

Pixley ka Seme District Municipality



*Annual Report
2024/25*





Chapter 1: Mayor's Foreword and Executive Summary

Component A: Mayor's Foreword



Will be inserted with final submission in March 2026.

UR Itumeleng
EXECUTIVE MAYOR

Council Draft



Component B: Executive Summary

Municipal Manager's Overview



The 2024/25 annual report is more than just the gains achieved in the past financial year, a review of municipal governance in Pixley ka Seme District Municipality over the financial year is also provided.

Our vision is *“to be a developed and sustainable district for future generations”*. This was the mandate given to the administration with the adoption of the 2017-2022 Integrated Development Plan. The role of the administration is to take this vision and objectives, and to design programmes, projects, functions and activities to achieve these objectives. Key to the planning and execution is to measure our progress in achieving these

objectives.

Being part of charting a new trajectory, is a process that is both exciting and innovating but at the same time allow for solutions to the many challenges we are faced with, and in my role as municipal manager, is my privilege to lead the administration.

Naturally, redefining and refining strategic intent calls for certain administrative processes to commence. Strategies, result areas and activities must be aligned to the strategic intent. The Administration must continuously embark on processes of aligning the key functions and activities with the strategic intent as outlined by council.

Several challenges still confront the Pixley ka Seme District Municipality. These include amongst others:

- ❁ National Treasury to revisit the municipal funding allocation model.
- ❁ The going concern issue.
- ❁ Revisiting previously assigned functions between tiers of local government and/or spheres of government.
- ❁ The Housing level 2 accreditation did not yield any of the expect service delivery results as envisaged. This is mainly because *“funds did not follow function”*.
- ❁ Funding support for the Disaster Management functions as well as the shared services provided to local municipalities in the district.

In an effort to mitigate and address these challenges, the district municipality have embarked on a few initiatives. These included amongst others developing a Revenue Enhancement Strategy for the municipality. This strategy was adopted in May 2024, it has a few short-, medium- and long-term milestones to be implemented if we want to address our set vision.

With these factors considered, the following has been achieved in the process of refining the strategic intent:

- ❁ A standing committee that will deal with revenue enhancement strategies.
- ❁ Started with the development of a revenue enhancement strategy implementation plan.
- ❁ Strategic sessions to workshop prioritisation.
- ❁ Drafting and approval of the Service Delivery and Budget Implementation with indicators for the ensuing financial years.
- ❁ Drafting and tabling the 2022-2027 IDP in line with legislative and compliance requirements.

This Annual Report reflects all the efforts in building a developed and sustainable district for future generations. Finally, it is worth mentioning that the service delivery reported in this Annual Report would not have been possible



without the commitment, hard work and dedication of our municipal staff. I would like to express my sincere appreciation to them. Sincere appreciation to the Executive Mayor, Speaker and all Councillors, Audit Committee (APC) and the Municipal Public Accounts Committee (MPAC) for the leadership and/or oversight. We are indeed fortunate to have a balanced layered team. We can only build on the strength of each individual and collectively reap the rewards. It is indeed a pleasure through this individual but collective outlook that we managed to maintain our Unqualified audit opinion for the financial year. There are only two (2) matters preventing us from obtaining a clean audit, one of these matters has to do with the going concern issue.

Lastly, I would also like to give special thanks to the Senior Managers and the entire Extended Management Team for the oversight in execution during the 2024/25 financial year. The Chief Financial Officer and his team in strengthening the control environment and for the collective effort and keeping it balanced during the regulatory audit.

Isak Visser

MUNICIPAL MANAGER

Council Draft



1.2 Municipal Overview

This report addresses the performance of the Pixley Ka Seme District Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2024/25 Annual Report reflects on the performance of the Municipality for the period 1 July 2024 to 30 June 2025. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Municipality committed itself to the vision and mission of:

Vision:

“Developed and Sustainable District for Future Generations”

Mission:

- ✿ Supporting our local municipalities to create a home for all in our towns, settlements and rural areas to render dedicated services;
- ✿ Providing political and administrative leadership and direction in the development planning process;
- ✿ Promoting economic growth that is shared across and within communities;
- ✿ Promoting and enhancing integrated development planning in the operations of our municipalities; and
- ✿ Aligning development initiatives in the district to the National Development Plan.

Strategic Objectives:

- ✿ Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome;
- ✿ Compliance with the tenets of good governance as prescribed by legislation and best practice;
- ✿ Guide local municipalities in the development of their IDP's and in spatial development;
- ✿ Monitor and support local municipalities to enhance service delivery;
- ✿ Promote economic growth in the district;
- ✿ To provide a professional, people-centered human resources and administrative service to citizens, staff and Council;
- ✿ To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined;
- ✿ To provide disaster management services to the citizens; and
- ✿ To provide municipal health services to improve the quality of life of the citizens.



1.2.2 Municipal Area at a Glance

Total municipal area		103 410 km ²		Demographics (Census 2022)			
				Population	216 589	Households	53 737
Selected statistics							
Population growth rate per annum (2011-2022)	1.26%		Population density(persons/km ²)		4.03		
Dependency ratio	54.4%		Unemployment rate		31%		
Access to basic services- minimum service level							
Water	56.9%	Sanitation	85%	Electricity	92.5%	Refuse removal	77%
Education							
No schooling (20+ years)	8.3%		Higher education (20+ years)		6.6%		
Largest sectors (using the relative size of the provincial economy by industry)							
Finance and business services	Mining		Government services		Wholesale, retail and motor trade; catering and accommodation		
11.6%	26.7%		12.8%		9.9%		
Health in Pixley Ka Seme District							
Health care facilities (hospitals/clinics /hospice)	Immunisation rate%		HIV prevalence rate		Teenage pregnancies - delivery rate to women U/18%		
44	69.9%		2.6%		21.8%		
Top Crimes in the District (2019/20)							
Burglaries (Residential and business)	Stock theft	Assault (GBH and Common)		Theft (General)	Malicious Damage to Property		
<i>Census 2022 and Quantec</i>							

Table 1: Municipal Area at a Glance

1.2.3 Geographical Context

Spatial Location

The jurisdiction of the Pixley ka Seme District Municipality (as a category C Municipality) covers an area of 103 410km², which is also 27,7% of the total area that constitutes the Northern Cape province.

This district municipal area is the eastern-most district Municipality within the Northern Cape, and borders on the Western Cape, Eastern Cape and Free State provinces.

The map below indicates the location of the Municipality in the province:

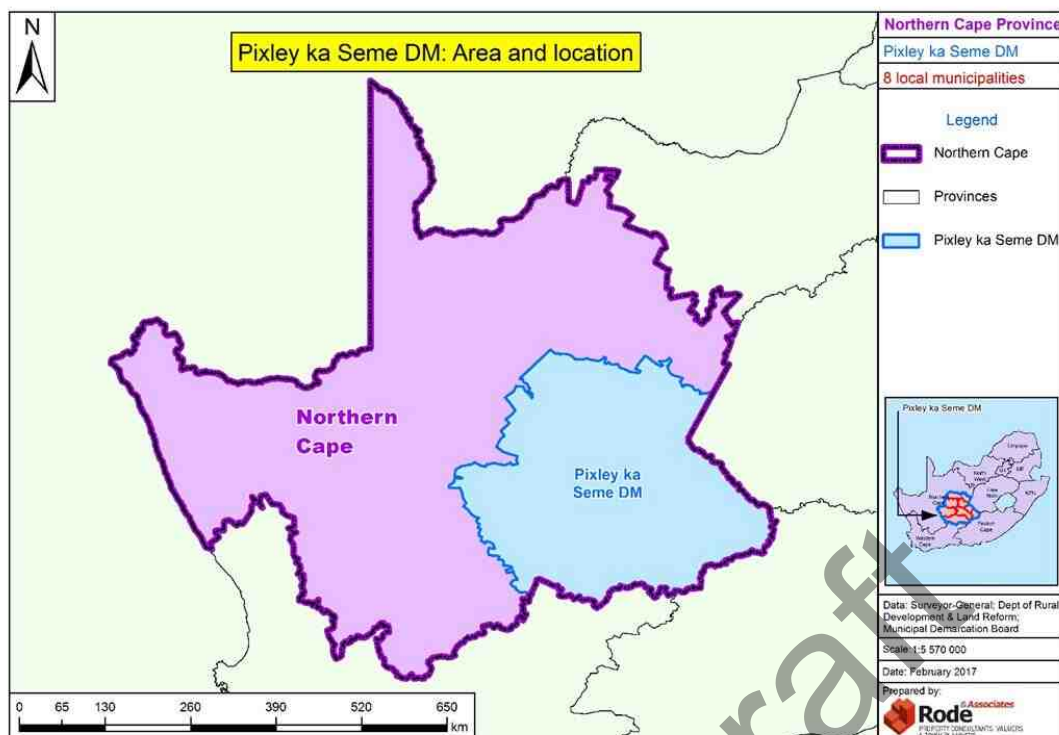


Figure 1 Locality map

There are 8 category B municipalities within the municipal area, viz. Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu. The following main towns in these category B municipalities represent an even spread throughout the district as central places and agricultural service centers: Douglas, Prieska, Carnarvon, Victoria West, Colesberg, Hopetown and De Aar. De Aar is the ‘largest’ of these towns. The closest major city to these towns is Bloemfontein in the Free State province.

Emthanjeni Municipality: comprising of the three towns De Aar, Britstown and Hanover. De Aar is the second most important railway junction in the country. When the railway line was built from Cape Town to Kimberley, the administration bought a large portion of the farm, De Aar, meaning coincidentally “artery”, after underground water supply, envisaged as large life-giving veins of water.

Kareeberg Municipality: This Municipality comprises of three towns, that is, Carnarvon, Van Wyksvlei and Vosburg. The municipal area is the heart of the Karoo and the predominant economic activity is livestock farming. The possibilities of having Kilometre Array Telescope benefit the landscape of the Municipality that is characterised by clear skies and less pollution. This Municipality is an entry point to the Western Cape Province from the Northern parts of the country.

Renosterberg Municipality: The Municipality is located on the banks of the Orange River. The Municipality was formed through the amalgamation of three towns, that is, Petrusville, Vanderkloof and Phillipstown.

The Municipality covers approximately 553 000 ha of land and forms about 5% of the total area of the district.

Siyancuma Municipality: This Municipality hosts the confluence of the Vaal and the Orange River. It comprises in the main of three towns, that is, Campbell, Douglas and Griekwastad and has densely populated rural settlement called Smitchdrift. The municipal area is richly endowed with precious and semi-precious stones, that is, diamonds and tiger’s eye. Beneficiation of tiger’s eye is on the high impact project identified in the District Growth and Development Strategy. The Municipality has a great tourism potential.



Siyathemba Municipality: This Municipality is located on the banks of the Orange River and boasts with massive and high scale irrigation farming, the river not only adds agricultural value to the Municipality but also boosts massive tourism and economic potential. The Municipality comprises of three towns, that is, Marydale, Prieska and Niekershoop. The Municipality has massive potential for mining activities of both precious and semi-precious stones. The Municipality also has the Alkantpan testing area where international and national ammunition testing is done.

Thembelihle Municipality: This Municipality is also located on the banks of the Orange River. The Municipality was formed through the amalgamation of three towns, that is, Hopetown, Strydenburg and Orania. The outcome of the dispute regarding Orania has not yet been decided upon and the uncertainty still exists as to where Orania is demarcated. N12 cuts through this municipal area and is a major boost to the economies of Hopetown and Strydenburg.

Ubuntu Municipality: The Municipality comprises of three towns that is Victoria West, Loxton and Richmond. The N12 and N1 pass through this Municipality and have a great tourism potential. The preliminary study in the district’s Mining Strategy highlights that the Municipality is endowed with uranium deposits.

Umsobomvu Municipality: This Municipality comprises of three towns, that is, Colesberg, Norvalspont and Noupoort. N1 and N9 traverse through the Municipality. It shares borders with other municipalities in the Eastern Cape and Free State Provinces. In the district this Municipality is among the municipalities that hold massive tourism potential.

Two of the abovementioned towns, viz. Prieska and Carnarvon have in recent years changed character from small rural towns to potentially regional hubs as a result of investments in renewable energy generation and the Square Kilometre Array radio telescope project, respectively.

The map below indicates the municipal area divided into local municipalities with their main towns:

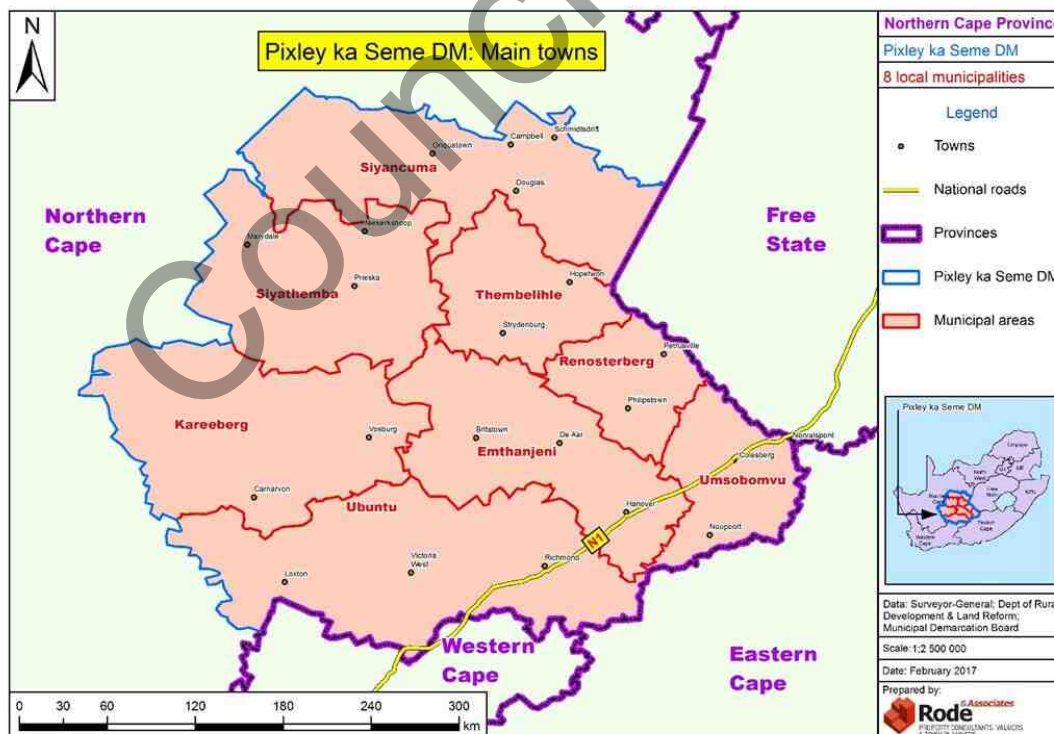


Figure 2 District Municipal Area Divided into Local Municipalities



1.2.4 Demographic Profile

Population

The table below indicates both an increase in the population size and the number of households between 2011 and 2022:

Indicator		2011	2016	2022
Population		186 351	195 595	216 589
Households		49 193	56 309	53 737
People per household		3,8	3.5	4.0
Gender breakdown	Males	92 068 (49,4%)	97 594 (49.9%)	104 538 (48.3%)
	Females	92 284 (50,6%)	98 001 (50.1%)	112 051 (51.7%)
Age breakdown	0 - 14	31,6%	25.8%	28.6%
	15 - 64	62,4%	68.2%	64.8%
	65+	6,1%	6.0%	6.7%
Race Composition	Black-African	31,5%	30.0%	29.8%
	Coloured	59,2%	63.3%	59.5%
	White	8,1%	6.3%	9.9%
	Asian	0,6%	0.4%	0.8%

Census

Table 2: Demographic Profile

As mentioned above, the Pixley ka Seme District Municipality area consists of 8 local municipalities, where Ubuntu Municipality being the largest area and Emthanjeni Municipality having the highest population. The table below provides the km² area and total population per local Municipality:

Local Municipality	Area (km ²)	Population	Households
Emthanjeni	13 472	46 587	10 622
Kareeberg	17 702	10 961	2 677
Renosterberg	5 527	10 843	3 017
Siyancuma	16 753	53 165	13 422
Siyathemba	14 725	27 102	6 739
Thembelihle	8 023	22 542	5 211
Ubuntu	20 389	15 836	3 990
Umsobomvu	6 819	29 555	8 057

Census 2022

Table 3: Total Area and Population per Local Municipality

1.2.5 Economic Profile

The economy in the Pixley ka Seme municipal area is characterised by the following:

- ✿ High levels of poverty and low levels of education;
- ✿ It is a small to medium-town sub-region with a low level of development despite the strategic location in terms of the national transport corridors;
- ✿ Sparsely populated towns with a number of larger towns serving as “agricultural service centres”; spread evenly throughout the district as central places;



- ✿ High rate of unemployment, poverty and social grant dependence;
- ✿ Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts);
- ✿ Geographic similarity in economic sectors, growth factors and settlement patterns;
- ✿ Economies of scale not easily achieved owing to the relatively small size of towns;
- ✿ A diverse road network with national, trunk, main and divisional roads of varying quality;
- ✿ Potential and impact of renewable energy resource generation; and
- ✿ Potential and impact of radio telescope initiatives, e.g. Square Kilometre Array radio telescope project.

Economic Sector Contributor

The economic activities in the Northern Cape Province are dominated by mining, agriculture, manufacturing and construction.

The economic activities in the Pixley ka Seme municipal area are dominated by agriculture, social and personal services, financial services, tourism and transport and lately, retail and construction activities emanating from the establishment of the Square Kilometre Array project.

1.3 Service Delivery Highlights and Challenges

1.3.1 Service Delivery Highlights

Highlight	Description
Maintain Unqualified Audit Opinion	The municipality managed to maintain it's unqualified audit opinion

Table 4: Services Delivery Highlights

1.3.2 Service Delivery Challenges

Service Area	Challenge	Actions to address
Financial viability	Municipal Financial Stability	Revenue Enhancement Strategy adopted.
Good Governance	Sector Departments not attending District Technical Intergovernmental Relations Forum on a regular basis.	Communication to be sent to Head of Departments.

Table 5: Services Delivery Challenges

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights

Highlight	Description
Revenue Enhancement Strategy	The Revenue Enhancement Strategy was adopted at the Council Meeting of 16 May 2024.
No roll-over application	All conditional grants were spent.
Employee benefits paid up	SARS, Pension fund and Medical aid deduction paid over to respective institutions.
Unqualify AG Opinion	Only one compliance matter highlighted with regard to SCM.
Obtained funded budget status from National Treasury	Budget was prepared in line with MSCOA regulations and all National Treasury guidelines.
Operated without overdraft	Manage to maintain a credit bank balance throughout the financial year.

Table 6: Financial Viability Highlights



1.4.2 Financial Viability Challenges

Challenge	Description
Unfunded mandates	Municipality renders certain functions against a loss e.g Shared Services.
Inability to pay major creditors	Due to tight financial positions, not able to pay AG.
Current salary cost	The current staff cost is hampering municipality to meet other commitment e.g. AG, Capex, Repairs and Maintenance.
Current Equitable Share allocation	The current Equitable Share allocation does not meet the actual functions performed by municipality.
Payment for Shared Services by Local Municipalities	Regular engagements between the Chief Financial Officer and involved MM's of Local Municipalities.
Going concern issue	Working towards a clean audit opinion.

Table 7: Financial Viability Challenges

1.4.3 National Key Performance Indicators - Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	Unit of Measurement	2023/24	2024/25
Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	0.10	0.01
Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2017 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	2.10%	1.22%

Table 8: National KPI's for financial viability and management

1.4.4 Financial Overview

Details	2023/24	2024/25		
		Original budget	Adjustment Budget	Actual
R				
Income				
Grants (Operating + Capital)	70 378 269	69 971 000	70 081 000	70 561 829
Taxes, Levies and tariffs	0	0	0	0
Other	6 101 529	5 444 400	5 685 180	7 796 813
Sub Total	76 479 798	75 415 400	75 766 180	78 358 642
Less Expenditure	80 996 918	67 617 897	75 676 421	82 014 958
Net surplus/(deficit)	(4 517 120)	7 797 503	89 759	(3 656 316)

Table 9: Financial Overview



1.4.5 Operating Ratios

Detail	Expected norm	Actual %	% Variance	Actual %	% Variance
		2023/24		2024/25	
Employee Cost	30%	73%	43%	77%	47%
Repairs & Maintenance	9%	5%	(4%)	0.53%	(8.47%)
Finance Charges & Depreciation	18%	2.55%	(15.45%)	2.9%	(15.1%)

Note: Repairs and Maintenance on basic services are not applicable as the municipality as a District Municipality is not responsible for the delivery of basic services

Table 10: Operating ratios

Employee cost is 47% higher than the norm of 30% as the municipality is a district municipality which mainly provide services and support to local municipalities that involve mostly human resources. The municipality do not deliver and/or maintain any basic infrastructure services. This is also the reason for the variance on repairs and maintenance. Finance charges and depreciation are 15.1% lower than the norm of 18% which is a positive and can mainly be attributed to the low level of borrowing by the municipality.

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Employment Equity Plan	The Municipality was under the DG review from the Department of Labour and after the Inspection received a Certificate of Compliance with the Employment Equity Act
Workplace Skills Plan	Received from the LGSETA a Certificate of Appreciation for the Submission of the WSP
Minimum Service Level Agreement on Essential Services	Received a Ratification Certificate from the CCMA.
Employee Study Assistance	1 Employee graduated with a Bachelor of Commerce in Accounting; the employee was fully funded by the DM.
Retention / Absorption of Interns	The municipality appointed 3 Financial Interns on a permanent basis in the positions of Snr Clerk Salaries, Clerk Salaries and Clerk Budget Control

Table 11: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to Adress
Capacity building: Limited budget for trainings	Municipality will apply for the Discretionary grant from the Local Government Seta .

Table 12: Municipal Transformation and Organisational Development Challenges



1.6 Auditor-General Report

The Municipality received an unqualified report with only a few findings by the Auditor-General for 2023/24.

This audit opinion means that the financial statements present fairly, in all material respects, the financial position and its financial performance and cash flows in accordance with applicable laws, regulations and standards. Matters of emphasis were highlighted by the Auditor-General and are listed in Chapter 6 of this report.

The audit outcomes received for the past four years are indicated in the table below:

Year	2020/21	2021/22	2022/23	2023/24	2024/25
Status	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings

Table 13: Audit Outcomes

Council Draft



CHAPTER 2: Governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 Good Governance and Public Participation Highlights

Highlight	Description
Visited communities with Councilors	Auditor General and Draft Annual Report Visited the area of Ubuntu local municipality in Victoria West
Outreach program with Councilors	Visit old age homes, handing over of blankets and cleaning material.
Back to school program with Councilors	Handing over of school uniforms to needy pupil.
Women's program with Councilors	Wellness program in the form of body massage and health education.

Table 14: Good Governance and Public Participation Performance Highlights

2.2 Good Governance and Public Participation Challenges

Challenge	Description
Health issues	Delay of ambulances due to the new system of the call center.
Youth Center	Youth center to capacitate young people and for career guidance.
Water scarcity	Communities struggle with water especially in the areas of Van Wyk's Vlei and Marydale.
Safety	Dark area, vandalized buildings and police stations that are not operating 24/7.
Housing	Housing needs register is increasing and the allocation is not addressing the need.
Unemployment	High rate of unemployment, especially young people.

Table 15: Good Governance and Public Participation Performance Challenges



Component A: Political and Administrative Governance

2.3 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

2.3.1 Council

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area. The tables below categorise the councillors within their specific political parties for the 2024/25 financial year:

The table below categorised the councillors within their specific political parties and wards from **1 July 2024 to 30 June 2025**:

Council Members	Capacity	Political Party	Representative or Proportional
UR Itumeleng	Executive Mayor	ANC	Proportional
AT Sintu	Speaker	ANC	Proportional
K Gous	Member Mayoral Committee/ Chairperson Infrastructure, Development, Housing and Planning	ANC	Proportional
S Swartling	Member Mayoral Committee/ Chairperson Corporate Services and Council Matters	ANC	Proportional
NS Van Wyk	Member Mayoral Committee/Chairperson Finance	ANC	Proportional
H Marais	Member MPAC	DA	Proportional
B Viviers	Member Corporate Services and Council Matters Committee	DA	Proportional
SW Makhandula	Member Corporate Services and Council Matters Committee	EFF	Proportional
AS Bibi	Member Corporate Services and Council Matters	Siyathemba Community Movement	Proportional
MN Mac Kay	Member MPAC	ANC	Representative
PP Mhali	Member Corporate Services and Council Matters	ANC	Representative
B Swanepoel	Member Finance Committee	DA	Representative
PP Charlies	Member Infrastructure, Development, Housing and Planning	EFF	Representative
NB Booysen	Member Infrastructure, Development, Housing and Planning	ANC	Representative
MJ Katz (Kolberg)	Member MPAC	ANC	Representative
EK Louw	Member Infrastructure, Development, Housing and Planning	DA	Representative
LM Zenani	Member Finance Committee	ANC	Representative
MA Maloi	Member Finance Committee	ANC	Representative
VP Harmse	Chairperson MPAC	ANC	Representative



Council Members	Capacity	Political Party	Representative or Proportional
AP Poyo	Member Infrastructure, Development, Housing and Planning	Umsobomvu Residents Association	Representative
B Mpamba	Member Mayoral Committee/ Chairperson: DDM, Public Safety, Climate Change and Revenue Enhancement Committee	ANC	Representative

Table 16: Council for the period 1 July 2023 to 30 June 2024

Below is a table which indicates the Council meetings and attendance for the period **1 July 2024 to 30 June 2025**:

Meeting date	Number of items submitted	Number of Councillors Present	Number of Apologies Submitted
26 July 2024	1	18	3
30 August 2024	18	20	1
05 November 2024	1	18	3
13 December 2024	16	18	3
30 January 2025	4	19	2
25 February 2025	13	20	1
27 March 2025	8	20	1
29 May 2025	8	19	2
20 June 2025	6	21	0

Table 17: Council meetings for the period 1 July 2024 to 30 June 2025

2.3.2 Executive Mayoral Committee

The Executive Mayor of the Municipality, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee for the period **1 July 2024 to 30 June 2025** is listed in the table below:

Name of member	Meeting Dates
Cllr UR Itumeleng -Chairperson Mayoral Committee	
Cllr K Gous- Infrastructure Development, Housing and Planning	<ul style="list-style-type: none"> ✿ 6 May 2024 ✿ 4 July 2024 ✿ 23 August 2024 ✿ 16 October 2024 ✿ 20 November 2024 ✿ 17 February 2025 ✿ 24 March 2025 ✿ 22 May 2025
Cllr NS Van Wyk- Finance Committee	
Cllr S Swartling- Corporate Services and Council Support	
Cllr B Mpamba- Distict Development Model (DDM), Public Safety, Climate Change and Revenue Enhancement Committee	

Table 18: Executive Mayoral Committee (1 July 2024 to 30 June 2025)



2.3.3 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The composition of the portfolio committees for the period **1 July 2024 to 30 June 2025** is listed in the table below:

Finance

Name of Member	Meeting Dates
Cllr NS Van Wyk- Chairperson	<ul style="list-style-type: none"> ✿ 7 July 2025 ✿ 07 November 2024 ✿ 25 February 2025
Cllr MA Maloi	
Cllr B Swanepoel	
Cllr LM Zenani	

Table 19: Finance Portfolio Committee

Infrastructure Development, Housing & Planning

Name of Member	Meeting Dates
Cllr K Gous- Chairperson	<ul style="list-style-type: none"> ✿ 12 August 2024 ✿ 21 October 2024 ✿ 10 February 2025 ✿ 12 May 2025
Cllr EK Louw	
Cllr AP. Poyo	
Cllr NB Booysen	
Cllr P. Charlies	

Table 20: Infrastructure Development, Housing & Development Portfolio Committee

Corporate Services and Council Support

Name of Member	Meeting Dates
Cllr S Swartling- Chairperson	<ul style="list-style-type: none"> ✿ 26 July 2024 ✿ 28 October 2024 ✿ 6 March 2025 ✿ 3 April 2025
Cllr SW Makhandula	
Cllr B Viviers	
Cllr PP Mhaulti	

Table 21: Corporate Services and Council Support Portfolio Committee

Rules Committee

Name of Member	Meeting Dates
Cllr TA Sintu	<ul style="list-style-type: none"> ✿ No meetings for 2024/225
Cllr K Gous	
Cllr AP. Poyo	
Cllr SW Makhandula	
Cllr AS Bibi	
Cllr H Marais	

Table 22: Rules Committee



Municipal Public Accounts Committee

Name of Member	Meeting Dates
Cllr VP Harmse	✿ 31 July 2024 ✿ 12 December 2024 ✿ 20 March 2025 ✿ 30 June 2025
Cllr H Marais	
Cllr MN Mac Kay	
Cllr MJ Katz (Kolberg)	
Cllr AS Bibi	

Table 23: Municipal Public Accounts Committee

District Development Model (DDM, Public Safety, Climate Change and Revenue Enhancement Committee

Name of Member	Meeting Dates
Cllr VP Harmse	✿ 31 July 2024 ✿ 12 December 2024 ✿ 20 March 2025 ✿ 30 June 2025
Cllr H Marais	
Cllr MN Mac Kay	
Cllr MJ Katz (Kolberg)	
Cllr AS Bibi	

This Committee was established and composed at the Council Meeting of 20 June 2025

Table 24: District Development Model (DDM, Public Safety, Climate Change and Revenue Enhancement Committee

2.4 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance Agreement Signed
		(Yes/No)
I Visser	Municipal Manager	Yes
BF James	Financial Services	Yes
TA Loko	Corporate Services	Yes
H Greeff	Infrastructure, Planning, Development & Housing	Yes
R Sors	Internal Audit	Yes

Table 25: Administrative Governance Structure



Component B: Intergovernmental Relations

2.5 Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

To adhere to the principles of the Constitution as mentioned above the municipality actively participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District IGR Forum	All Mayors	General service delivery challenges affecting local communities, sharing of best practice, etc. Seeks to improve on local service delivery. Provides report to PIGRF
District Aids and Health Forum	All Mayors, sector departments led by Department of Health, Civil Society, Office of the Premier	District health report, e.g. NHI, HIV/AIDS, status of health-facilities, etc. Seeks to enhance the delivery of health services in the district, comprehensive approach in dealing with HIV/AIDS, impact of poor health of communities on municipal service delivery. Provides report to Provincial Council on Aids
District Communication Forum	Pixley ka Seme DM, GCIS, sector departments, state-owned enterprises etc.	Improvement and coordination of government communication and messaging, alignment of government programmes in the district
Technical IGR Forum	All MM's, CFO's, Pixley Ka Seme DM senior managers, regional heads of sector departments, private sector service providers, SOE's, SALGA	Government service delivery challenges, including local government challenges, sharing best practice, presentations by private sector service providers, etc. Provides technical advice and report to DIGRF

Table 26: Intergovernmental Structures

2.6 Joint Projects with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions.

The table below provides detail of such projects:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Adoption of schools	Functional schools, improved levels of education and teaching	Department of Basic Education, School Governing Bodies	Identification of needy schools

Table 27: Joint Projects with Sector Departments



Component C: Public Accountability and Participation

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- ✿ the preparation, implementation and review of the IDP
- ✿ establishment, implementation and review of the performance management system
- ✿ monitoring and review of the performance, including the outcomes and impact of such performance
- ✿ preparation of the municipal budget

2.7 Public Meetings

Nature and purpose of meeting	Date of events	Local Municipality & Number of Community members attending	
Council Meeting the People	7 October 2024	Emthanjeni Local Municipality (Britstiw))	100
	17 October 2024	Renosterberg Local Municipality (Philipstown)	77
	06 November 2024	Kareeberg Local Municipality (Niekershoop)	151
	05 March 2025	Siyancuma Local Municipality (Douglas)	51
	15 April 2025	Ubuntu Local Municipality (Victoria West)	63
	14 May 2025	Renosterberg Local Municipality (Vanderkloof)	39
Budget and IDP	15 April 2025	Ubuntu Local Municipality (Victoria West)	63
AG Outcomes 2023/24	15 April 2025	Thembelihle Local Municipality (Strydenburg)	63

Table 28: Public Meetings

2.8 Representative Forums

Local Labour Forum

The table below specifies the members of the Local Labour forum for the period *1 July 2024 to 30 June 2025*:

Name of Representative	Capacity	Meeting Dates
Cllr. K Gous	Council Representative	<ul style="list-style-type: none"> ✿ 26 September 2024 ✿ 28 February 2025 ✿ 30 May 2025
Cllr. S Swartling	Council Representative	
Cllr. Sintu	Council Representative	
Mr. TA Loko	Employer Representative	
Mr. MZ Swarts	Imatu Representative	
Ms C Draai	Imatu Representative	
Ms. SN Thomas	SAMWU Representative	
Mr. C Valla	SAMWU Representative	
Miss Y Mabedla	SAMWU Representative	
Mr. S Ntamehlo	LLF Secretary	
Cllr. S Swartling	LLF Chairperson (SAMWU)	

Table 29: Local Labour Forum (1 July 2023 to 30 June 2024)



IDP Forum

Name of Representative/ Organisation Presenting	Capacity	Meeting Dates
Mr. Greeff and MR. Baas - Planning Unit Municipal Manager	Pixley ka Seme District Municipal Steering Committee	<ul style="list-style-type: none"> 📅 23 October 2024 📅 28 February 2025
Mr. Greeff and Mr Baas- Planning Unit Mayor	Pixley ka Seme District Municipal IDP Representative Forum Meeting	<ul style="list-style-type: none"> 📅 3 December 2024 📅 11 March 2025
Mayor and Councilors, - Mayor's office Mr. Greeff and Mr Baas - Planning Unit	Pixley ka Seme District Municipal IDP Public Engagement Session in Victoria West and Keurtjieskloof	<ul style="list-style-type: none"> 📅 14 April 2025 📅 13 May 2025

Table 30: IDP Forum

District and Local AIDS Committee Meetings

Name of Municipality and Town	Type of Committee Meeting	Meeting Dates
Sector Departments, Civil Society, local Municipalities, Non-Governmental Organizations and Office of the Premier	Managers, Chairpersons and Secretaries, Local Mayors and District Coordinators	<ul style="list-style-type: none"> <u>District AIDS Council</u> 📅 24 July 2024 📅 16 October 2024 <u>Local AIDS Council</u> 📅 12 September 2024 📅 3 September 2024 📅 22 October 2024

Table 31: District and Local AIDS Council

District Communication Forum

Name of Municipality and Town	Type of Committee Meeting	Meeting Dates
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	17 September 2024
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	28 November 2024
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	31 March 2025

Table 32: District Communication Forum

2.9 Shared Services

2.9.1 Planning

The Planning Section falls under the Infrastructure Development and Housing Department and is charged with the responsibility of planning for the district. This planning function is multidimensional focusing on spatial planning and integrated development planning for the district as a whole.

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on local municipalities. However, taking the abilities of the local municipalities in consideration, Council has decided that Pixley ka Seme District Municipality should provide hands on support to all its local municipalities, in adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998.

Support was rendered in the following activities:

- 📌 Processing of building plan applications in order for applicants to get building permits in time.
- 📌 Assist local municipality with land development applications e.g. rezoning, residential layout and removal of restrictions.



During the year the following achievements were made in this field:

- ✿ 91 building applications were received of which 1 was still in the process, 33 were approved and 57 were not approved due to incompliance issues in terms of the Title Deed of the property or Municipal Scheme Regulations or National Building Regulation and Building Standards Act. The quality of the building plans remains a challenge. Draughtsman training was conducted in Siyancuma and Thembelihle Municipalities during the year to improve the quality of the building plan submissions.

Spatial Plan Land Use Management Act

SPLUMA came into effect from 1 July 2015 and since council has decided to establish a District Municipal Planning Tribunal (DMPT) to consider land development applications in the district. The term of the 2nd DMPT was established towards the end of the previous financial year. The DMPT meeting met **4** times during the year, considering **61** applications of which 49 were approved, **12** were withdrawn by the relevant municipality and 0 was rejected.

Integrated Development Planning

The Municipal Systems Act requires municipalities to review and adopt their IDPs annually to guide development within their areas of jurisdiction to ensure sustainable development, poverty eradication and a better life for all. The Municipality adopted its reviewed IDP for the 2025/26 in May 2025. The District must assist our eight local municipalities on proper municipal planning to ensure alignment and objective driven IDP's.

The IDP is a strategic planning tool for addressing developmental challenges, the plan sets out some strategic agendas and focus for development and service delivery in years to come. The strategic development agendas are premised on five key performance areas as set out by the Department of Cooperative Governance, Human Settlements and Traditional Affairs. The said five key performance areas are basic service delivery, good governance and public participation, municipal transformation and institutional development, municipal financial viability and management and local economic development.

2.9.2 Internal Audit

Section 165 of the MFMA prescribes that each municipality must have an Internal Audit Department. The Internal Audit Charter defines the service and function as follows: Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve PKSDM's operations. It helps PKSDM to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- ✿ Develop a Risk-Based Audit Plan (RBAP), incorporating any risks or control concerns identified by management and submit the plan to the Audit and Performance Committee (APC) for review and approval.
- ✿ Implement the annual internal audit plan, as approved covering Section 165(2) of the MFMA and, as appropriate, any special tasks or projects requested by management and the APC.
- ✿ Advising the Municipal Manager and report to the APC on the implementation of the internal audit plan and matters relating to:
 - ✿ Internal audit;
 - ✿ Internal controls;
 - ✿ Accounting procedures and practices;
 - ✿ Risk and risk management;
 - ✿ Performance management Loss control;
 - ✿ Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and



✿ Performing any other such duties as may be assigned to the unit by the Municipal Manager.

During the 2024/25 financial year, internal audit department rendered internal audit services to seven (7) of the local municipalities within the Pixley ka Seme District in terms of the Service Level Agreement. These services were therefore rendered to the following municipalities:

- ✿ Emthanjeni Municipality
- ✿ Umsobomvu Municipality
- ✿ Siyathemba Municipality
- ✿ Siyancuma Municipality
- ✿ Kareeberg Municipality
- ✿ Thembelihle Municipality
- ✿ Ubuntu Local Municipality

Signed Service Level Agreements are in place and will expire on 30 June 2026.

Internal audit procedures were performed based on the 2024/25 Risk Based Audit Plans (RBAP) and performed as follows:

Activity	Name of Local Municipality	Number
Quarterly Audits	Emthanjeni	5
	Umsobomvu	6
	Siyathemba	5
	Siyancuma	5
	Kareeberg	4
	Thembelihle	4
	Ubuntu	4
Audit committee meetings	Emthanjeni	1
	Umsobomvu	4
	Siyathemba	4
	Siyancuma	5
	Kareeberg	0
	Thembelihle	5
	Ubuntu	4
Quality Assurance Programme		1
Adopted Audit and Performance committee Charters	Emthanjeni	0
	Umsobomvu	1
	Siyathemba	1
	Siyancuma	1
	Kareeberg	0
	Thembelihle	1
	Ubuntu	1
Developed and approved Risk Based Audit Plan and Three-year strategic plans	Emthanjeni	1
	Umsobomvu	1
	Siyathemba	1
	Siyancuma	1
	Kareeberg	1
	Thembelihle	1
	Ubuntu	1

Table 33: Shared Services: Internal Audit Activities

The Internal Audit Department also completed a number of investigations and consulting assignments - the significant ones were at Umsobomvu and Siyathemba Municipalities. These adhoc assignments as well as audits on Performance information have been included in the quarterly audits completed.



Component D: Corporate Governance

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.10 Risk Management

The dedicated Risk Management Unit assumed a coordinating role regarding the updating of the risk profile for the Municipality. The risk profile was also submitted to the both the Risk Management Committee and the Audit Committee.

The role of risk management is to assist management in identification and review of risks in order to properly manage them. Risk management is an integral or natural part of the organizational processes and procedures. Risk management should be embedded in the organization. It becomes an intrinsic part of business planning and decision making as there is no direction taken without looking at potential risks.

The table below include the top risks of the Municipality:

Risk	Root Cause	Risk Exposure
Insufficient grant allocation	✘ Formula used by NT not addressing to PKSDM situation.	20
Municipality not continuing after disruption or disaster	✘ No Business Continuity Plan ✘ No ICT Contingency Plan ✘ Desktops & Laptops data not backed-up	16
Cyber security	✘ ICT User Access Management not adhered to Process. ✘ Users circumventing logical access rights ✘ Constant e-mails password (check box remember) ✘ Users obtaining access to unauthorised information ✘ Lack of IT System(s) rights matrix	16
Integrated waste management plan not fully implemented	✘ Non alignment of the budget and integrated waste management plan	16
Litigations	✘ breach of contract(newsletter). Non submission of data to compile the newsletter	16
Going concern	✘ Not honouring SLA/ Debt collection policy implementation. Grant dependency.	16
Accountability over IT	✘ Non adherence to CGICT Framework and SALGA ICT Guidelines ✘ partial ICT Strategic documents and policies ✘ Lack ICT Contingency Plan ✘ Lack of IT Governance's. (Cyber, Access Control, Password / Security, Change Management and etc)	16
Business interruption due to Interruption of electricity supply, fire or floods	✘ Absence of Business continuity plan	25
Non-Compliance with Legislation, Collective Agreements, Policies and/or Regulatory Guidance.	✘ Management not keeping abreast with changes in legislation.	16
Management not partaking in processes that promote the maintenance of discipline.	✘ Lack of interest in Labour matters	16
Nonconformance with IPPF standards and Global Internal Audit Standards issued on January 9, 2024, which will be effective on January 9, 2025:	✘ Development and the implementation of the QAIP	16
Noncompliance with National Building Regulations and Building Standard Act 103 of 1977. No safety Assurance: Occupancy certificates certify that the building is structurally sound and safe for occupation, providing peace of mind to occupants.	✘ No occupancy certificate, confirming that the building has been completed in accordance with approved plans and complies with all relevant building codes, regulations, and safety standards.	20

Table 34: Top Risks



2.10.1 Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the municipality. The members and meeting dates of the Committee are indicated in the table below:

Name of Committee Member	Capacity	Meeting dates
Mr. Pietersen	Chairperson	25 September 2024
Ms. N Sindelo	Risk Management Officer (Secretary)	
Mr. H Greeff	Senior Manager Infrastructure, Development Housing and Planning	
Mr. T Loko	Senior Manager Corporate Services	
Mr. BF James	CFO	
Ms. R.A Sors	Chief Audit Executive	
Mr. I Visser	Municipal Manager	

Table 35: Risk Committee

2.11 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

No cases of corruption were reported during the 2024/25 financial year.

Developed Strategies

Name of Strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud Prevention Plan	Yes	Yes, 16 May 2024

Table 36: Strategies: Anti-corruption and Anti-fraud

2.12 Audit and Performance Committee (APC)

The APC is an independent advisory body to Council and this committee was established to assist Council with the execution of its mandate.

Both the internal and external auditors had unrestricted access to the APC. The roles of the APC are set out in the Municipality's APC Charter and covers the requirements of Section 166 of the MFMA. Their main responsibilities are as follow:

- Advising Council, the political office-bearers, the Accounting Officer and the management staff of the Municipality;
- Overseeing internal controls, financial reporting and compliance with regulatory matters;
- Review the effectiveness of the Council's system of internal control and risk management;
- Review the financial reporting and financial statements;
- Review the internal audit function;
- Review the performance management system and reports;
- Review compliance to policies, regulations and procedures in terms of prescribed guidelines and applicable laws;
- Internal audit reports are submitted to the APC on a quarterly basis for review, through formal meetings; and



✿ The APAC is functional and their purpose is in line with the MFMA and clearly outlined in the Council approved APC Charter.

2.12.1 Members of the Audit and Performance Committee (APC)

Currently the APC comprises of four members as indicated in the table below:

Member	Term Start	Term End
Mr. J Snyders	01 June 2023 (2 nd Term)	31 May 2026
Mr. A Shabalala	01 June 2023 (2 nd Term)	31 May 2026
Mr. M Mtubu	01 June 2023 (2 nd Term)	31 May 2026
Mr. G Morolong	01 June 2023 (1 st Term)	31 May 2026

Table 37: Members of the APC

For the period under review, the APC had four(4) normal meetings and two special APC meetings with the AG. APC minutes are kept and the Chairperson prepares a report on the performance of APC to Council at the end of August.

2.12.2 Meeting dates and attendance of the Audit and Performance Committee

The table below meeting dates and attendance of the APC meetings per member:

Meeting Dates	Member: J Snyders	Member: A Shabalala	Member: F Lotz
2024/08/23	Yes	Yes	Yes
2024/09/17	Yes	Yes	Yes
2024/11/20	Yes	Yes	Yes
2024/12/03	Yes	Yes	Yes
2025/03/05	Yes	Yes	Yes
2025/06/02	Yes	Yes	Yes

Table 38: Meeting dates and attendance of the APC

2.13 Internal Auditing

Section 165(2)(a), (b)(iv) of the MFMA requires that the internal audit unit of a municipality must -

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

The municipality has an in-house Internal Audit function consisting of four auditors, four internal audit clerks, one Senior Internal Auditor and one Chief Audit Executive.

The table below indicates the detail of internal audit activities for the year under review for Pixley ka Seme itself:

Activity	2023/24	2024/25
Quarterly Audits	4	4
Adhoc assignments	0	0
Quality Assurance Programme	1	1
Reviewed and approved Internal Audit Charter	1	1
Reviewed and adopted Audit Committee Charter and Workplan	1	1
Developed and approved Risk Based Audit Plan	1	1

Table 39: Internal Audit Activities



2.14 Auditor-General

The Municipality is audited by the Auditor-General of South Africa in terms of Section 188 of the Constitution and Section 4 of the Public Audit Act and Section 126 of the MFMA. The audit report for the financial year under review is in Annexure B of this report.

2.15 By-Laws and Policies

Section 11 of the MSA gives Council the executive and legislative authority to implement By-Laws and policies. The Municipal Health Services By-Law were revised during the year.

Below is a list of all the policies developed and/or reviewed during the 2024/25 financial year:

Policies Developed/ Revised	Date Adopted
Organizational Structure	29 May 2025
Recruitment and Appointment Policy	29 May 2025
Study Assistance Policy	29 May 2025
Employment Equity Policy	29 May 2025
Job Evaluation Policy	16 May 2024
Data and Cellphone Allowance Policy	16 May 2024
Scare Skills and Retention Strategy Policy	16 May 2024
Disaster Management and Contingency Plan	20 June 2025
Health and Safety Policy	20 June 2025
E-Mail Records Management Policy	16 May 2024
Fleet Management Policy	16 May 2024
Information Technology Governance Framework	16 May 2024
Information Technology Security Policy	16 May 2024
IT Backup Policy	16 May 2024
IT Change Management Policies and Procedure	16 May 2024
IT Disaster Recovery Plan	16 May 2024
IT Firewall Policy	16 May 2024
IT Steering Comm - TOR	16 May 2024
IT User Access Management Policy	16 May 2024
Acceptable Use of PKSDM IT Facilities	16 May 2024
Language Policy	16 May 2024
Password Policy	16 May 2024
PKSDM Information Technology Strategic Plan	16 May 2024
PMS Policy Review	16 May 2024
Promotion of Access to Information Manual	16 May 2024
Records Management Policy	16 May 2024
Registry Manual	16 May 2024
PKSDM Records Policy	16 May 2024
Telephone Policy	16 May 2024
TOR Standing & Other Comm	20 June 2025
Policy on Vehicle use and Vehicle Accidents	16 May 2024
Contract Management Policy	16 May 2024
HR Strategy	16 May 2024
Consequence Management Policy	29 May 2025



Policies Developed/ Revised	Date Adopted
Communication Policy	16 May 2024
Communication Strategy	16 May 2024
Social Media Use Policy	16 May 2024
Municipal Health Services Standard Operating Procedures 2024/25	20 June 2025
Asset Management Policy	29 May 2025
Borrowing Policy	29 May 2025
Cash and Investment Policy	29 May 2025
Cost Containment Policy	29 May 2025
Commitments Policy	29 May 2025
Contingent Liability Policy	29 May 2025
Subsistence and Travelling Policy	29 May 2025
Credit Control Policy	29 May 2025
Fraud Prevention Plan	29 May 2025
Related Party Policy	29 May 2025
Revenue Management Policy	29 May 2025
Risk Management Policy	29 May 2025
Supply Chain Management Policy	29 May 2025
Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy	29 May 2025
Electronic Funds Transfer Policy	29 May 2025
Infrastructure Procurement and Delivery Management Policy	29 May 2025
Tariff Policy	29 May 2025
Budget Implementation and Management Policy	29 May 2025
Funding & Reserve Policy	29 May 2025
Long Term Financial Planning Policy	29 May 2025
UIF Reduction Strategy Policy	29 May 2025
Consultants Reduction Policy	29 May 2025
Integrated Development plan 2023/2024 (First Review)	29 May 2025
Code of Conduct for Councillors	16 May 2024
Delegation Framework	29 May 2025

Table 40: Policies Developed/ Revised

2.16 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.



Below is a communication checklist of the compliance to the communication requirements:

2.16.1 Communication Activities

Description	Yes/No
Communication strategy	Yes
Customer satisfaction surveys	No
Newsletters distributed at least quarterly	Yes
Crisis Communication Procedure	No
Language Policy and Procedure	Yes
Media Protocol Procedure	Yes
Social Media	Yes
District Communication Forum	Yes
Local Communication Forums	Yes

Table 41: Communication Activities

2.16.2 Communication Unit:

Number of People in the Unit	Job Titles
2 positions, but only 1 filled.	Communications Specialist

Table 42: Communication Unit

2.16.3 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication of the information and documents that are published on the municipal website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2024/25	Yes
Adjusted Budget 2024/25	Yes
Asset Management Policy	Yes
Credit control & Debt collection Policy	Yes



Description of information and/or document	Yes/No
Investment & Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Travel and Subsistence Policy	Yes
Borrowing Policy	Yes
Top Layer SDBIP 2024/25	Yes
Budget and Treasury Office Structure	Yes
Budget and Treasury Office delegations	Yes
Delegations	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2024/25	Yes
IDP Process Plan for 2024/25	Yes
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e) & (f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2023/24	Yes
Oversight report of 2023/24	Yes
Mid-year budget and performance assessment of 2024/25 (Sec 72 MFMA)	Yes
Quarterly Reports (sec 52 MFMA)	Yes
Monthly Budget Statement (Sec 71 MFMA)	Yes
Performance Management (Section 75(1)(d) of the Municipal Finance Management Act)	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act for 2023/24	Yes
Assurance Functions (Sections 62(1), 165 & 166 of the Municipal Finance Management Act)	
Internal Audit charter	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

Table 43: Information on Website

2.16 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment to the extent where the information is currently readily available at municipal level in the specific format:



2.16.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	5	1 African 3 Coloured 1 White	4 Male 1 Female	0

Table 44: B-BBEE Compliance Performance Information: Senior Management

2.16.2 Skills Development

Category	Number	Race Classification	Gender	Disability
Black employees	0	n/a	n/a	n/a
Black non-employees	0	n/a	n/a	n/a
Black people on internships, apprenticeship, learnership	8	6 Africans 2 Coloureds	5 Males 3 Females	0
Unemployed black people on any programme under the learning programme matrix	n/a	n/a	n/a	n/a
Black people absorbed at end of internships, apprenticeship, learnership	3	1 African 2 Coloured	1 Male 2 Females	0

Table 45: B-BBEE Compliance Performance Information: Skills Development

2.16.3 Enterprise and Supplier Development

Total Number of Suppliers	21
Total Value Spend	R7 275 532,41

Name of supplier	Total value spend R	% Black Ownership	% Black women ownership
Exempt Micro Enterprises (EME's) suppliers			
EMS SOLUTIONS (PTY) LTD	R627 715,91	51	51
THE STANDARD BANK OF SOUTH AFRICA	R1 430 323,08	29.31	12.65
BESTER'S AUTO	R585 588,75	100	0
i-RAMS,a Business Unit of Digital Industries	R3 788 981,67	58.54	21.99
WDM Enterprises (Pty)Ltd	R151 373,26	100	100
Forever Resorts (Pty) Ltd	R129 240,00	0	0
Tshiamelo Corporation (Pty) Ltd	R 177 587 ,58	100	0
Aery CC	R190 946,00	100	100
Sekgorong Environmental Division	R58 762,24	100	0
Omothaphi Services CC	R145 000,00	100	0
BHR Bes (Pty) Ltd	R66 205,50	51	40.80
Why not Invent	R101 396,00	100	0

Table 46: B-BBEE Compliance Performance Information: Enterprise and Supplier Development



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

Legislative requirements

The Constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.



Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

Performance Management System used in the financial year 2024/25

The IDP and the Budget

The IDP and the main budget for 2024/25 was approved by Council in *May 2024*. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) for 2024/25 in *June 2024*. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year budget and mid-year budget assessment. The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council with the approval of the Adjustment Budget for 2024/25. The following KPI's with regard to our objectives "Compliance with the tenets of good governance as prescribed by legislation and best practice" and "Promote economic growth in the district" were adjusted/deleted from the Top Layer SDBIP. The reasons are indicated in the table below:

Ref	Strategic Objective	KPI	Unit of Measurement	Targets for 2024/25				
				Targets				
				Q1	Q2	Q3	Q4	Annual
TL6	Compliance with the tenets of good governance as prescribed by legislation and best practice	Compile and distribute the District Municipality's external newsletter	Number of newsletters compiled and distributed	1	0	0	1	2
		Reason/Corrective Measure	The annual target of the KPI was decreased from 4 to 2 newsletters for 2024/25 due to capacity constraints and challenges experienced with the service provider that does the printing.					
TL45	Promote economic growth in the district	Develop an implementation plan for the District Tourism Strategy Plan and submit to Council by 31 May 2025	Implementation Plan for the District Tourism Strategy Plan developed and submitted to Council by 31 May 2025	0	0	0	1	1



Ref	Strategic Objective	KPI	Unit of Measurement	Targets for 2024/25				
				Targets				
				Q1	Q2	Q3	Q4	Annual
		Reason/Corrective Measure	This KPI was deleted. On advice of CoGTA who will support the municipality with the compilation of the LED strategy, the Tourism strategy must form part of LED strategy.					
TL47	Promote economic growth in the district	Review the LED Strategy that includes an implementation plan and submit to Council by 31 May 2025	Reviewed LED Strategy that includes an implementation plan submitted to Council by 31 May 2025	0	0	0	1	1
		Reason/Corrective Measure	This KPI was deleted and moved to the 2025/26 financial year. CoGTA supports the municipality with the compilation of the LED strategy, but are experiencing challenges to appoint a suitable service provider.					

Table 47: Deleted and Adjusted Top Layer SDBIP KPI's in the 2024/25 Financial Year

Actual Performance

The municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance is measured as follows:

- Quarterly reports were submitted to council on the actual performance in terms of the Top Layer SDBIP.
- Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.



PERFORMANCE REPORT PART I

3.1 Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2024/25 in terms of the deliverables achieved against the strategic objectives of the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2024/25 in terms of the IDP strategic objectives.

The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

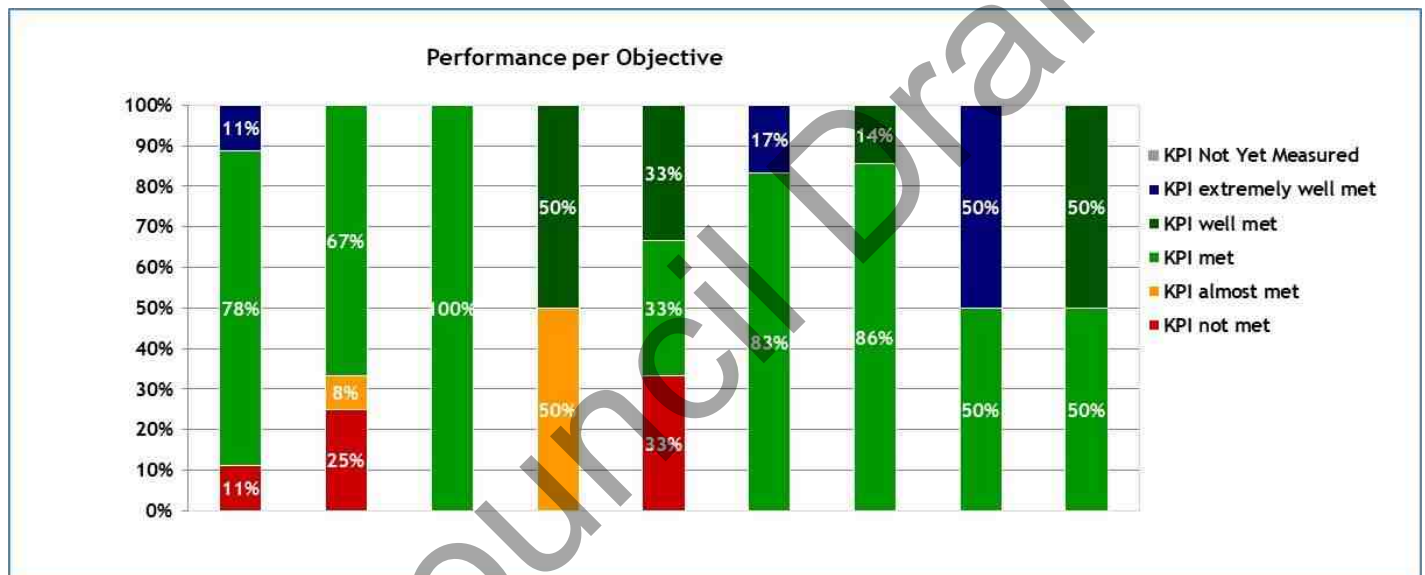
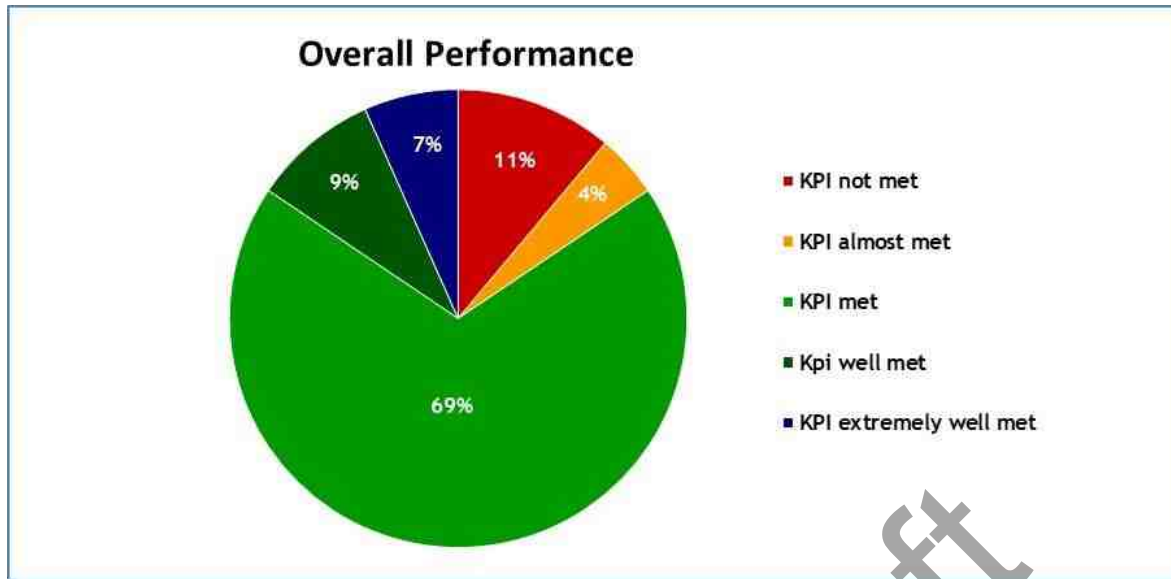
Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 3 SDBIP measurement criteria



3.2.1 Overall Performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below -



Measurement Criteria	Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome	Compliance with the tenets of good governance as prescribed by legislation and best practice	Guide local municipalities in the development of their IDP's and in spatial development	Monitor and support local municipalities to enhance service delivery	Promote economic growth in the district	To provide a professional, people-centered human resources and administrative service to citizens, staff and Council	To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined	To provide disaster management services to the citizens	To provide municipal health services to improve the quality of life of the citizens
KPI Not Met	1	3	0	0	1	0	0	0	0
KPI Almost Met	0	1	0	1	0	0	0	0	0
KPI Met	7	8	2	0	1	5	6	1	1
KPI Well Met	0	0	0	1	1	0	1	0	1
KPI Extremely Well Met	1	0	0	0	0	1	0	1	0
Total	9	12	2	2	3	6	7	2	2

Graph 1: Top Layer SDBIP Performance per objective



Actual performance as per Top Layer SDBIP according to objectives

Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual	
				Targets					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL19	Compile and submit an Audit Action Plan to Council by 31 January 2025 to address the issues raised by the AG	Audit Action Plan compiled and approved by 31 January 2025	1	0	0	1	0	1	1	G	
TL20	Report quarterly to council on meetings with and correspondence to defaulting municipalities on debt relating to services rendered	Number of reports submitted	3	1	1	1	1	4	4	G	
TL21	Prepare and submit the draft budget to Council by 31 March 2025	Draft budget submitted by 31 March 2025	1	0	0	1	0	1	1	G	
TL22	Prepare and submit the final budget to Council by 31 May 2025	Final budget submitted by 31 May 2025	1	0	0	0	1	1	1	G	
TL23	Prepare and submit the adjustments budget to Council by the 28 February 2025	Adjustments budget submitted by 28 February 2025	1	0	0	1	0	1	1	G	
TL24	Submit the annual financial statements to the Auditor-General by 31 August 2024	Statements submitted to the AG by 31 August 2024	1	1	0	0	0	1	1	G	
TL25	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations by 30 June 2025 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage as at 30 June 2025	2.10%	0%	0%	0%	45%	45%	1.22%	B	
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30	Number of months it takes to cover fix operating expenditure with	0.1	0	0	0	0.01	0.01	0.01	G	



Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25							
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
	June 2025 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	available cash as at 30 June 2025									
TL27	Develop an implementation plan for the Revenue Enhancement Plan and submit to Council by 31 May 2025	Implementation plan for the Revenue Enhancement Plan developed and submitted to Council by 31 May 2025	New Key Performance Indicator for 2024/25	0	0	0	1	1	0		R
	Corrective Measure	The Implementation plan was not tabled to council in May 2025. It will be tabled in August 2025.									

Table 48: Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome

Compliance with the tenets of good governance as prescribed by legislation and best practice

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25							
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL1	Submit a report to council by 31 May 2025 on the monitoring and evaluation of community participation	Report submitted to council by 31 May 2025	1	0	0	0	1	1	1		G
TL2	Host commemorative days as per the approved list by the Municipal Manager and Mayor	Number of commemorative days hosted	5	2	1	1	1	5	5		G
TL3	Facilitate the meeting of the District HIV/AIDS council	Number of meetings held	3	0	1	0	1	2	2		G
TL4	Facilitate "Council meets the People" meetings for each municipality by 30 June 2025	Number of meetings facilitated	8	0	0	0	8	8	6		O



Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
	Corrective Measure	Due to financial constraints the target could not be met.								
TL5	Facilitate the meeting of the District Communication Forum	Number of meetings held	4	0	1	0	1	2	2	G
TL6	Compile and distribute the District Municipality's external newsletter	Number of newsletters compiled and distributed	2	1	0	0	1	2	1	R
	Corrective Measure	Challenges were experienced with the service provider. Target will be met in 2025/26.								
TL7	Facilitate the quarterly meetings of the Political District Intergovernmental Forum	Number of meetings facilitated	2	1	1	1	1	4	2	R
	Corrective Measure	Only 2 meetings took place during 2024/25 due to non-availability of the Mayors. We will stick to the dates as per the annual schedule in 2025/26 and intend to engage the Executive Mayor who is the Chairperson of the PIGR to consider appointing any other Councillor should there be any other commitment on the date of the IGR to avoid all the postponements.								
TL8	Facilitate the quarterly meetings of the Technical District Intergovernmental Forum	Number of meetings facilitated	4	1	1	1	1	4	4	G
TL9	Sign 57 performance agreements with all directors by 31 July 2024	Number of performance agreements signed by 31 July 2024	4	4	0	0	0	4	4	G
TL11	Complete the Risk Assessment and submit the updated risk register to the Risk Management Committee by 31 March 2025	Risk Analysis completed and updated risk register submitted to the Risk Management Committee by 31 March 2025	1	0	0	1	0	1	0	R
	Corrective Measure	In the 2024/25 financial year only one meeting of the Risk Committee took place due to not having a Risk Committee Chairperson. The newly appointed Chairperson will ensure all Risk Committee meetings take place in 2025/26 and the updated Risk Register will be submitted in March 2026 as planned in the year planner.								
TL28	Submit the Top layer SDBIP for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP submitted 4 to Mayor within 14 days after the budget has been approved	1	0	0	0	1	1	1	G
TL29	Submit the draft Annual Report to Council annually by 31 January 2025	Draft annual report submitted to council by 31 January 2025	1	0	0	1	0	1	1	G



Table 49: Compliance with the tenets of good governance as prescribed by legislation and best practice

Guide local municipalities in the development of their IDP's and in spatial development

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL41	Compile the IDP review and submit draft to Council by 31 March 2025	Draft IDP review submitted to Council by 31 March 2025	1	0	0	1	0	1	1	G
TL42	Compile an IDP framework by 31 August 2024 to guide local municipalities	IDP framework completed by 31 August 2024	1	1	0	0	0	1	1	G

Table 50: Guide local municipalities in the development of their IDP's and in spatial development

Monitor and support local municipalities to enhance service delivery

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL10	Report quarterly to council on Shared Services	Number of reports submitted	3	1	1	1	1	4	3	O
	Corrective Measure	Reports for Q1, Q2 & Q3 was submitted to Council. Q4 was not submitted to council by 30 June 2025 and will be submitted in 2025/26.								
TL40	Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality	Number of reports submitted	4	1	1	1	1	4	5	G2

Table 51: Monitor and support local municipalities to enhance service delivery



Promote economic growth in the district

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual	
				Targets					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL43	Create full time equivalents (FTE's) through the Expanded Public Works Programme (EPWP) by 30 June 2025 [Person days / FTE (230 days)]	Number full time equivalents (FTE's) created by 30 June 2025	15	0	0	0	12	12	14	G2	
TL44	Facilitate quarterly LED forum meetings	Number of meetings Facilitated	4	1	1	1	1	4	4	G	
TL46	Host an annual Tourism and Investment summit by 30 June 2025	Tourism and Investment summit hosted annually by 30 June 2025	New Key Performance Indicator for 2024/25	0	0	0	1	1	0	R	
	Reason/Corrective Measure	Summit could not be held due to budget limitations. Will be hosted once financial position of the Municipality has improved.									

Table 52: Promote economic growth in the district

To provide a professional, people-centered human resources and administrative service to citizens, staff and Council

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25					Actual	
				Targets						
				Q1	Q2	Q3	Q4	Annual		
TL30	Spent 1% of personnel budget on training by 30 June 2025 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training as at 30 June 2025	1.19%	0%	0%	0%	1%	1%	1%	G
TL31	Implement the WPSP measured by the % of identified employees that completed training as identified in WPSP by 30 June 2025 (Total number of officials that received training as was identified in the WPSP for 2024/25 / total number of officials that were identified for training in the WPSP for 2024/25	% of identified employees that completed training as identified in WPSP by 30 June 2025	90%	0%	0%	0%	90%	90%	90%	G
TL32	Limit the vacancy rate of all funded and vacant posts to 10% of funded posts by 30 June 2025 so that 90% of posts are filled	% vacancy rate of funded posts (Number of funded posts vacant/Total number of funded posts)x100	15%	0%	0%	0%	10%	10%	2.10%	B



Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
	((Number of funded posts vacant/Total number of funded posts)x100)									
TL33	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2025	Plan submitted to the LGSETA by 30 April 2025	1	0	0	0	1	1	1	G
TL34	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2025	Number of people employed (newly appointed)	1	0	0	0	1	1	1	G
TL39	Review the organizational structure of the district Municipality and submit to council by 31 May 2025	Reviewed Organizational Structure submitted to council by 31 May 2025	1	0	0	0	1	1	1	G

Table 53: To provide a professional, people-centered human resources and administrative service to citizens, staff and Council

To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25					Actual	
				Targets						Actual
				Q1	Q2	Q3	Q4	Annual		
TL12	Submit a Quality Assurance Plan for Pixley Ka Seme District Municipality to the Audit Committee by 30 June 2025	Quality Assurance Plan submitted by 30 June 2025	1	0	0	0	1	1	1	G
TL13	Submit internal audit reports to the local municipalities in terms of the Service Level Agreements	Number of reports submitted	28	7	7	7	7	28	29	G2
TL14	Compile the Risk Based Audit Plan (RBAP) for Pixley Ka Seme District Municipality and submit to the	RBAP submitted by 30 June 2025	1	0	0	0	1	1	1	G



Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
	Audit Committee for consideration by 30 June 2025									
TL15	Compile the Risk based audit plans (RBAP) for the local municipalities in terms of the Service Level Agreements by 30 June 2025 and place on the agenda of the next Audit Committee meeting	Number of plans completed by 30 June 2025 and placed on the agenda of the next AC meeting	7	0	0	0	7	7	7	G
TL16	Review the 3 year Strategic Audit Plan for Pixley Ka Seme District Municipality and submit to the Audit Committee by 30 June 2025	Revised 3 year Strategic Audit plan submitted to the AC by 30 June 2025	1	0	0	0	1	1	1	G
TL17	Review the 3 year Strategic Audit Plan for the Local Municipalities in terms of the Service Level Agreements by 30 June 2025 and place on the agenda for the next Audit Committee meeting	Revised 3 year Strategic Audit plans by 30 June 2025 and placed on the agenda of the next AC meeting	7	0	0	0	7	7	7	G
TL18	Facilitate the quarterly Audit Committee meetings during the 2024/25 financial year for Pixley Ka Seme District Municipality	Number of Audit Committee meetings facilitated	4	1	1	1	1	4	4	G

Table 54: To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined



To provide disaster management services to the citizens

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual	
				Targets					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL35	Host training session by 31 May 2025 to train volunteers into Disaster Management (In collaboration with all departments)	Training session hosted by 31 May 2025	4	0	0	0	1	1	4	B	
TL36	Review the Disaster Management Plan annually and submit to Council by 31 May 2025	Reviewed plan submitted to council by 31 May 2025	1	0	0	0	1	1	1	G	

Table 55: To provide disaster management services to the citizens

To provide municipal health services to improve the quality of life of the citizen

Ref	KPI	Unit of Measurement	Actual performance 2023/24	Performance of 2024/25						Actual	
				Targets					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL37	Compile monthly water quality analysis reports to local municipalities in terms of the Water Quality Monitoring Programme	Number of reports compiled	111	24	24	24	24	96	127	G2	
TL38	Submit quarterly reports to Council on municipal health services rendered	Number of reports submitted	5	1	1	1	1	4	4	G	

Table 56: To provide municipal health services to improve the quality of life of the citizen



3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

3.4 Municipal Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal health services	Yes
Trading regulations	Yes
Constitution Schedule 5, Part B functions:	
Control of public nuisances	Yes
Licensing and control of undertakings that sell food to the public	Yes

Table 57: Functional areas



COMPONENT A: BASIC SERVICES

3.5 Housing

Pixley ka Seme DM, a level 2 accredited housing service delivery agent is delivering the housing service as a shared service to seven of the seven local municipalities in the district. The strategic objectives in terms of housing delivery for the institution are:

- ✿ Promote integrated sustainable human settlements;
- ✿ Align housing projects to existing IDP development priorities;
- ✿ Develop and implement a programmed approach to land development for housing;
- ✿ Develop and implement efficient land identification and land release strategies;
- ✿ Ensure effective planning and servicing of identified land;
- ✿ Improve skills and capacity building within the municipalities; and
- ✿ Implement IGR goals and objectives related to housing.

Highlights: Housing

Highlight	Description
HSS administration	Housing delivery requires beneficiaries to be captured into the system for allocation purposes.
NHNR data capturing	For the purpose of Housing construction there is a need for beneficiaries to be registered on the Needs Register to ensure that they meet the criteria before applying
Consumer Education	To educate beneficiaries on their responsibility to maintain their houses and help them understand their rights to own houses. 565 beneficiaries were reach with the consumer education outreach programme this year in the following areas: Siyathemba - 187 and Umsobomvu 378

Table 58: Housing Highlights

Challenges: Housing

Challenge	Actions to Address
Level 2 accreditation role	It is imperative to approach National to reprimand the Province on assisting the Municipality to perform housing delivery function.
Social/Rental programmes	The District Municipality to approach SHI (Social Housing Institute) on both aspects at least to be able to address the relevance of Level 2 accreditation.
Rental Stock	The same Social Housing approach to be explored to deliver rental stock in economic strategic towns . This might be a revenue base for the Municipality.

Table 59: Housing Challenges

Service Statistics: Housing

Financial year	Beneficiary Education
2023/24	416
2024/25	565

Table 60: Housing Beneficiary Education



Employees: Housing

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	4	3	1	25.0
7 - 9	0	0	0	0.0
10 - 12	2	0	2	100.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	7	4	3	42.9

As at 30 June 2025

Table 61: Employees Housing

Capital Expenditure: Housing

No capital funding is allocated to the district. The provincial department assigns implementation of housing projects to their appointed Project Management Unit (PMU).

COMPONENT B: ROAD TRANSPORT

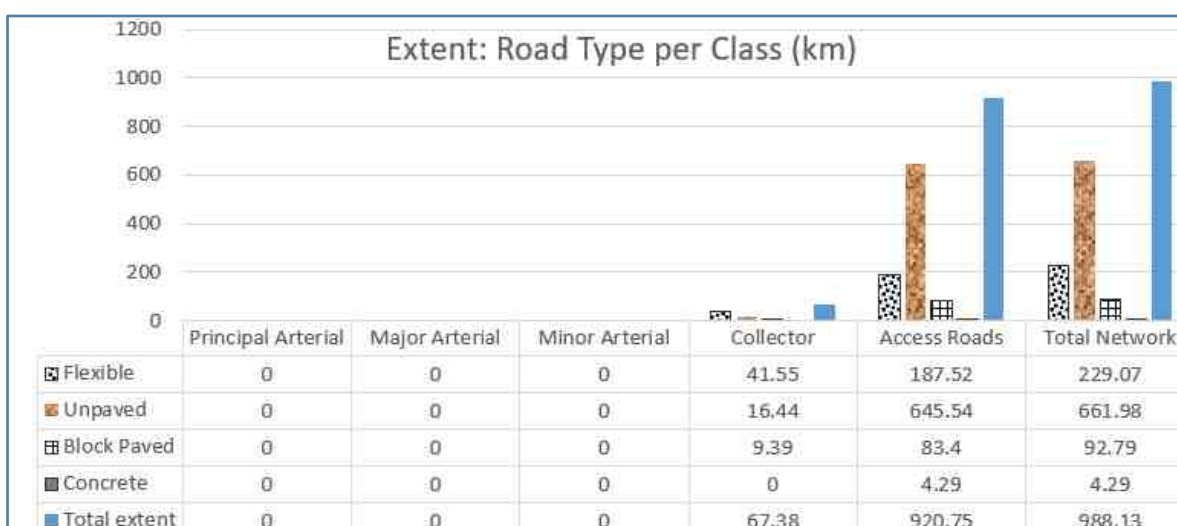
3.6 Roads

The District Municipality does not have any road assets to maintain, however the municipality is involved with the Rural Road Asset Management which entails the condition assessment of municipal streets, traffic analysis and condition assessment of bridges within the district which is funded by the National Department of Transport.

4 civil engineering graduates and 2 data capturers were employed in order to implement the programme with the available funding. Roads and Highways a business unit of Digital Industries (PTY) Ltd. provide technical assistance as and when needed with the implementation of the programme.

The graph below illustrate the network per road type assessed and the overall condition of the network assessed during the period.

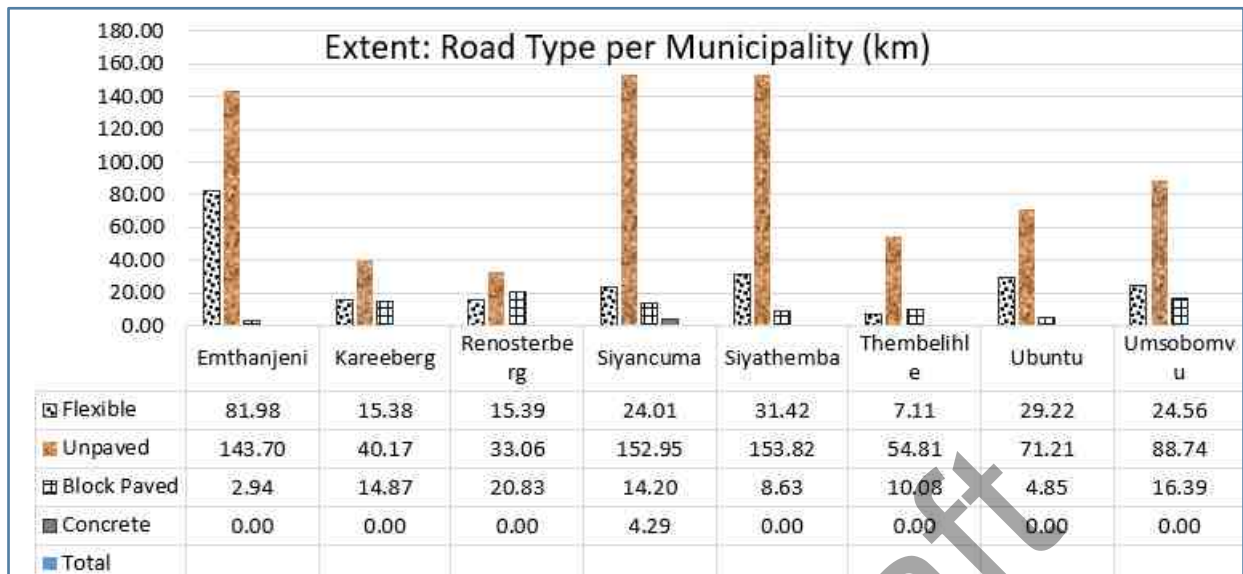
Data is collected over a three-year cycle and 2024/25 financial year is the last year in the cycle, therefore the network data of 2023/24 is still relevant for this financial year.



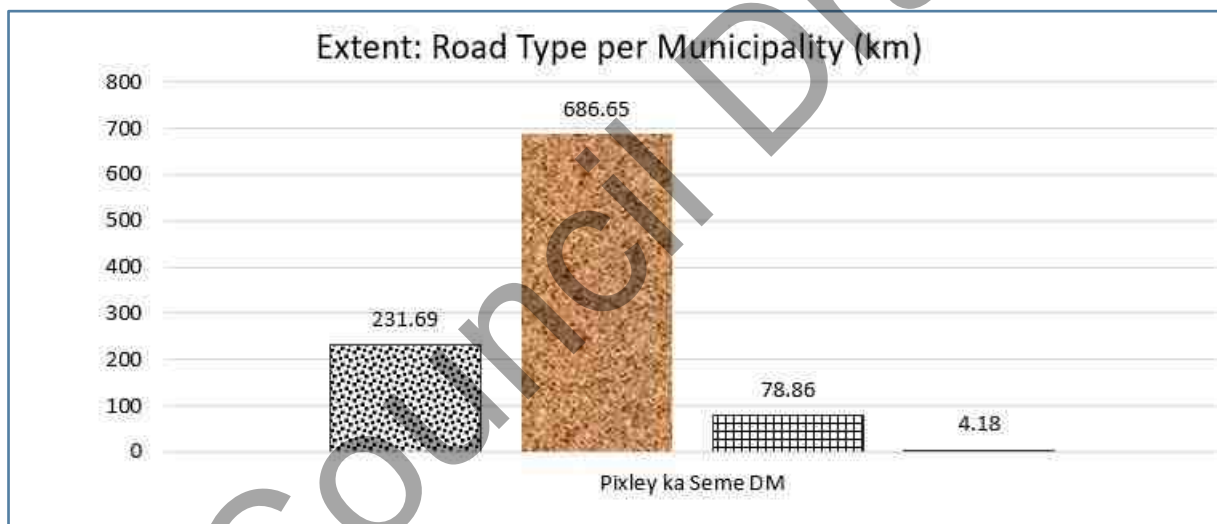
Graph 2: Extent: Road Type per Road Class (km)



Emthanjeni municipality has the largest municipal road network consisting of 82.01km paved roads, 146,89 km gravel and earth roads and 2,94km of block paved roads. The road network for the other municipalities in the area is illustrated in the graph below.



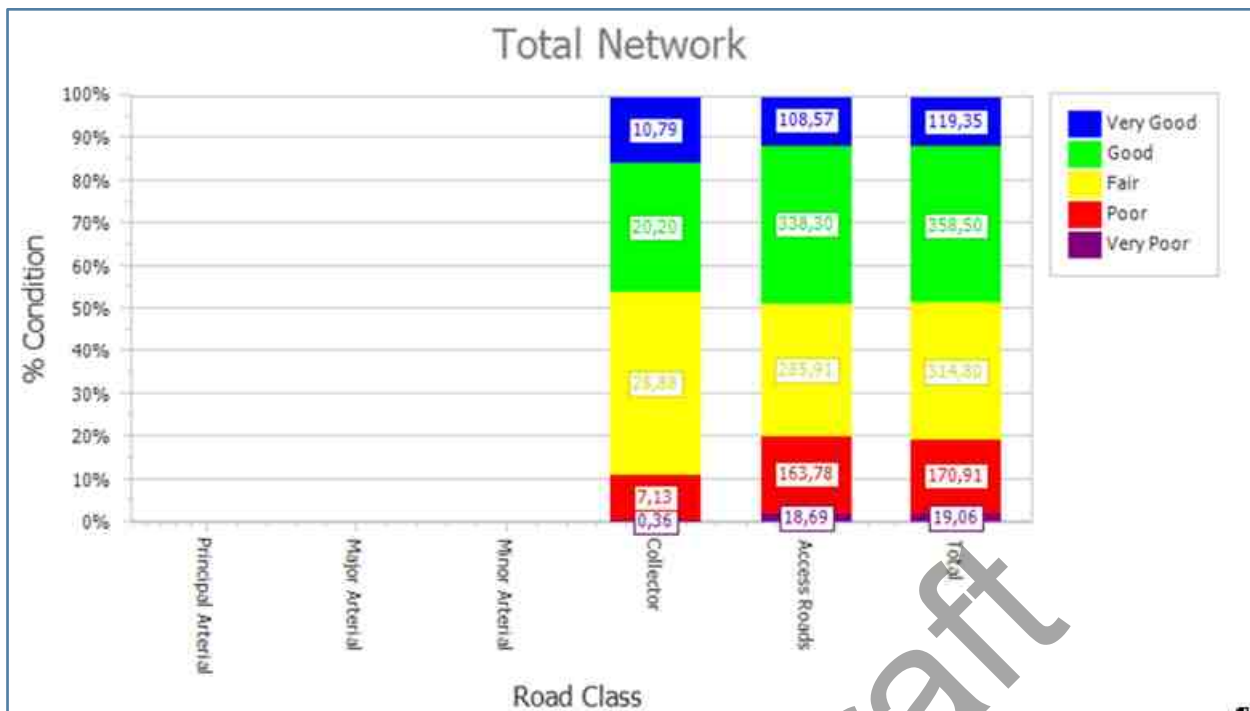
Graph 3: Extent: Road type per Municipality (2023/24 data set)



Graph 4: Extent: Road Type for Total Network (2023/24 data set) (km)

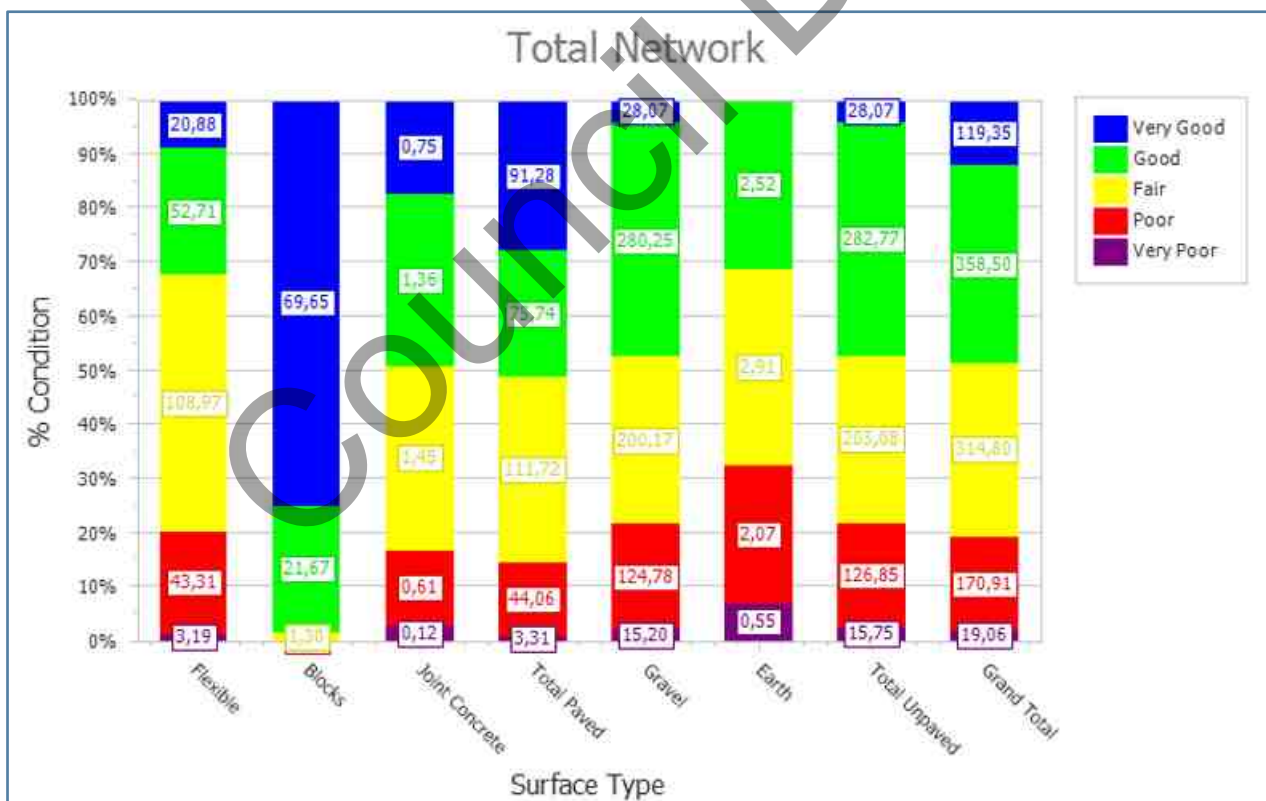


The visual condition index (VCI) for the different road classes in the district can be summarised as follows:



Graph 5: Total Pixley ka Seme Road Network Level of service LOS (2023/24 data set) (km)

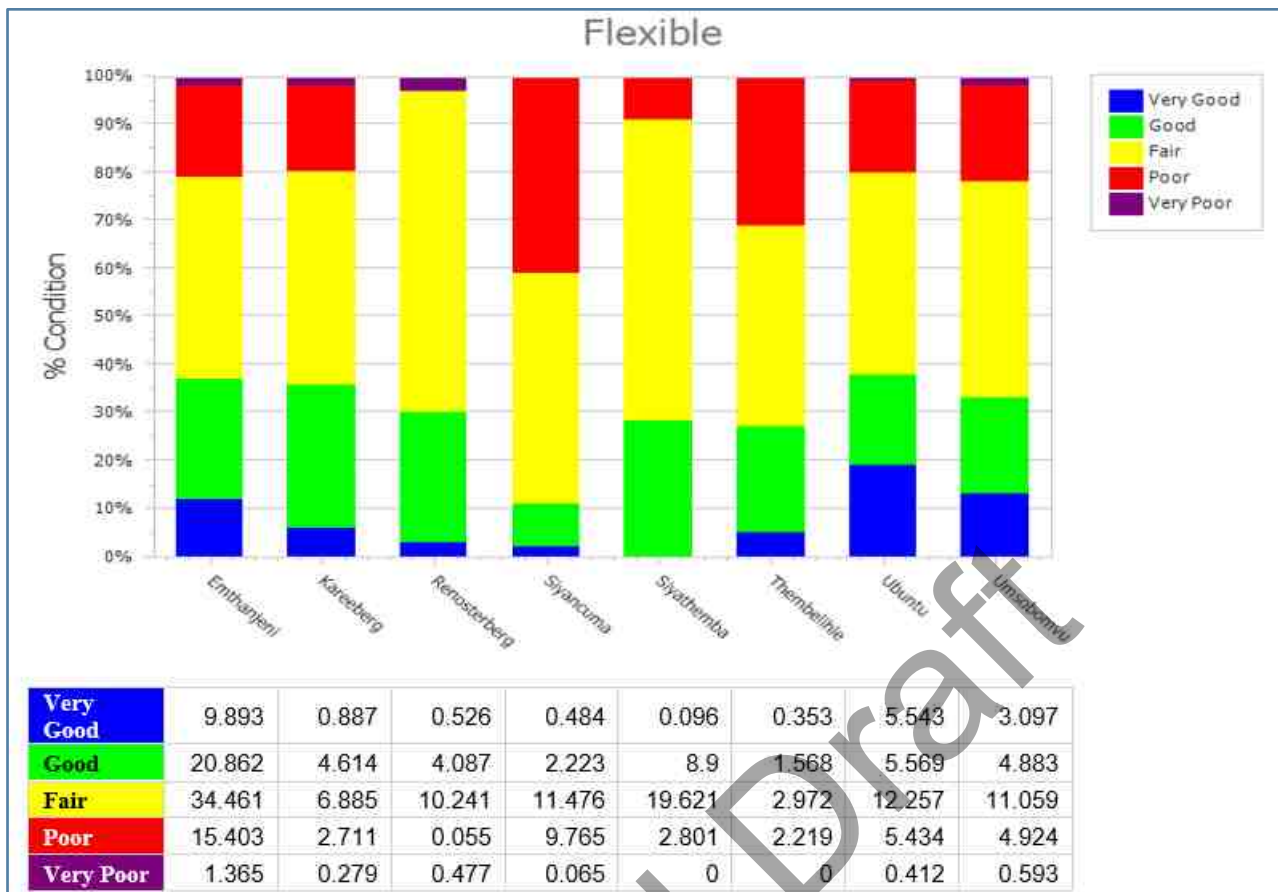
The visual condition index (VCI) for the different road types in the district can be summarised as follows:



Graph 6: Visual Condition Index of Pixley Ka Seme Network (km)

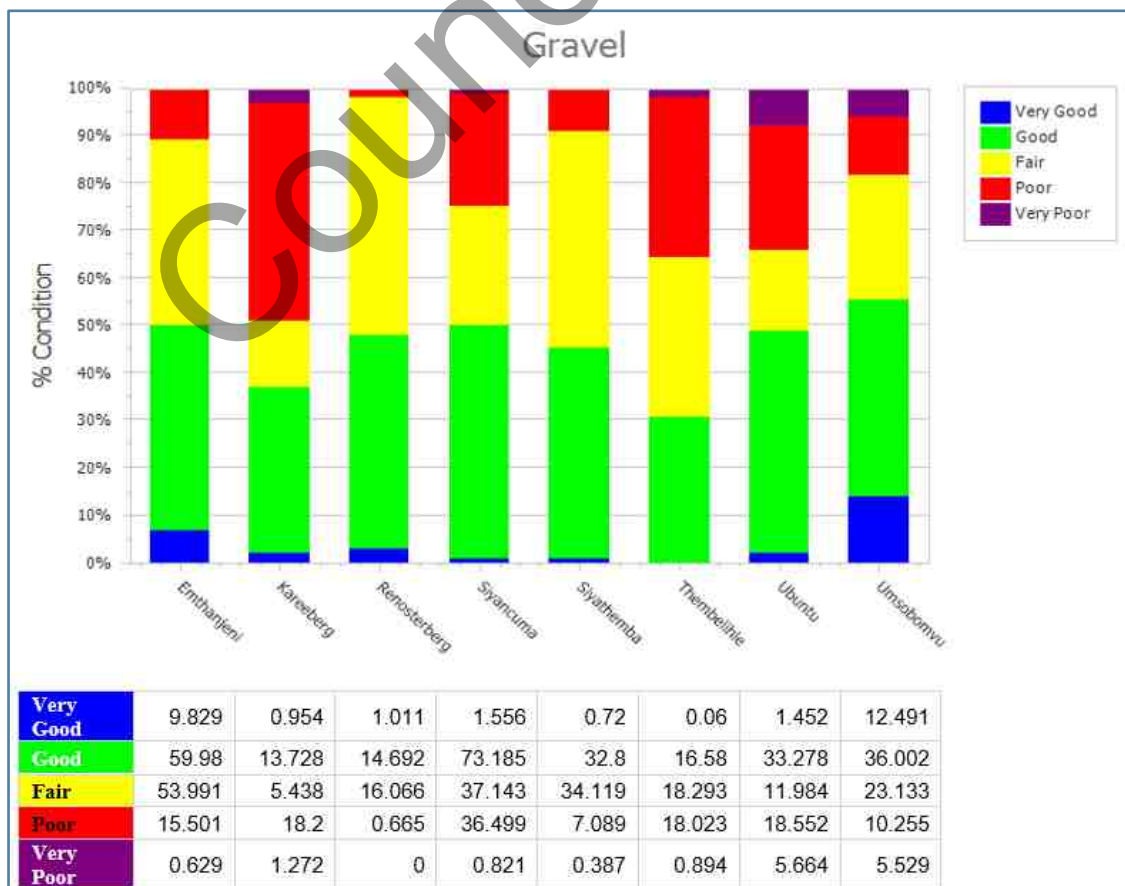


The VCI for the paved roads in the municipalities can be summarised as follows:



Graph 7: Paved Road Condition (2023/24 data set) (km)

The VCI for the unpaved roads in the municipalities can be summarised as follows:



Graph 8: Unpaved Roads Condition (2023/24 data set) (km)



The VCI for the block paved roads in the municipalities can be summarised as follows:

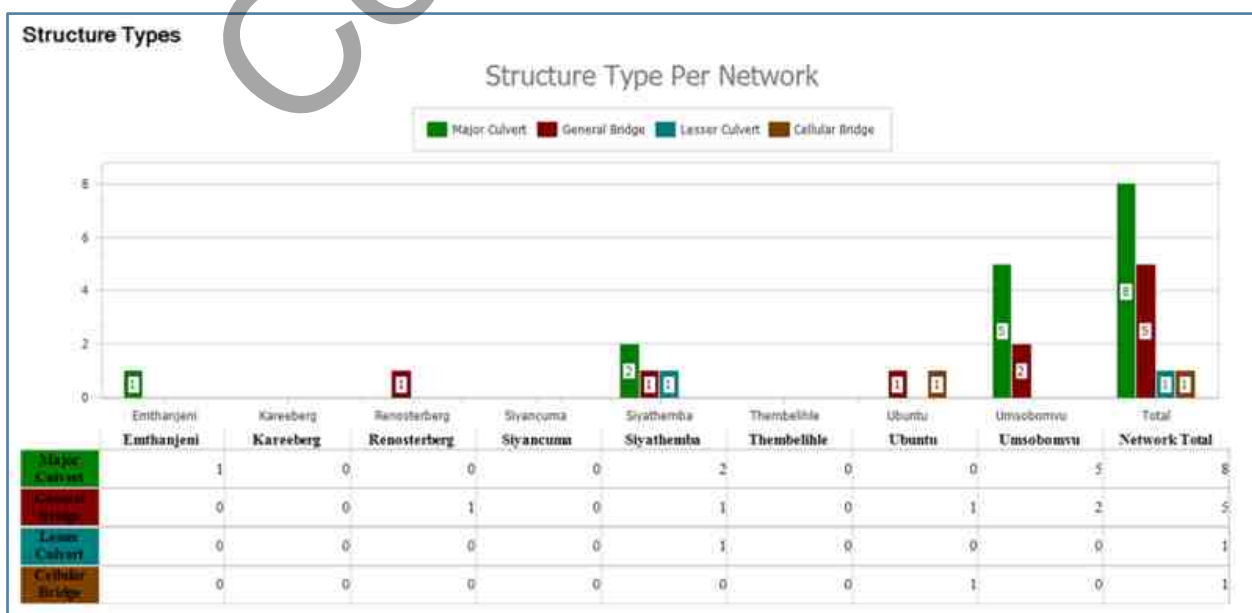


Graph 9: Block paved Roads Condition (2023/24 data set) (km)

Pixley Ka Seme District has adopted the Struman Bridge Management System developed by the CSIR for the investigation of their local bridges. All structures were assessed according to TMH19 by an accredited structural engineer.

The average condition index (ACI) of bridges / culverts is determined based on the severity and extent of defects in elements. In general, ACI is evaluated the STRUMAN software based on routine bridge inspection defects ratings considering the severity of dominant defects.

The next graph indicates the type and number of structures per municipality:



Graph 10: Type and Number of Bridge Structures per Municipality

Structures need to be assessed once in a three-year cycle.



The next table indicates the estimate maintenance cost to repair the structures:

Municipality	Town	Bridge Name	Estimate Repair Costs	Municipal Total
Siyathemba	Prieska	Prieska Culvert 1	R 39 604.00	R692 543.00
	Prieska	Prieska Pedestrian Bridge	R568 720.00	
	Prieska	Prieska Culvert 2	R 60 580.00	
	Prieska	Prieska Culvert 3	R 23 639.00	
Renosterberg	Philipstown	Philipstown Bridge	R272 446.00	R272 446.00
Emthanjeni	De Aar	Culvert	R 88 935.00	R 88 935.00
Umsobomvu	Colesberg	Colesberg Bridge	R 64 428.00	R521 260.00
	Colesberg	Gereformeerde Bridge	R127 960.00	
	Colesberg	Correctional Services	R 75 745.00	
	Colesberg	Colesberg Bridge 3	R 92 426.00	
	Colesberg	Colesberg Bridge 4	R 22 640.00	
	Noupoort	Culvert	R138 061.00	
Ubuntu	Richmond	Causeway	R 96 958.00	R132 939.00
	Richmond	Olivier Brug	R 35 981.00	

Table 62: Estimated Maintenance Costs for Structures

Ancillary assets within the road reserve were assessed and capture during the 2024/25 financial year in all eight local municipalities in the district. Then next table gives an indication of the number of assets found per local municipality.

Municipal Area		Emthanjeni	Kareeberg	Renosterberg	Siyancuma	Siyathemba	Thembelihle	Ubuntu	Umsobomvu	Total Inventory Items
Sidewalk	Pedestrian Lane (m)	3965	0	0	3534	1296	452	4274	0	13521
	Cycle Lane(m)	0	0	0	0	0	0	0	0	0
	P & C Lane (m)	0	0	0	0	0	0	1	0	1
	Steps (m)	0	0	0	0	0	0	1	0	1
Traffic Calming items	Mini Circle(No.)	0	0	0	0	0	0	28	0	28
	Rumble Strips (No.)	0	0	0	0	0	0	27	0	27
	Speed Hump (No.)	51	23	18	53	109	12	27	98	391
	Pedestrian Crossing(No.)	0	0	0	0	0	0	0	0	0
	Mini Traffic Island (No.)	1	0	0	0	0	0	0	0	1
	Speed Bump (No.)	14	0	0	0	0	6	0	0	20
Drainage	Chute (m)	188	0	466	32	96	147	104	623	1 656
	Side (m)	2 703	0	3 888	2 006	1 463	1 364	6 962	3 304	21 690
	Channel (m)	12 610	10 815	3 121	10 009	3 481	4 287	8 843	9 946	63 112
	Inlet (No.)	190	9	5	26	67	11	56	66	430
	Manhole (No.)	1 096	269	229	1 007	419	228	342	599	4 189
	Culvert (m)	9 123	64	90	352	137	130	901	214	11 011
Fences	Stock Proof (m)	0	0	0	0	0	0	0	0	0
	Game (m)	0	0	0	0	0	0	0	0	0
	Brick Wall (m)	0	0	0	0	0	0	0	0	0
	RazorWire (m)	0	0	0	0	0	0	0	0	0
	ClearView (m)	0	0	0	0	0	0	0	0	0
	Palisades (m)	0	0	0	0	0	0	0	0	0
	Diamond (m)	0	0	0	0	0	0	0	0	0
Bonnex (m)	0	0	0	0	0	0	0	0	0	

Table 63: number of assets found per local municipality



Traffic data collection was performed during the financial in all municipalities. The objective of traffic data collection is to gather information about the type of road users to support transportation planning and network management. Traffic monitoring is the process of measuring and collecting various types of vehicles using the roads as well as the movement thereof at intersections. The data is collected over a 12-hour period and processed and expressed in the Average Daily Traffic Count.

Highlights: Roads

Highlight	Description
Ancillary Assets Assessment	Capturing of ancillary assets within the road reserve and the condition assessment thereof in all eight local municipalities
Traffic Data Collection	A total of 96 counting stations covering 450 road links were counted during the year.
Road Asset Management Plan	The institution was able to compile and submit the Road Asset Management Plan with the TMH18 compliant data set to National Department of Transport with the assistance of the appointed service provider.
Vehicles	Pixley ka Seme District Municipality has purchase one LDV for the implementation of the programme for the next three years.

Table 64: Roads Highlights

Challenges: Roads

Description	Actions to address
Retention of technical personnel	During the financial year one Technician was absorbed as a Technician at Siyancuma municipality.

Table 65: Roads Challenges

Employees: Roads

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	0	0	0	0.0
10 - 12	2	1	1	50.0
13 - 15	0	0	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	3	2	1	33.0

As at 30 June 2025

Table 66: Employees - Roads

Capital Expenditure: Roads

There was no capital expenditure for the 2024/25 financial year.



COMPONENT C: PLANNING AND DEVELOPMENT

3.7 Planning

Sustainable economic development in a region is firstly only possible if there is a balance between the urban-rural and larger-smaller town developments (thus, if there is spatial development balance). Secondly, it requires sufficient protection of all dimensions of the natural environment and, thirdly, the different elements of the physical infrastructure have to develop at a sufficient pace.

These three areas are easily taken for granted in the daily efforts of private enterprises to make a profit, break even or fulfil their short-term goals vs the objectives of public policy to protect and allocate resources to ensure long term sustainability.

The functions of the planning unit consist of:

- ✿ The processing of building plan applications on behalf of local municipalities in the district
- ✿ Assisting local municipalities with zoning and residential layout plans
- ✿ Assist local municipalities with land rezoning and removal of restrictions
- ✿ Establishment of all structures to give effect for the implementation of the Spatial Planning Land Use Management Act (SPLUMA).

Highlights: Planning

Processing of building plan applications

The district is considering building plan applications for some municipalities (Kareeberg, Renosterberg, Thembelihle, Siyancuma, Siyathemba and Ubuntu) in the district.

During the financial year the planning unit assessed **91** building plan applications. The table below provides more information of the number of applications from the relevant municipalities:

Municipality	Kareeberg	Siyathemba	Ubuntu	Siyancuma	Thembelihle	Renosterberg	Total
Approved	3	6	9	5	4	6	33
Not Approved/ Referred Back	2	13	4	25	10	3	57
Pending	0	1	0	0	0	0	1
Grand Total	5	20	13	30	14	3	91

Table 67: Building Plan Applications

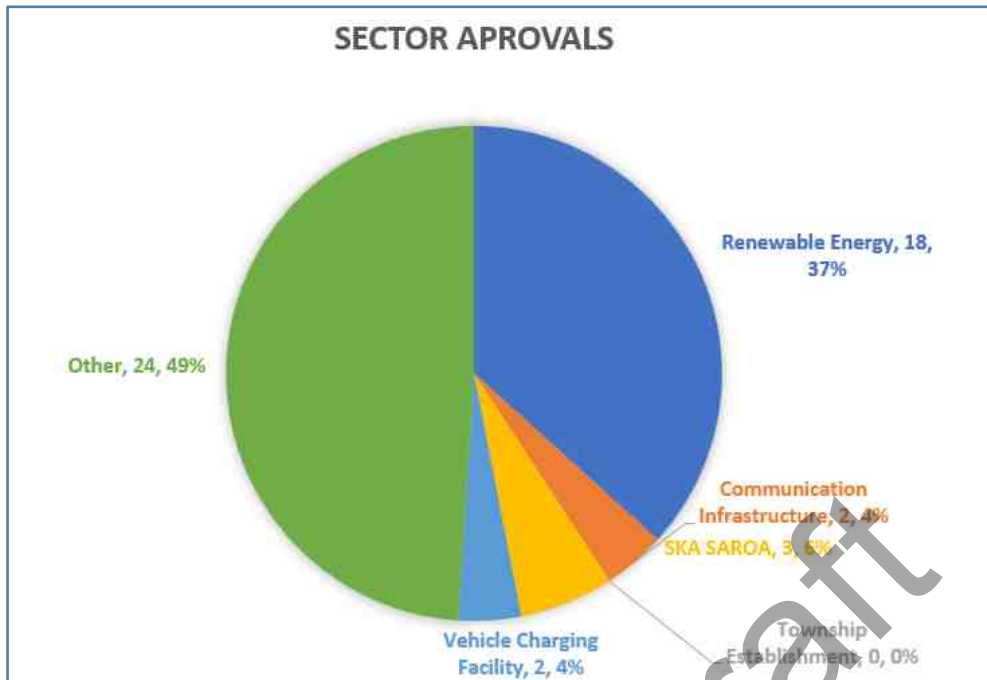
Building plan applications are assessed according to the National Building Regulations and Building Standards Act No. 103 of 1977, the scheme regulations of the relevant municipality and Title deed conditions. During the year a building plan training was conducted with draughtsman in Siyancuma and Thembelihle Municipalities to improve the quality of the building plan submissions.

District Municipal Planning Tribunal (DMPT)

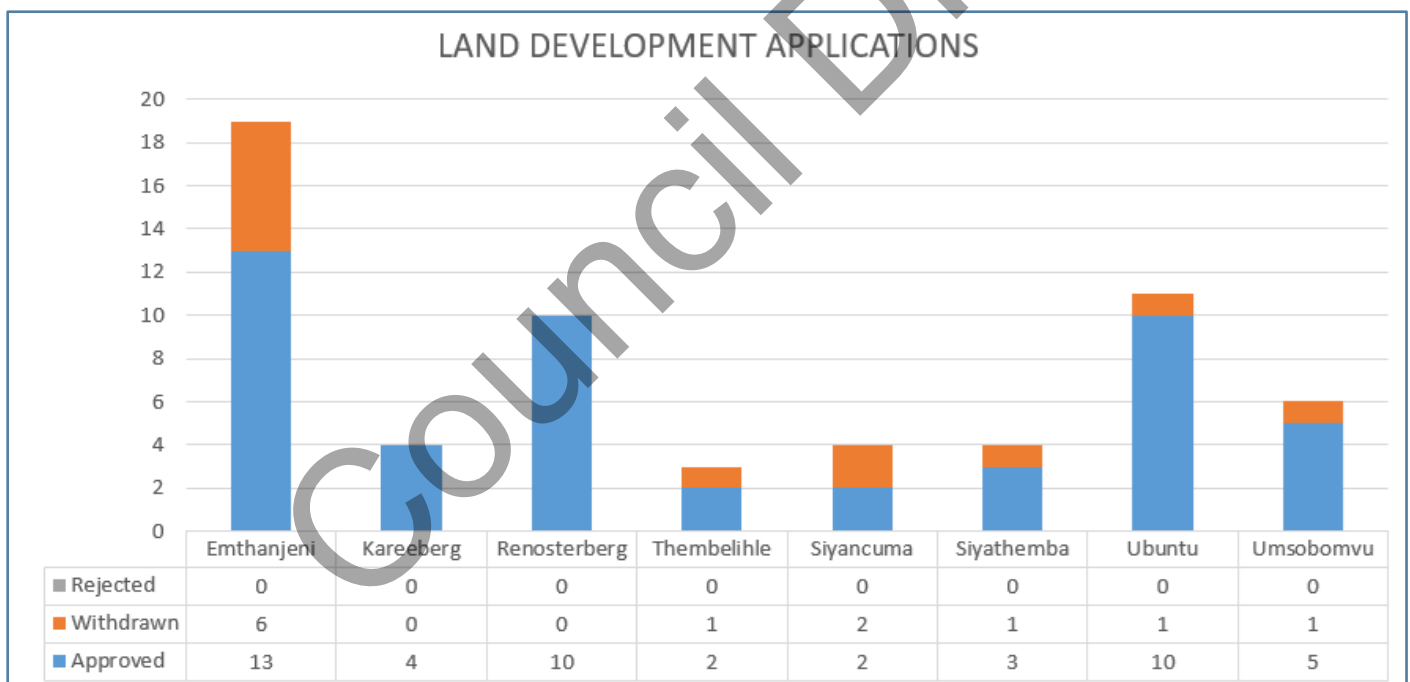
The DMPT met **4** times during the year, considering **61** applications of which **49** were approved, **12** were withdrawn by the relevant municipality and **0** was rejected.



Applications consider during the 2024/25 financial year were received from various sectors as indicated in the next graph. 37% of the applications received are from the renewable energy sector.



Graph 11: Planning Applications Received



Graph 12: District Municipal Planning Tribunal (DMPT): Land Development Applications

Improved IDP Stakeholder and community engagements

2 Meetings were conducted during the financial year in reviewing the IDP. These includes IDP Steering committee meeting 23 October 2024 and 28 February 2025; IDP Representative Forums - 3 December 2024 and 11th March 2025, and IDP Public Participation meeting on 14 April 2024 in Victoria West and 14 May in Keurtjieskloof.

IDP Review support to Municipalities through IDP working group sessions

Support was rendered to Siyancuma and Emthanjeni Municipality during their IDP review process, by attending IDP Representative Forum Meetings.



Adoption of the process plans and IDP framework, draft and final IDP's

The IDP framework and IDP process plan was compiled and adopted by council on 30 August 2024.

Challenges: Planning

Description	Actions to address
Capacity	The unit is responsible for 2 crucial strategic functions of the municipality thus IDP and Spatial Planning. 2 Planning interns are needed for these strategic functions.

Table 68: Planning Challenges

Employees: Planning

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	0	0	0	0.0
10 - 12	0	0	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	1	1	0	

As at 30 June 2025

Table 69: Employees - Planning

Capital Expenditure: Planning

There was no capital expenditure for the 2024/25 financial year.

3.8 Local Economic Development

The purpose of Local Economic Development is to build up the sustainable development capacity of a local area to improve its economic future and the quality of life for all. It is a process by which government, the private sector, labour and civil society work collectively to create better conditions for economic growth, investment and employment generation.

The National LED policy framework 2018-2028 therefore focuses on the following LED Policy Pillars/Thrusters:

- ✿ Building a Diverse and innovation driven local economies.
- ✿ Developing Learning and Skilful Local Economies.
- ✿ Developing Inclusive Economies.
- ✿ Enterprise development and Support.
- ✿ Economic governance and infrastructure.
- ✿ Strengthening local innovation system.

As the Pixley ka Seme district, our economy is predominantly primary sector focused with manufacturing and tourism also contributing to the district economy. In the coming years, the sector contributions will fluctuate with the contributions by the social and personal services sector (including tourism) and the agriculture sector expected to



increase and decrease respectively. This is owing to a very low growth rate in certain sectors but a sharp increase in the others, mainly as a result of, as mentioned, the investment in renewable energy generation and the SKA project. We are furthermore excited about the mining prospects coming to the district with the copper mine set to open in Copperton. We continue to look at ways to ensure that economic circulation happens in the district, for example, we currently researching the establishment of a Pixley ka Seme Development Agency.

The economy in the Pixley ka Seme municipal area is characterised by the following:

- ✿ High levels of poverty and low levels of education.
- ✿ Historic heritage sights for heritage tourism.
- ✿ It is a small-town sub-region with a low level of development despite the strategic location in terms of the national transport corridors
- ✿ Sparsely populated towns with a number of larger towns serving as “agricultural service centres”; spread evenly throughout the district as central places
- ✿ High rate of unemployment, poverty and social grant dependence
- ✿ Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts)
- ✿ Geographic similarity in economic sectors, growth factors and settlement patterns
- ✿ Economies of scale not easily achieved owing to the relatively small size of towns
- ✿ A diverse road network with national, trunk, main and divisional roads of varying quality, and
- ✿ Potential and impact of in renewable energy resource generation.
- ✿ Retail continues to be the leading employment sector outside government in the district.
- ✿ Various mining opportunities that are currently being explored in the district i.e., Copper & Tiger’s eye.

Highlights: LED

Highlight	Description
LED Forum Meetings	4 LED Forum Meetings were held during year covering Renosterberg, Siyancuma, Ubuntu and Thembelihle Municipal Areas.
Support rendered to SMME’s	The annual Global Entrepreneurial workshop week with the theme “Entrepreneurship is for Everyone” was held during the week of 18 November 2024 providing support to SMME in the following towns: Monday 18 November in Hopetown (Thembelihle Municipality) Tuesday 19 November in Petrusville (Renosterberg Municipality) Thursday 21 st November in Lowryville Colesberg (Umsobomvu Municipality), and Friday 22 nd November 2024 in Prieska (Siyathemba Municipality)

Table 70: LED Highlights

Challenges: LED

Description	Actions to address
PKSDM Tourism Investment Conference	Unfortunately, the district municipality did not have the resources to host an PKSDM Tourism Investment Conference during the financial year.
Local LED Municipality Capacitation	Five (5) of the eight (8) local municipalities in the district continue not to have designated LED officials making it difficult to fulfil the facilitation of development to its full potential.

Table 71: LED Challenges



LED Objectives

LED includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. The LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
Enabling Infrastructure	Support local municipal, national & provincial government initiatives
Impacts on regional planning	Make inputs in regional forums and conferences
Land use management practices	Participates in IDP and SDF review processes
Attracts investors	Highlights the competitive and comparative advantages

Table 72: LED Objectives and Strategies

Extended Public Works Programme (EPWP)

The table below indicates the number of projects and jobs created with the EPWP:

Job creation through Extended Public Works Programme (EPWP) projects		
Year	Number of Projects	Number of Job Opportunities Created
2023/24	3	23
2024/25	4	38

Table 73: Job creation through EPWP projects

EPWP Projects

The Council approved the implementation of the following projects in the 2024/25 financial year.

Provision of Municipal Health Service Admin Support

Pixley ka Seme District Municipality has a Constitutional duty to strive within its financial and administrative capacity to promote a safe and healthy environment & have the responsibility, through Municipal Health Services to ensure that all municipalities within its jurisdiction regulate all activities and administer all matters for which they are legally responsible in a manner that-

- ✿ Avoids creating environmental health hazards or nuisances;
- ✿ Does not make it easier for human or animal diseases to spread;
- ✿ Does not give rise to unsanitary or unhygienic conditions;
- ✿ Prevents unsafe food or drinks from being eaten or drunk;
- ✿ Avoids creating conditions favourable for infestation by pests; or
- ✿ Wherever reasonably possible, improves public health in the entire district municipal area.

To respond to the constitutional duty, Pixley Ka Seme District Municipality gazetted Municipal Health Services By-Law on 19 April 2019 & took over Environmental Management Services function from Department of Environmental Affairs. The MHS-By-law & Air Quality Management Plan main purposes is to ensure council is able to regulate all activities within Municipal Health Services unit.

Health promotion and training programmes are the main mechanisms for equipping the community with knowledge and information. EHPs also interact formally and informally with the public on a wide range of health education and



training initiatives. These initiatives emphasise the promotion of healthy lifestyles, personal hygiene and a safe and healthy environment.

The objective of this project is to provide support to Municipal Health Officials in health promotion and training programmes to equip the community and ECD learners with knowledge and information. *(8 Participants)*

Support workers for Pixley ka Seme District Municipality

The objective of this project is to provide administrative support to the institution in fulfilling its objectives by providing an accountable government by supporting e.g. council programmes, capturing of EPWP beneficiaries on the system, filing and processing of EPWP beneficiaries' payments, etc. *(4 Participants)*

Cleaning Project - De Aar

De Aar, as the administrative heart of the Emthanjeni Municipality and seat of Pixley ka Seme District Municipality, plays a crucial role in setting the tone for environmental cleanliness and public health in the Pixley Ka Seme Region. However, the growing concern of litter and illegal dumping in public spaces, particularly in residential areas and open plots, poses a significant challenge to community well-being, environmental sustainability, and local pride. The Cleaning Project aims to restore and maintain the cleanliness of De Aar, with a particular focus on schools, parks, sidewalks, and high-traffic public areas. *(20 Participants)*

Employees: LED

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
		Number		%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	0	0	0	0.0
10 - 12	1	1	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	2	2	0	0.0

As at 30 June 2025

Table 74: Employees - LED

Capital Expenditure: LED

There was no capital expenditure for the 2024/24 financial year.



COMPONENT D: MUNICIPAL HEALTH

3.9 Environmental Health

According to the Constitution of the Republic of South Africa 1996, the Local Government, Municipal Structures Act No.117 of 1998 and the National Health Act, No 61 of 2003, it is the statutory responsibility of a District Municipality and Metropolitan Municipality to render Municipal Health Services.

Section 24 of the Constitution entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 1 of the National Health Act, 2003 (Act 61 of 2003), defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services.

Environmental Health

Environmental health transects several areas of human interaction and existence and is defined by the World Health Organization (WHO) as addressing the physical, chemical and biological factors external to a person and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect public health.

Environmental Health Services

In Pixley Ka Seme DM it is still an unfortunate reality that a proportion of diseases can be attributed to preventable environmental health conditions and it is often the marginalized communities who tend to be worse affected. Protecting the public's health through the protection of the environment is one of Pixley Ka Seme DM's core legislative mandates by the rendering of municipal health services.

The Role and Function of the Municipal Health Services & Environmental Management Unit

Municipal health services are rendered to ensure protection of public health in the district, it is essential that effective municipal health services are implemented. Pixley Ka Seme DM have twelve Environmental Health Practitioners (EHP's) to ensure effective rendering of municipal health services, such officials ensure that the services are rendered in accordance with the National Health Act (Act 61 of 2003).

Key Performance Areas of Municipal Health are:

- ✿ Water quality monitoring
- ✿ Waste management
- ✿ Food control
- ✿ Health surveillance of premises
- ✿ Disposal of the dead
- ✿ Chemical safety
- ✿ Environmental pollution control
- ✿ Vector control
- ✿ Surveillance and prevention of communicable diseases excluding immunization
- ✿ Air Quality Monitoring

EHP's work together to provide situation analysis and need based risks affecting public health. Routine inspections reveal that new and evolving risks and exposures continuously place demands on our Municipal Health Services and to respond to these risks, Gazetting of Municipal Health Services was done and implementation generating an income



for the running of the service. Continuous appointment of EHP’s is done to respond/address such risks and through awareness campaigns, clean-up programs and indoor air quality.

The District identified seven Key Priority Areas:

- ✿ Municipal Health Services By-law 2019 Implementation.
- ✿ Revenue generation
- ✿ Water Quality Monitoring
- ✿ Food Safety Control
- ✿ Surveillance of premises Early Childhood Development (ECD) Centre’s, clinics, hospitals and schools etc.
- ✿ Disposal of the dead
- ✿ Air Quality Monitoring

Highlights: Municipal Health

Highlight	Description
Revenue Generation	MHS generated revenue of R 1 685 788.14
Triff Policy	PKSDM reviewed tariffs policy for the current financial year on the 27 th of March 2025.
Tender for laboratory testing services of water samples was awarded to UFS	Tender was awarded to the successful bidder, the University of Free State for the provision of Laboratory testing and analysis services for drinking and waste water quality.
Renewing of EPWP EHP Assistants	PKSDM renewed six EPWP incumbents’ admin assistants and will appoint two new EPWP incumbents to assist the Environmental Health Practitioners based at the local municipalities.
Municipal Health Services Joint Operations District Municipality in quarter 2 2024/225	PKSDM Municipal Health Services (MHS) conducted joint operation with Sector Departments, SAPS and Local Municipalities as part of compliance. The operations were targeting shops formal food premises, spaza shops and butcheries, ECD’s and schools.
Benchmarking of FBDM with PKSDM	On the 5 th of September 2024 Frances Baard District Municipality benchmarked with PKSDM on Municipal Health Services By Law and Implementation.
MHS Electronic System	Developmental phase of electronic system has started with service provider.

Table 75: Municipal Health Highlights

Challenges: Municipal Health

Description	Actions to address
No succession plans for Senior EHP	Provision of additional Senior EHP position on the unit structure.
MHS administration assistant - Currently operating with one admin assistant for the unit is causing operational challenges	Appointment of an intern to assist with admin but eventually amend organogram for two admin assistants for the unit to improve service delivery.
Shortages of vehicles	Implementing a suitable vehicles scheme for all EHP’s .
Poor and insufficient office accommodation at satellite and head offices	Procurement of rental spaces or mobile units at satellite and head office.
Lack of storage for archive and condemned products	Procure shipping containers to be used as storage space.
Lack of operational corporation from local municipality to effectively MHS	Memorandum of Understanding or Service Level Agreement between Local Municipalities and District Municipalities.

Table 76: Municipal Health Challenges



Service Statistics: Municipal Health

Type of service	2023/24	2024/25
Water quality monitoring by conducting monthly sampling to determine compliance to SANS 241-2011	1 514	2 390
Inspections of food premises	1 206	2 419
Inspection to landfill sites	55	23
Inspection of funeral undertakers (disposal of the dead)	58	91
Inspection of non-food premises e.g., schools, crèches, hospitals and clinics (i.e., Surveillance premises)	573	798
Health and Hygiene Promotion Campaigns	580	881
Training on funeral Undertaker	96	159
Illegal Dumping Campaign	607	1 121
Chemical safety Campaigns	571	1 187
Training on food safety for food handlers	557	878

Table 77: Service Statistics: Municipal Health

Employees: Municipal Health

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	0	0	0	0.0
10 - 12	19	12	7	36.8
13 - 15	2	2	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	22	15	7	31.8

As at 30 June 2025

Table 78: Employees - Municipal Health

Capital Expenditure: Municipal Health

There was no capital expenditure for the 2024/25 financial year.



COMPONENT E: PUBLIC SAFETY

3.10 Disaster Management

Overview and Objective of the Centre

In terms of section 42 Municipal disaster framework-

- (1) Each metropolitan and each district municipality must establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area by
 - (a) the municipality and statutory functionaries of the municipality, including the case of the local municipalities in its area;
 - (b) all municipal entities operating in its area;
 - (c) all non- governmental institutions involved in disaster management in its area; and
 - (d) the private sector.
- (2) A district municipality must establish its disaster management framework after consultation with the local municipalities in its area.
- (3) A municipal disaster management framework must be consistent with the provisions of this Act, the national disaster management framework and the disaster management framework of the province.

Municipal Disaster Management Centre:

43. Establishment - (1) Each metropolitan and district municipality must establish in its administration a disaster management centre for its municipal area.

The general powers and duties of the centre:

- (a) Must specialise in issues concerning disasters and disaster management in its area
- (b) Must promote an integrated and co-ordinated approach to disaster management in the municipal area, with special emphasis on prevention and mitigation, by
 - (i) Departments and other internal units within the administration of the municipality, and in the case of a district municipality, also by departments and other internal units within the administration of the local municipality in the area of the district municipality
 - (ii) All municipal entities operating in the municipal area, and
 - (iii) Other role- players involved in disaster management in the municipal area

Objectives for 2024/25

- ✿ To enhance and strengthen capacity to deal with Disasters and Emergencies in the disaster fraternity by providing financial support to all 8 Local Municipalities through Grant funds and Disaster Management programmes
- ✿ To improve the proactive and responsive capability of the District and Local Municipalities.
- ✿ To ensure integrated and well- coordinated Disaster Management planning and implementation
- ✿ Monitoring and Risk Assessments.

Legislative Mandate

- ✿ Disaster Management Act 57 of 2002
- ✿ Disaster Management Framework 2005
- ✿ Constitution of South Africa



- ✿ Municipal Finance Management Act
- ✿ Health and Safety Act
- ✿ Emergency Housing Programme

Disaster Management Centre: Pixley ka Seme District Municipality

- ✿ The Head of the Centre is the Disaster Management Officer appointed in June 2015 overseeing all activities of the Centre.
- ✿ Six (6) permanent operators manning the centre twenty-four hours working shifts.
- ✿ Eight Security Guards safe guarding the premises equipment and safety of personnel and clients of the municipality
- ✿ The services for disaster management is within the municipal premises with minimal equipment for EMS services, however the unit has good working relationship with the province when more assistance is required
- ✿ Fire services are the Local Municipalities responsibilities the District Disaster Management is coordinating all Fire incidents.

Activities of the Disaster Management Centre

Meetings

Meetings	Attended	Convened
Provincial Disaster Management Forums	3	n/a
District Disaster Management Forums	4	4
Rims Forums	3	n/a
NKP Forums	1	n/a
Security Cluster Meetings – when necessary	2	n/a

Table 79: Disaster Management Centre Meetings

Collaboration and Training

Pixley Ka Seme in collaboration with Santam rolled out a Basic Fire Fighting at the following municipalities during the year under review:

Date:	Municipality	Town	Learners
5- 06/May 2025	Siyancuma LM	Douglas	20
8- 09 May 2025	Thembelihle LM	Hopetown	20
12- 13 May 2025	Renosterberg LM	Petrusville	20
15- 16 May 2025	Kareeberg LM	Carnarvon	20

Table 80: Basic Fire Fighting Training



Training in some LM's

Incidents/ Accidents that occurred in the 2024/25 financial year

Motor Vehicle Accidents

Road Description	Number of incidents	Injuries	Fatalities	Total Injuries
N1	75	23	13	36
N8	8	1	None	1
N9	14	29	6	35
N10	24	20	1	21
N12	40	88	7	95
R's (Other roads)	12	32	8	40
Total	173	193	35	228

Table 81: Motor Vehicle Incidents



Domestic and Veld Fire Incidents 2024/25

Local Municipality	Domestic Fire	Veld Fire	Damages	Injuries	Fatalities	Intervention
Emthanjeni LM	9	3	No	No	No	Extinguished
Renosterberg LM	1	0	Yes	No	No	Extinguished
Siyancuma LM	0	1	No	No	No	Contained
Thembehle LM	0	0	n/a	n/a	n/a	n/a
Siyathemba LM	0	0	n/a	n/a	n/a	n/a
Umsobomvu LM	0	0	n/a	n/a	n/a	n/a
Ubuntu LM	0	0	n/a	n/a	n/a	n/a
Kareeberg LM	0	0	n/a	n/a	n/a	n/a

Table 82: Domestic and Veld Fire Incidents



Disaster Incidents in the Pixley Ka Seme District in 2024/25

Kareeberg LM: Van Wyksvlei

On 28 December 2024 the storm struck the town of Van Wyksvlei bringing along with strong winds.

Various formal structures were affected by the strong winds, leading to roofs being blown off as well structural damages to some houses.

The number of houses that were impacted by the storm were 15 and 5 houses were severely affected and roofs were blown off.

Electricity infrastructure was also affected however Eskom repaired and restore the electricity connection

On 2 January 2025 PKSDM Disaster Management together with COGHSTA National and Provincial offices visited Van Wyksvlei to conduct assessment and the report was since tabled to the MEC Cooperative Governance Human Settlements and Traditional Affairs

Interventions:

The Department: Cooperative Governance, Human Settlements and traditional Affairs donated roof material for all residents who were affected and the dignity and safety of the communities was restored again.

Renosterberg LM: Petrusville

On 21 January 2025 at around 14h30 in Petrusville it was reported that a strong wind affected one family and the roof of the house was blown off. The municipal official in Petrusville went there to conduct an assessment.

The roof was blown off completely. There was food damage and the wardrobe was also broken.

Interventions:

- ✿ The family was moved to a temporary shelter in Van Derkloof.
- ✿ DSD supplied food parcels for the family
- ✿ COGHSTA National donated roof material for the family and house was since repaired

Emthanjeni LM: De Aar

On Thursday 13 March 2025 a storm affected the town of De Aar and left a trail of damage and destruction.

The Disaster Management unit was immediately called on the ground accompanied by the Local Mayor to assess the damages caused by the storm.

14 houses were affected and all 14 March after the municipality with assistance from Eskom managed to restore it.

A report was compiled, signed by the Municipal Manager and sent to COGHSTA and we are still waiting on them to respond.

Interventions:

No interventions as yet the municipality is still waiting for assistance from COGHSTA.



Disaster declared during 2024/25

On 19 November 2024, the National Disaster Management Centre (NDMC), in accordance with Section 23 of the Disaster Management Act 57 of 2002, classified the current foodborne outbreak as a national disaster.

Interventions:

- ✿ The first JOC Meeting was called on 17 December 2024 to draft the way forward.
- ✿ In collaboration with South African Police PKSDM Environmental Health Services conducted inspections in all Spaza shops in the district and goods were confiscated and sent to SAP Laboratories for testing.
- ✿ JOC Meetings are still convened to address challenges faced with the Spaza shops registrations.

Employees: Disaster Management

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	14	14	0	0.0
7 - 9	0	0	0	0.0
10 - 12	0	0	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	15	15	0	0.0

As at 30 June 2025

Table 83: Employees - Disaster Management

Capital Expenditure: Disaster Management

There was no capital expenditure for the 2024/25 financial year.



COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.12 Office of the Mayor

This division include Communication, Community Liaison and Special Programmes

Highlights: Office of the Mayor

Highlights	Description
Delivery of blankets	Blankets were delivered in Douglas and Vosburg.
Cleaning material and toiletries	Mother Theresa Hospice.
Distribution of School uniform	The uniform was delivered to the schools.

Table 84: Office of the Mayor Highlights

Challenges: Office of the Mayor

Highlights	Description
Shortage of staff in the Communication	Vacant post to be funded and advertised

Table 85: Office of the Mayor Challenges

Employees: Office of the Mayor

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	2	1	1	50.0
10 - 12	2	2	0	0.0
13 - 15	2	2	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	7	6	1	14.3

As at 30 June 2025

Table 86: Employees - Office of the Mayor

Capital Expenditure: Office of the Mayor

There was no capital expenditure for the 2024/25 financial year.



3.13 Office of the Municipal Manager

Highlights: Office of the Municipal Manager

Highlights	Description
District Development Model Institutionalisation workshop	A workshop was facilitated where the DDM Institutionalisation Framework was discussed.
Improved attendance at IGR Forums	The TIGR are attended by all MM's, CFO's, of the Local Municipalities, Pixley Ka Seme DM Senior Managers, Regional Heads of Sector Departments, Private Sector Service providers, SOE's and SALGA.
The office ensured visible support to Local Municipalities by visiting the areas.	Regular visits by the District MM to Local MM's.
Engaged Provincial Government to support our Shared Services Model as well as to beef up Housing Capacity Funding and Disaster Management Allocation.	Meetings between the Office of the Executive Mayor, Office of the Municipal Manager and Department of Treasury to secure funding for our Shared Services Model.

Table 87: Office of the Municipal Manager Highlights

Challenges: Office of the Municipal Manager

Challenge	Actions to address
Payment for Shared Services by Local Municipalities	Regular engagements between the Chief Financial Officer and involved MM's of Local Municipalities.
Going concern issue	A payment plan to address the historical debt was signed with the office of the Auditor General.

Table 88: Office of the Municipal Manager Challenges

Employees: Office of the Municipal Manager

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	0	0	0	0.0
10 - 12	2	2	0	0.0
13 - 15	0	0	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	2	2	0	0.0

As at 30 June 2025

Table 89: Employees - Office of the Municipal Manager

Capital Expenditure: Office of the Municipal Manager

There was no capital expenditure for the 2024/25 financial year.



3.14 Financial Services

Financial Services is responsible for budgeting, revenue, expenditure and supply chain management.

Service Statistics: Supply Chain Management (SCM)

The table below indicates the service statics for the division:

Description	2023/24		2024/25	
	Total No	Monthly Average	Total No	Monthly Average
Orders processed	705	58.75	455	37.92
Extensions	3	0.25	0	0
Bids received (number of documents)	31	2.58	69	5.75
Bids awarded	4	0.33	4	0.33
Bids awarded ≤ R200 000	10	0.83	8	0.67
Appeals registered	0	0	0	0
Successful Appeals	0	0	0	0

Table 90: Statistics SCM

Total Employees - Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	4	4	0	0.0
7 - 9	2	2	0	0.0
10 - 12	4	4	0	0.0
13 - 15	0	0	0	0.0
16 - 18	1	1	0	0.0
19 - 20	0	0	0	0.0
Total	11	11	0	0.0

As at 30 June 2025

Table 91: Total employees - Financial Services

Capital Expenditure: Financial Services

Capital Projects	2024/25		
	Budget	Adjustment Budget	Actual Expenditure
	R		
Furniture & office equipment	50 000	10 000	2 359.13
Computer equipment	50 000	75 000	115 104.39
Building municipal office	50 000	50 000	0

Table 92: Capital Projects: Financial Services



3.15 Support Services

Highlights: Support Services

Highlights	Description
All policies that were reviewed was tabled to Council and was adopted by 30 August 2024.	The policies of Council covers all departments of Council, Council, Finance, Human Resources ect.
All approved policies have been uploaded on the website.	All Council polices are uploaded on the Municipal website to adhere to legislation.
The Municipal Code has been updated, signed off by the SMCS and tabled to Council for adoption.	The Municipal Code is used as proof that all Council policies has been reviewed and updated annually.
The upgrading of the IT server room and the finishing of the out storages back up room according to the IT requirements.	The IT Server room fully adheres to the requirements as set out by the AG for IT purposes.

Table 93: Support Services Highlights

Challenges: Support Services

Challenge	Description
Obsolete ICT Infrastructure.	The ICT Infrastructure of the Municipality is obsolete and old and needs funds to be upgraded.
Upgrading to newest Technological developments.	Funding is needed for upgrading to the newest technological developments.
Training for officials identified: Fleet Management, Computer Literacy, ICT training.	Training opportunities must be looked into and LGSETA funds must be roped in for these purposes if available.

Table 94: Support Services Challenges

Employees: Support Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	6	6	0	0.0
4 - 6	4	4	0	0.0
7 - 9	1	1	0	0.0
10 - 12	3	3	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	15	15	0	0.0

As at 30 June 2025

Table 95: Employees - Support Services

Capital Expenditure: Support Services

There was no capital expenditure for the 2024/25 financial year.



3.16 Human Resources

Highlights: Human Resources

Highlights	Description
Employment Equity Plan and full compliance with the Employment Equity Act.	The Municipality was under the DG review from the Department of Labour and after the Inspection received a Certificate of Compliance with the Employment Equity Act.
Timeous submission of the Workplace Skills Plan	Received from the LGSETA a Certificate of Appreciation for the Submission of the WSP.
Concluded with Trade Unions the Minimum Service Level Agreement on Essential Services	Received a Ratification Certificate from the CCMA.
Employee Study Assistance	1 Employee graduated with a Bachelor of Commerce in Accounting; the employee was fully funded by the DM.
Retention / Absorption of Interns	The municipality appointed 3 Financial Interns on a permanent basis in the positions of Snr Clerk Procurement, Clerk Salaries and Clerk Budget Control.

Table 96: Human Resources Highlights

Challenges: Human Resources

Challenge	Actions to address
Limited Budget for Capacity Building	Municipality will apply for the Discretionary grant from the Local Government Seta.

Table 97: Human Resources Challenges

Employees: Human Resources

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	0	0	0	0.0
10 - 12	1	1	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	3	3	0	0.0

As at 30 June 2025

Table 98: Employees - Human Resources

Capital Expenditure: Human Resources

There was no capital expenditure for the 2024/25 financial year.



3.17 Legal Services & Labour Division

Highlights: Legal Services & Labour Division

Highlights	Description
Arbitrations	Successfully defended ALL arbitrations

Table 99: Legal Services & Labour Division Highlights

Challenges: Legal Services & Labour Division

Challenge	Actions to address
The unit does not have an admiration officer	Appointing an administration officer
The unit lacks or does not have optimally functioning tools of trade .	Purchasing tools of trade
Lack of initiators and Presiding officers for disciplinary cases.	Ensure that middle and senior managers are capacitated

Table 100: Legal Services & Labour Division Challenges

Employees: Legal Services & Labour Division

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	0	0	0	0.0
10 - 12	1	1	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	2	2	0	0.0

As at 30 June 2025

Table 101: Employees - Legal Services & Labour Division

Capital Expenditure: Legal Services & Labour Division

There was no capital expenditure for the 2024/25 financial year.



3.18 Internal Audit

Highlights: Internal Audit

Highlight	Description
IAM Programme - Attendance	During the 2024/2025 3 officials from the IA department attended the IAM programme by the Leadership Academy at the IIA(SA)
Alignment of Strategic documents with GIAS 2025 and MFMA Circulars 65 and 127	Adaptation of internal audit charters and Audit and Performance Committee Charters and Workplans comply with the revised Global Internal Audit Standards and MFMA Circulars
Capacity Building and Knowledge Sharing	Presented the new GIAS and its implications at Extended Management and TIGR level

Table 102: Internal Audit Highlights

Challenges: Internal Audit

Challenge	Actions to address
Resource Constraints	Limited internal audit personnel for servicing multiple municipalities with increased risk exposures and limited funding for training
Varying Maturity Levels of Municipalities	Diverse audit readiness levels: some municipalities may lack proper record-keeping, policies, or functioning oversight structures
Audit and Performance Committee Functionality	<ul style="list-style-type: none"> ✿ Non-uniform commitment from some municipalities towards functions of the APC ✿ Difficulty ensuring regular meetings and oversight engagement with some municipalities

Table 103: Internal Audit Challenges

Employees: Internal Audit

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number				%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	4	3	1	25.0
10 - 12	0	0	0	0.0
13 - 15	6	6	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	10	9	1	10.0

As at 30 June 2025

Table 104: Employees - Internal Audit

Capital Expenditure: Internal Audit

There was no capital expenditure for the 2024/25 financial year.



COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD AND INDIVIDUAL PERFORMANCE

This component includes the Annual Performance Scorecard Report for the current year.

3.19 Development and Service Delivery Priorities for 2025/26

The main development and service delivery priorities for 2025/26 are included in the Municipality's Top Layer SDBIP for 2025/26 and the Key Performance Indicators to achieve the service delivery priorities:

Administer Finances in a Sustainable Manner and Strive to Comply with Legislative Requirements to Achieve a Favourable Audit Outcome

Internal Ref	KPI	Unit of Measurement	Target
TL19	Compile and submit an Audit Action Plan to Council by 31 January 2026 to address the issues raised by the AG	Audit Action Plan compiled and approved by 31 January 2026	1
TL20	Report quarterly to council on meetings with and correspondence to defaulting municipalities on debt relating to services rendered	Number of reports submitted	4
TL21	Prepare and submit the draft budget to Council by 31 March 2026	Draft budget submitted by 31 March 2026	1
TL22	Prepare and submit the final budget to Council by 31 May 2026	Final budget submitted by 31 May 2026	1
TL23	Prepare and submit the adjustments budget to Council by the 28 February 2026	Adjustments budget submitted by 28 February 2026	1
TL24	Submit the annual financial statements to the Auditor-General by 31 August 2025	Statements submitted to the AG by 31 August 2025	1
TL25	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations by 30 June 2026 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage as at 30 June 2026	45%
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2026 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fixed operating expenditure with available cash as at 30 June 2026	0.01
TL27	Report quarterly to Council on the implementation of the Revenue Enhancement Plan	Number of reports submitted	4

Table 105: Service Delivery Priorities for 2025/26- Administer Finances in a Sustainable Manner and Strive to Comply with Legislative Requirements to Achieve a Favourable Audit Outcome



Compliance with the Tenets of Good Governance as Prescribed by Legislation and Best Practice

Internal Ref	KPI	Unit of Measurement	Target
TL1	Submit a report to council by 31 May 2026 on the monitoring and evaluation of community participation	Report submitted to council by 31 May 2026	1
TL2	Host commemorative days as per the approved list by the Municipal Manager and Mayor	Number of commemorative days hosted	5
TL3	Facilitate the meeting of the District HIV/AIDS council	Number of meetings held	2
TL4	Facilitate "Council meets the People" meetings for each municipality by 30 June 2026	Number of meetings facilitated	8
TL5	Facilitate the meeting of the District Communication Forum	Number of meetings held	2
TL6	Compile and distribute the District Municipality's external newsletter	Number of newsletters compiled and distributed	2
TL7	Facilitate the quarterly meetings of the Political District Intergovernmental Forum	Number of meetings facilitated	4
TL8	Facilitate the quarterly meetings of the Technical District Intergovernmental Forum	Number of meetings facilitated	4
TL9	Sign 57 performance agreements with all directors by 31 July 2025	Number of performance agreements signed by 31 July 2025	4
TL11	Complete the Risk Assessment and submit the updated risk register to the Risk Management Committee by 31 March 2026	Risk Analysis completed and updated risk register submitted to the Risk Management Committee by 31 March 2026	1
TL28	Submit the Top layer SDBIP for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP submitted 4 to Mayor within 14 days after the budget has been approved	1
TL29	Submit the draft Annual Report to Council annually by 31 January 2026	Draft annual report submitted to council by 31 January 2026	1

Table 106: Services Delivery Priorities for 2025/26 Compliance with the Tenets of Good Governance as Prescribed by Legislation and Best Practice

Guide Local Municipalities in the Development of their IDP's and in Spatial Development

Internal Ref	KPI	Unit of Measurement	Target
TL42	Compile the IDP review and submit draft to Council by 31 March 2026	Draft IDP review submitted to Council by 31 March 2026	1
TL43	Compile an IDP framework by 31 August 2025 to guide local municipalities	IDP framework completed by 31 August 2025	1

Table 107: Services Delivery Priorities for 2025/26- Guide Local Municipalities in the Development of their IDP's and in Spatial Development

Monitor and Support Local Municipalities to Enhance Service Delivery

Internal Ref	KPI	Unit of Measurement	Target
TL10	Report quarterly to council on Shared Services	Number of reports submitted	4
TL41	Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality	Number of reports submitted	4

Table 108: Services Delivery Priorities for 2025/26- Monitor and Support Local Municipalities to Enhance Service Delivery



Promote Economic Growth in the District

Internal Ref	KPI	Unit of Measurement	Target
TL44	Create full time equivalents (FTE's) through the Expanded Public Works Programme (EPWP) by 30 June 2026 [Person days / FTE (230 days)]	Number full time equivalents (FTE's) created by 30 June 2026	12
TL45	Facilitate quarterly LED forum meetings	Number of meetings Facilitated	4
TL46	Host an annual Tourism and Investment summit by 30 June 2026	Tourism and Investment summit hosted annually by 30 June 2026	1
TL47	Review the LED Strategy that includes an implementation plan and submit to Council by 31 May 2026	Reviewed LED Strategy that includes an implementation plan submitted to Council by 31 May 2026	1

Table 109: Service Delivery Priorities for 2025/26- Promote Economic Growth in the District

To Provide a Professional, People-Centred Human Resources and Administrative Service to Citizens, Staff and Council

Internal Ref	KPI	Unit of Measurement	Target
TL30	Spent 1% of personnel budget on training by 30 June 2026 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training as at 30 June 2026	1%
TL31	Implement the WPSP measured by the % of identified employees that completed training as identified in WPSP by 30 June 2026 (Total number of officials that received training as was identified in the WPSP for 2025/26 / total number of officials that were identified for training in the WPSP for 2025/26)	% of identified employees that completed training as identified in WPSP by 30 June 2026	90%
TL32	Limit the vacancy rate of all funded and vacant posts to 10% of funded posts by 30 June 2026 so that 90% of posts are filled ((Number of funded posts vacant/Total number of funded posts)x100)	% vacancy rate of funded posts (Number of funded posts vacant/Total number of funded posts)x100	10%
TL33	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2026	Plan submitted to the LGSETA by 30 April 2026	1
TL34	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2026	Number of people employed (newly appointed)	1
TL39	Review the organizational structure of the district Municipality by 30 June 2026	Organizational Structure Reviewed by 30 June 2026	1

Table 110: Service Delivery Priorities for 2025/26- To Provide a Professional, People-Centred Human Resources and Administrative Service to Citizens, Staff and Council



To Provide an Independent and Objective Internal Audit Assurance and Consulting Service to Add Value and to Improve the Administrative Operations of all the Municipalities in the District through an Approach that is Systematic and Disciplined

Internal Ref	KPI	Unit of Measurement	Target
TL12	Submit a Quality Assurance Plan for Pixley Ka Seme District Municipality to the Audit Committee by 30 June 2026	Quality Assurance Plan submitted by 30 June 2026	1
TL13	Submit internal audit reports to the local municipalities in terms of the Service Level Agreements	Number of reports submitted	28
TL14	Compile the Risk Based Audit Plan (RBAP) for Pixley Ka Seme District Municipality and submit to the Audit Committee for consideration by 30 June 2026	RBAP submitted by 30 June 2026	1
TL15	Compile the Risk based audit plans (RBAP) for the local municipalities in terms of the Service Level Agreements by 30 June 2026 and place on the agenda of the next Audit Committee meeting	Number of plans completed by 30 June 2026 and placed on the agenda of the next AC meeting	7
TL16	Review the 3 year Strategic Audit Plan for Pixley Ka Seme District Municipality and submit to the Audit Committee by 30 June 2026	Revised 3 year Strategic Audit plan submitted to the AC by 30 June 2026	1
TL17	Review the 3 year Strategic Audit Plan for the Local Municipalities in terms of the Service Level Agreements by 30 June 2026 and place on the agenda for the next Audit Committee meeting	Revised 3 year Strategic Audit plans by 30 June 2026 and placed on the agenda of the next AC meeting	7
TL18	Facilitate the quarterly Audit Committee meetings during the 2025/26 financial year for Pixley Ka Seme District Municipality	Number of Audit Committee meetings facilitated	4

Table 111: Service Delivery Priorities for 2025/26- To Provide an Independent and Objective Internal Audit Assurance and Consulting Service to Add Value and to Improve the Administrative Operations of all the Municipalities in the District through an Approach that is Systematic and Disciplined

To Provide Disaster Management Services to the Citizens

Internal Ref	KPI	Unit of Measurement	Target
TL35	Host training session by 31 May 2026 to train volunteers into Disaster Management (In collaboration with all departments)	Training session hosted by 31 May 2026	1
TL36	Review the Disaster Management Plan annually and submit to Council by 31 May 2026	Reviewed plan submitted to council by 31 May 2026	1

Table 112: Service Delivery Priorities for 2025/26- To Provide Disaster Management Services to the Citizens

To Provide Municipal Health Services to Improve the Quality of Life of the Citizens

Internal Ref	KPI	Unit of Measurement	Target
TL37	Compile monthly water quality analysis reports to local municipalities in terms of the Water Quality Monitoring Programme	Number of reports compiled	96
TL38	Submit quarterly reports to Council on municipal health services rendered	Number of reports submitted	4
TL40	Review the Municipal Health By-Law and submit to Council by 31 May 2026	Municipal Health By-Law reviewed and submitted to Council by 31 May 2026	1

Table 113: Service Delivery Priorities for 2025/26- To Provide Municipal Health Services to Improve the Quality of Life of the Citizens



3.20 Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements of the senior managers for the 2024/25 financial year were signed as prescribed. The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2023/24 financial year (1 January 2024 to 30 June 2024) took place on **28 November 2024** and the mid-year performance of 2024/25 (1 July 2024 to 31 December 2024) took place on **3 March 2025**.

Council Draft



Chapter 4: Organisational Development Performance

Performance Report Part II

4.1 National Key Performance Indicators - Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area - Municipal Transformation and Organisational Development.

KPA& Indicators	2023/24	2024/25
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	1	1
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1.19%	1%

Table 114: National KPIs- Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Pixley Ka Seme District Municipality currently employs 93 permanent officials as at 30 June 2025, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.3 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

Employment Equity Targets/Actual within the 3 highest levels

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
1	0	1	0	0	0	0	0

Table 115: EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
1	0	0	1	0	0	0	0	0

Table 116: EE targets/actual by gender classification



Occupational Levels - Race

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
MM & MSA section 57 & 56	1	2	0	1	0	1	0	0	5
Managers (Unit heads)	5	1	0	1	2	1	0	0	10
Professionals and Middle management	2	1	0	1	3	1	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	1	0	0	16	6	0	0	27
Semi - skilled	10	8	0	0	9	8	0	0	36
Unskilled and defined decision making	1	2	0	0	2	2	0	0	7
Total permanent	23	15	0	4	32	19	0	0	93
Non- permanent employees	7	3	0	0	6	7	0	0	23
Grand total	30	18	0	4	38	26	0	0	116

Table 117: Occupational Levels - Race

Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	1	2	0	1	1	2	0	0	7
Office of the Executive Mayor	3	0	0	0	2	1	0	0	6
Finance	1	2	0	1	3	4	0	0	11
Corporate Services	13	7	0	1	21	9	0	0	51
Infrastructure, Housing, Planning & Development	5	0	0	0	3	1	0	0	9
Internal Audit	1	3	0	1	2	2	0	0	9
Total permanent	24	14	0	4	32	19	0	0	93
Non- permanent employees	7	3	0	0	6	7	0	0	23
Grand total	31	17	0	4	38	26	0	0	116

Table 118: Departments - Race

4.4 Vacancy Rate

The approved organogram for the municipality has **106** posts. The actual positions filled are indicated in the tables below by post level and by functional level. **13** posts were vacant at the end of 2024/25, resulting in a vacancy rate of **12.26% for funded and unfunded posts**.

Below is a table that indicates the vacancies within the municipality:

Department	Filled	Vacant
Office of the Municipal Manager	7	0
Office of the Executive Mayor	6	1
Finance	11	0
Corporate Services	51	7
Infrastructure, Housing, Planning & Development	9	4
Internal Audit	9	1
Total	93	13

Table 119: Vacancy rate per post and functional level



4.5 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2023/24	90	20	6	6.7%
2024/25	93	8	0	0.0%

Table 120: Turnover rate

4.6 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different departments:

Department	2023/24	2024/25
Office of the Municipal Manager	0	0
Office of the Executive Mayor	0	0
Finance	0	0
Corporate Services	0	0
Infrastructure, Housing, Planning & Development	0	0
Internal Audit	0	0
Total	0	0

Table 121: Injuries

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2024/25 financial year shows an increase when comparing it with the 2023/24 financial year.

The table below indicates the total number sick leave days taken within the year:

Year	Total number of sick leave days taken within the year
2023/24	1 220
2024/25	1 357

Table 122: Sick Leave



HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	Date approved/revised
Recruitment and Selection Policy	29 May 2025
Skills Development Policy	16 May 2024
Career Pathing Policy	16 May 2024
Study Assistance Policy	29 May 2025
Staff Induction Policy	16 May 2024
Bereavement Policy	16 May 2024
Code of Conduct for Municipal Officials	16 May 2024
Dress Code Policy	16 May 2024
Employee Health and Wellness Policy	16 May 2024
Employment Equity Plan	29 May 2025
HIV/Aids Policy	16 May 2024
Human Resources Strategy	16 May 2024
Placement Policy	16 May 2024
Performance Management Framework	16 May 2024
Promotion and Succession Planning Policy	16 May 2024
Remuneration Policy	16 May 2024
Rental Allowance Scheme Policy	16 May 2024
Substance Abuse Policy	16 May 2024
Organisational Structure	16 May 2024

Table 123: HR policies and plans

4.7 Capacitating the Municipal Workforce

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	1	1
	Male	0	0
Legislators, senior officials and managers	Female	2	2
	Male	7	1
Associate professionals and Technicians	Female	6	3
	Male	6	1
Professionals	Female	16	13



Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
Clerks	Male	3	3
	Female	10	0
	Male	5	2
Elementary occupations	Female	2	0
	Male	2	0
Sub total	Female	37	19
	Male	23	7
Total		60	26

Table 124: Skills Development: Training provided

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	Yes	1	1
Chief financial officer	1	Yes	1	1
Senior managers	3	Yes	3	3
Any other financial officials	7	n/a	n/a	7
Supply Chain Management Officials				
Heads of supply chain management units	1	No	n/a	1
Supply chain management senior managers	0	No	n/a	0
TOTAL	13	n/a	5	13

Table 125: Financial competency development: Progress report



Skills Development - Budget allocation

The table below indicates that a total amount of **R338 020** was allocated to the workplace skills plan and that **116.14%** of the total amount was spent in the 2024/25 financial year:

Year	Total Expenditure Salary and Allowances	Total Allocated	Total Spend	% Spent
	R			
2023/24	58 233 312	465 971	385 773	82.79
2024/25	60 008 281	338 020	392 564	116.14%

Table 126: Budget allocated and spent for skills development

4.8 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years:

Financial year	Total Expenditure Salary and Allowances	Total Operating Expenditure	Percentage
	R		%
2023/24	52 101 986	80 240 229	64.93%
2024/25	60 008 281	77 876 818	77.06%

Table 127: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2023/24	2024/25		
	Actual	Original Budget	Adjusted Budget	Actual
Description	R			
Councillors (Political Office Bearers plus Other)				
Executive Mayor	999 673	1 030 116	1 014 900	1 030 996.41
Deputy Executive Mayor	0	0	0	0
Mayoral Committee Members	2 994 563	3 138 384	3 087 888	2 445 067.67
Speaker	808 859	833 700	820 800	802 821.92
Councillors	1 328 231	1 401 852	1 705 224	2 283 811.43
Total - Councillors	6 131 326	6 404 052	6 628 812	6 562 697
Senior Managers of the Municipality				
Annual Remuneration	4 577 269	4 727 180	4 727 180	4 646 833
Acting Allowance	0	0	0	0
Car Allowance	956 040	420 000	420 000	421 268



Financial year	2023/24	2024/25		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Settlement Payment	0	0	0	0
Bonus & Long Service Bonus	286 807	308 136	305 085	297 333
Performance Bonus	706 155	855 000	855 000	748 043
Contribution to UIF, Medical & Pension	11310	10 630	10 630	10 627
Housing Subsidy	0	0	0	0
Telephone Allowance	50400	70 800	70 800	70 800
Leave Pay-Out	0	0	0	0
Other	332 373	555 860	555 860	527 760
Total - Senior Managers of Municipality	6 920 354	6 947 606	6 944 555	6 722 664
Other Municipal Staff				
Basic Salaries and Wages	31 041 107	34 639 771	34 011 688	33 579 692
Pension Contributions	5 134 933	5 832 313	5 501 303	5 671 286
Medical Aid Contributions	1 528 496	1 520 906	1 907 113	1 779 114
Motor vehicle allowance	1 069 018	1 706 681	1 610 199	1 601 806
Cell phone allowance	365 400	311 700	333 300	340 805
Housing allowance	270 279	262 424	291 826	303 434
Overtime	618 918	100 000	800 000	692 477
Other benefits or allowances	5 153 481	3 297 180	3 880 112	4 358 428
Total - Other Municipal Staff	44 928 751	47 670 975	48 335 541	48 327 042

Table 128: Personnel Expenditure



Chapter 5: Financial Performance

Component A: Statements of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2024/25 financial year:

Description	2023/24	2024/25		2024/25 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Government Grants and Subsidies Received	70,378	69,971	70,081	70,562	0.84	0.68
Public Contributions and Donations	998	0	0	0	0.00	0.00
Service In-kind Contributions	0	0	0	0	0.00	0.00
Rental of Facilities and Equipment	1,444	1,300	1,301	1,686	22.88	22.85
Interest Earned- External Investments	1,205	750	1,019	1,215	38.28	16.16
Other Revenue	2,454	3,394	3,366	2,551	-33.06	-31.94
Other Gains and Losses	0	0	0	2,345	100.00	100.00
Profit on Disposal of PPE	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	76,480	75,415	75,766	78,359	3.76	3.31
Employee costs	52,102	49,820	54,480	56,969	12.55	4.37
Remuneration of councillors	6,131	6,404	6,629	6,563	2.42	-1.01
Depreciation & asset impairment	1,515	1,000	1,000	1,598	37.43	37.43
Debt Impairment	0	0	0	138	100.00	100.00
Repairs and Maintenance	605	1,950	2,422	435	-348.46	-457.08
Finance charges	528	0	0	838	100.00	100.00
Materials	769	1,954	1,777	317	-515.53	-459.79
Transfers and grants	0	0	0	0	0.00	0.00
Other expenditure	19,331	6,340	9,173	15,157	58.17	39.48
Loss on Disposal of PPE	16	0	0	0	58.17	39.48
Total Expenditure	80,997	67,468	75,481	82,015	17.74	7.97
Surplus/(Deficit)	(4,517)	7,948	285	(3,656)	317.36	107.80
Transfers recognised - capital	0	0	0	0	0.00	0.00
Contributed assets	0	0	0	0	0.00	0.00
Loss on foreign exchange	0	0	0	0	0.00	0.00
Fair value adjustment	0	0	0	0	0.00	0.00
Actuarial gains / (losses)	0	0	0	0	0.00	0.00
Surplus/(Deficit)	(4,517)	7,948	285	(3,656)	317.36	107.80
Capital expenditure & funds sources						
Capital expenditure						

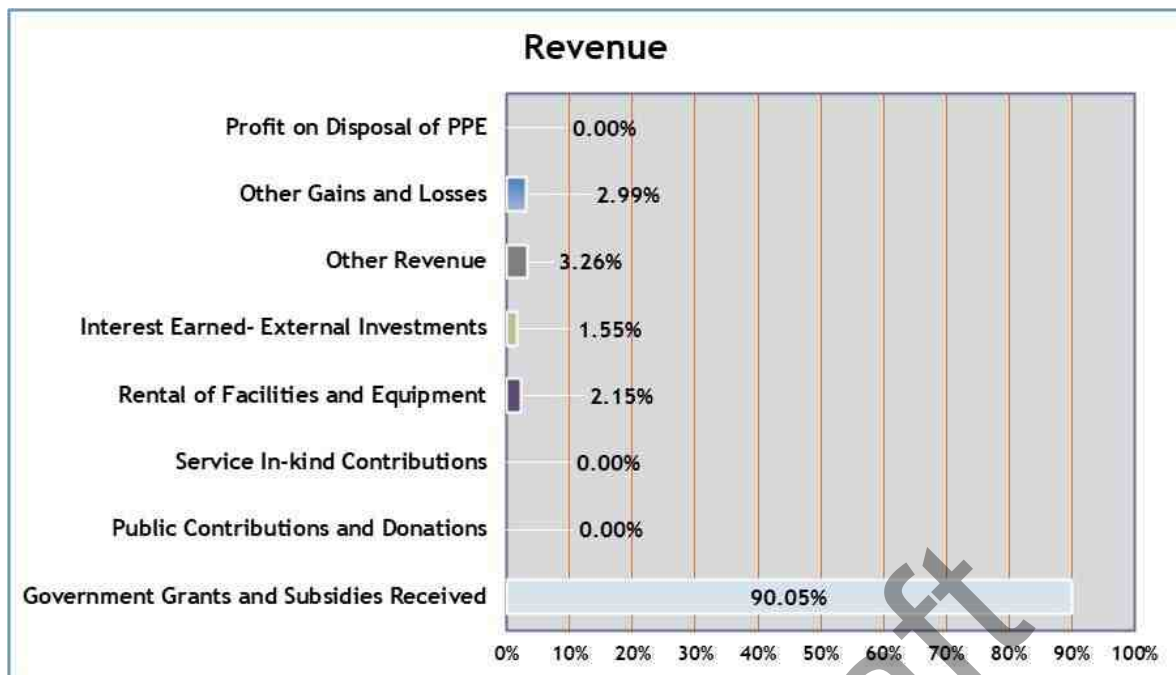


Description	2023/24	2024/25		2024/25 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Transfers recognised - capital (incl Housing Development Fund)	0	0	0	0	0.00	0.00
Public contributions & donations	998	0	0	0	0.00	0.00
Borrowing	0	0	0	0	0.00	0.00
Internally generated funds	0	0	0	0	0.00	0.00
Total sources of capital funds	998	0	0	0	0.00	0.00
Financial position						
Total current assets	1,257	0	0	690	100.00	100.00
Total non-current assets	12,373	0	0	11,428	100.00	100.00
Total current liabilities	14,010	0	0	15,261	100.00	100.00
Total non-current liabilities	9,246	0	0	10,140	100.00	100.00
Community wealth/Equity	0	0	0	0	0.00	0.00
Cash flows						
Cash/cash equivalents at the year begin	609	0	0	640	100.00	100.00
Net cash from (used) operating	31	0	0	(373)	100.00	100.00
Net cash from (used) investing	0	0	0	0	0.00	0.00
Net cash from (used) financing	0	0	0	0	0.00	0.00
Cash/cash equivalents at the year end	640	0	0	267	100.00	100.00
Cash backing/surplus reconciliation						
Cash and investments available	0	0	0	0	0.00	0.00
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	0	0	0	0	0.00	0.00
Asset management						
Asset register summary (WDV)	0	0	0	0	0.00	0.00
Depreciation & asset impairment	0	0	0	0	0.00	0.00
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Repairs and Maintenance	0	0	0	0	0.00	0.00

Table 129: Financial Performance

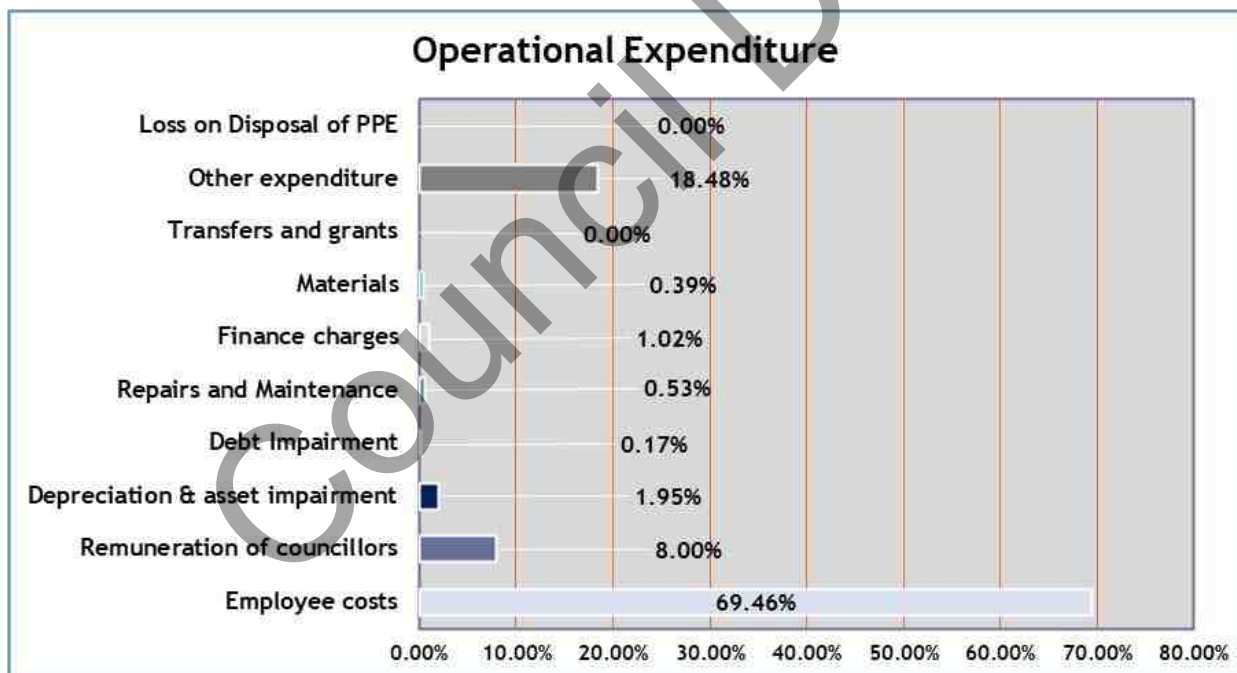


The following graph indicates the various types of revenue received in 2024/25:



Graph 13: Revenue

The following graph indicates the various types of expenditure items in 2024/25:



Graph 14: Operating Expenditure

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2023/24	72,672	76,480	3,808	0.05	71,546	80,997	9,451	0.13
2024/25	75,766	78,359	2,592	0.03	75,676	82,015	6,339	0.08

Table 130: Performance against budgets



5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2023/24	2024/25
	Actual	Actual
	R'000	
Mayor & Council	525	0
Municipal Manager	0	0
Budget and Treasury Office	66,584	65,942
Corporate Service	0	0
Internal Audit	0	0
Development & Infrastructure	0	0
IDP	4,380	4,510
Health	1,741	1,686
Housing	200	110
Public Safety	0	0
Total Revenue by Vote (Including capital transfers and contributions)	73,430	72,248

Table 131: Revenue collection by vote

5.1.2 Revenue Collection by Source

The table below indicates the Revenue collection performance by source for the financial year:

Description	2023/24	2024/25		2024/25 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Government Grants and Subsidies received	70,378	68,171	68,171	70,562	3.39	3.39
Public Contributions and donations	998	0	0	0	0.00	0.00
Service In-kind Contributions	0	0	0	0	0.00	0.00
Licence and permits	1,444	1,300	1,301	1,686	22.88	22.85
Interest earned - external investments	1,205	750	1,019	1,215	38.28	16.16
Other revenue	2,454	3,394	3,366	2,551	-33.06	-31.94
Other Gains and Losses	0	0	0	2,345	100.00	100.00
Profit on disposal of Property Plant and Equipment	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	76,480	73,615	73,856	78,359	6.05	5.75

Table 132: Revenue collection by source



5.2 Financial Performance per Municipal Function

5.2.1 Housing

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	110	0	0.00
Expenditure:				
Employees	1,511	2,030	7,047	78.56
Repairs and Maintenance	0	0	0	0.00
Other	15	132	749	98.00
Total Operational Expenditure	1,526	2,162	7,796	80.43
Net Operational (Service)	(1,526)	(2,052)	(7,796)	80.43

Table 133: Financial Performance: Housing

5.2.2 Planning, Infrastructure and Development

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	4,578	4,578	4,498	-1.78
Expenditure:				
Employees	7,141	6,281	5,242	-36.21
Repairs and Maintenance	0	0	0	0.00
Other	2,397	2,525	2,317	-3.46
Total Operational Expenditure	9,538	8,806	7,559	-26.17
Net Operational (Service)	(4,960)	(4,228)	(3,061)	-62.01

Table 134: Financial Performance: Planning, Infrastructure and Development

5.2.3 Disaster Management

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	0	0	0.00
Expenditure:				
Employees	3,641	5,164	5,015	27.40
Repairs and Maintenance	0	0	0	0.00
Other	186	121	145	-28.46
Total Operational Expenditure	3,827	5,285	5,160	25.83
Net Operational (Service)	(3,827)	(5,285)	(5,160)	25.83

Table 135: Financial Performance: Disaster Management



5.2.4 Municipal Health Service

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	1,300	1,301	0	0.00
Expenditure:				
Employees	8,117	9,126	9,223	11.99
Repairs and Maintenance	0	0	0	0.00
Other	439	629	656	33.11
Total Operational Expenditure	8,556	9,755	9,879	13.39
Net Operational (Service)	(7,256)	(8,455)	(9,879)	26.55

Table 136: Financial Performance: Municipal Health Service

5.2.5 Council

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	0	0	0.00
Expenditure:				
Employees	9,917	11,322	11,086	10.54
Repairs and Maintenance	0	0	0	0.00
Other	1,397	2,799	1,778	21.45
Total Operational Expenditure	11,314	14,121	12,864	12.05
Net Operational (Service)	(11,314)	(14,121)	(12,864)	12.05

Table 137: Financial Performance: Council

5.2.6 Office of the Municipal Manager

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	0	0	0.00
Expenditure:				
Employees	2,369	2,488	2,446	3.16
Repairs and Maintenance	0	0	0	0.00
Other	171	248	260	34.06
Total Operational Expenditure	2,540	2,736	2,706	6.12
Net Operational (Service)	(2,540)	(2,736)	(2,706)	6.12

Table 138: Financial Performance: Office of the Municipal Manager



5.2.7 Financial Services

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	69,527	69,778	69,778	0.36
Expenditure:				
Employees	7,115	7,329	7,250	1.86
Repairs and Maintenance	320	165	435	26.41
Depreciation/Amortisation	1,000	1,000	1,598	37.43
Finance Cost	0	0	838	100.00
Contracted Services	350	600	2,871	87.81
Other	2,563	3,540	5,538	53.72
Total Operational Expenditure	11,348	12,634	18,530	38.76
Net Operational (Service)	58,179	57,143	51,248	-13.52

Table 139: Financial Performance: Financial Services

5.2.8 Corporate Services

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	0	0	0.00
Expenditure:				
Employees	10,049	10,601	10,482	4.13
Repairs and Maintenance	0	0	0	0.00
Other	2,150	2,705	2,735	21.38
Total Operational Expenditure	12,199	13,306	13,217	7.70
Net Operational (Service)	(12,199)	(13,306)	(13,217)	7.70

Table 140: Financial Performance: Corporate Services

5.2.9 Internal Audit

Description	2024/25			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000			%
Total Operational Revenue	0	0	0	0.00
Expenditure:				
Employees	6,365	6,767	5,833	-9.13
Repairs and Maintenance	0	0	0	0.00
Other	505	625	749	32.56
Total Operational Expenditure	6,870	7,392	6,581	-4.38
Net Operational (Service)	(6,870)	(7,392)	(6,581)	-4.38

Table 141: Financial Performance: Internal Audit



5.3 Grants

5.3.1 Grant Performance

The Municipality had a total amount R70,562 million available that was received in the form of grants from the National and Provincial Governments during the 2024/25 financial year. The performance in the spending of these grants is indicated in the table below:

Description	2023/24	2024/25			2024/25 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000					%
Operating Transfers and Grants						
National Government:	64,430	66,593	66,593	66,513	-0.12	-0.12
Equitable share	61,791	63,593	63,593	63,593	0.00	0.00
Expanded Public Works Programme	939	1,200	1,200	1,120	-7.15	-7.15
Finance Management Grant	1,700	1,800	1,800	1,800	0.00	0.00
Provincial Government:	1,864	600	658	671	10.56	1.92
Cleaning Project	1,055	0	0	12	100.00	100.00
COGHTA Grant	200	0	110	110	100.00	0.00
Provincial Roads	609	600	548	549	-9.33	0.15
Disinfection	1,864	600	658	671	10.56	1.92
Other Grant Providers:	4,084	3,378	3,378	3,378	0.00	0.00
Health Subsidy	250	0	0	0	0.00	0.00
RAMS	3,232	3,378	3,378	3,378	0.00	0.00
DPSA	30	0	0	0	0.00	0.00
SANBI	47	0	0	0	0.00	0.00
Department of Tourism	525	0	0	0	0.00	0.00
Total Operating Transfers and Grants	70,378	70,571	70,629	70,562	-0.01	-0.10

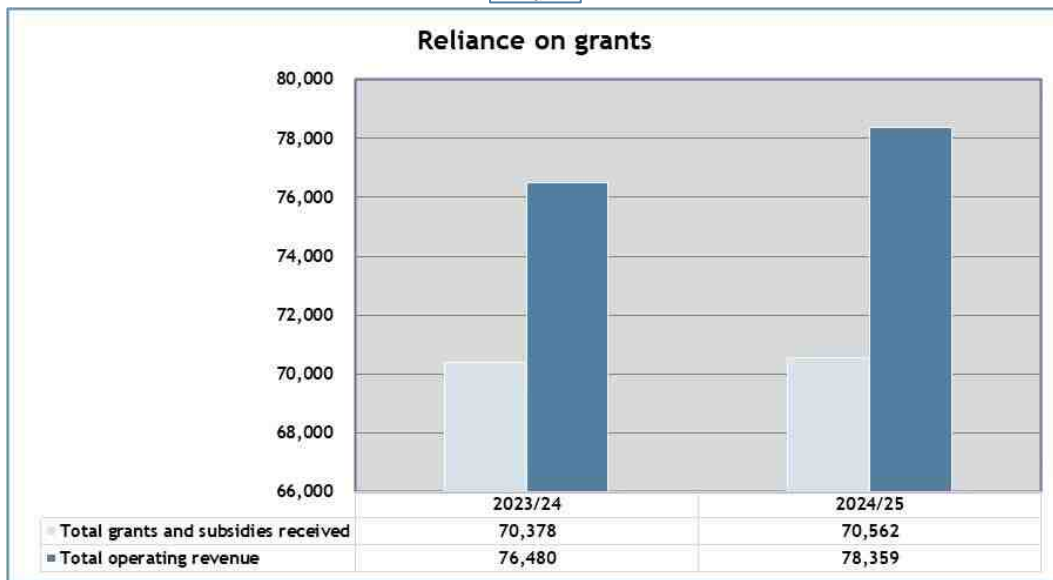
Actual amounts represent the total revenue recognised excluding VAT on grants and subsidies

Table 142: Grant Performance

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R		%
2023/24	70,378,269	76,479,798	92.02
2024/25	70,561,829	78,358,642	90.05

Table 143: Level of reliance on grants



Graph 15: Reliance on grants

5.4 Financial Ratios

5.4.1 Current Ratio

Description	Basis of calculation	2023/24	2024/25
Current Ratio	Current assets/current liabilities	0.09	0.05
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.44	1.84
Liquidity Ratio	Monetary Assets/Current Liabilities	0.09	0.05

Table 144: Liquidity Ratio

5.4.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	Unit of Measurement	2023/24	2024/25
Cost Coverage	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	0.11	0.01
Debt coverage	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2017 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	2.10%	1.22



5.4.3 Borrowing Management

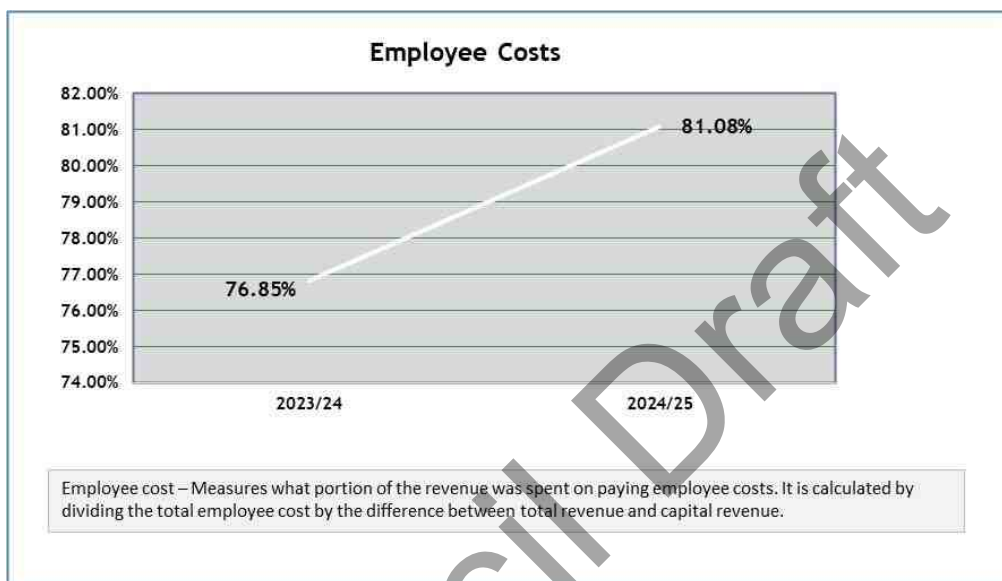
Description	Basis of calculation	2023/24	2024/25
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.00%	0.00%

Table 145: Borrowing Management

5.4.4 Employee costs

Description	Basis of calculation	2023/24	2024/25
Employee costs	Employee costs/(Total Revenue - capital revenue)	76.85%	81.08%

Table 146: Employee Costs

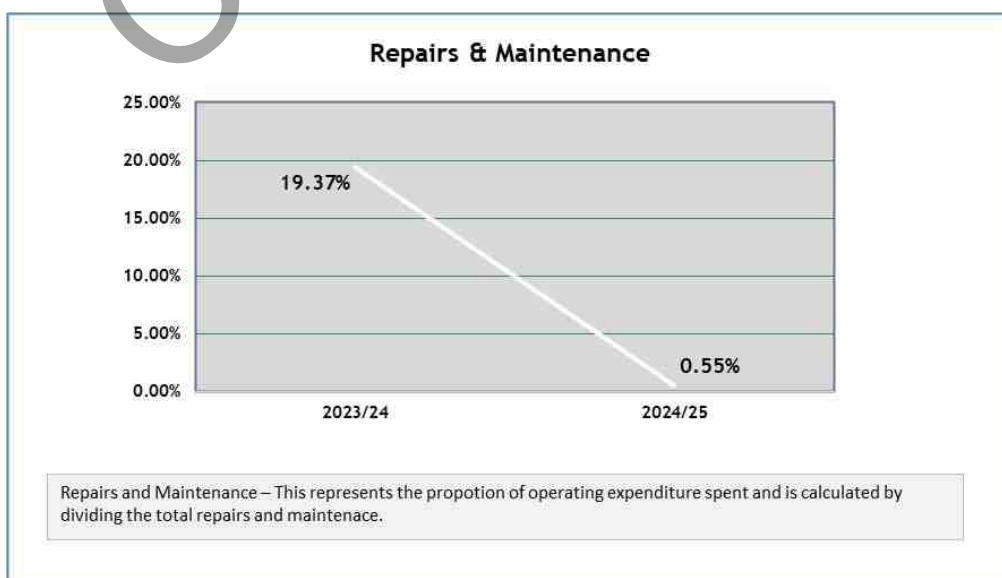


Graph 16: Employee Costs Ratio

5.4.5 Repairs & Maintenance

Description	Basis of calculation	2023/24	2024/25
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	19.37%	0.55%

Table 147: Repairs and Maintenance



Graph 17: Repairs and Maintenance Ratio



COMPONENT B: CASH FLOW MANAGEMENT, BORROWING & INVESTMENTS

5.5 Cash Flow

Description	2023/24	2024/25
	Actual	Actual
	R	
Cash flow from operating activities		
Receipts		
Ratepayers and other	0	0
Government - operating	70,374,517.00	70,486,000.00
Government - capital	0	-
Interest	1,171,056.00	1,215,122.00
Dividends	0	-
Other Receipts	3,552,659.00	4,293,472.00
Payment		
Employee cost and suppliers	73,984,893.00	75,131,434.00
Finance charges	527,649.00	126,110.00
Transfers and grants	0	0
Net cash from/(used) operating activities	585,690.00	737,050.00
Receipts		
Proceeds on disposal of PPE	0	0
Decrease (Increase) in non-current debtors	0	0
Decrease (increase) other non-current receivables	0	0
Decrease (increase) in non-current investments	0	0
Payment		
Capital assets	0	0
Net cash from/(used) investing activities	0	0
Cash flows from financing activities		
Payments		
Purchase of Property, plant and equipment	159,143.00	0
purchases of other intangible assets	256,421.00	0
Finance lease payments	139,280.00	0
Net cash from/(used) financing activities	554,844.00	737,050.00
Net increase/ (decrease) in cash held	30,846.00	639,715.00
Cash/cash equivalents at the year begin:	608,869.00	639,715.00
Cash/cash equivalents at the year-end:	608,869.00	737,050.00

Table 148: Cash Flow



5.6 Borrowing

5.6.1 Actual Borrowings

Instrument	2023/24	2024/25
	R'000	
Financial Leases	0	0
Total	194	

Table 149: Actual Borrowings

5.7 Investments

5.7.1 Actual Investments

Investment type	2023/24	2024/25
	R'000	
Deposits - Bank	1,205	1,215

Table 150: Municipal Investments



5.8 Municipal Cost Containment Measures

The Municipal Cost Containment Regulations (MCCR) were promulgated on 7 June 2019, with the effective date of 1 July 2019. The objective of these Regulations, in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Municipal Finance Management Act, is to ensure that the resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

Regulation 4(1) of the MCCR require that a municipality must develop or revise and implement a cost containment policy which must -

- ✿ be adopted by the municipal council as part of its budget related policies;
- ✿ define a municipality's objectives for the use of consultants; and
- ✿ be consistent with the MFMA and these Regulations

In terms of section 15. (1) of the MCCR, cost containment measures applied by the municipality must be disclosed and included in the municipal in -year budget reports and annual costs savings in the annual report. The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution.

The following cost containment measures are disclosed for the 2024/25 financial year:

Cost Containment Measure	Actual Expenditure 2023/24	Adjustment Budget 2024/25	Actual Expenditure 2024/25	(Saving)/Over spending 2024/25	(Saving)/Increase between 2023/24 and 2024/25
	R				
Consultants and Professional services	2 970 600	1 540 000	1 753 096	213 096	(1 217 504)
Vehicles used for political office -bearers	29 185	300 000	419 574	119 574	390 389
Travel and subsistence	2 854 958	1 119 800	2 547 217	1 427 417	(307 741)
Domestic accommodation	1 611 640	2 047 500	1 453 572	(593 928)	(158 068)
Sponsorships, events and catering	1 272 948	650 000	773 597	123 597	(499 351)
Communication	165 080	151 000	57 322	(93 678)	(107 758)
Other related expenditure items	10 223 986	5 847 427	8 152 459	2 305 032	(2 071 527)
Total	16 157 797	11 655 727	15 156 837	3 501 110	(3971560)

Table 151: Municipal Cost Containment Measures



CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

Component A: Auditor-General Report 2023/24

6.1 Auditor-General Report 2023/24

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
<p>Unauthorised Expenditure Issue: The municipality has incurred unauthorised expenditure of R9,083,126 due to budget overspending per vote.</p>	<ul style="list-style-type: none"> ✿ Improve Budgeting Controls: Strengthen budget planning and monitoring processes. Ensure that the budget is realistic and that allocations are adhered to. Implement a more robust mechanism for tracking budget variances regularly, ideally monthly, and addressing potential overspends early. ✿ Enforce Accountability: Establish clear accountability measures for overspending. Ensure that the appropriate department heads and managers are held accountable for adhering to budget limits and reporting variances. ✿ Revised Approval Processes: Strengthen the approval processes for budget adjustments and ensure that any overspending is properly approved by the council before it happens. ✿ Training and Awareness: Conduct training for officials on the importance of adhering to budgetary constraints, and the consequences of unauthorised expenditure. ✿ Use of Contingency Funds: Create and utilize a contingency fund to manage unforeseen expenses, thereby preventing the need for unauthorised expenditure.
<p>Going Concern Issue: The municipality faces the risk of continuing deterioration in operational results, which may negatively affect its prospects, performance, and cash flows in the future, as highlighted in note 45 of the financial statements.</p>	<ul style="list-style-type: none"> ✿ Financial and Cash Flow Management: Enhance the municipality's financial management practices, focusing on improving cash flow by addressing revenue collection issues and improving debt recovery strategies. ✿ Revenue Enhancement Strategies: Develop and implement strategies to diversify and increase revenue streams. ✿ Cost-Cutting and Efficiency Measures: Implement cost-reduction initiatives by reviewing and optimizing operational expenses. This could include streamlining processes, renegotiating service contracts, and reducing wasteful expenditure. ✿ Strengthening Governance and Oversight: Ensure that there is effective oversight by the municipality's council and audit committees to monitor financial performance and take corrective actions as necessary. ✿ Develop a Financial Recovery Plan: Work with financial experts to create a detailed financial recovery plan that addresses the underlying causes of the operational decline. This plan should include specific actions, timelines, and performance targets to restore financial stability. ✿ Engage with National and Provincial Authorities: The municipality should actively engage with the National and Provincial Treasuries to discuss possible interventions, such as financial assistance or restructuring plans, if necessary.
<p>General Measures for Both Issues</p>	<ul style="list-style-type: none"> ✿ Regular Monitoring and Reporting: Implement a robust system for continuous monitoring of financial performance, ensuring that reports on budget adherence, unauthorised expenditure, and cash flow issues are regularly reviewed by senior management and the council. ✿ Transparent Communication: Communicate clearly with stakeholders (e.g., the public, government, and oversight



Main issues raised	Corrective steps implemented/ to be implemented
	<p>bodies) about the municipality’s financial situation and the corrective actions being taken.</p> <ul style="list-style-type: none"> ✿ Strengthen Internal Controls: Ensure that there are proper internal controls in place, particularly regarding expenditure approval, budget compliance, and financial reporting. Regular internal audits should be conducted to assess the effectiveness of these controls.
Other Matters	
<p>1. Unaudited Disclosure Notes</p> <p>Issue: The municipality has not disclosed the particulars of non-compliance with the MFMA in the financial statements, as required by section 125(2)(e) of the MFMA.</p>	<ul style="list-style-type: none"> ✿ Ensure Full Compliance with Disclosure Requirements: The municipality should strengthen its financial reporting processes to ensure that all required disclosures, including particulars of non-compliance with the MFMA, are included in the financial statements. ✿ Review Financial Statement Preparation Procedures: The accounting officer should ensure that the process for preparing the financial statements is comprehensive and includes all necessary disclosures. This should include reviewing applicable laws and regulations, such as the MFMA and DORA, to ensure that all compliance matters are reported. ✿ Internal Compliance Checks: Implement an internal compliance review system before the financial statements are submitted for audit to ensure that all required disclosures are properly included and verified. ✿ Training for Financial Reporting Team: Provide regular training to staff responsible for preparing the financial statements on the MFMA requirements, particularly the disclosure obligations.
<p>2. Performance Reporting Misalignment and Inaccuracy</p> <p>Issue: The reported achievement on quarterly reports to the council on shared services was inaccurate, and there was misalignment between the approved plans and the actual operations. The indicator reported was not useful for measuring the intended objective (monitoring and supporting local municipalities to enhance service delivery).</p>	<ul style="list-style-type: none"> ✿ Regular Internal Monitoring and Evaluation: <ul style="list-style-type: none"> • Revise the timing of the tabling of the fourth quarter’s performance to align with the timing of the external audit. • Introduce regular monitoring and evaluation processes to check the progress on performance indicators throughout the year. This will allow for timely adjustments and corrections in reporting, reducing the likelihood of discrepancies at year-end. • Strengthen internal controls to ensure that performance data is properly collected, verified, and reported in accordance with set objectives. • Revise the timing of the tabling of the fourth quarter’s performance to align with the timing of the external audit.
<p>3. Improving Transparency and Accountability</p> <p>Issue: Incorrect reporting of performance undermines transparency and accountability.</p>	<ul style="list-style-type: none"> ✿ Ensure Consistency Between Planning and Reporting: <ul style="list-style-type: none"> • Ensure that the performance information reported in the annual performance report is consistent with the approved planning documents and actual achievements. If there are discrepancies, these should be addressed promptly and reported accurately. • Establish a clear link between the municipality’s strategic goals, the planning documents, and the performance indicators to ensure that there is no confusion or misreporting. ✿ Revisit Performance Indicator Definitions: <ul style="list-style-type: none"> • Revise the definition of the indicators to ensure that they are well-defined, understandable, and verifiable. This will help in ensuring that performance is accurately measured and reported. ✿ Improve Oversight and Governance: <ul style="list-style-type: none"> • Strengthen the role of the council and oversight committees in reviewing and approving performance reports. They should closely monitor performance



Main issues raised	Corrective steps implemented/ to be implemented
	<p>against targets and hold management accountable for any discrepancies.</p> <ul style="list-style-type: none"> Encourage an open and transparent approach to performance reporting, where the municipality proactively communicates both achievements and challenges in the annual performance report.
<p>4. Training and Capacity Building</p>	<ul style="list-style-type: none"> Capacity Building for Performance Reporting: <ul style="list-style-type: none"> Offer regular training to staff involved in performance reporting on the importance of accurate and transparent reporting. This training should cover performance management frameworks, the link between indicators and strategic objectives, and the importance of compliance with legal requirements such as the MFMA and DORA. Strengthening Performance Management Systems: <ul style="list-style-type: none"> Implement a performance management system that allows for the systematic tracking and evaluation of municipal activities. The system should ensure that all indicators are aligned with the strategic objectives and that progress is regularly monitored and reported.
<p>5. Achievement of Planned Targets and Material Misstatements</p> <p>Issue: There was a material misstatement in the reported achievement of targets, specifically for the objective "Monitor and support local municipalities to enhance service delivery."</p>	<ul style="list-style-type: none"> Improve Monitoring and Reporting Systems: Establish a more rigorous monitoring system to track the progress on each target. Ensure that data is accurate and timely to avoid discrepancies between reported and actual achievements. Timely and Accurate Reporting: Ensure that performance reports are reviewed by relevant stakeholders before submission. The leadership should ensure that there is alignment between what is planned, what is reported, and what is achieved. Internal Quality Checks: Implement internal review mechanisms to cross-check performance information, especially for key indicators, before it is included in the annual performance report. This will help prevent material misstatements. Training and Capacity Building: Provide training for officials involved in reporting to improve understanding of the importance of accurate performance reporting and the processes involved in verifying the data.
<p>6. Compliance with Legislation (MFMA)</p> <p>Issues: Non-compliance with various provisions of the MFMA and procurement regulations, including misstatements in financial statements and failure to follow proper procurement processes.</p>	<ul style="list-style-type: none"> Strengthen Financial Management and Compliance Frameworks: <ul style="list-style-type: none"> Ensure that financial statements are prepared in full compliance with the MFMA. The municipality should address the identified material misstatements and ensure that all financial records are supported by appropriate documentation. Establish robust internal controls and regular reviews of compliance with the MFMA and other relevant legislation. Set up a compliance committee or designate a compliance officer to oversee adherence to legislation and take corrective action when necessary. Procurement and Contract Management Improvements: <ul style="list-style-type: none"> Review and enforce strict adherence to procurement regulations. This includes ensuring competitive bidding is used for all goods and services that fall within the prescribed transaction value and that bids are advertised for the required minimum period. Implement better monitoring of contractors' performance in line with section 116(2) of the MFMA. Regular monthly performance reviews should be conducted to ensure contract obligations are met.



Main issues raised	Corrective steps implemented/ to be implemented
	<ul style="list-style-type: none"> • Implement a robust contract management system to track compliance with the terms of contracts and prevent non-compliance or inefficiencies. ❖ Irregular, Fruitless, and Wasteful Expenditure Management: <ul style="list-style-type: none"> • Take immediate steps to quantify and investigate the full extent of irregular expenditure. Ensure that appropriate action is taken to address any non-compliance with procurement regulations and prevent future occurrences. • Strengthen the oversight and control environment to prevent fruitless and wasteful expenditure, especially in cases such as the interest charged on overdue accounts. • Investigate and take corrective action on unauthorised expenditure to identify whether any individuals are liable for it. This should be done in line with section 32(2)(a) of the MFMA.
<p>7. Consequences Management Issue: Unauthorised expenditure was not investigated to determine if any individual should be held liable.</p>	<ul style="list-style-type: none"> ❖ Investigate Unauthorised Expenditure: Establish a clear process for investigating unauthorised expenditure. This process should include identifying who is responsible for the expenditure and holding those accountable in accordance with the provisions of the MFMA. ❖ Implement Consequence Management: Develop and enforce a consequence management policy to deal with instances of non-compliance, unauthorised expenditure, and other breaches. This policy should outline actions to be taken against officials who fail to comply with regulations.
<p>8. Mid-Year Performance Assessments Issue: A mid-year performance assessment was not conducted as required by section 72(1)(a)(ii) of the MFMA.</p>	<ul style="list-style-type: none"> ❖ Conduct Mid-Year Performance Assessment: Ensure that a formal mid-year performance assessment is carried out, as required by the MFMA. This will provide an opportunity to assess the municipality's progress towards meeting its performance targets and to take corrective action if necessary. ❖ Implement Regular Performance Reviews: Conduct regular performance reviews at mid-year and year-end to monitor progress on all planned targets. Use these reviews to adjust plans or take corrective action on underperformance.
<p>9. Internal Control Deficiencies Issue: There were significant internal control deficiencies, including failure to retrieve and submit required information for audit purposes in a timely manner, and a lack of adequate reviews of financial statements and performance reports.</p>	<ul style="list-style-type: none"> ❖ Strengthen Internal Controls: Review and strengthen internal control systems to ensure that financial and performance reports are accurate, timely, and complete. This includes implementing regular checks and balances at different stages of report preparation. ❖ Improve Document Management Systems: Ensure that all supporting documents are readily available and accessible for audit purposes. Implement an electronic document management system that allows for the timely retrieval and submission of information. ❖ Leadership Oversight and Accountability: Municipal leadership should take a more active role in reinforcing the control environment. This includes reviewing and approving financial statements, performance reports, and compliance reports before they are submitted for audit. ❖ Implement Corrective Action for Audit Findings: Develop and implement corrective action plans for all audit findings, including those related to non-compliance, misstatements, and internal control weaknesses. These plans should address the root causes of the deficiencies and outline steps for improvement.

Table 152: AG Report 2023/24



Component B: Auditor-General Report 2024/25

6.2 Auditor-General Report 2024/25

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
Going concern	Implementation of the Revenue Enhancement Strategy
Restatement of corresponding figures	AFS to be distribute for internal security before submitting to AG
Other Matters	
None disclosure according to MFMA	All officials to complete disclosure forms in future.
APR targets not clearly reported on	Improvement of reporting on actual performance in APR in line with portfolio of evidence
UIF & Wasteful expenditure	AFS targets to be revised
Materials misstatements in APR	Improvement of reporting on actual performance in APR in line with portfolio of evidence

Table 153: AG Report 2024/25



LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
COGTA	Department of Cooperative Governance and Traditional Affairs
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework



List of Tables

TABLE 1:	MUNICIPAL AREA AT A GLANCE	6		
TABLE 2:	DEMOGRAPHIC PROFILE	9		
TABLE 3:	TOTAL AREA AND POPULATION PER LOCAL MUNICIPALITY	9		
TABLE 4:	SERVICES DELIVERY HIGHLIGHTS	10		
TABLE 5:	SERVICES DELIVERY CHALLENGES	10		
TABLE 6:	FINANCIAL VIABILITY HIGHLIGHTS.....	10		
TABLE 7:	FINANCIAL VIABILITY CHALLENGES.....	11		
TABLE 8:	NATIONAL KPI'S FOR FINANCIAL VIABILITY AND MANAGEMENT	11		
TABLE 9:	FINANCIAL OVERVIEW	11		
TABLE 10:	OPERATING RATIOS.....	12		
TABLE 11:	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS	12		
TABLE 12:	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES	12		
TABLE 13:	AUDIT OUTCOMES.....	13		
TABLE 14:	GOOD GOVERNANCE AND PUBLIC PARTICIPATION PERFORMANCE HIGHLIGHTS.....	14		
TABLE 15:	GOOD GOVERNANCE AND PUBLIC PARTICIPATION PERFORMANCE CHALLENGES	14		
TABLE 16:	COUNCIL FOR THE PERIOD 1 JULY 2023 TO 30 JUNE 2024	16		
TABLE 17:	COUNCIL MEETINGS FOR THE PERIOD 1 JULY 2024 TO 30 JUNE 2025	16		
TABLE 18:	EXECUTIVE MAYORAL COMMITTEE (1 JULY 2024 TO 30 JUNE 2025)	16		
TABLE 19:	FINANCE PORTFOLIO COMMITTEE	17		
TABLE 20:	INFRASTRUCTURE DEVELOPMENT, HOUSING & DEVELOPMENT PORTFOLIO COMMITTEE.....	17		
TABLE 21:	CORPORATE SERVICES AND COUNCIL SUPPORT PORTFOLIO COMMITTEE	17		
TABLE 22:	RULES COMMITTEE	17		
TABLE 23:	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	18		
TABLE 24:	DISTRICT DEVELOPMENT MODEL (DDM, PUBLIC SAFETY, CLIMATE CHANGE AND REVENUE ENHANCEMENT COMMITTEE	18		
TABLE 25:	ADMINISTRATIVE GOVERNANCE STRUCTURE.....	18		
TABLE 26:	INTERGOVERNMENTAL STRUCTURES	19		
TABLE 27:	JOINT PROJECTS WITH SECTOR DEPARTMENTS	19		
TABLE 28:	PUBLIC MEETINGS.....	20		
TABLE 29:	LOCAL LABOUR FORUM (1 JULY 2023 TO 30 JUNE 2024).....	20		
TABLE 30:	IDP FORUM	21		
TABLE 31:	DISTRICT AND LOCAL AIDS COUNCIL.....	21		
TABLE 32:	DISTRICT COMMUNICATION FORUM.....	21		
TABLE 33:	SHARED SERVICES: INTERNAL AUDIT ACTIVITIES	23		
TABLE 34:	TOP RISKS	24		
TABLE 35:	RISK COMMITTEE.....	25		
TABLE 36:	STRATEGIES: ANTI-CORRUPTION AND ANTI-FRAUD.....	25		
TABLE 37:	MEMBERS OF THE APC.....	26		
TABLE 38:	MEETING DATES AND ATTENDANCE OF THE APC	26		
TABLE 39:	INTERNAL AUDIT ACTIVITIES	26		
TABLE 40:	POLICIES DEVELOPED/ REVISED	28		
TABLE 41:	COMMUNICATION ACTIVITIES	29		
TABLE 42:	COMMUNICATION UNIT	29		
TABLE 43:	INFORMATION ON WEBSITE.....	30		
TABLE 44:	B-BBEE COMPLIANCE PERFORMANCE INFORMATION: SENIOR MANAGEMENT.....	31		
TABLE 45:	B-BBEE COMPLIANCE PERFORMANCE INFORMATION: SKILLS DEVELOPMENT	31		
TABLE 46:	B-BBEE COMPLIANCE PERFORMANCE INFORMATION: ENTERPRISE AND SUPPLIER DEVELOPMENT	31		
TABLE 47:	DELETED AND ADJUSTED TOP LAYER SDBIP KPI'S IN THE 2024/25 FINANCIAL YEAR	34		
TABLE 48:	ADMINISTER FINANCES IN A SUSTAINABLE MANNER AND STRIVE TO COMPLY WITH LEGISLATIVE REQUIREMENTS TO ACHIEVE A FAVORABLE AUDIT OUTCOME	38		
TABLE 49:	COMPLIANCE WITH THE TENETS OF GOOD GOVERNANCE AS PRESCRIBED BY LEGISLATION AND BEST PRACTICE	40		
TABLE 50:	GUIDE LOCAL MUNICIPALITIES IN THE DEVELOPMENT OF THEIR IDP'S AND IN SPATIAL DEVELOPMENT	40		
TABLE 51:	MONITOR AND SUPPORT LOCAL MUNICIPALITIES TO ENHANCE SERVICE DELIVERY.....	40		
TABLE 52:	PROMOTE ECONOMIC GROWTH IN THE DISTRICT	41		
TABLE 53:	TO PROVIDE A PROFESSIONAL, PEOPLE-CENTERED HUMAN RESOURCES AND ADMINISTRATIVE SERVICE TO CITIZENS, STAFF AND COUNCIL	42		
TABLE 54:	TO PROVIDE AN INDEPENDENT AND OBJECTIVE INTERNAL AUDIT ASSURANCE AND CONSULTING SERVICE TO ADD VALUE AND TO IMPROVE THE ADMINISTRATIVE OPERATIONS OF ALL THE MUNICIPALITIES IN THE DISTRICT THROUGH AN APPROACH THAT IS SYSTEMATIC AND DISCIPLINED	43		
TABLE 55:	TO PROVIDE DISASTER MANAGEMENT SERVICES TO THE CITIZENS	44		
TABLE 56:	TO PROVIDE MUNICIPAL HEALTH SERVICES TO IMPROVE THE QUALITY OF LIFE OF THE CITIZEN	44		
TABLE 57:	FUNCTIONAL AREAS	45		
TABLE 58:	HOUSING HIGHLIGHTS.....	46		
TABLE 59:	HOUSING CHALLENGES.....	46		
TABLE 60:	HOUSING BENEFICIARY EDUCATION	46		
TABLE 61:	EMPLOYEES HOUSING	47		
TABLE 62:	ESTIMATED MAINTENANCE COSTS FOR STRUCTURES	52		
TABLE 63:	NUMBER OF ASSETS FOUND PER LOCAL MUNICIPALITY	52		
TABLE 64:	ROADS HIGHLIGHTS	53		
TABLE 65:	ROADS CHALLENGES	53		
TABLE 66:	EMPLOYEES - ROADS.....	53		
TABLE 67:	BUILDING PLAN APPLICATIONS.....	54		
TABLE 68:	PLANNING CHALLENGES.....	56		
TABLE 69:	EMPLOYEES - PLANNING	56		
TABLE 70:	LED HIGHLIGHTS	57		
TABLE 71:	LED CHALLENGES	57		
TABLE 72:	LED OBJECTIVES AND STRATEGIES	58		
TABLE 73:	JOB CREATION THROUGH EPWP PROJECTS.....	58		
TABLE 74:	EMPLOYEES - LED	59		
TABLE 75:	MUNICIPAL HEALTH HIGHLIGHTS.....	61		
TABLE 76:	MUNICIPAL HEALTH CHALLENGES.....	61		
TABLE 77:	SERVICE STATISTICS: MUNICIPAL HEALTH.....	62		
TABLE 78:	EMPLOYEES - MUNICIPAL HEALTH.....	62		
TABLE 79:	DISASTER MANAGEMENT CENTRE MEETINGS	64		
TABLE 80:	BASIC FIRE FIGHTING TRAINING.....	64		
TABLE 81:	MOTOR VEHICLE INCIDENTS.....	65		
TABLE 82:	DOMESTIC AND VELD FIRE INCIDENTS	65		
TABLE 83:	EMPLOYEES - DISASTER MANAGEMENT	67		
TABLE 84:	OFFICE OF THE MAYOR HIGHLIGHTS	68		
TABLE 85:	OFFICE OF THE MAYOR CHALLENGES	68		
TABLE 86:	EMPLOYEES - OFFICE OF THE MAYOR	68		
TABLE 87:	OFFICE OF THE MUNICIPAL MANAGER HIGHLIGHTS.....	69		
TABLE 88:	OFFICE OF THE MUNICIPAL MANAGER CHALLENGES.....	69		
TABLE 89:	EMPLOYEES - OFFICE OF THE MUNICIPAL MANAGER	69		
TABLE 90:	STATISTICS SCM	70		
TABLE 91:	TOTAL EMPLOYEES - FINANCIAL SERVICES	70		
TABLE 92:	CAPITAL PROJECTS: FINANCIAL SERVICES	70		
TABLE 93:	SUPPORT SERVICES HIGHLIGHTS	71		
TABLE 94:	SUPPORT SERVICES CHALLENGES	71		
TABLE 95:	EMPLOYEES - SUPPORT SERVICES	71		
TABLE 96:	HUMAN RESOURCES HIGHLIGHTS.....	72		
TABLE 97:	HUMAN RESOURCES CHALLENGES.....	72		
TABLE 98:	EMPLOYEES - HUMAN RESOURCES.....	72		
TABLE 99:	LEGAL SERVICES & LABOUR DIVISION HIGHLIGHTS	73		
TABLE 100:	LEGAL SERVICES & LABOUR DIVISION CHALLENGES	73		
TABLE 101:	EMPLOYEES - LEGAL SERVICES & LABOUR DIVISION	73		
TABLE 102:	INTERNAL AUDIT HIGHLIGHTS	74		
TABLE 103:	INTERNAL AUDIT CHALLENGES	74		
TABLE 104:	EMPLOYEES - INTERNAL AUDIT.....	74		
TABLE 105:	SERVICE DELIVERY PRIORITIES FOR 2025/26- ADMINISTER FINANCES IN A SUSTAINABLE MANNER AND STRIVE TO COMPLY WITH LEGISLATIVE REQUIREMENTS TO ACHIEVE A FAVORABLE AUDIT OUTCOME	75		
TABLE 106:	SERVICE DELIVERY PRIORITIES FOR 2025/26 COMPLIANCE WITH THE TENETS OF GOOD GOVERNANCE AS PRESCRIBED BY LEGISLATION AND BEST PRACTICE	76		
TABLE 107:	SERVICE DELIVERY PRIORITIES FOR 2025/26- GUIDE LOCAL MUNICIPALITIES IN THE DEVELOPMENT OF THEIR IDP'S AND IN SPATIAL DEVELOPMENT	76		
TABLE 108:	SERVICE DELIVERY PRIORITIES FOR 2025/26- MONITOR AND SUPPORT LOCAL MUNICIPALITIES TO ENHANCE SERVICE DELIVERY	76		
TABLE 109:	SERVICE DELIVERY PRIORITIES FOR 2025/26- PROMOTE ECONOMIC GROWTH IN THE DISTRICT	77		
TABLE 110:	SERVICE DELIVERY PRIORITIES FOR 2025/26- TO PROVIDE A PROFESSIONAL, PEOPLE-CENTRED HUMAN RESOURCES AND ADMINISTRATIVE SERVICE TO CITIZENS, STAFF AND COUNCIL	77		



TABLE 111: SERVICE DELIVERY PRIORITIES FOR 2025/26- TO PROVIDE AN INDEPENDENT AND OBJECTIVE INTERNAL AUDIT ASSURANCE AND CONSULTING SERVICE TO ADD VALUE AND TO IMPROVE THE ADMINISTRATIVE OPERATIONS OF ALL THE MUNICIPALITIES IN THE DISTRICT THROUGH AN APPROACH THAT IS SYSTEMATIC AND DISCIPLINED78

TABLE 112: SERVICE DELIVERY PRIORITIES FOR 2025/26- TO PROVIDE DISASTER MANAGEMENT SERVICES TO THE CITIZENS78

TABLE 113: SERVICE DELIVERY PRIORITIES FOR 2025/26- TO PROVIDE MUNICIPAL HEALTH SERVICES TO IMPROVE THE QUALITY OF LIFE OF THE CITIZENS78

TABLE 114: NATIONAL KPIS- MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT80

TABLE 115: EE TARGETS/ACTUAL BY RACIAL CLASSIFICATION80

TABLE 116: EE TARGETS/ACTUAL BY GENDER CLASSIFICATION80

TABLE 117: OCCUPATIONAL LEVELS - RACE81

TABLE 118: DEPARTMENTS - RACE.....81

TABLE 119: VACANCY RATE PER POST AND FUNCTIONAL LEVEL81

TABLE 120: TURNOVER RATE82

TABLE 121: INJURIES82

TABLE 122: SICK LEAVE.....82

TABLE 123: HR POLICIES AND PLANS.....83

TABLE 124: SKILLS DEVELOPMENT; TRAINING PROVIDED.....84

TABLE 125: FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT84

TABLE 126: BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT .85

TABLE 127: PERSONNEL EXPENDITURE.....85

TABLE 128: PERSONNEL EXPENDITURE.....86

TABLE 129: FINANCIAL PERFORMANCE.....88

TABLE 130: PERFORMANCE AGAINST BUDGETS89

TABLE 131: REVENUE COLLECTION BY VOTE90

TABLE 132: REVENUE COLLECTION BY SOURCE.....90

TABLE 133: FINANCIAL PERFORMANCE: HOUSING.....91

TABLE 134: FINANCIAL PERFORMANCE: PLANNING, INFRASTRUCTURE AND DEVELOPMENT91

TABLE 135: FINANCIAL PERFORMANCE: DISASTER MANAGEMENT91

TABLE 136: FINANCIAL PERFORMANCE: MUNICIPAL HEALTH SERVICE....92

TABLE 137: FINANCIAL PERFORMANCE: COUNCIL92

TABLE 138: FINANCIAL PERFORMANCE: OFFICE OF THE MUNICIPAL MANAGER92

TABLE 139: FINANCIAL PERFORMANCE: FINANCIAL SERVICES93

TABLE 140: FINANCIAL PERFORMANCE: CORPORATE SERVICES93

TABLE 141: FINANCIAL PERFORMANCE: INTERNAL AUDIT93

TABLE 142: GRANT PERFORMANCE94

TABLE 143: LEVEL OF RELIANCE ON GRANTS94

TABLE 144: LIQUIDITY RATIO95

TABLE 145: BORROWING MANAGEMENT96

TABLE 146: EMPLOYEE COSTS96

TABLE 147: REPAIRS AND MAINTENANCE.....96

TABLE 148: CASH FLOW97

TABLE 149: ACTUAL BORROWINGS.....98

TABLE 150: MUNICIPAL INVESTMENTS.....98

TABLE 151: MUNICIPAL COST CONTAINMENT MEASURES.....99

TABLE 152: AG REPORT 2023/24.....103

TABLE 153: AG REPORT 2024/25104

List of Figures

FIGURE 1 LOCALITY MAP 7

FIGURE 2 DISTRICT MUNICIPAL AREA DIVIDED INTO LOCAL MUNICIPALITIES 8

FIGURE 3 SDBIP MEASUREMENT CRITERIA 35

List of Graphs

GRAPH 1: TOP LAYER SDBIP PERFORMANCE PER OBJECTIVE 36

GRAPH 2: EXTENT: ROAD TYPE PER ROAD CLASS (KM)47

GRAPH 3: EXTENT: ROAD TYPE PER MUNICIPALITY (2023/24 DATA SET)48

GRAPH 4: EXTENT: ROAD TYPE FOR TOTAL NETWORK (2023/24 DATA SET) (KM)48

GRAPH 5: TOTAL PIXLEY KA SEME ROAD NETWORK LEVEL OF SERVICE LOS (2023/24 DATA SET) (KM).....49

GRAPH 6: VISUAL CONDITION INDEX OF PIXLEY KA SEME NETWORK (KM)49

GRAPH 7: PAVED ROAD CONDITION (2023/24 DATA SET) (KM).....50

GRAPH 8: UNPAVED ROADS CONDITION (2023/24 DATA SET) (KM)...50

GRAPH 9: BLOCK PAVED ROADS CONDITION (2023/24 DATA SET) (KM)51

GRAPH 10: TYPE AND NUMBER OF BRIDGE STRUCTURES PER MUNICIPALITY51

GRAPH 11: PLANNING APPLICATIONS RECEIVED.....55

GRAPH 12: DISTRICT MUNICIPAL PLANNING TRIBUNAL (DMPT): LAND DEVELOPMENT APPLICATIONS.....55

GRAPH 13: REVENUE89

GRAPH 14: OPERATING EXPENDITURE.....89

GRAPH 15: RELIANCE ON GRANTS95

GRAPH 16: EMPLOYEE COSTS RATIO96

GRAPH 17: REPAIRS AND MAINTENANCE RATIO96



Annexure A: Financial Statements

Council Draft



Pixley-ka-Seme District Municipality (DC7)
Annual Financial Statements
for the year ended 30 June 2025
Auditor-General of South Africa (AGSA)

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	A municipality, which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	A local authority providing municipal services and maintaining the best interest of the community in the Pixley-ka-Seme district.
Members of Council	UR Itumeleng (Executive Mayor) TA Sintu (Speaker) B Viviers EK Louw K Gous S Swartling NS van Wyk N Booysen AP Poyo VP Harmse B Mpamba MJ Katz SW Makhandula MN Mackay MA Maloi H Marais LM Zenani B Swanepoel S Bibi PP Mhlauli P Charles
Accounting officers	I Visser
Chief financial officer	BF James
Registered office	Culvert Road De Aar 7000
Business address	Culvert Road De Aar 7000
Postal address	Private Bag X1012 De Aar 7000
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa (AGSA)

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Index

	Page
Accounting Officer's Report	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 10
Significant Accounting Policies	11 - 30
Notes to the Annual Financial Statements	34 - 62

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern 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, 2003 (Act no. 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality is engaged in a local authority providing municipal services and maintaining the best interest of the community in the Pixley-ka-Seme district. and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the entity was R 3 687 916 (2024: deficit R 4 517 120).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R (13 314 415) and that the municipality's total liabilities exceed its assets by R (13 314 415).

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting officer's interest in contracts

The accounting officer had no interest in any contracts.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Non-current assets

There were no major changes in the nature of the non-current assets of the municipality during the year.

7. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

The annual financial statements set out on pages 3 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

I. Visser
Accounting Officer

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note	2025	2024
Assets			
Current Assets			
Receivables from exchange transactions	3	409 698	479 486
VAT receivable	4	36 340	97 935
VAT input accrual	4	27 106	77 888
Cash and cash equivalents	6	266 722	639 715
		739 866	1 295 024
Non-Current Assets			
Property, plant and equipment	7	10 974 728	11 805 093
Intangible assets	8	453 420	568 011
		11 428 148	12 373 104
Total Assets		12 168 014	13 668 128
Liabilities			
Current Liabilities			
Finance lease obligation	9	502 823	451 616
Payables from exchange transactions	10	13 981 084	12 659 878
VAT output accrual	4	45 239	37 958
Employee benefit obligation	11	726 000	736 000
Unspent conditional grants and receipts	12	87 044	162 873
		15 342 190	14 048 325
Non-Current Liabilities			
Finance lease obligation	9	371 239	879 302
Employee benefit obligation	11	9 769 000	8 367 000
		10 140 239	9 246 302
Total Liabilities		25 482 429	23 294 627
Net Assets		(13 314 415)	(9 626 499)
Accumulated surplus		(13 314 415)	(9 626 499)
Total Net Assets		(13 314 415)	(9 626 499)

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note	2025	2024
Revenue			
Revenue from exchange transactions			
Licences and permits	13	1 685 788	1 443 836
Other income	14	2 551 039	2 454 114
Interest received from external investments	15	1 215 112	1 205 234
Total revenue from exchange transactions		5 451 939	5 103 184
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	16	70 561 829	70 378 269
Public contributions and donations	17	-	998 345
Debt forgiveness	18	2 344 874	-
Total revenue from non-exchange transactions		72 906 703	71 376 614
Total revenue		78 358 642	76 479 798
Expenditure			
Employee related costs	19	(56 969 276)	(52 101 986)
Remuneration of councillors	20	(6 562 697)	(6 131 326)
Depreciation and amortisation	21	(1 598 133)	(1 515 343)
Finance costs	22	(837 603)	(527 649)
Debt impairment		(138 190)	-
Repairs and maintenance	23	(434 821)	(604 597)
Materials	24	(317 401)	(768 602)
Loss on disposal of assets and liabilities	25	-	(16 231)
General expenses	26	(15 188 437)	(19 331 184)
Total expenditure		(82 046 558)	(80 996 918)
Deficit for the year		(3 687 916)	(4 517 120)

Pixley-ka-Seme District Municipality (DC7)

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
Opening balance as previously reported	(6 383 509)	(6 383 509)
Adjustments		
Prior year adjustments (Note 43)	1 274 130	1 274 130
* Restated balance at 01 July 2023	(5 109 379)	(5 109 379)
Changes in net assets		
Surplus for the year	(4 517 120)	(4 517 120)
Total changes	(4 517 120)	(4 517 120)
* Restated balance at 01 July 2024	(9 626 499)	(9 626 499)
Changes in net assets		
Surplus for the year	(3 687 916)	(3 687 916)
Total changes	(3 687 916)	(3 687 916)
Balance at 30 June 2025	(13 314 415)	(13 314 415)

Council Draft

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Grants		70 486 000	70 374 517
Interest income		1 249 290	1 171 056
Other receipts		4 327 758	3 552 659
		<u>76 063 048</u>	<u>75 098 232</u>
Payments			
Employee costs		(61 619 069)	(57 630 034)
Suppliers		(13 580 829)	(16 354 859)
Finance costs		(126 110)	(527 649)
		<u>(75 326 008)</u>	<u>(74 512 542)</u>
Net cash flows from operating activities	28	737 040	585 690
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(653 177)	(159 143)
Purchase of other intangible assets	8	-	(256 421)
Net cash flows from investing activities		(653 177)	(415 564)
Cash flows from financing activities			
Finance lease payments		(456 856)	(139 280)
Net increase/(decrease) in cash and cash equivalents		(372 993)	30 846
Cash and cash equivalents at the beginning of the year		639 715	608 869
Cash and cash equivalents at the end of the year	6	266 722	639 715

The accounting policies on pages 11 to 30 and the notes on pages 34 to 62 form an integral part of the annual financial statements.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Licences and permits	1 300 000	1 000	1 301 000	1 685 788	384 788	Note 44.1
Other income	3 385 000	(18 000)	3 367 000	2 551 039	(815 961)	Note 44.2
Interest received from external investments	750 000	269 000	1 019 000	1 215 112	196 112	Note 44.3
Total revenue from exchange transactions	5 435 000	252 000	5 687 000	5 451 939	(235 061)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	69 971 000	110 000	70 081 000	70 561 829	480 829	
Amounts written-off	-	-	-	2 344 874	2 344 874	Note 44.4
Total revenue from non-exchange transactions	69 971 000	110 000	70 081 000	72 906 703	2 825 703	
Total revenue	75 406 000	362 000	75 768 000	78 358 642	2 590 642	
Expenditure						
Employee related costs	(49 820 000)	(4 660 000)	(54 480 000)	(56 969 276)	(2 489 276)	
Remuneration of councillors	(6 404 000)	(225 000)	(6 629 000)	(6 562 697)	66 303	
Depreciation and amortisation	(1 000 000)	-	(1 000 000)	(1 598 133)	(598 133)	Note 44.5
Finance costs	-	-	-	(837 603)	(837 603)	Note 44.6
Debt impairment	-	-	-	(138 190)	(138 190)	Note 44.7
Collection costs	-	-	-	(434 821)	(434 821)	Note 44.8
Contracted services	(1 954 000)	177 000	(1 777 000)	(317 401)	1 459 599	Note 44.9
Transfers and subsidies	-	(60 000)	(60 000)	-	60 000	Note 44.10
Contracted services	(1 950 000)	(472 000)	(2 422 000)	-	2 422 000	Note 44.11
General expenses	(6 340 000)	(2 833 000)	(9 173 000)	(15 188 437)	(6 015 437)	Note 44.12
Total expenditure	(67 468 000)	(8 073 000)	(75 541 000)	(82 046 558)	(6 505 558)	
Deficit before taxation	7 938 000	(7 711 000)	227 000	(3 687 916)	(3 914 916)	

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	2 822 000	83 000	2 905 000	409 698	(2 495 302)	Note 44.13
VAT receivable	-	-	-	18 207	18 207	Note 44.14
Cash and cash equivalents	7 708 000	397 000	8 105 000	266 722	(7 838 278)	Note 44.15
	10 530 000	480 000	11 010 000	694 627	(10 315 373)	
Non-Current Assets						
Property, plant and equipment	7 184 000	830 000	8 014 000	10 974 728	2 960 728	Note 44.16
Intangible assets	486 000	82 000	568 000	453 420	(114 580)	Note 44.17
	7 670 000	912 000	8 582 000	11 428 148	2 846 148	
Total Assets	18 200 000	1 392 000	19 592 000	12 122 775	(7 469 225)	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	502 823	502 823	Note 44.18
Payables from exchange transactions	9 229 000	11 653 000	20 882 000	13 981 084	(6 900 916)	Note 44.19
VAT payable	148 000	-	148 000	-	(148 000)	Note 44.14
Employee benefit obligation	876 000	5 881 000	6 757 000	726 000	(6 031 000)	Note 44.20
Unspent conditional grants and receipts	-	-	-	87 044	87 044	Note 44.21
	10 253 000	17 534 000	27 787 000	15 296 951	(12 490 049)	
Non-Current Liabilities						
Finance lease obligation	-	-	-	371 239	371 239	Note 44.18
Employee benefit obligation	-	-	-	9 769 000	9 769 000	Note 44.20
	-	-	-	10 140 239	10 140 239	
Total Liabilities	10 253 000	17 534 000	27 787 000	25 437 190	(2 349 810)	
Net Assets	7 947 000	(16 142 000)	(8 195 000)	(13 314 415)	(5 119 415)	
Net Assets						
Reserves						
Accumulated surplus	7 947 000	(16 142 000)	(8 195 000)	(13 314 415)	(5 119 415)	

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants and subsidies received	69 971 000	-	69 971 000	70 486 000	515 000	
Interest income	750 000	-	750 000	1 249 290	499 290	Note 44.22
Other income	4 923 000	-	4 923 000	4 327 758	(595 242)	Note 44.23
	75 644 000	-	75 644 000	76 063 048	419 048	
Payments						
Suppliers and employees	(64 256 000)	-	(64 256 000)	(75 199 898)	(10 943 898)	Note 44.24
Finance costs	-	-	-	(126 110)	(126 110)	Note 44.25
	(64 256 000)	-	(64 256 000)	(75 326 008)	(11 070 008)	
Net cash flows from operating activities	11 388 000	-	11 388 000	737 040	(10 650 960)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(150 000)	-	(150 000)	(653 177)	(503 177)	Note 44.26
Cash flows from financing activities						
Finance lease payments	-	-	-	(456 856)	(456 856)	Note 44.27
Net increase/(decrease) in cash and cash equivalents	11 238 000	-	11 238 000	(372 993)	(11 610 993)	
Cash and cash equivalents at the beginning of the year	(6 609 000)	-	(6 609 000)	639 715	7 248 715	
Cash and cash equivalents at the end of the year	4 629 000	-	4 629 000	266 722	(4 362 278)	

The accounting policies on pages 11 to 30 and the notes on pages 34 to 62 form an integral part of the annual financial statements.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Revenue recognition

Accounting policy 1.12 on Revenue from exchange transactions and accounting policy 1.13 on Revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from exchange transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting policy on financial assets and financial liabilities classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial instruments.

Impairment of financial assets

Accounting policy on Impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of trade and other receivables from exchange transactions is disclosed in note 3 to the annual financial statements.

Useful lives of Property, plant and equipment, Intangible assets and Investment property

As described in accounting policies 1.4, 1.5 and 1.6 the municipality depreciates its property, plant and equipment and investment property, and amortises its intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Impairment: write down of Property, plant and equipment, Intangible assets and Investment property

Accounting policies 1.7 and 1.8 on Impairment of assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to property, plant and equipment impairment testing and intangible assets impairment testing.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of non-cash generating assets and GRAP 26: Impairment of cash generating assets. In particular, the calculation of the recoverable service amount for property, plant and equipment and intangible assets involves significant judgment by management. During the year the estimated impairments to property, plant and equipment made are disclosed in note 6 to the annual financial statements, whilst no impairments were made to intangible assets.

Defined benefit plan liabilities

As described in accounting policy 10, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post-retirement health benefit obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 12 to the annual financial statements.

Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the 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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 - 100 years
Specialised vehicles	Straight-line	5 - 20 years
Machinery and equipment	Straight-line	3 - 7 years
Furniture and fittings	Straight-line	7 - 10 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 7 years
Computer equipment	Straight-line	3 - 7 years
Leased assets	Straight-line	3 - 7 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Leased assets are depreciated for the lower of the useful life and the lease term.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 years

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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 municipality's statement of financial position.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 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, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Financial instruments (continued)

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

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:

- 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 municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivables from exchange transactions
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial liabilities
Payables from exchange transactions
VAT payable
Unspent conditional grants

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

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Financial instruments (continued)

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions (taxes and transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.7 Statutory receivables (continued)

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.8 Grants and receipts

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

A corresponding liability is recognised to the extent that the grant, transfer or donation recognised as an asset, is subject to conditions which require that the entity either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants, transfers or donations, are met. Grants, transfers or donations that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

1.9 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 and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.10 Impairment of cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.11 Impairment of non-cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

1.12 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.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one 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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity 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 entity.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.15 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an municipality'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 employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.15 Employee benefits (continued)

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Recognition and measurement

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Recognition and measurement

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.15 Employee benefits (continued)

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; and
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.15 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is not presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.16 Leases (continued)

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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.17 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.

1.18 Grants-in-aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.19 Value added taxation

The municipality is registered with SARS for VAT on the payments basis, in accordance with section 15(2)(a) of the Value-Added Tax Act, 1991 (Act no. 89 of 1991).

1.20 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.21 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Public Office Bearers Act, 1998 (Act no. 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

1.23 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.24 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.25 Budget information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or under spending on line items. The annual budget figures included in the financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2024 to 30 June 2025.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.26 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.27 Contingent assets and liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

1.28 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.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.29 In-kind donations and contributions

In-kind donations and contributions are recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise. In-kind donations and contributions are recognised at the fair value of the consideration received or receivable.

In the case of donated assets, the donation is recognised at the fair value of the asset received.

1.30 Public Private Partnerships (PPP)

A PPP can generally be described as an agreement between a public sector entity (entity) and a private sector institution (private party). In terms of this the private party assumes some substantial financial, construction, technical and operational risks in the design, financing, building and operation of a project. It typically involves a private party that supplies an asset and/or services that previously were developed or provided by an entity. The private party provides a service to the public on behalf of the entity through the use of assets and/or the management of such an asset. In return, the private party is rewarded through payments from the entity. Such payments are based on service outputs delivered to specification, charges to users of such services, or a combination of these.

The definition of a PPP agreement in the MFMA identifies two broad categories of PPP agreements - one where the private party performs an institutional function on behalf of the entity, and the other where the private party acquires the use of state property for its own commercial purposes. The PPP agreement can also be a combination of these.

The Standard of GRAP on Revenue from non-exchange transactions (taxes and transfers) (GRAP 23) states that control of an asset arises when the entity 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. GRAP 23 requires that the ability to exclude or regulate the access of others to the benefits of an asset is an essential element of control that distinguishes an entity's assets from those public goods that all entities have access to and from which they benefit.

Under the control approach, the Municipality uses the following criteria to determine whether it controls the use of the underlying asset in the PPP agreement:

- The municipality controls or regulates what services the private party must provide with the associated asset, to whom it must provide them and at what price.
- The municipality controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the agreement.

The control approach to assets that are developed, constructed, acquired or used in terms of PPP agreements. These assets are used by the private party to perform part of an entity's service delivery or administrative functions (institutional function).

The control approach is also applied to PPP agreements where the municipality provides the private party with an existing asset, and the private party upgrades, operates and maintains the asset for a specified period of time. If the PPP agreement requires the private party to use its own asset, the municipality only recognises the asset in its financial statements if both the control approach criteria are met.

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 municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 2023 Improvements to the Standards of GRAP 2023	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. Receivables from exchange transactions

Accrued interest	-	34 178
Medical aid debtors	62 868	16 123
Salary overpayment	-	81 567
Shared services	346 830	291 000
Sundry debtors	-	56 618
	409 698	479 486
Accrued interest		
Gross balance	-	34 178
Medical aid debtors		
Gross balance	62 868	16 123
Property rental debtors		
Gross balance	4 182	4 182
Provision for impairment	(4 182)	(4 182)
	-	-
Salary overpayment		
Gross balance	81 567	81 567
Provision for impairment	(81 567)	-
	-	81 567
Other debtors		
Gross balance	26 757	26 757
Provision for impairment	(26 757)	(26 757)
	-	-
Shared services		
Gross balance	346 830	291 000

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
3. Receivables from exchange transactions (continued)		
Sundry debtors		
Gross balance	56 618	56 618
Provision for impairment	(56 618)	-
	-	56 618
Financial asset receivables included in receivables from exchange transactions above	62 868	131 868
Total receivables from exchange transactions	409 698	479 486
Trade and other receivables pledged as security		
None of the receivables have been pledged as security for the municipality's financial liabilities.		
Credit quality of trade and other receivables		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Trade receivables		
Counterparties without external credit rating		
Group 1	-	50 307
Group 3	409 698	429 179
	409 698	479 486
Group 1 – new customer (less 6 months).		
Group 2 – existing customer (more than 6 months) with no defaults in the past.		
Group 3 – existing customer (more than 6 months) with some defaults in the past. All defaults were fully recovered.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
Fair value of trade and other receivables		
Trade and other receivables	406 698	479 486
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R - (2024: R -) were past due but not impaired.		
Trade and other receivables impaired		
As of 30 June 2025, trade and other receivables of R 169 129 (2024: R 30 939) were impaired and provided for.		
The amount of the provision was R 169 129 as of 30 June 2025 (2024: R 30 939).		
The ageing of these receivables is as follows:		
Over 6 months	169 129	30 939

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

3. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	30 939	30 939
Provision for impairment	138 190	-
	169 129	30 939

4. VAT receivable (payable)

VAT receivable (payable)	36 340	97 935
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VAT receivable and VAT payable are statutory arrangements.

5. VAT input (output) accrual

VAT input accrual	27 106	77 888
VAT output accrual	(45 239)	(37 958)
	(18 133)	39 930

VAT input accrual and VAT output accrual are exchange transactions.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	191 788	2 284
Short-term deposits	74 934	637 431
	266 722	639 715

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

AAA	266 722	639 715
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Cash and cash equivalents pledged as collateral

The call deposits are ring-fenced and attributable to the unspent conditional grants (refer to note 12).

Call deposits are investments with a maturity period of less than 3 months and earn interest at rates that vary from 5,10% to 5,75% (2024: 5,10% to 5,75%) per annum.

For purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand, cash in bank and investments in deposit accounts (money market instruments), net of outstanding bank overdrafts.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

6. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Standard Bank - Current Account - 04 171 8046	191 788	2 284	175 316	191 788	2 284	175 316
Standard Bank - Call Deposit - 4 887 2555 - 004	37 097	529 972	401 112	37 097	529 972	401 112
Standard Bank - Call Deposit - 4 887 2555 - 005	37 837	141 637	32 441	37 837	141 637	32 441
Total	266 722	673 893	608 869	266 722	673 893	608 869

7. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	592 817	-	592 817	592 817	-	592 817
Buildings	14 794 856	(11 791 931)	3 002 925	15 387 673	(12 054 546)	3 333 127
Plant and machinery	104 902	(75 743)	29 159	104 902	(68 030)	36 872
Furniture and fittings	4 404 888	(3 470 065)	934 823	4 398 060	(3 261 562)	1 136 498
Motor vehicles	6 943 330	(2 886 770)	4 056 560	6 400 075	(2 477 475)	3 922 600
IT equipment	3 621 983	(2 415 704)	1 206 279	3 548 077	(2 210 942)	1 337 135
Leased assets	1 470 198	(318 033)	1 152 165	1 470 198	(24 154)	1 446 044
Total	31 932 974	(20 958 246)	10 974 728	31 901 802	(20 096 709)	11 805 093

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Total
Land	592 817	-	-	592 817
Buildings	3 333 127	-	(330 202)	3 002 925
Machinery and equipment	36 872	-	(7 713)	29 159
Furniture and fittings	1 136 498	6 829	(208 504)	934 823
Motor vehicles	3 922 600	544 939	(410 979)	4 056 560
Computer equipment	1 337 135	101 410	(232 266)	1 206 279
Leased assets	1 446 044	-	(293 879)	1 152 165
	11 805 093	653 178	(1 483 543)	10 974 728

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	592 817	-	-	-	592 817
Buildings	3 664 281	-	-	(331 154)	3 333 127
Machinery and equipment	46 468	-	-	(9 596)	36 872
Furniture and fittings	1 257 930	129 245	-	(250 677)	1 136 498
Motor vehicles	4 110 732	241 656	(1 825)	(427 963)	3 922 600
Computer equipment	1 619 185	29 899	(14 407)	(297 542)	1 337 135
Leased assets	-	1 470 198	-	(24 154)	1 446 044
	11 291 413	1 870 998	(16 232)	(1 341 086)	11 805 093

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

7. Property, plant and equipment (continued)

Pledged as security

The municipality's obligations under finance leases (see Note 8) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

Compensation received for losses on property, plant and equipment – included in operating profit

Assets subject to finance lease (net carrying amount)

Leased assets 1 152 165 1 446 044

Details of properties

Old Divisional Council Workshop, Van der Merwe Street, De Aar

Terms and conditions

- Purchase price: 30 June 1984	300 000	300 000
- Additions since purchase or valuation	13 495 908	13 495 908
	13 795 908	13 795 908

Office Building, Culvert Road, De Aar

Terms and conditions

- Purchase price: 30 June 1984	610 000	610 000
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Vacant Land, De Villiers Street, Hanover RD (Outspan)

Terms and conditions

- Deemed cost: 1 July 2009	27 000	27 000
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Workshop, Wiccus Street, Philipstown

Terms and conditions

- Purchase price: 30 June 1984	50 000	50 000
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A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

8. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 162 064	(708 644)	453 420	1 162 065	(594 054)	568 011

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	568 011	(114 591)	453 420

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

8. Intangible assets (continued)

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	485 847	256 421	(174 257)	568 011

Pledged as security

All of the municipality's intangible assets are held under freehold interest and no intangible assets have been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the intangible assets of the municipality.

9. Finance lease obligation

Minimum lease payments due

- within one year	582 965	582 965
- in second to fifth year inclusive	680 126	971 609
	1 263 091	1 554 574
less: future finance charges	(389 029)	(223 656)
Present value of minimum lease payments	874 062	1 330 918

Present value of minimum lease payments due

- within one year	502 823	451 616
- in second to fifth year inclusive	371 239	879 302
	874 062	1 330 918

Non-current liabilities	371 239	879 302
Current liabilities	502 823	451 616
	874 062	1 330 918

It is the municipality's policy to lease certain computer equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 1% (2024: 1%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. There are no renewal or purchase options.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 7.

Defaults and breaches

The municipality did not default on any payment of its finance lease liabilities. No terms for repayment have been renegotiated by the municipality.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
10. Payables from exchange transactions		
Trade payables	6 830 279	6 260 624
Medical aid debtors (payments received in advance)	12 349	11 700
Staff bonuses	1 536 710	1 364 638
Accrued leave	3 674 119	3 512 998
Performance bonus	1 015 811	760 000
Salary control accounts	-	68 100
Office of the Compensation Commissioner	825 507	673 453
Unknown deposits	86 309	8 365
	13 981 084	12 659 878

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Fair value of trade and other payables

Management is of the opinion that the carrying value of the payables approximate their fair values.

11. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-retirement benefit liability	10 495 000	9 103 000
Non-current liabilities	9 769 000	8 367 000
Current liabilities	726 000	736 000
	10 495 000	9 103 000

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	9 103 000	8 731 000
Net expense recognised in the statement of financial performance	1 392 000	372 000
	10 495 000	9 103 000

Net expense recognised in the statement of financial performance are as follows:

Interest cost	1 063 000	993 000
Actuarial (gains) losses	773 315	(41 126)
Current service cost	339 000	253 000
Expenditure incurred	(783 315)	(832 874)
	1 392 000	372 000

The municipality provides certain post-retirement health care benefits by funding the medical aid fund contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such a medical aid fund on retirement, in which case the municipality is liable for a certain portion of the fund contribution. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on 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.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

11. Employee benefit obligations (continued)

The members of the post-employment medical aid benefit plan are made up as follows:

Continuation members (retirees, widowers and orphans)	13	14
In-service non-members (employees)	36	37
In-service members (employees)	54	49
	103	100

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

Continuation members (retirees, widowers and orphans)	5 393 000	5 211 000
In-service non-members (employees)	792 000	589 000
In-service members (employees)	4 310 000	3 303 000
	10 495 000	9 103 000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Hosmed
- Keyhealth
- LA Health
- Samwumed

The current-service cost for the year ending 30 June 2025 is estimated to be R 339 000 (2024: R 253 000), whereas the cost for the ensuing year is estimated to be R 435 000 (2024: R 339 000).

The municipality expects to make a contribution of R 765 000 (2024: R 736 000) to the defined benefit plans during the next financial year.

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,10 %	12,15 %
Health care cost inflation	6,80 %	7,65 %
Net effective discount rate	4,00 %	4,18 %
Expected retirement age (males and females)	62	62

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 615 000	1 230 000
Effect on defined benefit obligation	11 850 000	9 382 000
	13 465 000	10 612 000

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	10 495 000	9 103 000	8 731 000	11 557 000	10 846 000
Experience adjustment on plan liabilities	9 961 000	9 668 000	12 063 000	11 857 000	10 850 000
	20 456 000	18 771 000	20 794 000	23 414 000	21 696 000

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National Expanded Public Works Programme (EPWP)	-	10 961
Provincial: DPSA Grant	13 802	13 802
Provincial: Expanded Public Works Programme (EPWP) De Aar	61 400	73 446
Provincial: Expanded Public Works Programme (EPWP) Renosterberg	11 842	11 842
Provincial: SANBI	-	52 822
	87 044	162 873

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 16 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

13. Licences and permits

Health certificates	1 685 788	1 443 836
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14. Other income

Administration fees	224 350	262 100
Commission received	77 511	62 191
Recoveries	28 124	22 032
SETA refunds	105 805	91 095
Shared service fees	2 111 139	2 008 696
Sundry income	4 110	-
Tender documents	-	8 000
	2 551 039	2 454 114

15. Investment revenue

Interest revenue

Bank	1 215 112	1 205 234
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The amount included in Investment revenue arising from exchange transactions amounted to R 1 215 112.

16. Government grants and subsidies

Operating grants

Equitable share	63 593 000	61 791 000
Provincial: Health Subsidy	-	250 000
Provincial: DPSA Grant	-	29 899
National: Expanded Public Works Programme (EPWP)	1 119 961	939 039
National: Financial Management Grant (FMG)	1 800 000	1 700 000
National: Rural Roads Asset Management System (RRAMS) Grant	3 378 000	3 232 000
Provincial: Department of Roads	548 822	608 969
Provincial: COGHSTA (Housing Accreditation)	110 000	200 000
Provincial: Department of Tourism	-	525 000
Provincial: Cleaning Project (De Aar)	12 046	1 055 184
Provincial: SANBI	-	47 178
	70 561 829	70 378 269

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

16. Government grants and subsidies (continued)

Equitable Share

The municipality's share of the revenue raised annually by the Local Government.

No funds were withheld.

Provincial: Health Subsidy

Current year receipts	-	250 000
Conditions met - transferred to revenue	-	(250 000)
	-	-

To promote and support HIV/AIDS programmes and initiatives within the municipal area.

No funds were withheld.

Provincial: DPSA Grant

Balance unspent at beginning of year	13 802	43 700
Conditions met - transferred to revenue	-	(29 898)
	13 802	13 802

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grants is to assist the municipality financially to comply with the Mscoa regulations and to upgrade its computer service, in order to be able to run GIS.

All conditions of the grant were met and no funds were withheld.

Provincial: NEAR

Balance unspent at beginning of year	-	1 274 130
Prior period adjustments	-	(1 274 130)
	-	-

The grant is provided to assist with disaster management within the boundaries of the municipality.

All conditions of the grant were met and no funds were withheld.

National: Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	10 961	-
Current year receipts	1 109 000	950 000
Conditions met - transferred to revenue	(1 119 961)	(939 039)
	-	10 961

Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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16. Government grants and subsidies (continued)

National: Financial Management Grant (FMG)

Current year receipts	1 800 000	1 700 000
Conditions met - transferred to revenue	(1 800 000)	(1 700 000)
	<u>-</u>	<u>-</u>

The grant is paid by National Treasury to municipalities to help with the implementation of the financial reforms required by the MFMA. The grants also pay for the cost of the financial management internship programme.

All conditions of the grant were met and no funds were withheld.

Provincial: Electrification Grant

Balance unspent at beginning of year	-	898
Other	-	(898)
	<u>-</u>	<u>-</u>

The grant was allocated to improve and upgrade the electricity infrastructure and enhance the electricity capacity within the municipality.

All conditions of the grant were met and no funds were withheld.

National: Rural Roads Asset Management System (RRAMS)

Current year receipts	3 378 000	3 232 000
Conditions met - transferred to revenue	(3 378 000)	(3 232 000)
	<u>-</u>	<u>-</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in road infrastructure and usage.

All conditions of the grant were met and no funds were withheld.

Provincial: Expanded Public Works Programme (Renosterberg)

Balance unspent at beginning of year	<u>11 842</u>	<u>11 842</u>
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Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, incompliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

16. Government grants and subsidies (continued)

Provincial: Expanded Public Works Programme (De Aar)

Balance unspent at beginning of year	73 446	68 629
Conditions met - transferred to revenue	(12 046)	-
Other	-	4 817
	<u>61 400</u>	<u>73 446</u>

Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

Provincial: Department of Roads

Current year receipts	548 822	609 969
Conditions met - transferred to revenue	(548 822)	(609 969)
	<u>-</u>	<u>-</u>

The grant is allocated to the municipality for the payment of the medical aid ex-gratia contributions for personnel that is and has been on pension.

All conditions of the grant were met and no funds were withheld.

Provincial: COGHSTA (Housing Accreditation)

Current year receipts	110 000	200 000
Conditions met - transferred to revenue	(110 000)	(200 000)
	<u>-</u>	<u>-</u>

The grant was allocated to improve capacity within the administration of the municipality in respect to the housing department.

All conditions of the grant were met and no funds were withheld.

Provincial: Disinfection

Balance unspent at beginning of year	-	41 556
Conditions met - transferred to revenue	-	(41 556)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The grant was allocated to financial assist municipalities in their fight against the pandemic.

All conditions of the grant were met and no funds were withheld.

Provincial: Cleaning Project (De Aar)

Current year receipts	-	1 055 814
Conditions met - transferred to revenue	-	(1 055 814)
	<u>-</u>	<u>-</u>

All conditions of the grant were met and no funds were withheld.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

	2025	2024
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16. Government grants and subsidies (continued)

Provincial: SANBI

Balance unspent at beginning of year	52 822	-
Current year receipts	-	100 000
Conditions met - transferred to revenue	-	(47 178)
Other	(52 822)	-
	<u>-</u>	<u>52 822</u>

All conditions of the grant were met and no funds were withheld.

Provincial: Department of Tourism

Current year receipts	-	525 000
Conditions met - transferred to revenue	-	(525 000)
	<u>-</u>	<u>-</u>

Provide explanations of conditions still to be met and other relevant information.

17. Public contributions and donations

Santam (fire fighters)	-	<u>998 345</u>
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During the year, Santam donated fire fighters, consumables and protective clothing to the municipality. All conditions attached to the donation was met and the assets were capitalised in the municipality's asset register.

18. Debt forgiveness

Pixley-ka-Seme District Municipality was approved by the Auditor-General of South Africa to receive debt relief on their outstanding account, commonly referred to as the 1% limit. A credit note to the amount listed below was received (excluding VAT).

Auditor-General of South Africa (outstanding audit fees)	<u>2 344 874</u>	<u>-</u>
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Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Employee related costs		
Basic salaries and wages	37 732 149	35 618 376
Leave pay	379 645	244 772
Service bonus	3 076 094	2 820 216
Performance bonus	1 003 854	699 739
Pensioners allowance	-	14 700
Travel allowance	2 026 132	2 025 058
Overtime payments	624 535	618 918
Housing benefits and allowances	297 438	270 279
Long-service awards	181 603	85 370
Acting allowances	52 729	107 641
Leaverships	472 276	252 972
Cellphone allowance	429 000	415 800
Other allowance	587 870	591 471
Scarcity allowance	67 108	62 399
Shift allowance	239 225	223 121
UIF - council contribution	212 474	209 241
Bargaining council - council resolution	13 982	13 030
Pension fund - council contribution	5 617 286	5 134 933
Medical aid - council contribution	1 780 561	1 528 496
Defined contribution plans	2 175 315	1 165 454
	56 969 276	52 101 986
Remuneration of Municipal manager		
Annual remuneration	965 178	884 083
Car and other allowances	209 278	206 827
Performance bonus	148 589	79 912
Contributions to UIF, medical aid- and pension funds	13 537	2 262
Service bonus	76 000	73 308
Re-imbursive travel expenses	97 152	94 513
	1 509 734	1 340 905
Remuneration of Chief finance officer		
Annual remuneration	968 799	887 400
Performance bonus	149 110	160 386
Service bonus	76 292	73 583
Car and other allowances	204 825	202 451
Contributions to UIF, medical aid- and pension funds	13 527	2 262
Re-imbursive travel expenses	87 181	66 606
	1 499 734	1 392 688
Remuneration of Infrastructure manager		
Annual remuneration	915 500	940 699
Performance bonus	149 110	160 386
Service bonus	76 292	73 583
Car and other allowances	204 825	202 451
Contributions to UIF, medical aid- and pension funds	15 559	2 262
Re-imbursive travel expenses	125 688	130 418
	1 486 974	1 509 799

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Employee related costs (continued)		
Remuneration of Chief audit executive		
Annual remuneration	825 000	850 261
Performance bonus	135 555	145 805
Service bonus	68 750	66 333
Car and other allowances	195 284	192 579
Contributions to UIF, medical aid- and pension funds	12 246	2 262
Re-imbursive travel expenses	4 664	5 591
	1 241 499	1 262 831
Remuneration of Chief corporate services		
Annual remuneration	991 000	1 014 827
Performance bonus	165 678	160 386
Car and other allowances	205 616	202 132
Contributions to UIF, medical aid- and pension funds	14 893	2 262
Leave sold	202 552	-
Re-imbursive travel expenses	48 859	35 245
	1 628 598	1 414 852
20. Remuneration of councillors		
Mayor	1 030 996	999 673
Speaker	832 811	808 859
Executive committee members	2 967 988	2 994 563
Councillors	1 730 902	1 328 231
	6 562 697	6 131 326
<p>The councillors occupying the positions of Mayor, Speaker and Executive committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.</p> <p>Councillors may utilise official council transportation when engaged in official duties. The Mayor has use of a council owned vehicle for official duties.</p>		
21. Depreciation and amortisation		
Property, plant and equipment	1 483 543	1 341 086
Intangible assets	114 590	174 257
	1 598 133	1 515 343
22. Finance costs		
Trade and other payables	711 493	472 607
Finance leases	126 110	55 042
	837 603	527 649
23. Repairs and maintenance		
Other assets	434 821	604 597

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
24. Materials		
Projects		
Building	317 401	768 602
25. Gain (loss) on disposal of assets and liabilities		
Carrying value of assets disposed	-	(16 231)
No compensation was received for the assets disposed / written off.		
26. General expenses		
Accommodation	1 453 572	1 611 640
Administration costs	179 900	161 600
Advertising	194 230	165 080
Audit committee	152 170	174 987
Auditors remuneration	2 789 860	2 946 046
Bank charges	45 596	54 236
Bursaries	83 838	379 045
Cleaning	100 492	592 341
Computer expenses	8 157	-
Conferences and seminars	-	19 221
Consulting and professional fees	1 753 096	2 970 600
Electricity	928 871	445 691
Entertainment	773 597	1 272 948
Fuel and oil	899 458	1 165 100
Hire	212 251	1 505 293
Insurance	494 005	469 272
Motor vehicle expenses	17 574	29 185
Other expenses	-	1 575
Printing and stationery	322 883	494 445
Property rates	45 309	40 449
Protective clothing	228 592	322 393
Skills development levy	412 445	385 773
Subscriptions and membership fees	603 087	722 381
Telephone and fax	174 095	198 218
Training	121 768	98 871
Travel - local	2 547 217	2 854 958
Water sample and tests	164 319	185 424
Workmens Compensation	482 055	64 412
	15 188 437	19 331 184
27. Auditors' remuneration		
Fees	2 789 860	2 946 046

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
28. Cash generated from operations		
Deficit	(3 687 916)	(4 517 120)
Adjustments for:		
Depreciation and amortisation	1 598 133	1 515 343
Gain on sale of assets and liabilities	-	16 231
Debt impairment	138 190	-
Movements in retirement benefit assets and liabilities	1 392 000	332 580
Non-cash movement on property, plant and equipment	-	(241 656)
Changes in working capital:		
Receivables from exchange transactions	(68 402)	(82 544)
Payables from exchange transactions	1 321 206	3 852 403
VAT	119 658	(285 795)
Unspent conditional grants and receipts	(75 829)	(3 752)
	737 040	585 690
29. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	18 400	-
• Intangible assets	1 730 792	1 795 562
	1 749 192	1 795 562
Total capital commitments		
Already contracted for but not provided for	1 749 192	1 795 562
Authorised operational expenditure		
Already contracted for but not provided for		
• Consulting fees	5 498 312	844 191
• Personal protective equipment (PPE)	-	128 109
• Operational expenses	1 689 845	2 546 050
	7 188 157	3 518 350
Total operational commitments		
Already contracted for but not provided for	7 188 157	3 518 350
Total commitments		
Total commitments		
Authorised capital expenditure	1 749 192	1 795 562
Authorised operational expenditure	7 188 157	3 518 350
	8 937 349	5 313 912

The commitments are disclosed inclusive of VAT.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

30. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	409 698	409 698
Cash and cash equivalents	266 722	266 722
	676 420	676 420

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	(7 754 444)	(7 754 444)
Finance lease obligation	(874 062)	(874 062)
Unspent conditional grants and receipts	(87 044)	(87 044)
	(8 715 550)	(8 715 550)

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	479 486	479 486
Cash and cash equivalents	639 715	639 715
	1 119 201	1 119 201

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	(6 272 324)	(6 272 324)
Finance lease obligation	(1 330 918)	(1 330 918)
Unspent conditional grants	(162 873)	(162 873)
	(7 766 115)	(7 766 115)

31. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

31. 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.

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.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

32. Related parties

Relationships

Members of council
Members of key management

Refer to the remuneration of management
I Visser (Municipal manager)
BF James (Chief financial officer)
HP Greeff (Technical manager)
RA Sors (Chief audit executive)
TA Loko (Chief corporate services)

All related party transactions are concluded at arm's length, unless stated otherwise.

Related party balances

Receivables from exchange transactions

I Visser (debt receivable relating to salary overpayment)	81 567	81 567
HL Britz (debt receivable relating to overpayment of medical aid contribution)	6 623	6 623

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

32. Related parties (continued)

Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Allowances	Re-imbursive expenses	Total
UR Itumeleng	987 796	43 200	-	1 030 996
TA Sintu	790 238	43 200	36 444	869 882
K Gous	740 850	43 200	48 505	832 555
S Swartling	740 850	43 200	26 925	810 975
NS van Wyk	739 680	43 200	30 487	813 367
H Marais	312 585	43 200	-	355 785
B Viviers	312 585	43 200	-	355 785
VP Harmse	108 466	-	-	108 466
S Bibi	308 221	43 200	-	351 421
AP Poyo	19 606	-	-	19 606
B Swanepoel	19 880	-	-	19 880
P Charles	19 469	-	-	19 469
PP Mluli	19 469	-	-	19 469
EK Louw	19 880	-	-	19 880
LM Zenani	19 880	-	-	19 880
MA Maloi	19 880	-	-	19 880
MJ Katz	19 880	-	-	19 880
MN Mackay	19 880	-	-	19 880
N Booyesen	19 880	-	-	19 880
B Mpamba	629 884	10 800	-	640 684
SW Makhandula	296 027	42 038	-	338 065
	6 164 886	398 438	142 361	6 705 685

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

32. Related parties (continued)

2024

Name	Basic salary	Allowances	Re-imbursive expenses	Total
UR Itumeleng	954 073	45 600	-	999 673
TA Sintu	763 259	45 600	61 617	870 476
K Gous	715 557	45 600	74 762	835 919
S Swartling	715 557	45 600	38 942	800 099
NS van Wyk	715 557	45 600	63 944	825 101
A Kwinana	667 652	43 440	6 909	718 001
H Marais	301 929	45 600	-	347 529
PA Olyn	131 135	20 200	-	151 335
B Viviers	301 929	45 600	-	347 529
VP Harmse	104 763	-	-	104 763
S Bibi	145 633	21 600	-	167 233
AP Poyo	12 359	-	-	12 359
B Swanepoel	19 217	-	-	19 217
P Charles	4 634	-	-	4 634
PP Mlauli	4 634	-	-	4 634
EK Louw	19 217	-	-	19 217
F Mans	19 217	-	-	19 217
JEJ Hoorne	14 582	-	-	14 582
LM Zenani	19 217	-	-	19 217
MA Maloi	19 217	-	-	19 217
MJ Katz	19 217	-	-	19 217
MN Mackay	19 217	-	-	19 217
N Booyesen	19 217	-	-	19 217
NS Mlungwana	6 858	-	-	6 858
SW Makhandula	13 039	-	-	13 039
	5 726 886	404 440	246 174	6 377 500

33. Unauthorised expenditure

Opening balance as previously reported	9 083 126	5 033 111
Add: Unauthorised operating expenditure - current	7 452 267	7 655 707
Add: Unauthorised capital expenditure - current	531 872	1 427 419
Less: Amount written-off - current	(17 067 265)	(5 033 111)
Closing balance	-	9 083 126

The unauthorised expenditure was investigated and presented to MPAC and Council. Council condoned and wrote-off the expenditure on 29 August 2025 (council resolution no. R2025-08-29 (15.2))

Unauthorised expenditure: Budget overspending – per vote:

Budget and treasury	6 102 199	4 820 849
Health	216 560	-
Housing	113 953	-
Internal audit	418 635	253 676
Mayor and council	498 709	2 303 386
Municipal manager	102 210	-
Public safety	-	277 796
Capital expenditure	531 872	1 427 419
	7 984 138	9 083 126

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

33. Unauthorised expenditure (continued)

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

34. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	711 493	472 607
Less: Amount written-off - current	(711 493)	(472 607)
Closing balance	-	-

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	
Interest on overdue AGSA account	Council to write-off expenditure	
	711 493	472 607

Disciplinary steps taken/criminal proceedings

Interest on overdue accounts:

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. Based on the nature of the expenditure items, the expenditure is not recoverable. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

Fraudulent payment:

The payment made has been transferred to receivables as the municipality is in the process to recover the funds. No criminal or disciplinary steps have been taken to date, as the investigation is still on-going.

The fruitless and wasteful expenditure was investigated and presented to MPAC and Council. Council condoned and wrote-off the expenditure on 29 August 2025 (council resolution no. R2025-08-29 (15.2)).

35. Irregular expenditure

Opening balance as previously reported	2 613 724	1 273 762
Opening balance as restated	2 613 724	1 273 762
Add: Irregular expenditure - current	2 262 144	5 667 306
Less: Amount written-off by council - current	(4 599 423)	(4 327 344)
Closing balance	276 445	2 613 724

Irregular expenditure is presented inclusive of VAT.

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Non-compliance to SCM processes	No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred.	
	2 262 144	5 667 306

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

35. Irregular expenditure (continued)

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. Based on the nature of the expenditure items, the expenditure is not recoverable. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

The irregular expenditure was investigated and presented to MPAC and Council. Council wrote-off the expenditure on 29 August 2025 (council resolution no. R2025-08-29 (15.2)).

The irregular expenditure does not represent the full extent, as management will re-visit the population to determine if there is additional irregular expenditure that has not been disclosed.

36. Contingent liabilities

Litigation is in the process against the entity relating to a dispute with an individual who has brought a discrimination, intimidation and sexual harassment case against the entity. The individual is seeking damages of R 1 946 554. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next years.

The municipality is currently involved in a case with Outsurance, whereby last mentioned has sued the municipality for damages due to a car accident, which is amounts to R 22 720. The possibility that the claim is successful is remote.

37. 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 quotations and competitive bidding processes.

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 council and includes a note to the annual financial statements.

The following deviations were investigated and presented to MPAC and Council on 29 August 2025 (council resolution no. R2025-08-29 (14.6)):

Sole service provider	57 974	36 292
Impractical to obtain the required number of quotations	20 536	276 544
	78 510	312 836

38. Additional disclosure note in terms of the MFMA

Audit fees

Opening balance	5 364 873	2 220 914
Current year audit fee	3 208 339	3 387 953
Current year interest cost	711 493	472 607
Amount paid - current year	(537 174)	(716 601)
Debt forgiveness	(2 696 605)	-
	6 050 926	5 364 873

A credit note amounting to R 2 696 605 (inclusive of VAT) was issued during the year as debt forgiveness. The credit note pertained to audit fees invoiced in prior years. The debt forgiveness was recognised as revenue from non-exchange transactions. Refer to Note 18.

PAYE, UIF and SDL

Current year fee	11 178 494	10 030 545
Amount paid - current year	(11 178 494)	(10 030 545)
	-	-

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
38. Additional disclosure note in terms of the MFMA (continued)		
Pension and medical aid fund contributions		
Current year payroll deductions and council contributions	12 611 682	11 642 246
Amount paid - current year	(12 611 682)	(11 642 246)
	-	-
Contributions to local government (SALGA)		
Current year subscriptions	587 781	500 000
Amount paid - current year	(488 920)	(500 000)
	98 861	-

39. Segment information

General information

The eight functional areas comprise of:

- Mayor and council;
- Municipal manager;
- Budget and treasury office;
- Internal audit;
- Planning and development;
- Municipal health;
- Housing; and
- Public safety.

The municipality operates throughout the the Pixley-ka-Seme district area, in the Northern Cape Province, which consists of eight municipal areas. Segments represents the basis of services delivered.

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.

Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

The municipality has assessed the applicability of GRAP 18 and determined that segment reporting is not required. The conclusion is based on the fact that the regular review conducted by management does not constitute the regular review of segmental information as required by the Standard. The financial statements are therefore presented on an aggregated basis, consistent with the municipality's operational structure and management reporting.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

40. Change in estimate

Property, plant and equipment

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in depreciation for the mentioned asset categories for the financial year:

Total change in estimate for useful life of property, plant and equipment:		
Other property, plant and equipment	163 162	291 091
Land, buildings and community assets	48	319
	163 210	291 410

The change in estimate effect amount relating to future period is not disclosed, as it is impracticable to do so.

Intangible assets

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in amortisation for the mentioned categories for the financial year:

Total change in estimate for useful lie of intangible asstes:		
Computer software	72 155	-

The change in estimate effect amount relating to future period is not disclosed, as it is impracticable to do so.

41. Private Public Partnerships

The municipality was not party to any Private-Public Partnership during the year under review.

42. In-kind donations and assistance

The municipality did not receive any in-kind donations and assistance, which have not been addressed elsewhere, during the year under review.

43. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
VAT receivable	4	137 866	(39 930)	97 936
VAT input accrual	5	-	77 888	77 888
VAT output accrual	5	-	(37 958)	(37 958)
Unspent conditional grants	12	(1 384 181)	1 221 308	(162 873)
Accumulated surplus - prior period error		-	(1 274 130)	(1 274 130)
(Surplus) deficit for the year - prior period error		-	52 822	52 822
		(1 246 315)	-	(1 246 315)

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

43. Prior-year adjustments (continued)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Public contributions and donations	17	(241 656)	(756 689)	(998 345)
Materials	24	214 700	553 902	768 602
Government grants and subsidies	16	(70 431 091)	52 822	(70 378 269)
General expenditure	26	19 128 397	202 787	19 331 184
		(51 329 650)	52 822	(51 276 828)

Errors

The following prior period errors adjustments occurred:

Donations received in the form of materials and protective clothing

During the 2024 financial year, Santam donated fire fighting equipment to the municipality. This donation included various items, from equipment to materials (consumables). The municipality barcoded the equipment, captured it on its asset register and therefore accounted for that portion of the donation.

The materials, consumables and protective clothing was incorrectly excluded from the recognition, resulting in the donation being understated. This error has been corrected retrospectively.

The effect of the correction was as follows:

Statement of financial performance:

Public contributions and donations	-	(756 689)
Materials	-	553 902
General expenses	-	202 787
	-	-

NEAR grant

During the current year management investigated the origin of the NEAR unspent conditional grant. As part of the procedures performed, the aforementioned grant's existence and obligation assertions were tested against GRAP 23. It was during this testing that management concluded that the municipality has no obligation to repay the funds.

The correction was made retrospectively.

The effect of the correction was as follows:

Statement of financial position:

Unspent conditional grants	-	1 274 130
Accumulated surplus - prior period error	-	(1 274 130)
	-	-

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

43. Prior-year adjustments (continued)

Repayment of SANBI funds

During the current financial year, correspondence was received from SANBI informing the municipality that not all conditions of the grant paid in the 2024 financial year (R 100 000) were met and that the unused funds must be returned. On inspection of the accounting records, management discovered that the full allocation was recognised as revenue in the 2024 financial year.

In order to correctly account for the repayment, the prior year revenue had to be adjusted for the unused funds. The correction was therefore made retrospectively.

The effect of the correction was as follows:

Statement of financial position

Unspent conditional grants	(52 822)	(52 822)
(Surplus) deficit for the year - prior period errors	52 822	52 822
	-	-

Statement of financial performance

Government grants and subsidies	-	52 822
---------------------------------	---	--------

Shared services previously provided, written off (Note 3)

A portion of the shared service, which was previously provided, was written off during the year. These amounts were due to the incorrect amounts charged in 2017 and prior years. The debt has not been recovered and in accordance with legislation these debt should have been written off in prior periods.

The impact of the correction is as follows:

Receivables from exchange transactions

	As previously reported	Correction of error	Total
Shared services: Gross balances	2 326 163	2 035 163	4 361 326
Shared services: Provision for impairment	(2 035 163)	(2 035 163)	(4 070 326)
	291 000	-	291 000

Splitting of the VAT receivable balance (Notes 4 and 5)

In previous financial years VAT was presented as a single line item. The balance however consisted of VAT receivable from SARS, VAT input accruals and VAT output accruals. GRAP requires the balances to be presented and disclosed separately as offsetting is not allowed..

The impact of the correction is as follows:

VAT receivable

	As previously reported	Correction of error	Total
VAT receivable	137 866	(39 930)	97 936
VAT input accrual	-	77 888	77 888
VAT output accrual	-	(37 958)	(37 958)
	137 866	-	137 866

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

44. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% is deemed to be material. The following reasons exist for the material fluctuations identified:

Statement of financial position:

1. Licences and permits: During the year more revenue was generated than was original budgeted for. As the budget is based on historical information, which makes it difficult to accurately budget for the future periods.
2. Other income: The municipality did not generate the budgeted income due to services not being rendered to the Renosterberg Local Municipality.
3. Interest received from external investments: As a result of investments made during the year on interest-bearing deposit accounts, more interest was generated than budgeted for.
4. Amounts written-off: The AGSA wrote off older outstanding invoices for external audit services rendered. This write-off was not anticipated or known before hand.
5. Depreciation and amortisation: The municipality under estimated the expense. As the budgeted expense is based on historical information, it is difficult to accurately budget for it.
6. Finance costs: Management did not budget for finance cost.
7. Debt impairment: Management provided for the sundry debtors after analysing the individual debtors to determine the possibility of recoverability.
8. Collection costs: Although collection costs were budgeted for, the municipality's operations are not of that nature that requires collection cost to be incurred.
9. Inventory consumed: Although inventory consumed costs were budgeted for, the municipality's operations do not cater for inventory or the consumption thereof.
10. Transfer and subsidies: Although transfer and subsidies were budgeted for, the municipality's operations do not cater for subsidies to be paid.
11. Contracted services: Contracted services were budgeted for individually, but for financial statement purposes it was included in the general expenses.
12. General expenses: Due to an increase in the annual external audit fees; travel and subsistence costs; and other expenses the budget was insufficient. There was no specific matter(s) that resulted in the over spend.

Statement of financial position:

13. Receivables from exchange transactions: The difference between the budgeted and actual figures are attributable to the provision for doubtful debt of R 2.2 million.
14. VAT receivable (payable): Management expected better financial results, which would have resulted in a VAT payable. This however did not realise and due to the increase in creditors, the VAT payable as turned around into a VAT receivable.
15. Cash and cash equivalents: The material difference is due to weaker financial results.
16. Property, plant and equipment: Additions for the current year exceeded the budgeted amount.
17. Intangible assets: Due to the amortisation expense of the current year, which was not budgeted for.
18. Finance lease obligations: Management did not budget for the finance lease obligation at year end.
19. Payables from exchange transactions: The material fluctuation was due to the AGSA's credit notes issued for the older invoices written-off.

Pixley-ka-Seme District Municipality (DC7)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

44. Budget differences (continued)

20. Employee benefit obligations: Management under provided for the employee benefit obligations as the balance is based on the actuarial valuation, which is difficult to estimated.

21. Unspent conditional grants and receipts: Management did not budget for the payable at year end.

Cash flow statement:

22. Other income: The municipality did not generate the budgeted income due to services not being rendered to the Renosterberg Local Municipality.

23. Interest income: As a result of investments made during the year on interest-bearing deposit accounts, more interest was generated than budgeted for.

24. Suppliers and employees: Management paid various suppliers and creditors during the year, including the Workmen's Compensation (R 330 000) and other, as well as the AGSA's credit notes that were issued.

25. Finance costs: Management did not budget for finance cost.

26. Purchase of property, plant and equipment: Additions for the current year exceeded the budgeted amount.

27. Finance lease payments: The finance lease payments were not budgeted for.

45. Events after the reporting date

No events having financial implications, requiring disclosure, occurred subsequent to 30 June 2025.

46. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R (13 314 415) and that the municipality's total liabilities exceed its assets by R (13 314 415).

During May 2024 the council adopted the 2024/25 budget. This three-year Medium-Term Revenue and Expenditure Framework (MTREF) supports the ongoing delivery of municipal services to residents and reflected that the budget was cash-backed over the three-year period.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor actual cash inflows and outflows in terms of the cashflow forecast, supporting the budget. The cash management processes are complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

The unspent conditional grant balance is currently cash-backed. Certain expenses were incurred during the current and previous financial years, which did not meet the requirements of certain grants. These costs were reversed against the grant. The municipality is generating the shortfall within its own operating budget.

Due to financial constraints, the municipality is currently unable to ensure short-term debt is paid within the legislative period, as per Section 65(2)(e) of the MFMA. The municipality has prioritised outstanding payments and made the necessary arrangements with the respective third parties to ensure the debt is settled.

During the current year, the municipality incurred a net deficit of R 3 687 916 (2024: R 4 517 120).

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.

Currently, in the municipal environments, municipalities within South Africa rely heavily on government's financial assistance through the provision of grants. For the 2025 financial year, the allocated Equitable share amounts to R 63 593 000 and the Financial management improvement grant to R 1 800 000.



Annexure B: Report of the Auditor-General

Council Draft

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Pixley-ka-Seme District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Pixley-ka-Seme 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, cash flow statement, and the statement of comparison of budget information with 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 Pixley-ka-Seme District Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with *Standards of Generally Recognised Accounting Practise* (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

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

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. As disclosed in note 45 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.

8. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Other matter

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

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. 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

13. 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.
14. 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 annual performance report

15. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to monitor and support local municipalities to enhance service delivery presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- Report quarterly to council on shared services
 - Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality
17. I evaluated the reported performance information for the selected material performance indicators 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.
18. 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
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

20. The material findings on the reported performance information for the selected material indicators are as follows:

Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality

21. An achievement of 5 was reported against a target of 4. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be less than reported.

Report quarterly to council on shared services

22. An achievement of 3 was reported against a target of 4. However, the audit evidence showed the actual achievement to be only 2. Consequently, the achievement against the target was lower than reported.

Other matter

23. I draw attention to the matter 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 findings on the reported performance information.

25. The table that follows provides information on the achievement of planned targets and lists the key 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.

Objective: Monitor and support local municipalities to enhance service delivery

<i>Targets achieved: 50%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Report quarterly to council on Shared Services	4	3

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 Objective 4: Monitor and support local municipalities to enhance service delivery. Management did not correct all of 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 current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

32. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R7 984 139, as disclosed in note 32 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by expenditure not incurred in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget or an adjustments budget.

33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R711 493, as disclosed in note 33 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on overdue accounts.
34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R2 262 144, as disclosed in note 34, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulation prescripts.

Procurement and contract management

35. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.
36. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

Other information in the annual report

37. 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 those selected material indicators in the scoped in objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
38. 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.
39. 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 material indicators in the scoped in objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. 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

41. 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.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
43. Leadership did not design and implement effective and adequate controls over transactions to be processed ensuring compliance with the applicable laws and regulations and spending within their budgetary limits. Internal systems and processes were ineffective in preventing material non-compliance including irregular, unauthorised, fruitless and wasteful expenditure.
44. The municipality's internal controls over financial and performance information were inadequate to ensure that transactions are recorded accurately and on a timely basis. These weaknesses adversely affected the reliability, accuracy, and completeness of the financial and performance reporting.
45. Leadership did not adequately strengthen the control environment to address previously reported deficiencies. My audit identified both new and repeat findings, indicating that key controls are not sufficiently institutionalised.

Auditor General

Kimberley

30 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material indicators in the scoped in objectives 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.

Council Draft

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)
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)

Legislation	Sections or regulations
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)
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)

Legislation	Sections or regulations
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)
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)
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)

Legislation	Sections or regulations
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)
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)

Legislation	Sections or regulations
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)

Council Draft