The legislation that governs such investigation is concluded within a prescribed period therefore any delays in the appointment of an Independent investigator will greatly hinder the process.

|                  |               |              |               |
|------------------|---------------|--------------|---------------|
| 351 500          | -             | -            | -             |
|                  |               | <b>2 588</b> |               |
| <b>3 349 149</b> | <b>18 802</b> | <b>973</b>   | <b>18 802</b> |

89

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 48. Budget differences

The variances between approved and adjustment budget were as a result of the council approval and council approval was made on 28 August 2025.

The excess of actual expenditure over the final budget of 5% is considered acceptable by management.

1. Service Charges - It is below 5%.
2. Other revenue - We could not sell the tender documents and render other services as we anticipated.
3. Interest revenue - It is below 5%.
4. Actuarial gains and loss - These none cash items were not budgeted for.
5. Government grants and subsidies - It is below 5%.
6. Skills development levy - It is below 5%, however we overspent due to claim will be approved in the next financial year.
7. Bad debts - The plans were that after installation of the smart meters we will write off the debts, however that exercise was not done and we will perform it in 2025/26 Financial year.
8. Contracted Services - The main contribution for underperformance is the cost containment measures implemented on the Contracted Services.
9. Depreciation and amortisation - It is below 5%.
10. Employee related costs – It is below 5%.
11. Finance costs- Over budgeting, there is arrangement with Government Department not to pay interest on overdue account.
12. Inventory Consumed - We underbudgeted for Bulk water due to disagreement in some of Ugu invoices which were not considered to be expenditure but towards the end of the year were recorded as accruals pending the finalization of the disagreement.
13. Operational Costs - The main contribution for underperformance is the cost containment measures implemented on the operational costs.
14. Remuneration of Councillors - It is below 5%.
15. Transfer payments - We transferred as per their budget.

16. Inventory - We underbudgeted, It is water level which is not easy to be closer to budget accurately.
17. Receivables from exchange transactions - We did not budget for impairment loss which could have impacted this item as we expected to do the write off as we planned to improve on smart meter installation.
19. Receivables from non-exchange transactions - we were expecting to write off some, however only eight thousands was written off and expecting another write off during 2026 financial year.
20. Statutory vat - We anticipated to make payment during the year, however a lot of payments were done on last month of the financial year that increase vat refundable for June 2025.
21. Input vat accruals - Under budgeted, Municipality under performed during the year as a result there a lot of money by the end of the Financial year.

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

#### 48. Budget differences (continued)

22. Cash and cash equivalents - We collected some interest on our investment and received some fund from DWS which the expenditure was not paid by 30 June 2025.

23. Property, Plant and Equipment - It is below 5%.

24. Intangible assets, over budgeted - A service provider was appointed in May 2025 and there were challenges in the softwares required for the system which delayed to activate a system and it will be done during the 2026 financial year.

25. Payables from exchange - The invoices for maintenance were only submitted by 30 June 2025 and we could not pay same day and are paid during 2026 financial.

26 Consumer deposits - We overbudgeted, due to anticipated that the consumers with the tenants will request addition meter meter which has more costs to be paid for by the consumers.

27. Employee benefit obligation - Under budgeted, There are changes included cause increase due to the revised GRAP standard which were not anticipated.

28. Output Vat accruals- We underbudgeted, we anticipated that we will have the amnesty during the year which it was moved to 2026 Financial year and it was impractical to adjust so late in the year.

#### 49. Segment

##### information

##### General

##### information

##### Identification of

##### segments

The economic entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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.

### **Aggregated segments**

The economic entity operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

### **Types of goods and/or services by segment**

These reportable segments as well as the goods and/or services for each segment are set out below:

#### **Reportable segment**

Governance and administration  
Community services  
Trading services

#### **Goods and/or services**

Administration and support services  
Disaster, health and environmental services  
Water and Sanitation



## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 49. Segment information (continued)

##### Segment surplus or deficit, assets

##### and liabilities Controlling entity -

30 June 2025

|                                        | Governme<br>nt<br>and<br>administr<br>ation | Communi<br>ty<br>services | Trading<br>services    | Total                  |
|----------------------------------------|---------------------------------------------|---------------------------|------------------------|------------------------|
| <b>Revenue</b>                         |                                             |                           |                        |                        |
| Revenue from non-exchange transactions | 493 429<br>880                              |                           | 359 364<br>325         | 852 794<br>205         |
| Revenue from exchange transactions     | 30 019 098                                  | 37 522 92                 | 304 813                | 122 361<br>433         |
| <b>Total segment revenue</b>           | <b>523 448<br/>978</b>                      | <b>37 522</b>             | <b>451 669<br/>138</b> | <b>975 155<br/>638</b> |
| <b>Entity's revenue</b>                |                                             |                           |                        | <b>975 155<br/>638</b> |
| <b>Expenditure</b>                     |                                             |                           |                        |                        |
| Bad debts written off                  | 741 715                                     |                           | - 16 808 958           | 17 550 673<br>159 114  |
| Contracted services                    | 69 131 099                                  | 3 762 334                 | 86 221 231             | 664                    |

|                                          |                      |                |                  |                  |
|------------------------------------------|----------------------|----------------|------------------|------------------|
|                                          |                      |                | 104 945          | 114 200          |
| Depreciation and amortisation            | 8 410 906            | 843 621        | 592              | 119              |
|                                          |                      |                | 147 517          | 261 756          |
| Employee related cost                    | 86 224 222           | 28 014 923     | 258              | 403              |
| Inventory consumed                       | 62 772               | 663 781        | 58 100 297       | 58 826 850       |
| Operational cost                         | 48 794 880           | 2 368 940      | 37 320 417       | 88 484 237       |
| Remuneration of councillors              | 7 581 269            | -              | -                | 7 581 269        |
| Transfers and subsidies                  | -                    | 20 000 000     | -                | 20 000 000       |
| Impairment Loss                          | -                    | -              | 5 023 704        | 5 023 704        |
|                                          | <b>220 946</b>       | <b>55 653</b>  | <b>455 937</b>   | <b>732 537</b>   |
| <b>Total segment expenditure</b>         | <b>863</b>           | <b>599</b>     | <b>457</b>       | <b>919</b>       |
|                                          | <b>302 502</b>       | <b>(55 616</b> | <b>(4 268</b>    | <b>242 617</b>   |
| <b>Total segmental surplus/(deficit)</b> | <b>115</b>           | <b>077)</b>    | <b>319)</b>      | <b>719</b>       |
| <b>Assets</b>                            |                      |                |                  |                  |
|                                          | 257 562              |                | 2 975 844        | 3 237 067        |
| Segment assets                           | 012                  | 3 660 961      | 059              | 032              |
|                                          |                      |                | 208 311          | 293 363          |
| Additions to non-current assets          | 85 895 210           | (843 621)      | 961              | 550              |
|                                          | <b>343 457</b>       |                | <b>3 184 156</b> | <b>3 530 430</b> |
| <b>Total segment assets</b>              | <b>222 2 817 340</b> |                | <b>020</b>       | <b>582</b>       |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

|                                                                 | <b>Governme<br/>nt<br/>and<br/>administra<br/>tion</b> | <b>Communit<br/>y<br/>services</b> | <b>Trading<br/>services</b> | <b>Total</b>           |
|-----------------------------------------------------------------|--------------------------------------------------------|------------------------------------|-----------------------------|------------------------|
| <b>49.Segment information (continued)</b>                       |                                                        |                                    |                             |                        |
| <b>Total assets as per Statement of financial Position</b>      |                                                        |                                    |                             | <b>3 530 584 302</b>   |
| <b>Liabilities</b>                                              |                                                        |                                    |                             |                        |
| Segment liabilities                                             | (231 438 810)                                          |                                    |                             | (223 003 937)          |
| <b>Total liabilities as per Statement of financial Position</b> |                                                        | - 7 501 807                        |                             | <b>(223 003 937 3)</b> |

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

### 30 June 2024

|                                        | <b>Governanc<br/>e<br/>and<br/>administra<br/>tion</b> | <b>Communit<br/>y<br/>services</b> | <b>Trading<br/>services</b> | <b>Total</b>    |
|----------------------------------------|--------------------------------------------------------|------------------------------------|-----------------------------|-----------------|
| <b>Revenue</b>                         |                                                        |                                    |                             |                 |
| Revenue from non-exchange transactions | 465 249 239                                            |                                    | 345 020 580                 | 810 269 819 113 |
| Revenue from exchange transactions     | 24 845 302                                             | 41 955 89 047 398                  |                             | 934 655         |
| <b>Total segment revenue</b>           |                                                        |                                    |                             |                 |

Entity's revenue

|         |        |         |        |
|---------|--------|---------|--------|
| 490 094 |        | 434 067 | 924 47 |
| 541     | 41 955 | 978     | 204 4  |
|         |        |         | 924 47 |
|         |        |         | 204 4  |

## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 49. Segment information (continued)

##### Expenditure

|                                          |              |            |            |              |
|------------------------------------------|--------------|------------|------------|--------------|
| Bad debts written off                    | 29 994 816   | -          | -          | 29 994 816   |
| Contracted services                      |              |            |            | 133 502      |
| Depreciation and amortisation            | 56 083 285   | 4 314 771  | 73 104 173 | 229          |
| Employee related cost                    | 7 240 026    | 921 065    | 90 694 828 | 98 855 919   |
| Finance costs                            |              |            | 141 727    | 256 038      |
| Inventory consumed                       | 83 362 895   | 30 948 048 | 818        | 761          |
| Operational cost                         | 2 153        | -          | -          | 2 153        |
| Remuneration of councillors              | 43 681       | 742 214    | 32 812 033 | 33 597 928   |
| Transfers and subsidies                  | 45 949 205   | 2 288 876  | 26 044 878 | 74 282 959   |
| Impairment loss                          | 6 931 900    | -          | -          | 6 931 900    |
|                                          | - 17 000 000 |            |            | - 17 000 000 |
| <b>Total segment expenditure</b>         |              |            | 149 312    | 149 312      |
| <b>Total segmental surplus/(deficit)</b> | -            | -          | 986        | 986          |

##### Assets

|                                 |                |                |                |                |
|---------------------------------|----------------|----------------|----------------|----------------|
| Segment assets                  | <b>229 607</b> | <b>56 214</b>  | <b>513 696</b> | <b>799 519</b> |
| Additions to non-current assets | <b>961</b>     | <b>974</b>     | <b>716</b>     | <b>651</b>     |
| <b>Total segment assets</b>     | <b>260 486</b> | <b>(56 173</b> | <b>(79 628</b> | <b>124 684</b> |
|                                 | <b>580</b>     | <b>019)</b>    | <b>738)</b>    | <b>823</b>     |

##### Total assets as per Statement of financial Position

##### Liabilities

|                                                                 |            |           |           |            |
|-----------------------------------------------------------------|------------|-----------|-----------|------------|
| Segment liabilities                                             | 190 687    |           | 2 921 668 | 3 116 309  |
|                                                                 | 125        | 3 953 523 | 564       | 212        |
|                                                                 |            |           | (17 536   |            |
| <b>Total liabilities as per Statement of financial Position</b> | 78 438 835 | (292 562) | 609)      | 60 609 664 |

**269 125 3 660 961 2 904 131 3 176 918**



**Harry Gwala District Municipality and its Municipal Entity**

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

**Notes to the Annual Financial Statements**

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Figures in Rand

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**49. Segment information (continued)**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**Information about geographical areas**

In accordance with GRAP 18.32, the municipality is required to report certain geographical information. However, due to practical constraints and excessive costs associated with obtaining the necessary information, the entity is unable to provide the specific details related to external revenues, total expenditure, and non-current assets for the geographical areas in which it operates. The decision not to disclose this information is based on the assessment that the cost to develop such information would be prohibitively high.





## Harry Gwala District Municipality and its Municipal Entity

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

## 50. Principal-Agent

### Arrangement

#### Description of the

#### arrangement

Harry Gwala District Municipality entered into a principal-agent arrangement with Utilities World (Pty) Ltd, in 2019 for the provision of prepaid water services. Under this arrangement, Utilities World (Pty) Ltd acts as an agent on behalf of the municipality to facilitate transactions with third parties (consumers) for the sale of prepaid tokens.

#### Role Assessment

The municipality has assessed the arrangement and concluded that it is the principal, as it retains the rights and obligations associated with the provision of water services. Utilities World (Pty) Ltd acts as the agent, performing transactions on behalf of the municipality.

#### Significant Terms and Conditions

- Utilities World (Pty) Ltd is responsible for managing the prepaid water system, including sales and distribution of tokens.
- The municipality retains responsibility for water supply and bears the associated risks and rewards.
- The agent earns a service fee as stipulated in the contract.

#### Purpose of the Arrangement

The arrangement was established to improve efficiency in the sale and management of prepaid water services and enhance revenue collection.

#### Risks and Benefits

- **Risks:** The municipality bears the risk of non-consumption of prepaid water units and system failures.
- **Benefits:** Improved revenue collection and streamlined service delivery through the agent's infrastructure.

#### Financial transactions

Utilities Africa bills the municipality, 4.8% commission of the cash collected from the sale of prepaid tokens by third parties.

HGDM paid the commission totaling **R588 656** during the 2024/25 financial year.

**Cost Implication**

The cost implication for the municipality on the termination of the principal-agent arrangement is that the municipality may be liable to pay termination fees as per the agreed upon SLA.

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