

2025

DRAFT ANNUAL

REPORT 2024/2025

DR AB XUMA LOCAL MUNICIPALITY



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REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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

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

MFMA Implementation Unit, National Treasury

July 2012

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

Dr AB Xuma Local Municipality herewith presents the Annual report for the 2024/25 Financial Year. This report is a critical instrument of accountability, providing our communities, stakeholders and oversight institutions with a transparent reflection of our performance in delivering on our constitutional mandate of developmental local government.

The period under review was characterised by both challenges and opportunities. Like many Municipalities across the country, Dr AB Xuma Local Municipality continued to operate within a constrained financial environment while facing growing service delivery demands. Despite these realities, Council and Administration remained steadfast in their commitment to improving the quality of life of our residents through responsive governance, prudent financial management and focused service delivery interventions

Progress was recorded in key priority areas, including the provision and maintenance of basic services, infrastructure development, institutional strengthening, and community participation. Through the implementation of our Integrated Development Plan and alignment with provincial and national priorities, we continued to work towards inclusive economic development and social upliftment, particularly for our most vulnerable communities.

This Annual Report reflects not only our achievements but also the areas requiring improvement. It provides an honest assessment of our performance, including challenges encountered and corrective measures being implemented to enhance efficiency, compliance and service delivery outcomes. We view this process as an opportunity for learning, renewal, and continuous improvement.

I wish to express my sincere appreciation to the Municipal Council, the Municipal Manager, senior management, and all Municipal officials for their dedication and commitment throughout. I further extend my gratitude to our traditional leaders, Ward Committees, community structures, and residents for their ongoing participation and partnership in the development of our Municipality.

As we move forward, Dr AB Xuma Local Municipality remains committed to strengthening good governance, accelerating service delivery and building a capable and developmental local government that responds to the needs and aspirations of its people.



Hon. MAYOR

CLLR S. ZANGQA

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

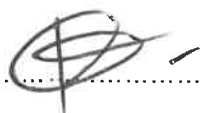
As the sphere of government closest to citizens, we are mandated to provide basic services to our communities in order to advance and strengthen constitutional governance. The Annual Report of the Dr AB Xuma Local Municipality for the 2024/25 Financial Year, reflects our commitment to accountable governance, operational efficiency and the sustainable development of our communities.

Guided by our Mission "to be an efficient, people-centred Municipality, delivering quality services in order to develop thriving communities," our operations over the past year have focused on translating this mission into tangible outcomes. We have strengthened service delivery across infrastructure development, road maintenance and community amenities, ensuring that our communities experience the direct benefits of effective Municipal management.

Operational efficiency remains at the heart of our work. In addition to implementing strategic planning, performance monitoring and financial management systems, we have undertaken a comprehensive review of Municipal policies and administrative procedures to ensure alignment with legislative requirements and best practices. This ensures that resources are used optimally, services are delivered consistently, and governance remains transparent and accountable.

While we celebrate the progress made, we acknowledge the ongoing challenges and remain committed to continuous improvement. Through innovation, collaboration, and responsive governance, we aim to ensure that the Dr AB Xuma Local Municipality not only meets current needs but also builds thriving communities for the future.

I extend my gratitude to the Mayor, Council, Municipal staff, and community members for their support and dedication. Together, we will continue to advance our mission, delivering quality services that transform lives and strengthen our Municipality.



MR. K. L. MULAUDZI

MUNICIPAL MANAGER

T 1.1.1

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Dr. AB Xuma Local Municipality is located in the Chris Hani District of the Eastern Cape, the second largest province in terms of land coverage on the south-eastern seaboard of South Africa. Dr AB Xuma Local Municipality consists of 20 wards, extends over 2 258,78km² with a population of 164 000, and constitutes 19,6% of the total population of the district, as per the Census 2016 information. The majority of the population is female (56%). There are about 66 people per square kilometre. The population is predominantly black African, followed by an insignificant number of Asians/Indians, coloureds and whites.

With 164 000 people, the Dr. AB Xuma Local Municipality housed 0.3% of South Africa's total population. the population growth averaged 0.43% per annum which is significant lower than the growth rate of South Africa as a whole (1.61%). Compared to Chris Hani's average annual growth rate (0.70%), the growth rate in Engcobo's population at 0.43% was close to half than that of the district municipality.

When compared to other regions, the Dr. AB Xuma Local Municipality accounts for a total population of 164,000, or 18.8% of the total population in the Chris Hani District Municipality, with the Enoch Mgijima being the most populous region in the Chris Hani District Municipality. The ranking in terms of the size of Engcobo compared to the other regions remained the same between 2009 and 2019. In terms of its share the Dr. AB Xuma Local Municipality was slightly smaller in 2019 (18.8%) compared to what it was in 2009 (19.3%). When looking at the average annual growth rate, it is noted that Engcobo ranked fifth (relative to its peers in terms of growth) with an average annual growth rate of 0.4% between 2009 and 2019.

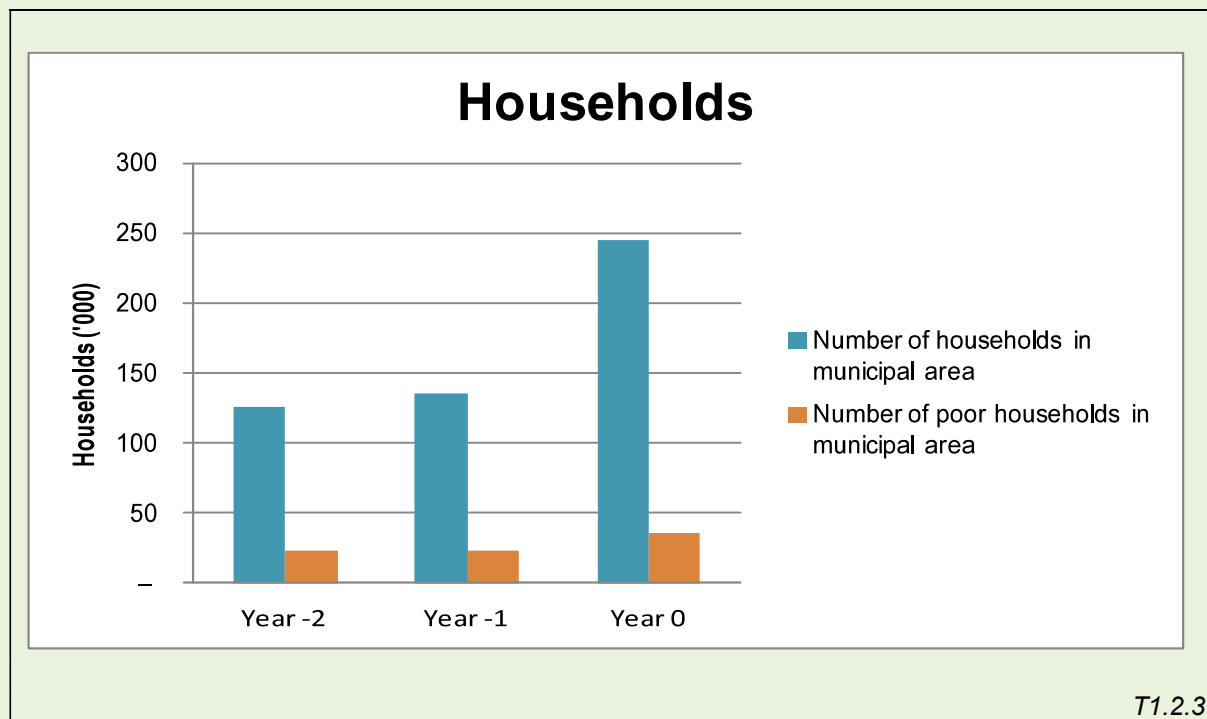
Based on the present age-gender structure and the present fertility, mortality and migration rates, Engcobo's population is projected to grow at an average annual rate of 0.8% from 164 000 in 2019 to 171 000 in 2024.

T 1.2.1

Chapter 1

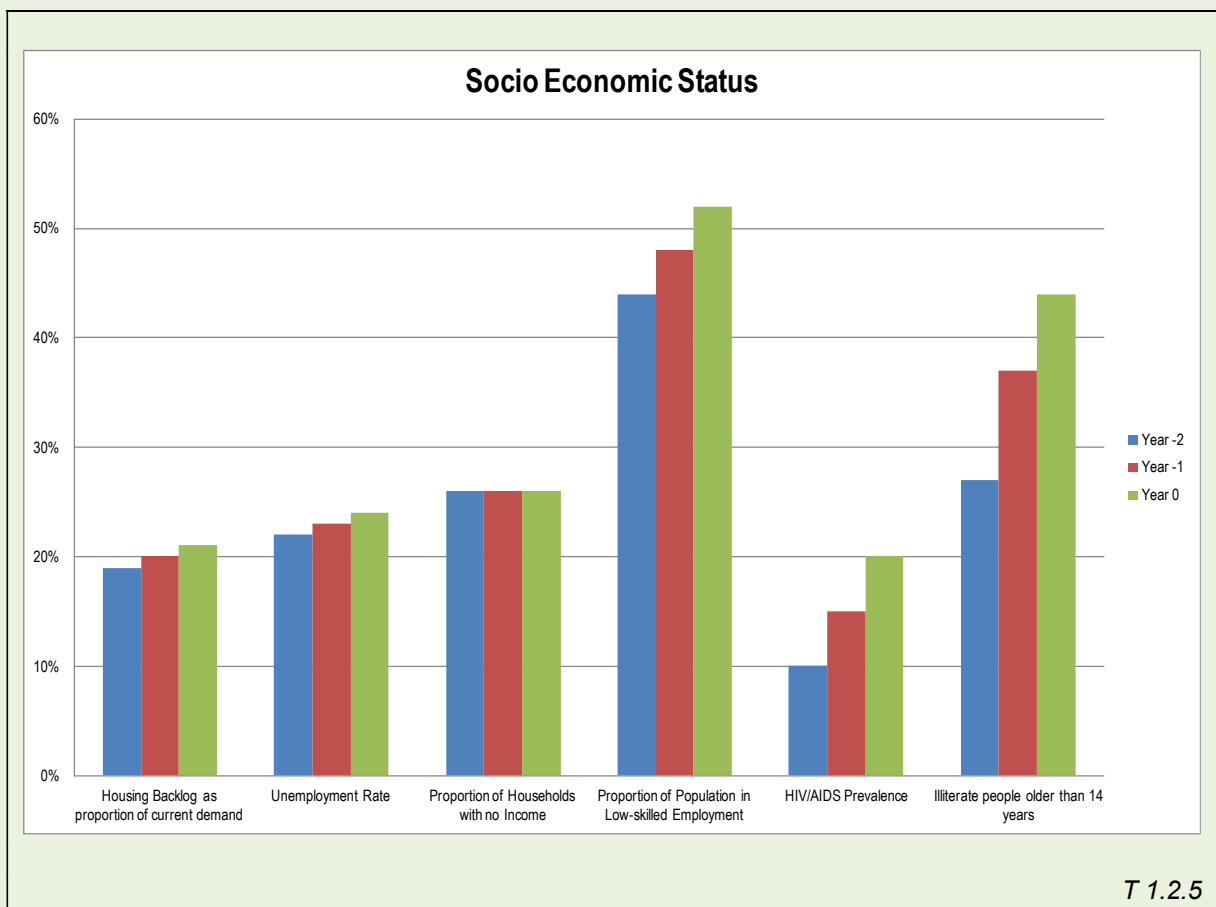
Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4			0			0			0
Age: 5 - 9			0			0			0
Age: 10 - 19			0			0			0
Age: 20 - 29			0			0			0
Age: 30 - 39			0			0			0
Age: 40 - 49			0			0			0
Age: 50 - 59			0			0			0
Age: 60 - 69			0			0			0
Age: 70+			0			0			0

Source: Statistics SA T 1.2.2



Chapter 1

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%
T 1.2.4						



Chapter 1

Overview of Neighbourhoods within 'Name of Municipality'		
Settlement Type	Households	Population
Towns		
Sub-Total	0	0
Townships		
Sub-Total	0	0
Rural settlements		
Sub-Total	0	0
Informal settlements		
Sub-Total	0	0
Total	0	0
T 1.2.6		

Natural Resources	
Major Natural Resource	Relevance to Community
Land Availability	Vegetation for Livestock Grazing, Access to Ploughing and Household Settlement
Forestry	Energy Production, Manufacturing and Processing
Mining of Sand and Charcoal	Construction, Energy, Manufacturing and Processing and Revenue Generation
Livestock	Meat, Mohair, Revenue Generation, Agriculture and Cultural Heritage
T 1.2.7	

Chapter 1

COMMENT ON BACKGROUND DATA:

KEY CHALLENGES

- a. Skills shortage in the municipality which result from the migration of critical skills to other areas.
- b. Inadequacy of business acumen/entrepreneurship (more than 80% of SMMEs are survivalist).
- c. Inadequacy of developed infrastructure (impacting on cost of transacting in the province i.e. sourcing of goods outside the province).
- d. Shrinking economy with low growth figures in provincial GDP reported i.e. EC is a lagging economy, economic activity declines, minimum opportunity for growth to exploit, funding opportunities become scarce.
- e. Government spending is the key economy driver of SMME activities, instead of a commodity or service driven economy to drive economic growth and socio-economic development.
- f. Entitlement mentality and dependency syndrome which contradicts the user-pay principle and the realities of the shrinking national fiscus.
- g. Cost of doing business in the Province contributes to investors giving their businesses to other provinces.
- h. Reduction in equitable share of the Province from the National Fiscus is also contributing to the shrinking economy which is already growing below the National average.
- i. Unemployment, Illiteracy and poverty
- j. Land invasions and land claims
- k. Community objections to Development.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

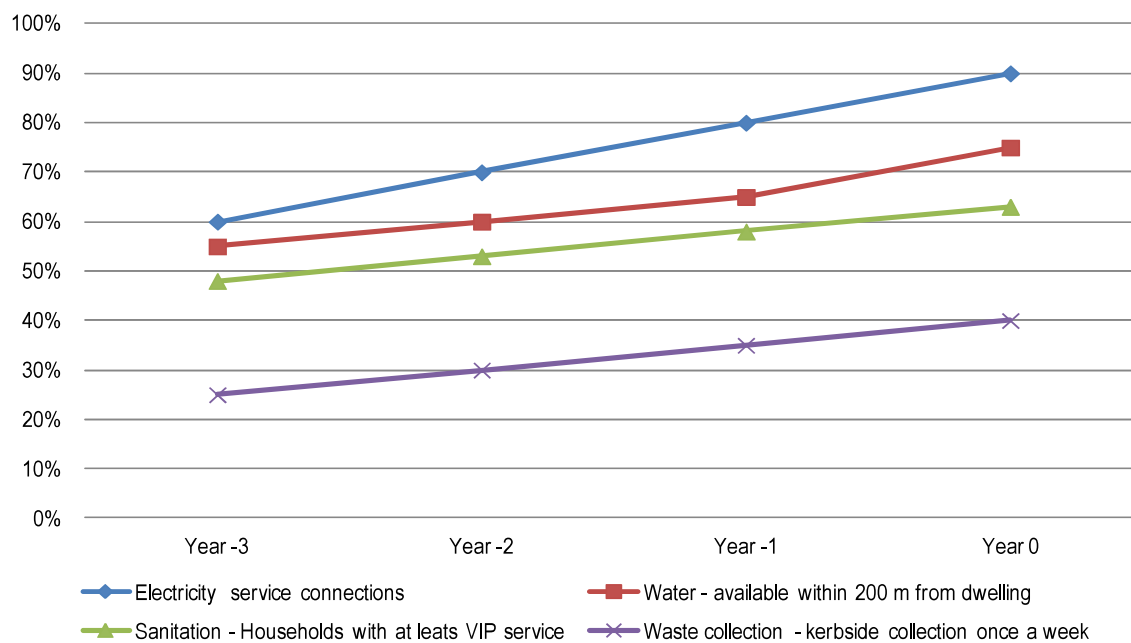
The Chris Hani District Municipality is the Water services authority and Water services provider responsible for planning, implementation, and operation and maintenance of Water and Sanitation services within the 6 Local Municipalities in its jurisdiction. The District Municipality has not delegated any of its functions to the Dr AB Xuma Local municipality. The municipality is characterised by huge service delivery backlogs which are also substantial increased by unplanned settlement growths. This is evident when comparing electricity backlogs and general access to electricity which dropped drastically from previous years to the current. The state and capacity of existing infrastructure has become a constraint to growth and development.

The Municipality only provides roads, bridges, community hall, rural electrification, sports facilities, street lights, high mast lights and associated infrastructure services. Other services are provided by other government institutions, and Dr AB Xuma Local Municipality mainly plays a coordinating role.

T 1.3.1

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

The Chris Hani District Municipality is the Water services authority and Water services provider responsible for planning, implementation, and operation and maintenance of water and sanitation services within the 6 Local Municipalities in its jurisdiction. The DM has not delegated any of its functions to the local municipality.

Dr AB Xuma Local Municipality is characterised by huge service delivery backlogs. These backlogs are also substantial increased by unplanned settlement growths. The state and capacity of existing infrastructure has become a constraint to growth and development.

Chapter 1

Water provision

The Chris Hani District Municipality is both the Water and sanitation Services Authority and Water and sanitation Services Provider responsible for planning, implementation, operation and maintenance of water and sanitation services within the six Local Municipalities.

In terms of the law the District Municipality is therefore responsible for the development and the implementation of its water services by-laws, District Wide Water and sanitation Master plans, Water Conservation & Water Demand Management.

Chris Hani District Municipality is a grant dependant municipality and most of its water capital projects are funded through the Municipal Infrastructural Grant (MIG), WSIG and RBIG which the Department of Cooperative Government and Traditional Affairs (COGTA), National Treasury and Provincial Treasury have micro control. The district is maintaining existing infrastructure.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

In these tough economic times, strong revenue and expenditure management is fundamental to the financial sustainability of the municipality, which is critical in terms of achieving the municipal service delivery and economic objectives. However, the reality is that the municipality is faced with development backlogs that emanate from historical background. Furthermore, economic circumstances, such as increasing unemployment and poverty rates, impact households' ability to pay their accounts. Section 1.4.3 on financial ratios gives a broader perspective of the municipalities financial health. Cost containment measures aligned with MFMA Circular 82 and the Municipality's cost containment policy are being implemented to achieve operational efficiency and avoid deficits

T 1.4.1

Financial Overview: Year 2024/2025			
			R'000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	375 009	371 883	280 939
Taxes, Levies and tariffs	8 882	9 004	16 513
Other	32 793	50 411	32 430
Sub Total	416 684	431 298	329 882

Chapter 1

Less: Expenditure	262 636	277 003	309 772
Net Total*	154 048	154 295	20 110
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	41%
Repairs & Maintenance	2%
Finance Charges & Impairment	1%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

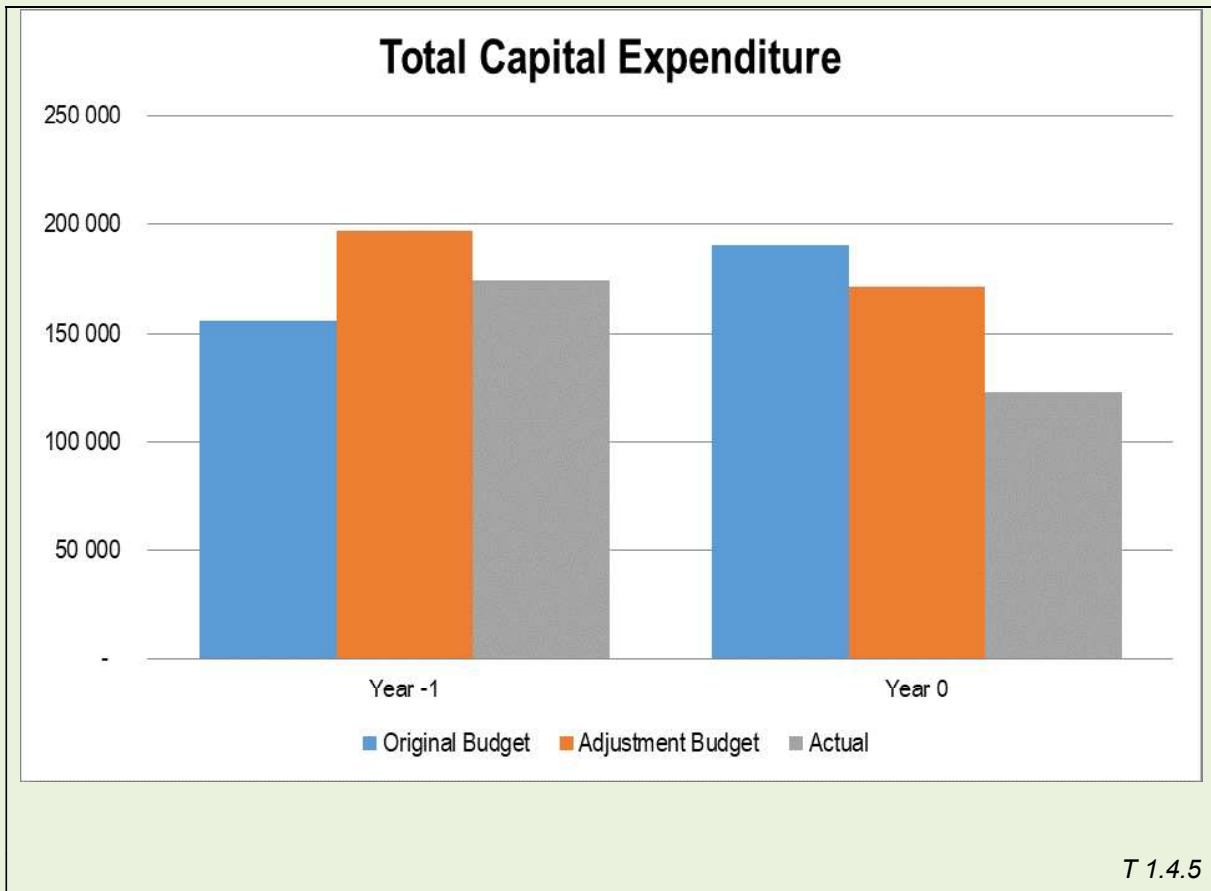
Employee costs are above acceptable norms. The Organogram of Council is reviewed on an annual basis and only positions that are affordable are funded on the structure.

As part of the multi-year budget, increased allocations will be made to repairs and maintenance. The National Treasury norm is that 8% of the carrying value of assets must be provided for as repairs and maintenance.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 2024/2025		
R'000		
Detail	Year -1/	Year 2024/2025
Original Budget	155 876	190 324
Adjustment Budget	196 964	171 212
Actual	173 919	122 310
T 1.4.4		

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

The budget that allocated was R 171 713 176 and the actual is R 123 436 849.

The municipality achieved a 72% spending level on the capital budget. The variance is caused by projects that were not completed i.e. RDP houses and municipal offices. Projects that were not completed at financial year end have been carried forward to the 2025/2026-financial year for completion.

T 1.4.5.1

Chapter 1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organizational Development within Dr AB Xuma Local Municipality forms part of a planned and structured process aimed at enhancing the municipality's capability to achieve its strategic objectives, deliver quality public services, and remain responsive to changing developmental needs. OD interventions focus on improving people, processes, systems, structures and organizational culture to strengthen overall performance and employee well-being. As part of this developmental thrust, the Municipality reviewed and approved its organogram aligned with the Integrated Development Plan (IDP) on **31 July 2025**.

POLICY DEVELOPMENT AND GOVERNANCE

In strengthening governance and institutional capacity:

102 existing policies have been reviewed and **04 New policies has been adopted and approved**. In alignment with Municipal Financial Competency Regulations, all Section 56 Managers, the Municipal Manager, as well as Budget and Treasury officials have either completed or are currently in the process of completing the **Municipal Finance Management Program**

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2024/2025

The Annual Financial Statements were submitted by 31/08/2025. These statements have been audited by the Auditor-General and Unqualified audit with findings was achieved.

T 1.6.1

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

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

T 1.7.1

Chapter 1

COMMENT ON THE ANNUAL REPORT PROCESS:

Section 127 (2) of the MFMA requires that the mayor of the municipality must, within seven months of the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in order to comply and maintain a fairly good audit opinion. The municipality has a performance management system and control measures are in place.

Importance of Achieving Annual Report Preparations

Annual report preparations are made parallel to IDP process plan and performance management system schedules in order to assist with identifying early warning signals; implementation plan, monitoring and evaluation and realization on the improvement of the previous performance.

Importance of IDP, Budget and Performance Alignment

It becomes paramount to prepare all the three (3) documents namely IDP, Budget and PMS simultaneously in order to achieve aligned targets and outcomes. The alignment process influences in/end-year reporting formats to ensure that reporting and monitoring feeds flawlessly into the Annual Report process at the end of the Budget/IDP implementation period.

Failures to achieve timescales

- Audit findings
- None adherence to IDP, Budget and PMS processes which leads to non-compliance on legislative mandates
- Monitoring and evaluation of performance
- Limited oversight role and reporting
- Late reports submissions

Comment

The municipality always strives to ensure proper alignment between its plans as contained in the IDP, Service Delivery and Budget Implementation Plan (SDBIP), other plans and how reporting is handled to ensure proper accountability and transparency. Organisational performance management is linked to individual performance management through section 56 managers, general and senior manager's performance agreements. This assists to align the entire institutional performance management system to ensure credibility of the annual report.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The municipality as the local sphere it has relationship with other spheres of government in terms of Intergovernmental Relations, community support and engagement and Integrated Development Plan alignment with National Development Plan, National and Provincial Strategies and Outcomes.

The municipality is a category B municipality with 20 Wards and 39 Councilors; there is a political wing headed by the Honorable Mayor and on the other hand the administrative wing headed by the Municipal Manager who oversees the five departments namely Budget and Treasury Office, Integrated Planning and Economic Development, Corporate Services, Community Services and Infrastructure Services.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

By necessity and design, formal political and administrative frameworks and infrastructure have been created both internally and externally in order to facilitate operational performance. To this end the required policy has been created and updated; structures (political and administrative) have been created and are functional, procedures and compliance prescriptions have been developed to aid and direct day-to-day operations; and an infrastructure and support system has been created. All of these ensure that operations occur in a sound, effective and efficient manner. In every instance, efforts are continuously made to meet community needs in an ordered and structured manner, while ensuring optimum levels of efficiency and effectiveness.

DR AB Xuma Local Municipality's operational focus is determined by its strategic objectives as reflected within its Integrated Development Plan (IDP). These objectives are initially translated into the performance targets that are reflected within the Service Delivery and Budget Implementation Plan (SDBIP). These targets are translated further on an operational level by being cascaded into operational and management targets within the relevant performance scorecards within each directorate. This process facilitates that performance targets are monitored and achieved over a designated period of time and in the manner prescribed. The successful achievement of these objectives is dependent on the available resources i.e. operational, human and financial.

Functions of the political arm are as follows;

Advocating and protecting the needs of the community, and in this manner facilitating the possibility of a better quality of life for all. and Communicating effectively and involving all the members of the community in decision making wherever practical and possible, in order to give new meaning to the concept of "people centered government".

Chapter 2

Functions of an administrative arm are as follows;

Ensuring that there is sufficient infrastructure, human capital resources, policies and procedures in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance, and

Providing and supportive and administrative role for the functioning of the overall institution

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

As per the MFMA section 52 (a); The Mayor must provide the general political guidance over fiscal and financial affairs of the municipality.

The Council is the Legislative decision body of the municipality, its' proceedings are chaired by the Speaker. There is an Executive Committee (EXCO) that is chaired by the Mayor which provides the oversight to the functions and services rendered by the administration to the people of Engcobo as pre-approved IDP. The Executive Committee of DR AB XUMA LM have eight-member, seven portfolio heads and the Mayor.

The Portfolio Councilors are allocated to oversee the functioning of each directorate including the Office of the Municipal Manager thus enhancing the oversight role. By so doing, formal decision making is enhanced. In this manner, Councilors are better placed to make "informed decisions" and appropriate recommendations to Council for final approval where necessary.

The Council has established Municipal Public Accounts Committee (MPAC) as well as Audit Committee (AC) according to section 79 (1a) and (b) of the Municipal structures. MPAC assist the Council to effectively and efficiently exercise its functions and powers. Members serving in the MPAC are all non-executive councillors of the Council from different political parties. The oversight role of the MPAC is to review the municipality's Annual Report with specific focus on the financial aspects as contained in the Auditor General's report on the Annual Financial Statements of the municipality and also when instructed by Council to advise Council in respect of unauthorised, irregular or fruitless and wasteful expenditure. Audit committee of the municipality provides the opinions and recommendations on financial processes and performance and provide comments to the MPAC for them to be incorporated into the Annual report. The MPAC prepares the oversight report and that report is adopted by Council and published.

T 2.1.1

Chapter 2

Photos



Cllr. S. ZANGQA
HON. MAYOR



Cllr. N. KINKOLE
HON. SPEAKER



Cllr. N. MGIDI
INFRASTRUCTURE PORTFOLIO HEAD

Function

MAYOR

The Mayor provides general political guidance of the fiscal and financial affairs of the municipality. The Mayor takes all reasonable steps to ensure the municipality performs its Constitutional and statutory functions within the limits to the municipality's approved budget; co-ordinating the annual revision of the Integrated Development Plan (IDP), and the preparation of the annual budget, and determining how the IDP is to be taken into account, or revised, for the purpose of the budget.

SPEAKER

The Speaker chairs the Council, looks on the welfare of the council, and makes sure that the council committees are in place through coordination of public participation processes and programs

CHIEFWHIP

The Council Chief Whip's role spans both the political and administrative domains of the council, with the emphasis on the political aspect. A range of political parties has representation on council and the council Chief Whip has to ensure that relationships are constructive and focused on the key issues at hand. This required as approach in which the efficient functioning to the municipality has to be prioritised

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr. Siyabulela Zangqa – Mayor and Chairperson
Cllr. Mbongeni Tyantsi – Budget and Treasury Office
Cllr. Sizeka Guma - Corporate Services
Cllr. Nobuntu Mgidi- Integrated Planning and Economic Development
Cllr. Nomampondo Siphendu – Waste and Refuse
Cllr. Sandiso Ngxangu– Technical Services
Cllr. Nomsa Dayisi – Special Programmes Unit

Function

T 2.1.1

Chapter 2

COUNCILLORS

The DR AB XUMA Local Municipality Council is comprised of 39 Councilors (Ward Councilors and Party Representatives) and this is reflected as follows:

The Council has 39 seats (19 Proportional Representative (PR) Councilors and 20 Ward Councilors). All seats in the Council are filled.

The Speaker is the Chairperson of Council. The party-political and demographic representation of Councilors is reflected in the table below:

Political Party	Number of Councilors	Gender of distribution	
		Male	Female
African National Congress (ANC)	32	13	19
Economic Freedom Fighters (EFF)	2	1	1
United Democratic Movement (UDM)	2	1	1
Democratic Alliance (DA)	1		1
African Transformation Movement (ATM)	1		1
PAC	1	1	

The municipality is a category B municipality with 20 Wards with 39 Councilors. There are 20 ward councilors and 19 part representatives. The municipality has 7 standing committees' which are Cooperate services, infrastructure, IPED, SPU, BTO, waste and refuse and social needs. They are also section 79 committee's these are MPAC, Public Participation, Rules and Women's Caucus Committee. All the 39 councilors are serving in their respective committees. The list is attached

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Siyabulela Zangqa	FT	Chair EXCO	PR	100%	0%
Mandilakhe Kondile	FT	Chair Council	PR	100%	0%
Nobuntu Mgidi	FT	EXCO Member	PR	100%	0%
Nomampondo Siphendu	PT	EXCO Member	PR	100%	0%
Sizeka Guma	PT	EXCO Member	PR	100%	0%
Nomsa Dayisi	PT	EXCO Member	PR	100%	0%
Sandiso Ngxangu	PT	EXCO Member	PR	100%	0%
Nobuntu Mgidi	PT	EXCO Member	PR	100%	0%
Aphiwe Zihlangu	PT		Ward 1	100%	0%

Chapter 2

Bonelwa Fihlani	PT		Ward 2	100%	0%
Sivuyile Dlodlo	PT		Ward 3	100%	0%
Siyabulela Phandle	PT		Ward 4	100%	0%
David Ntibanane	PT		Ward 5	100%	0%
Nkosivile Khetani	PT		Ward 6	100%	0%
Nolutho Sifanqala	PT	Women Caucus	Ward 7	100%	0%
Nondumiso Qakaza	PT		Ward 8	100%	0%
Thembela Qoba- Xuma	PT		Ward 9	100%	0%
Nomaliviwe Stemela	PT		Ward 10	100%	0%
Sivuyile Plaatjie	PT		Ward 11	100%	0%
Zuzeka Vivashe	PT		Ward 12	100%	0%
Sevuyile Mfeki	PT		Ward 13	100%	0%
Solwethu Molo	PT	Public Participation Chair	Ward 14	100%	0%
Ntomboxolo Nomfombo	PT		Ward 15	80%	20%
Noluvo Mngqanqeni	PT		Ward 16	100%	0%
Vuyani Matshikitsa	PT		Ward 17	100%	0%
Mzunzima Sakhi	PT		Ward 18	100%	0%
Mzuku	PT		Ward 19	100%	0%
Amanda Mendu	PT		Ward 20	100%	0%
Nosimo Lilane	PT	Chair Rules Committee	PR	100%	0%
Ndabazandile Beta	PT		PR	100%	0%
Isreal Molo	PT	Chair Public Participation	PR	100%	0%
Sevuyile Mfeki	PT	Chair MPAC	PR	100%	0%
Nkosinathi Cetman	PT		PR	90%	60%
Gcobisa Bomela	PT		PR	80%	60%
Thembelani Daniel	PT		PR	100%	40%
Nozuko Sibondana	PT		PR	80%	20%
Ntomboxolo Nomfombo	PT		PR	60%	40%
Nokwayiyo Sirataza	PT		PR	80%	20%
T 2.1.2					

POLITICAL DECISION-TAKING

The Dr. AB. Xuma Local Municipality's decisions are taken by the politicians in the council. 100% of all council resolutions are implemented and reported on quarterly basis through departmental Standing Committees and MPAC Oversight meetings. In addition, Management Committee sits on weekly basis for feedback purposes.

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of administrative governance and he reports to the Mayor and advises him on administrative matters. He has a signed performance agreement in a form of a contract between himself (the Municipal Manager) and the Mayor. He further oversees the five (05) directorates which are headed by the s56 Managers responsible for the development, implementation, monitoring and reporting of Service Delivery Budget and Implementation Plans. All these s56 Managers have signed performance agreements with the Municipal Manager for the financial year in question (2024/2025 financial year).

The political leadership and the administration complement each other to achieve the objectives of the IDP. The organogram of the municipality showing filled, vacant funded and unfunded and proposed positions will be attached when the Draft Annual Report goes to Council.

T 2.2.1

Chapter 2

**TOP
ADMINISTRATIVE
STRUCTURE
MUNICIPAL
MANAGER**

(Mr. Lucky
Mulaudzi)

Function

The Municipal Manager has to account for the municipality's income and expenditure, assets and other obligations such as proper adherence to all legislation applicable to municipalities. Subject to the municipal council's policy directions he ensures that an economically viable, effective, efficient and accountable administration is established and developed, that the IDP comes to fruition, that municipal services are delivered in a sustainable and balanced fashion, that a personnel corps is appointed, managed, developed and disciplined and that sound labor relations are maintained

DIRECTOR: TECHNICAL SERVICES

(Mr. Cebo O'bose)

**DIRECTOR: INTEGRATED PLANNING AND
ECONOMIC DEVELOPMENT**

(Mr. Simphiwe Malongwe)

**CHIEF FINANCIAL OFFICER: BUDGET AND
TREASURY OFFICE**

(Ms. N. Duntsu)

DIRECTOR: COMMUNITY SERVICES

(Ms Nonzukiso Matiwane) Contract Ended
before year end

DIRECTOR: CORPORATE SERVICES

(Mr Mountain Siqaza) Contract Ended before
year end

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

It is recognized that organizations benefit from both individual and shared experiences. In this manner, opportunities are created for organizations to share and learn from each other and to develop more effective skills in handling day to day operations and specific challenges.

Efforts to improve and facilitate these relationships have led to the development of IGR (intergovernmental relations) structures which have been put in place and are driven at the local level. The IGR Forum has been established in order to formally promote and to improve this process.

In order to govern and facilitate this process further, an Intergovernmental Relations Policy with Terms of Reference were developed by the municipality.

Existing and Functional Structures

District Development Model

Additionally, the following structures exist to enhance IGR:

The District Municipal Manager's Forum

The District Mayor's Forum (DIMAUFU)

MUNIMEC Meetings

Presidential Hotline

IDP and Budget Representative Forum

for your municipality. Explain the various contributions to service delivery offered by those involved.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

All the programs that are developed by Dr. AB. Xuma Local Municipality are derived from the legislative policies that are approved by National and Provincial Government.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

MUNIMEC – Information sharing on municipal progress, vision and mission implementation and good practice

DDM- District Development Model

SALGA Working Groups – Municipality participates and benefit from annual information and reporting on all municipalities within the Province

LED Forum – Discuss LED initiatives, challenges and good practice at Provincial level

Chapter 2

Chris Hani District IDP Representative Forum – Preparations, planning and implementation of IDP through all IDP stages

HR Working Group – A HR progress reporting

Communicators Forum – Environmental scanning and marketing strategies on government programs

CFO Forums – Financial information sharing of progress and challenges

Budget Workshops – An update on budget process regulations and procedures at Provincial level

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The DR AB XUMA Local Municipality don't have Entities

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

DIMAFO – Dr. AB. Xuma local municipality Mayor represent municipality's issues and challenges that require immediate action

Speakers Forum – Dr. AB Xuma Municipal Speaker – Discussions and deliberations on Council proceedings, challenges, public participation and traditional leadership engagements

District Municipal Manager's Forum – Discussions on Policy directives, implementation and reporting

District IDP Representative Forum and District Development Model – IDP representative attends District's quarterly IDP Representative Forum and DDM meetings for alignment purposes

IGR Forum – The District's IGR Forum seats on quarterly basis and is accountable to DIMAFO

District CFO Forum – The Forum discusses challenges at local level and recommendations thereof

LED Forum - Discuss LED initiatives, challenges and good practice at District level

SDF Forum – Skills information sharing and reporting

HR Forum – Information sharing on HR issues and challenges at District level

Town Planners Forum – town planning and land development processes dealt with at district level

SALGA planning Forum – Local Economic Development and town planning issues aligned

T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Every year formal opportunities are created in order to provide the public with opportunities to input into organizational objectives and the manner in which services need to be and are addressed. In addition, they are given opportunities to “interact” with information regarding service delivery, operational and financial performance (IDP and Budget meetings, SDBIP reporting, Performance and Annual Reports and the like). In this manner, a “people centered” organization is created – one in which the needs of the community are noted and plans are made to address these through processes of interaction and inclusion.

The IDP Process and Budget Plan have been created in order to ensure that public participation occurs effectively thereby ensuring that the needs of the public are met.

Note: MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Communication strategy was developed and is reviewed annually, it was reviewed in May 2024.

Communication continues through Ward Committee meetings, radio talk shows and printed media. Additionally, the Presidential Hotline and the manual receipt of complaints are also being utilized in order to address all complaints received from communities and other stakeholders

In an effort to heighten the success of customer care initiatives, the municipality has a register for complaints raised by communities. The EXCO outreaches provide a forum for community complaints and it is here that many community complaints are received. The Public Participation Manager register the complaints in the Complaints Register, facilitating that this is then formally handled.

Efforts to improve public participation and communication have involved the extensive use of other communication media. These include;

Newspapers; Broadcast media such as, Engcobo and Vukani Community Radio which is used for advertising the Executive Committee outreaches that are used for communicating with the communities of Ngcobo, The Municipality also has a very effective Facebook page

IDP/ Budget consultations which are done in order to collect the needs of the communities and for feedback on allocation and or facilitation of those community needs.

T 2.4.1

Chapter 2

WARD COMMITTEES

The ward committees were involved in the IDP roadshows within 20 wards; they further assist in minutes taking and attend relevant community meetings.

- Identification and submission of local concerns to councillors as well as the office of the speaker for further discussions to council.
- Participate in the municipal planning, decision making and project implementation on matters that affect them
- A link between municipality and communities.

T 2.4.2

[illegible]

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

They promote smooth communication line between municipality and the society, they assist in the evasion from top down approach to bottom up approach on developmental issues, as prescribed in the Constitution they enable communities to take part in the decision making processes that affects their livelihood. Ward Based Plans conducted in all 20 wards are highly beneficial to communities since they are able to express themselves in terms of their service delivery needs and priorities. These are further elevated into the institutional IDP for budget and implementation of priority projects

T 2.4.3.1

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance with DR AB Xuma Local Municipality encompasses the systems, processes, and structures through which the Municipality is directed, managed, and helped accountable. The governance framework promotes ethical leadership, transparency, integrity and accountability in the execution of municipal functions.

The scope of corporate governance extends to ensuring that the Council, Management, and Oversight Committees such as the Audit Committee and Risk Management operates in accordance with applicable legislation, policies and best practice principles as outlined in the MFMA and MSA.

It includes the establishment and maintenance of effective leadership oversight, strategic direction, risk management, internal controls systems and performance monitoring mechanisms. Through these processes, the Municipality strives to achieve good governance, enhance service delivery, ensure sound financial management and uphold public confidence in its operations.

T 2.6.0

Chapter 2

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Risk Management

- Need for Risk Management

In terms of Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA), the Accounting Officer must ensure that the municipality has and maintains an effective, efficient and transparent system of risk management.

Risk Management enables the Municipality to anticipate and mitigate potential events that may hinder the achievement of strategic objectives. It promotes proactive decision-making, accountability and the effective sustainability, and credible service delivery.

- Role of Service Department Each service department

Each department is responsible for identifying, assessing and managing risks within its functional area. Departments ensures that:

Integrate risk management into their operational project and planning process.

Implement and monitor mitigation measures to control identified risks.

Contribute to the periodic review of the municipal register.

This collaborative approach ensures that risk management is embedded across the organisation rather than treated as a compliance activity.

Top Strategic Risk Facing the Dr AB Xuma Local Municipality (2025/26)

Based on the 2025/26 approved Strategic Risk register, the following are the top-rated risks affecting the Municipality's ability to achieve strategic objectives:

1. Staff establishment not aligned to Municipal HR Plan.
2. Occurrence of unauthorised, irregular, fruitless and wasteful expenditure (UIFW)
3. Inability to meet current and future financial obligations.
4. Inadequate Contracts Management
5. Inadequate spatial development and growth to stimulate socio-economic development
6. Non-achievement of ICT strategic objectives
7. Non-compliance of Audit Committee to Section 166 of the MFMA due to incomplete composition.
8. Inadequate provision and maintenance of service delivery of infrastructure.

The Municipality continues to strengthen its risk management framework through quarterly monitoring, reporting to the Risk Management Committee, and continuous improvement of mitigation strategies. Focus area for the next financial year include enhancing financial discipline, addressing governance gaps, improving ICT governance, and ensuring full compliance with the MFMA and related legislation.

T 2.6.1

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Fraud, Corruption and Anti- Corruption Strategy

The Municipality is committed to upholding the highest standards of ethical conduct, integrity and accountability in all its operations. In line with the requirements of the Municipal Finance Management (MFMA), the Municipal System Act (MSA), and the principles of good governance, Dr. Ab Xuma local Municipality has implemented a range of strategies designed to prevent and detect fraud, corruption and left.

Strategies in Police to Prevalent Corruption, Fraud and Theft.

The Municipality has developed and implemented the following key strategies and controls measures:

Fraud Presentation and Anti-Corruption Policy: A formal policy and response plan have been adopted to guide the direction, reporting and investigation of suspected fraudulent and corrupt activities.

Whistle-Blowing Mechanism: Employees and members of the public are encouraged to report unethical conduct or irregularities through confidential reporting channel, in line with the Protected Disclosures Act.

Code of Conduct Policy: All employees and Councilors are bound by the municipal Code of Conduct, promoting ethical behavior and accountability.

Internal Audit Reviews: The Internal Audit Unit conducts independent reviews of systems and controls to identify and report weakness that may create opportunities for fraud or mismanagement.

Oversight Structures: The Audit Committee and Risk Management Committee provide oversight on governance, risk and control process. The Audit Committee Chaired by independent members who are not municipal officials or Councilors, in compliance with Section 166 of the MFMA.

Oversight and Reporting

The Audit Committee recommendations for the year under review are set out in Appendix G of this Annual Report. Where monitoring is ongoing, the municipality ensures that information is treated with confidentiality and that no names of individuals involved are disclosed in public reports.

The Municipality currently has a functioning Audit Committee that continues to provide independent oversight and recommendation on internal controls, governance and anti-fraud measures.

T 2.7.1

Chapter 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Municipal Finance Management Act, Act 56 of 2003, Sections 110 – 119, Supply Chain Management (SCM) Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to ensure SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

SCM Processes were updated on an ongoing basis to ensure full compliance with the Municipal Finance Management Act (MFMA) and the Regulations issued under the MFMA. The Head of SCM complies with the MFMA minimum competency levels.

The SCM Policy was reviewed for the 2023/2024-financial year and considered by Council on May 2024. This policy provides guidance to all SCM role-players relative to Sections 47 and 48 of the MFMA SCM Regulations.

No challenges were encountered in implementing the SCM Policy.

The Supply Chain Management System is functional and all bid committee members were appointed by the Accounting Officer.

The Bid Adjudication Committee meetings are open to the public and no councilors are allowed to serve on any SCM Committees. Contract management is being adhered to, as stipulated in Section 116 of the MFMA.

.T 2.8.1

Chapter 2

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

*Note: See MSA section 13. T 2.9.1

COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Delete Directive note once comment is completed - Indicate the nature of the public participation that was conducted and on how the new by-laws will be enforced.

T 2.9.1.1

Chapter 2

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents		
All current budget-related policies		
The previous annual report (Year -1)		
The annual report (Year 0) published/to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards		
All service delivery agreements (Year 0)		
All long-term borrowing contracts (Year 0)		
All supply chain management contracts above a prescribed value (give value) for Year 0		
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1		
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in Year 0		
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		
		T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Delete Directive note once comment is completed – Refer to the requirement for Municipal websites as set out in MFMA section 75. Explain plans to address the shortfall in content. Comment on progress made in placing personal computers in accessible locations to the public so that Council web based information can be accessed. The municipality should monitor and report on the use of its website by the public, for example, by measuring the number of hits on the website.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

Delete Directive note once comment is completed - Provide a brief overview of public satisfaction with municipal service delivery.

T 2.11.1

Chapter 2

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

Concerning T 2.11.2:

Delete Note once table T 2.11.2 is complete - It is not intended that municipalities should necessarily commission new surveys to complete the above table (T 2.11.2). This material should be obtained from existing surveys undertaken during year -1 and year 0 and by analyzing complaints and other service feedback. The services specified in the table (a. Refuse; b. Road Maintenance; c. Electricity; d. Water) are provided for illustration only. Although they are key services and should be included if data is available, other services should be included too where data exists. Where future questionnaires are planned then municipalities should have regard to national priorities; demographic variations; and poverty.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

Delete Directive note once comment is completed – Indicate the efforts that were made to improve satisfaction levels and to communicate successfully with the public on key issues of service delivery. It is not intended that municipalities should commission new surveys to complete the above table (T2.11.2). This material should be obtained from existing survey undertaken during year -1 and year 0 and by analyzing complaints and other service feedback. The services specified in the table (a. Refuse; b. Road Maintenance; c. Electricity; d. Water) are provided for illustration only. Although they are key services and should be included if data is available, other services should be included too where data exists.

T 2.11.2.2

Chapter 3

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

INTRODUCTION

The Dr AB Xuma Lm is not a WSP (water service provider) and as such will only focus on electricity, waste management, housing and free basic services in the annual report.

T 3.0.1

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

It is very important that the municipality meets the service delivery targets as this is one of the mechanisms that the municipality can use to improve the lives of its citizens. The municipality does not have any entities within the municipality.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

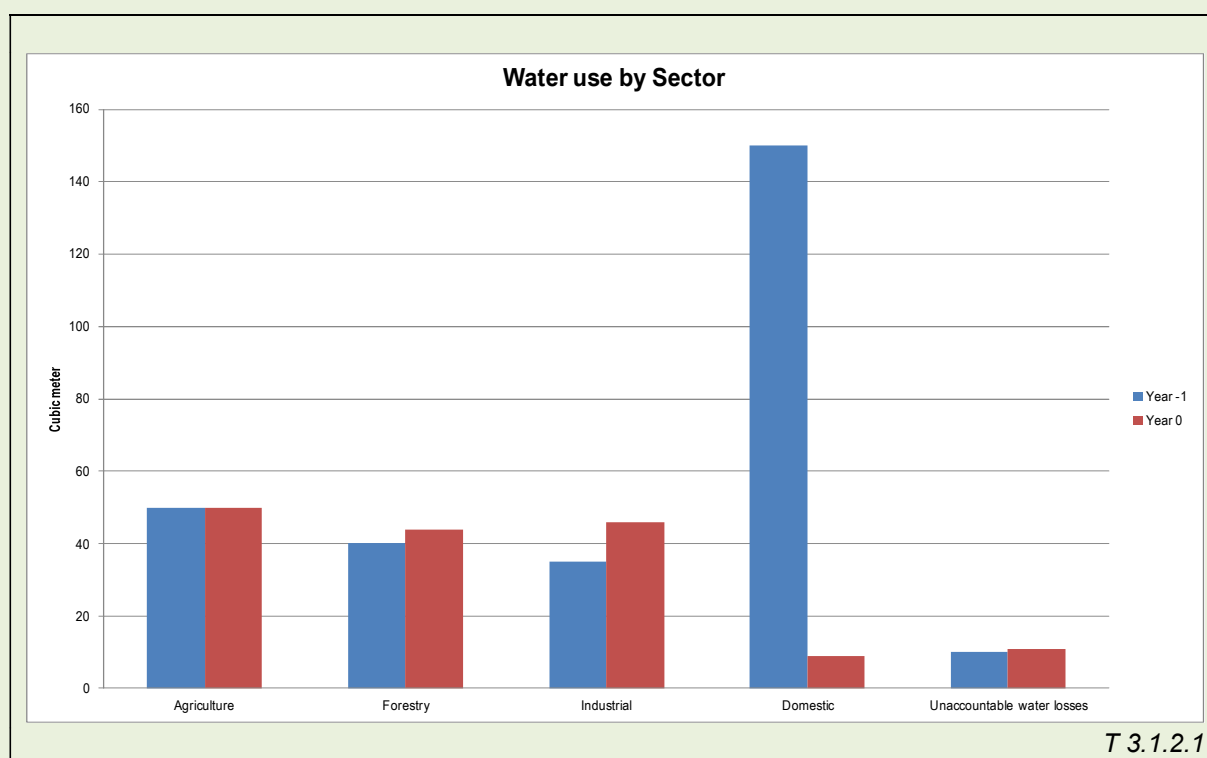
Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

The district municipality Chris Hani is the water services authority (WSA) and is thus also performing the water service provider (WSP) function as from 1st July 2014. Provision of water service is done on behalf of the municipality by the district and both municipalities do not have a service level agreement (SLA) in place.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11

T 3.1.2



T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

There are no industries within the Dr. AB Xuma Local Municipal area, the water used by forestry and agriculture is unknown and has not been measured. The main use of water within the municipality is for domestic use and is measured monthly.

Chapter 3

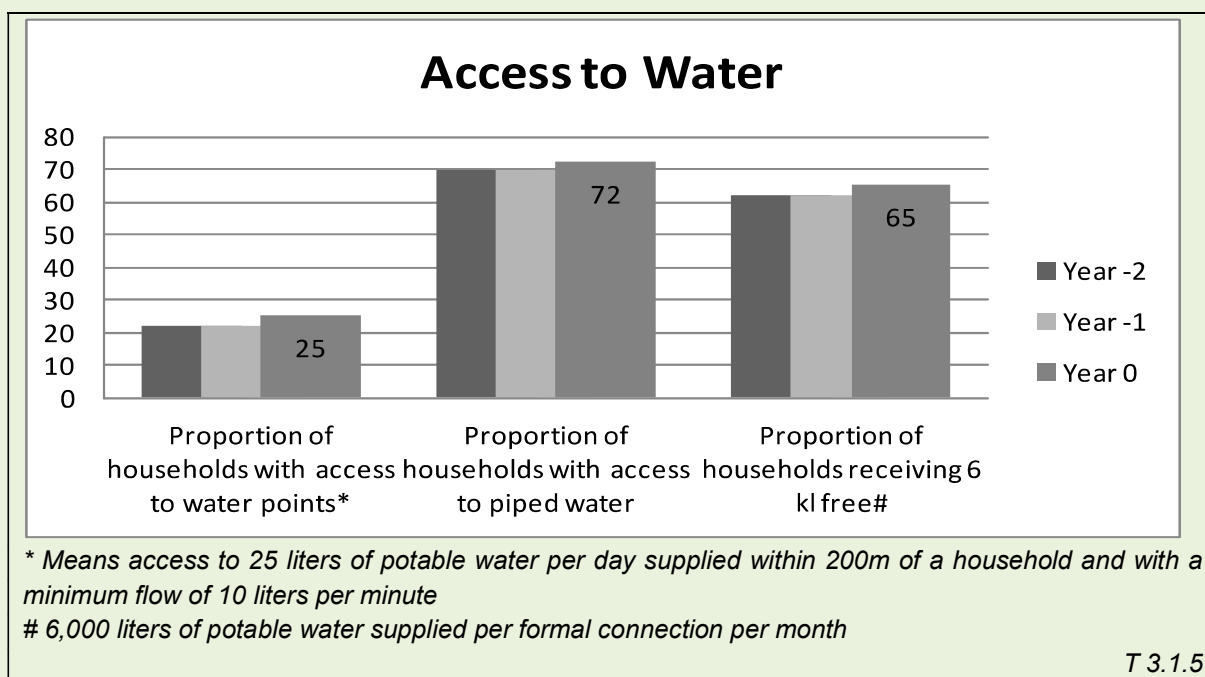
T 3.1.2.2

Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling)	486	486	465	546
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1,990	1,898	1,576	1,879
<i>Minimum Service Level and Above Percentage</i>	80%	80%	76%	79%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486	486	486
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	486	486	486
<i>Below Minimum Service Level Percentage</i>	20%	20%	24%	21%
Total number of households*	2,476	2,384	2,062	2,365
* - To include informal settlements				

T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget No.	No.
Formal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
T 3.1.4						



Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators									
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx interruptions of one hour or more during the yr)	T0% (xxxxxx Ints)	A0% (xxxxxx Ints)	T1% (xxxxxx Ints)	T1% (xxxxxx Ints)	A1% (xxxxxx Ints)	T2% (xxxxxx Ints)	T5% (xxxxxx Ints)	T5% (xxxxxx Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	T0% (xxxxxx KLs)	A0% (xxxxxx KLs)	T1% (xxxxxx KLs)	T1% (xxxxxx KLs)	A1% (xxxxxx KLs)	T2% (xxxxxx KLs)	T5% (xxxxxx KLs)	T5% (xxxxxx KLs)
Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *Previous Year refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round. *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.1.6

T 3.1.6

Chapter 3

Employees: Water Services					
Job Level	Year -2023/24	Year 2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!
The Municipality has no water function					

Financial Performance Year 2024/25: Water Services					
					R'000
Details	Year -1	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:	-	-	-	-	-
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Total Operational Expenditure	-	-	-	-	-

Chapter 3

Net Operational Expenditure	-	-	-	-
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>				
T 3.1.8				

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		-
Project B	-	-	-		-
Project C	-	-	-		-
Project D	-	-	-		-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The district municipality Chris Hani is the water services authority (WSA) and is thus also performing the water service provider (WSP) function as from 1st July 2014. Provision of water service is done on behalf of the municipality by the district and both municipalities do not have a service level agreement (SLA) in place.

Chapter 3

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

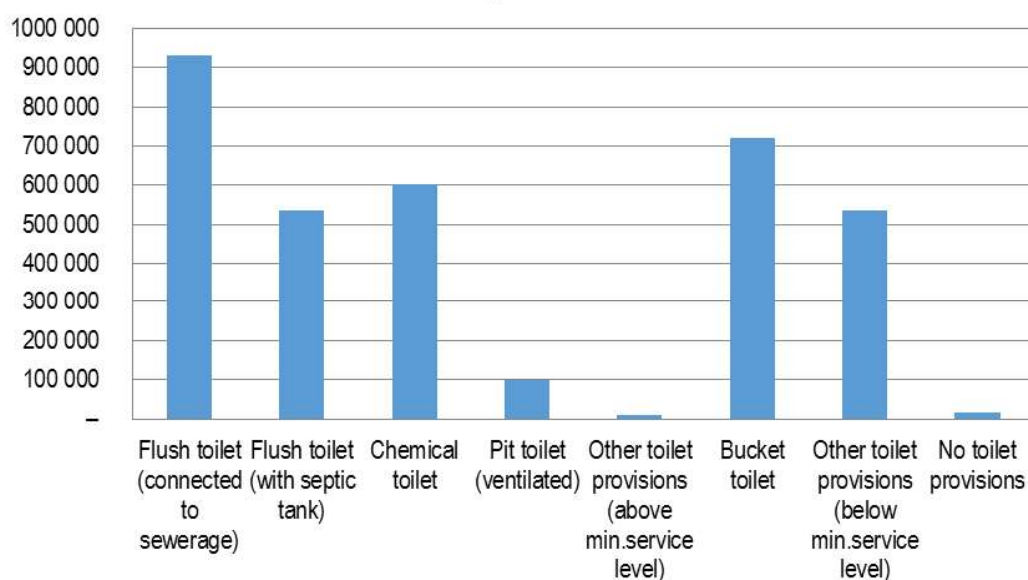
INTRODUCTION TO SANITATION PROVISION

Sanitation provision is the function of the (WSA) water service authority the Chris Hani District Municipality.

T 3.2.1

Chapter 3

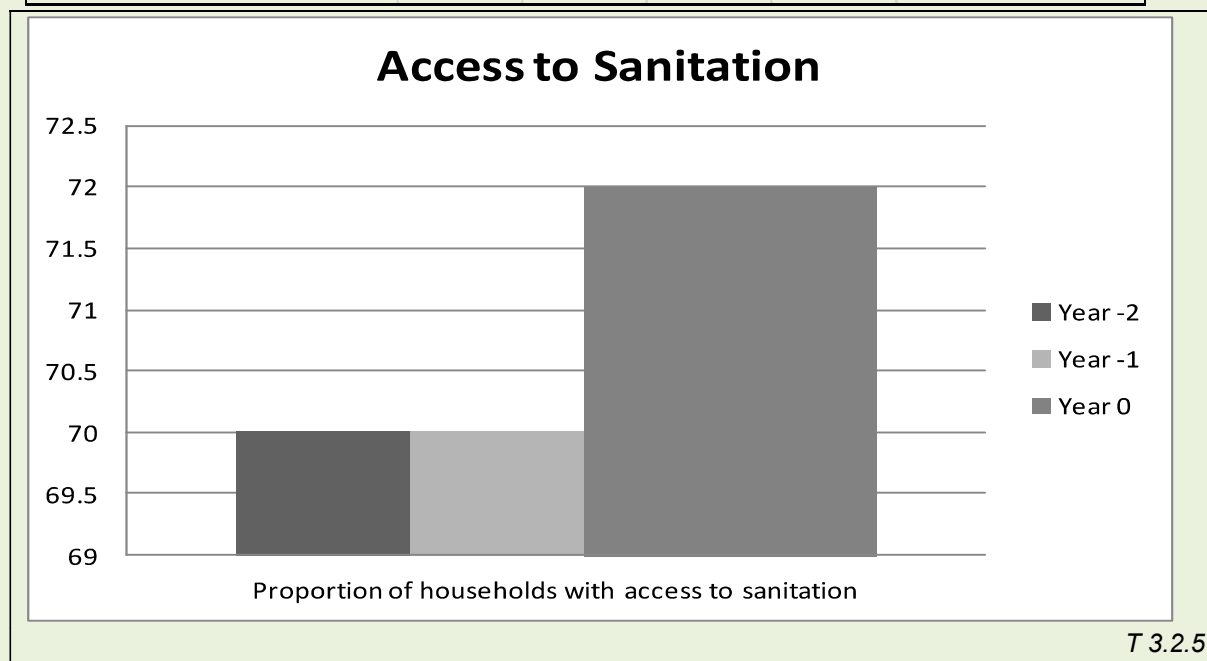
Sanitation/Sewerage (above minimum level): Year 0



Sanitation Service Delivery Levels				
Description	Year -3	Year -2	Year -1	*Households Year 0
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2 325	2 236	1 851	2 178
<i>Minimum Service Level and Above Percentage</i>	68.9%	59.9%	55.5%	63.1%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1 047	1 498	1 485	1 271
<i>Below Minimum Service Level Percentage</i>	31.1%	40.1%	44.5%	36.9%
Total households	3 372	3 734	3 336	3 449
*Total number of households including informal settlements				T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget No.	No.
Formal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households ts below minimum service	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.2.4



Chapter 3

[illegible]

Chapter 3

Employees: Sanitation Services					
Job Level	Year – 2023/24	Year – 2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!
The Municipality has no Sanitation function within, Sanitation provision is the function of the (WSA) water service authority the Chris Hani District Municipality. T 3.2.7					

Financial Performance Year 24/25: Sanitation Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	

Chapter 3

Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.2.8

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sanitation provision is the competence of the district municipality and the DM is maintaining the sanitation infrastructure within the Ngcobo Town.

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

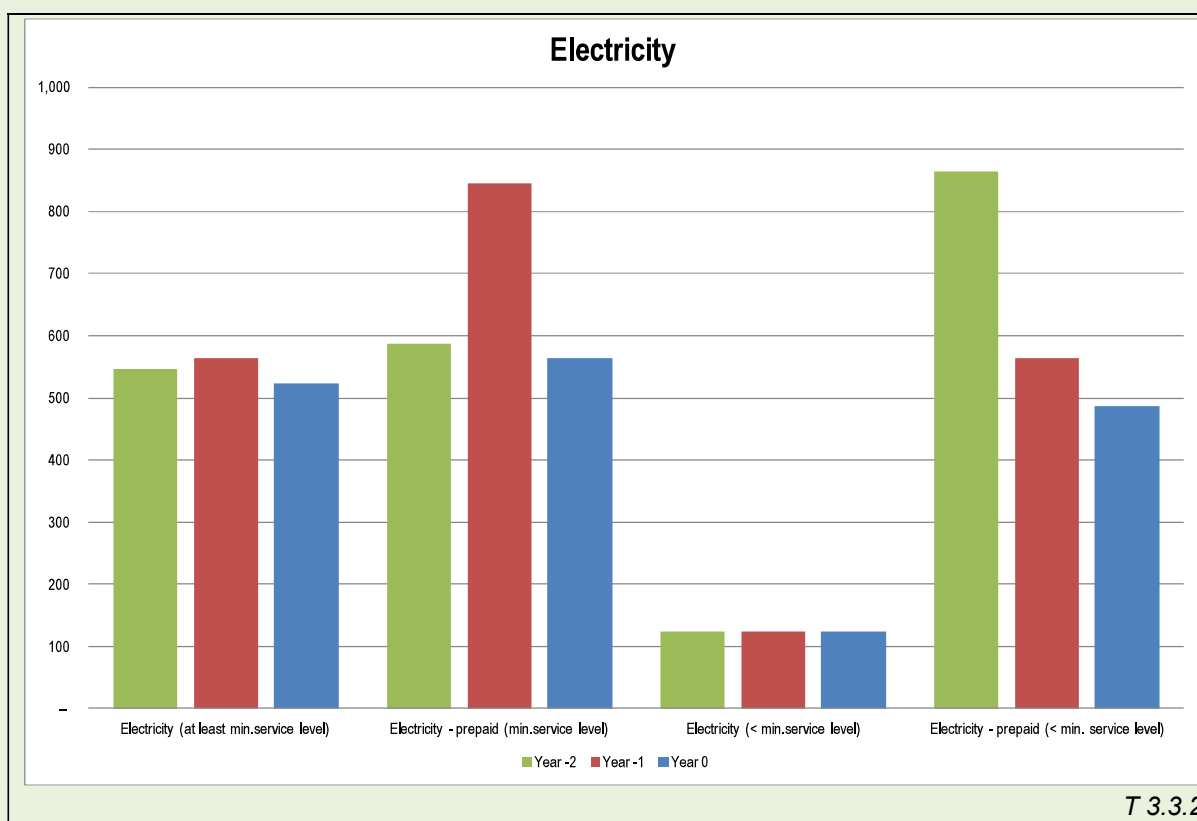
Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.6

Dr AB Xuma Local Municipality together with Eskom are responsible for provision of households' electrification in rural areas. Dr AB Xuma Local Municipality was allocated an amount of R35 000 000.00, for provision of electrification of 403 households for the 2024/25 financial year. A total of 5 villages, was planned for electrification in 2024/25 financial year and 584 households where being design for approval by Eskom.

Projects electrified during the 2024/25 financial year are the following namely Mbabakazi 170 hh, laphethuka 81 hh, Cobosi 43 hh, Quluqu 47 hh, Mhlontlo 20 hh and various villages have to be designed for respectively.

T 3.3.1

Chapter 3



Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
Minimum Service Level and Above sub-total	1,220	1,134	1,411	1,088
Minimum Service Level and Above Percentage	52.8%	52.8%	66.3%	62.1%
Energy: (below minimum level)				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
Below Minimum Service Level sub-total	1,091	1,014	717	664
Below Minimum Service Level Percentage	47.2%	47.2%	33.7%	37.9%
Total number of households	2,310	2,147	2,127	1,753

T 3.3.3

Chapter 3

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
				No.	No.	No.
Formal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.3.4

Chapter 3

[illegible]

Chapter 3

Employees: Electricity Services					
Job Level	Year -2022/23	Year – 2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	1	0	1	100%
10 - 12	0	1	0	1	100%
13 - 15	1	1	0	1	100%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	1	3	0	3	100%

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

T 3.3.6

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.3.7

Chapter 3

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		
Project B	-	-	-		
Project C	-	-	-		
Project D	-	-	-		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The municipality is implementing projects within various wards of the municipality the projects have been divided into 5 projects namely: namely Mbabakazi 170 hh, Laphethuka 81 hh, Cobosi 43 hh, Quluqu 43 hh, Mhlontlo 20 hh, and various households were designed respectively. During the 2024/25 financial year electrification within the municipality has been implemented by both the municipality and Eskom. The priority of electrification within the municipality is prioritized by council through inputs from the community. Construction was performed on the above mentioned projects implemented by the municipality. The current funding model by the Department of Minerals Energy is not enough to ensure universal access to the municipal area. The role that the municipality performs on electrification is that of facilitation with Eskom and construction of electrification infrastructure and hand over to Eskom for maintenance of that infrastructure.

T 3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

The Dr AB Xuma Local Municipality as mandated by Chapter 8 of the Municipal Systems Act, Act 32 of 2000, as such, waste management services amongst others, refuse collection is an obligatory basic Service that should be rendered effectively and efficiently by municipalities.

REFUSE COLLECTION AND STREET SWEEPING

The Dr AB Xuma LM provides refuse collection services in the CBD and all its urban areas as well as peri-urban areas and informal settlements as per the approved refuse collection schedule that is reviewed each financial year. The objective of the review is to accommodate additional areas that either new or have been formalised to be eligible to receive such service

Chapter 3

This financial year, there are no additional areas eligible to receive the service. Refuse collection is provided to households and commercial businesses within Ngcobo as per the approved waste collection schedule, through litter picking on a daily basis. Street cleansing (sweeping) is conducted on Sundays due to challenge of congestion in the CBD where parking bays for public transport is not sufficient, as such, the main street in the CBD are utilised for parking. This results in the inability to access the streets, particularly on month ends where people are coming in large numbers to receive SASSA grants. To archive this the municipality uses a two shift system for refuse collection and street sweeping, morning and afternoon shift.

RECYCLING INITIATIVES

The Ngcobo Material Recovery Facility (MRF) has been registered in terms of the norms and standards, it is now operational and compliant. The municipality is still struggling to resource the facility due to budgetary constraints in order to uplift the structure to allow for its use by the two registered recycling cooperatives in the municipality landfill site. In terms of top priorities, the community services department is planning to develop a recycling strategy that will assist in unleashing and exploring the full potential of Ngcobo recycling sector to ensure that both formal and informal recyclers are supported. The Municipality for 2024/25 FY has provided support to its recyclers as well as waste pickers by partnering with PETCO and DEDEAT to provide refresher trainings so that recyclers are kept up-to-date of the changes in terms new technologies and legislative requirements as well as possible opportunities

LANDFILL SITE OPERATIONS

The Municipality has a constitutional obligation amongst other things to establishment, operate and management its landfill site to ensure that collected waste is disposed in an environmentally sound manner to mitigate adverse environmental and health impacts associated with improper disposal of waste. There is one licensed landfill site for the entire jurisdiction of Ngcobo permitted under Section 20 of ECA with clear conditions under which the site should adhere to as legally required by various Environmental Management Regulations. The operated landfill remains non-compliant with certain conditions of the permit, the major challenge for non-compliance is as a result of poor access control due to the vandalised fence. To address this, challenge the community services department is in talks with Technical services department to avail the 25% of the MIG allocated for Community services, both departments agreed in principle that this landfill site fencing project must form part of the Municipal business plan list of projects to be implemented

T 3.4.1

Chapter 3

Description	Households			
	Year -21/22	Year -22/23	23/24 FY	24/25 FY
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	2 895	2 685	2 846	2 235
<i>Minimum Service Level and Above sub-total</i>	2 895	2 685	2 846	2 235
<i>Minimum Service Level and Above percentage</i>	50,9%	47,1%	51,5%	44,8%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level sub-total</i>	2 790	3 015	2 678	2 755
<i>Below Minimum Service Level percentage</i>	49,1%	52,9%	48,5%	55,2%
Total number of households	5 685	5 699	5 523	4 991
T 3.4.2				

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	Year - 21/22	Year - 22/23	2023/24 FY	2024/25 FY		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households its below minimum service level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households its below minimum service level	25%	25%	25%	25%	25%	25%

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[illegible]

Chapter 3

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

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

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year 2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	42	47	47	2	4%
4 - 6	0	0	0	0	#DIV/0!
7 - 9	3	3	3	0	%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	46	51	51	2	4%

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

T3.4.6

Chapter 3

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	30 292	29 294	29 294	29 294	0%
Expenditure:					
Employees	14 284	12 191	12 191	12 191	0%
Repairs and Maintenance	499	703	703	703	0%
Other	15 509	16 400	16 400	16 400	0%
Total Operational Expenditure	30 292	29 294	29 294	29 294	0%
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.8

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		
Project B	-	-	-		
Project C	-	-	-		
Project D	-	-	-		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.4.9

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Illegal dumping of waste by communities still remains a challenge in the municipality, even communities where refuse collection services are rendered and where education and awareness campaigns are conducted. The main issue is the paradigm shift as well as inadequate waste receptacles, in that, communities do not provide waste bins/refuse bags for their generated waste. The Municipality resorted to provide skip bins that are used as drop off sites in residential areas in order to curb this phenomenon. The Municipality is currently busy with the review of its IWMP which is the living document that guides the entire waste management service, the final document is with DEDEAT for endorsement by the MEC responsible for environmental affairs in the Eastern Cape.

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

Human Settlement is a right that is enshrined in the constitution of the Republic of South Africa. The function is committed to the delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. The mandate of which has been delegated to the Department of Human Settlement. Local municipality however has a role to play in availing land as well as beneficiaries. The Department of Human Settlements has embarked on a number of housing projects both urban and rural areas. The provision of houses is the competency of the Department of Human Settlements in the province.

In terms of the Municipal Systems Act (MSA) 32 of 2000, Municipalities are required to prepare a Housing Sector Plan (HSP) as a component of the Integrated Development Plans (IDP's). The municipality has a Housing Sector Plan that needs to be reviewed.

The Dr AB Xuma Local Municipality is an implementing Agent for the Department of Human Settlements and is planning to construct 600 units in three years. The project is still at the planning stages of implementation.

The Department of Human Settlements is the developer of human settlements within the Dr AB Xuma Local Municipality area.

T 3.5.1

Chapter 3

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	560000	350000	62.5%
Year -2	654000	450000	68.8%
Year -1	654000	500000	76.5%
Year 0	684000	540000	78.9%
			T 3.5.2

Chapter 3

[illegible]

Chapter 3

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

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

T 3.5.4

Financial Performance Year 0: Housing Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 341	1 500	1 500	1 491	-1%
Expenditure:					
Employees	1 341	1 500	1 500	1 491	-1%
Total Operational Expenditure	1 341	1 500	1 500	1 491	-1%
Net Operational Expenditure	0	0	0	0	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget

T 3.5.5

Chapter 3

Capital Expenditure Year 0: Housing Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	39 333	39 333	3 102	-1168%	
RDP HOUSES	39 333	39 333	3 102	-1168%	39333
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Department of Human Settlements has completed and hand-over 131 houses to beneficiaries, the list below indicates the number of houses per project:

QEBE/ SILINDINI HOUSING PROJECT

43 units have been handed over to beneficiaries with 75 planned.

CHRIS HANI DISASTER HOUSING PROJECT

10 units have been handed over to beneficiaries from 50 planned

MTNIHLONI HOUSING PROJECT

18 are handed-over to beneficiaries from 50 planned

NKWENKWEZI 300 HOUSING PROJECT

0 are handed-over to beneficiaries from 82 planned

NKONDLO HOUSING PROJECT

60 are handed-over to beneficiaries from 54 planned

GOBOTI 300 HOUSING PROJECT

0 units are handed to beneficiaries from 71 planned.

T 3.5.7

Chapter 3

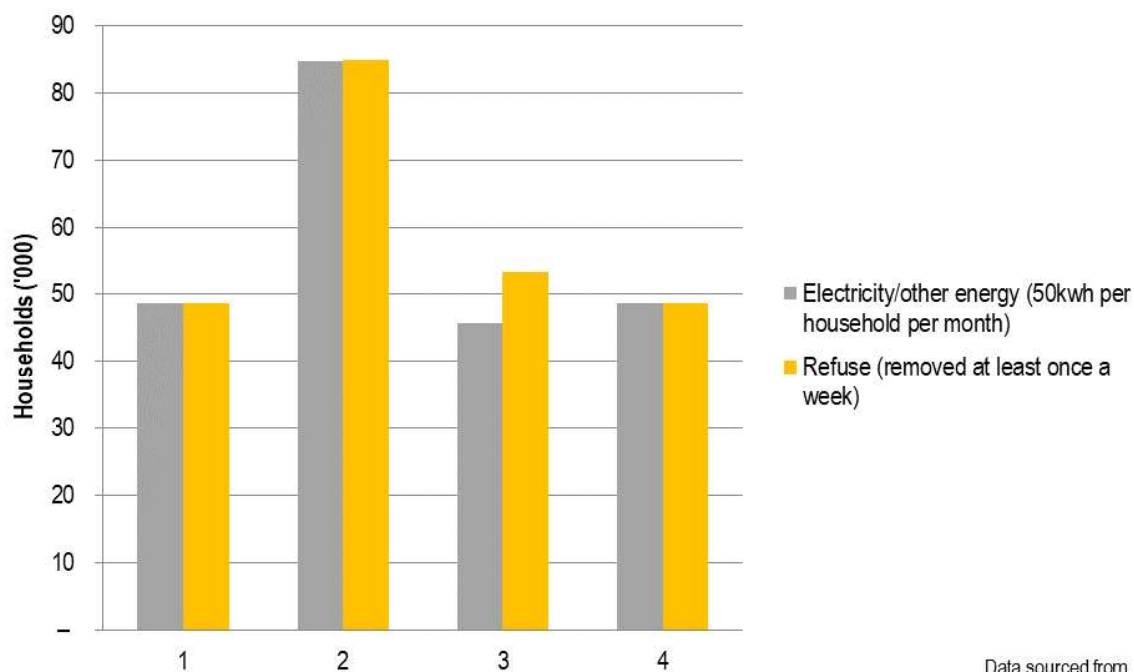
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Services rendered by the municipality include free basic electricity, waste management and property rates.

T 3.6.1

Free Basic Household Services



Data sourced from
MRPD A10

T 3.6.2

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered

Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Electricity	2 596	4 226	3 936	3 355	-26%
Waste Management (Solid Waste)	13	13	13	13	0%
Total	2 609	4 239	3 949	3 368	-26%

T 3.6.4

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Services rendered by the municipality include free basic electricity, waste management and property rates.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

The municipality has established a transport forum of all stakeholders within Ngcobo area of jurisdiction. The transport forum meetings have not been held during the year under review. Meetings would be held on a quarterly basis to discuss matters that are affecting road transport services. Department of Transport under Chris Hani District participates in our transport forum meeting and they are a point of reference. There are public bus services, mini buses/ taxis and long distance buses that are utilised by Ngcobo community as a forum of transport. The Dr AB Xuma Local Municipality has completed phase one of the Ngcobo Taxi rank and its being utilised, phase two is still in the planning phase.

The main function of the forum meeting is to assist in the prioritization of maintenance works within the municipality and only assist the municipality and the department on areas of concern from the stakeholders as well as make recommendations on issues related to roads and transportation

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

The municipality is a recipient of the Municipal Infrastructure Grant which is a conditional grant form infrastructure service delivery. The municipality as per the grant conditions a three-year capital plan has to be developed as a strategy to assist the municipality in successfully implementing roads projects within the municipality. The three-year capital plan is approved by the Council taking into account the inputs taken from the different wards during the IDP road shows.

The biggest achievement for the year has been the construction of two bridges which are multiyear projects, construction of 5 access road with the use of the Municipal Response Disaster Grant. All infrastructure related projects were tasked with the employment of local labour from within the areas that the projects are in. The employment of local labour has been that of creating employment. The implementation of the three-year capital plan has seen the municipality being able to plan better for

Chapter 3

future projects, the grant that the municipality receives i.e. MIG (municipal infrastructure grant) and MDRG (Municipal Disaster Response Grant) are conditional grants which have conditions attached to them before expenditure is incurred like the projects should be approved by council and registered with the department before expenditure is incurred.

The following list of roads that were implemented namely: Nogqala Bridge, Nonyentu Bridge, Bulawayo – Ndulwini Bridge, Mhlophekazi Access Road, Maqanda – Qoba Access road, Manuneni – Lunda Access Road, Mazizini Access Road and Ngquthura – Mgwelana Access Road respectively.

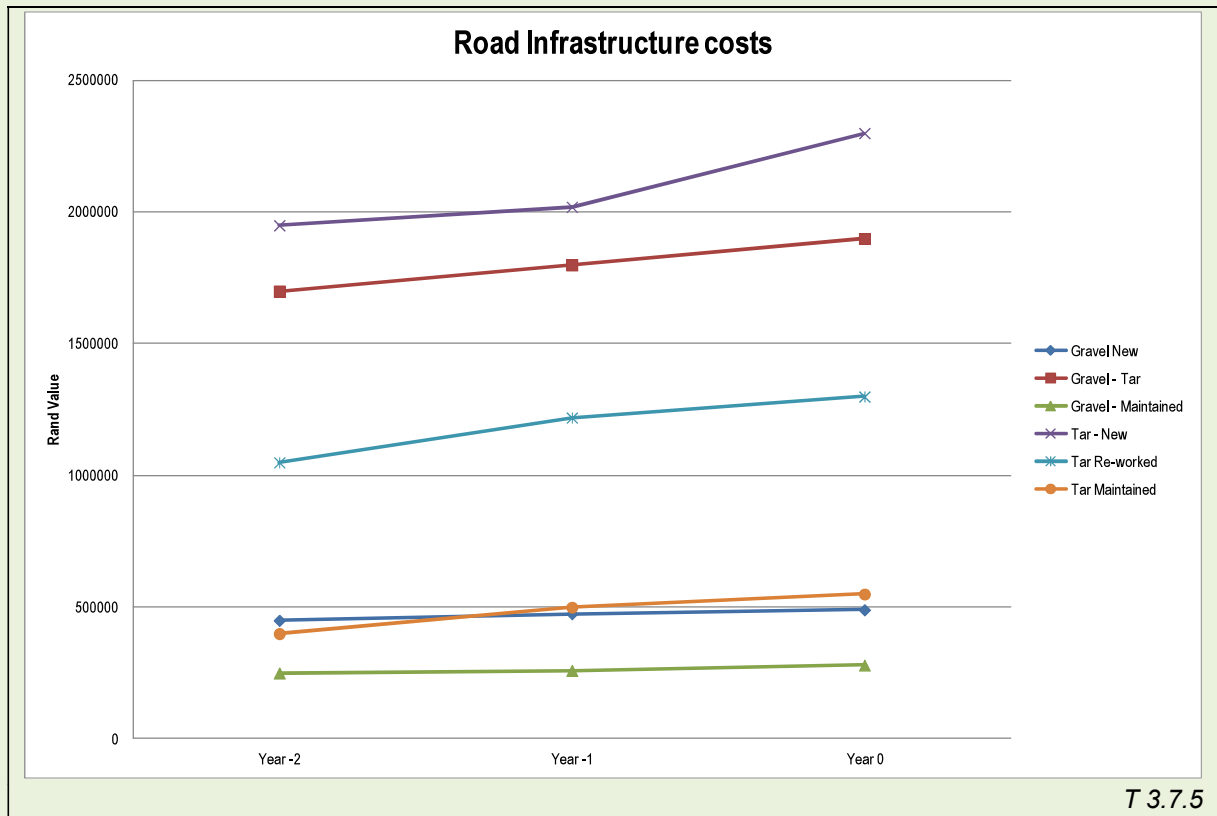
T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	26	14	140
				T 3.7.2

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140
					T 3.7.3

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	-	-	-	-	-	-
Year -1	-	-	7 672	-	-	209
Year 0	-	-	9 225	-	-	170
						T 3.7.4

Chapter 3



Chapter 3

[illegible]

Chapter 3

Employees: Road Services					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	9	14	14	5	36%
7 - 9	11	11	11	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	24	29	29	5	17%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7					

Financial Performance Year 0: Road Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 043	6 450	6 450	6 450	-
Expenditure:					
Employees	2 547	1 939	1 939	1 939	-
Repairs and Maintenance	3 496	4 511	4 511	4 511	-
Other			-	-	-
Total Operational Expenditure	6 043	6 450	6 450	6 450	-
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

Chapter 3

Capital Expenditure Year 0: Road Services					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	54 153	54 153	54 153	0%	
Bulawayo Bridge	25 911	25 911	25 911	0%	
Nonyentu Bridge	12 860	12 860	12 860	0%	
Manzana-Skantini Access Road	58	58	58	0%	
Ngwemnyama	775	775	775	0%	
Sidikini - Gubenxa Access Road	148	148	148	0%	
Manuneni - Lunda Access Road	2 001	2 001	2 001	0%	
Ngqutura - Mgwala Access Road	4 075	4 075	4 075	0%	
Mhlophekazi Access Road	2 964	2 964	2 964	0%	
Zola Macingwane Access Road	1 548	1 548	1 548	0%	
Maqanda - Qoba Access Road	1 419	1 419	1 419	0%	
Gcina - Mdeni Access Road	286	286	286	0%	
Tshatshu Access Road	80	80	80	0%	
Xonya - Ntlokwevenkile Access Road	483	483	483	0%	
Sixholosini - Nodanile Access Road	71	71	71	0%	
Zola - Goboti Access Road	87	87	87	0%	
Chibini - Chefane Access Road	118	118	118	0%	
Gotyibeni - Mazizini Access Road	1 200	1 200	1 200	0%	
Mntintloni Access Road	69	69	69	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The biggest achievement for the year has been the completion of the Noggala Bridge and construction of two other bridges and the rehabilitation of 5 access roads in various wards. All infrastructure related projects were tasked with the employment of local labour from within the areas that the projects are in. The employment of local labour has been that of creating employment.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The Municipality has a fully-fledged traffic services department that renders services to the community of Ngcobo including vehicle testing and licensing. Public Bus operation service is not rendered by the Municipality it is entirely private.

T 3.8.1

Chapter 3

Municipal Bus Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger journeys				
2	Seats available for all journeys				
3	Average Unused Bus Capacity for all journeys	%			
4	Size of bus fleet at year end				
5	Average number of Buses off the road at any one time	%			
6	Proportion of the fleet off road at any one time	%			
7	No. of Bus journeys scheduled				
8	No. of journeys cancelled				
9	Proportion of journeys cancelled	%			
					T 3.8.2

Concerning T 3.8.2

Delete Directive note once table is completed – State name of entity followed by 'Entity' where this is applicable. Line 3 is calculated by sampling throughout the year using different routes, days of the week and times of day. Line 6 is calculated by taking the numbers from lines, as follows: $5/4 \times 100\%$. The average number of busses off the road is obtained by sampling the number off the road on different days at different times. Line 9 is calculated by taking numbers from lines as follows: $8/7 \times 100\%$.

T 3.8.2.1

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[illegible]

Chapter 3

Employees: Transport Services					
Job Level	Year -2023/2024	Year -2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.8.4					

Financial Performance Year 0: Transport Services					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.8.5

Chapter 3

Capital Expenditure Year 0: Transport Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		
Project B	-	-	-		
Project C	-	-	-		
Project D	-	-	-		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.8.6</i>

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

The Municipality has a fully-fledged traffic services department that renders services to the community of Ngcobo including vehicle testing and licensing. Public Bus operation service is not rendered by the Municipality it is entirely private.

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water management is addressed during implementation of access roads, and it is catered for in all roads projects implemented by the municipality. Storm water drainage is maintained continuously to ensure that no blockages that can cause flooding due to overflow. Maintenance unit is responsible for maintenance of drains in all existing roads using internal resources (Machinery & human resources).

The municipality with the assistance of the HDA (housing development agency) is in the process of upgrading the informal settlements with the municipal area.

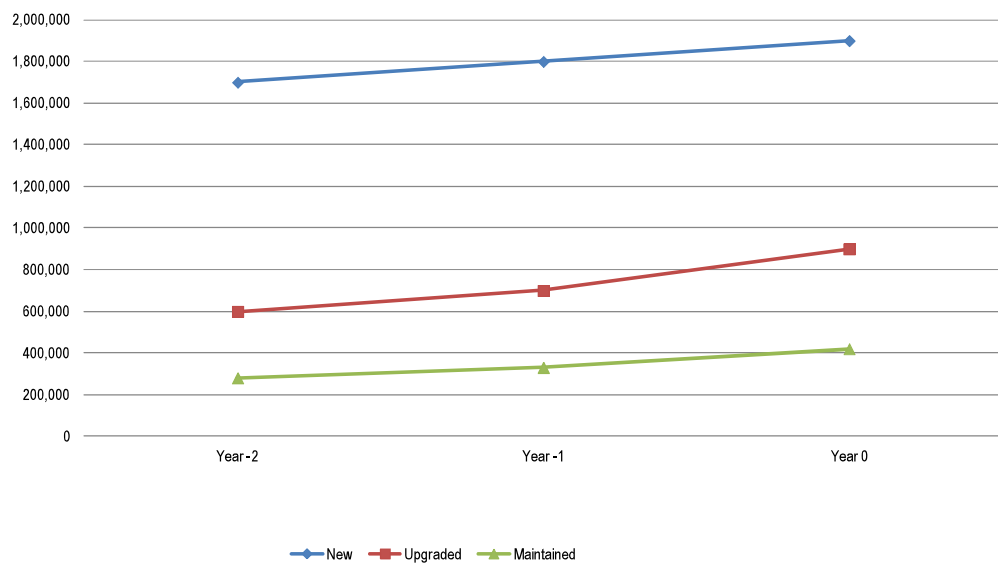
T 3.9.1

Chapter 3

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

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2	-	-	-	
Year -1	-	-	-	
Year 0	-	-	123	
				T 3.9.3

Stormwater infrastructure costs



T 3.9.4

Chapter 3

[illegible]

Chapter 3

Employees: Storm-water Services					
Job Level	Year – 2023/2024	Year – 2024/2025		Employees	Vacancies (fulltime equivalents)
	Employees	Posts			Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T 3.9.6					

Financial Performance Year 0: Stormwater Services					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 294	7 192	7 192	7 192	0%
Expenditure:					
Employees	452	498	498	498	0%
Repairs and Maintenance	-	-	-	-	
Other	9 842	6 694	6 694	6 694	0%
Total Operational Expenditure	10 294	7 192	7 192	7 192	0%
Net Operational Expenditure	-	-	-	-	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.9.7

Chapter 3

R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

No singular storm water project was implemented during the financial year. The Stormwater forms part of the road infrastructure provided above. No pipe culverts were procured for the maintenance of roads to reduce erosion and damage of the access roads. Storm-water drainage was maintained in the urban area and for all rural access roads projects that were maintained. EPWP employees were utilized to do storm-water maintenance as part of poverty alleviation program. Due to the terrain, overflowing sewer and high underground water table result to frequent storm-water management system blockages. SMMEs were also utilised in construction of new storm-water drainage.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Delete Directive note once comment is completed - Provide brief overview of the opportunities and challenges in the fields of economic development and physical planning field for your municipality.

T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The Spatial Planning Section situated under Integrated Planning and Economic Development Department. Spatial Planning is tasked with facilitating the development of forward looking and progressive plans with the objective of planning for the future and providing guidance to the development community, both internal and external on the intentions of the Dr AB Xuma Local Municipality in relation to land development. The section has achieved in ensuring that the municipality complies with the relevant legislations such as SPLUMA Act of 2014 and the National Building Regulation Act. The municipality has managed to gazette the SPLUMA Bylaw and has developed policies to guide land management and development in town. However, the section is facing a challenge of resistance of communities to the bylaws and the municipal policies. The land claims and land invasions are also a major challenge in the municipality as they hinder development of the town.

The Spatial Planning section, in its role as part of a strategic team in the Department, plays the following key functions:

- ☐ Land Use Management and Development Control
- ☐ Geographic Information Systems
- ☐ Enforcement, in relation to development planning transgressions

In the recent years, the section has been involved and assisted in the following projects:

1. The formulation of spatial planning plans which include but not limited to the following: -

- Review of the Dr AB Xuma municipal Broad Spatial Development Framework
- Development of Nkondlo Rural Node Local Spatial Development Framework
- Development of Mqonci and Mjanyana Local Spatial Development Framework
- Development of Engcobo Town Urban Design Framework
- Subdivision of municipal land
- Mapping or Surveying of Bulk services
- Township establishment (Extension 7)

2. Other projects that the section is currently busy with include the following: -

- Small town revitalization program

3. In support of fulfilling the mandate of the section in ensuring that integration of land use within the Municipal area is achieved. The section also plays a significant role in the development of land use policies which include: -

- Wall to Wall land use scheme
- Land invasion bylaw

In addition, the section's day to day work also includes but not limited to the following: -

- ☐ Office walk-in Public Consultations
- ☐ Issuing of Zoning Certificates

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- ☐ Pre-scrutiny of land use applications (to ensure that applications are complete and information submitted is in order before an application is submitted with an intention of improving turnaround time for development applications)
- ☐ Meetings with attorneys where legal action has been instituted
- ☐ Comments on lease of municipal Land
- ☐ Comments on applications for encroachment into municipal land and/ or road reserve boundaries
- ☐ Comments on applications for business licenses
- ☐ Approving of development applications through the Spatial Planning Land Use Management Act, 2016 (Act No.16 of 2013) Joint-Municipal Planning Tribunal.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		built	
	Year -1	Year 0	Year -1	Year 0	Year 1	Year 0
Planning application received	0	0	0	0	2	1
Determination made in year of receipt	0	0	0	0	2	1
Determination made in following year	0	0	0	0	2	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

Chapter 3

[illegible]

Chapter 3

Employees: Planning Services					
Job Level	Year - 2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12	1	1	1	1	100%
13 - 15	1	1	1	1	100%
16 - 18					
19 - 20					
Total	2	2	2	2	100%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4					

Financial Performance Year 0: Planning Services					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	760	1010	1010	1010	0%
Expenditure:					
Employees	723	719	719	719	0%
Repairs and Maintenance	-	-	-	-	
Other	37	291	291	291	0%
Total Operational Expenditure	760	1 010	1 010	1 010	0%
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.10.5

Chapter 3

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		
Project B	-	-	-		
Project C	-	-	-		
Project D	-	-	-		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

GEOGRAPHIC INFORMATION SYSTEM

Geographic Information System is a critical tool that supports a number of municipal legislative requirements contained in the Municipal Systems Act (No. 32 of 2000), the Municipal Structures Act (No. 117 of 1998), the Spatial Data Infrastructure Act (No. 54 of 2003), the Promotion of Access to information Act (No. 2 of 2000) and the Property Rates Act (No. 6 of 2004).

A geographic information system (GIS) is a system that creates, manages, analyses, and maps all types of data. GIS connects data to a map, integrating location data (where things are) with all types of descriptive information (what things are like there). This provides a foundation for mapping and analysis that is used in science and almost every industry. GIS helps users understand patterns, relationships, and geographic context. The benefits include improved communication and efficiency as well as better management and decision making.

The municipality has a GIS system and is providing support to departments such as Technical Services, community services and assets section. The municipality has the following GIS data:

- Municipal properties and privately owned properties
- Cadastral data
- Statistic data
- Wards and sub places data
- Land use data and zoning
- SDF data
- LSDF data
- Data for municipal projects

Chapter 3

Challenges:

The Planning and Development challenges of Dr AB Xuma LM are as follow:

- Land invasion on municipal land
- Land encroachments on municipal land]
- Land claims
- Community resistance to By-laws and policies
- Inadequate bulk services (water and sewer)
- Congested CBD
- Neglected buildings in town
- Non functionality of GIS systems and programs

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The strategic objective of DR AB Xuma Local Municipality is to enhance inclusive economic development focusing on Agriculture, SMME's, Tourism & Heritage sectors, thereby creating an enabling environment for enterprise development, job creation and poverty alleviation.

The municipality is implementing LED programs and development initiatives set out on the Integrated Development Plan. The strategy contained herein is based on an Integrated Strategic Planning Model and is an outcome of a rigorous socio-economic review and a robust stakeholder participatory process. The municipality has implemented a number of Local Economic Development initiatives to ensure sustainable local economic growth with the following departments DEDEAT, DRDAR, DSBD, OTP and in consultation with stakeholders such as Business Forum, LTO, Farmers Association, etc.

DR AB Xuma Local municipality has various service delivery initiatives to improve access to economic opportunities. The initiatives implemented are intended to provide support to Tourism sector, SMME's, and Farmers

Amongst various initiatives implemented by the department, it includes, but not limited to the following:

1. Funding and support of SMMEs
2. Capacity building for SMMEs
3. Funding and support for agricultural initiatives.
4. Profiling and Marketing of Tourism and Heritage sites

The municipality plans to improve the general socio-economic status of the town, by creating a conducive environment for economic growth, through infrastructure development and investment attraction.

T 3.11.1

Chapter 3

Economic Activity by Sector			
Sector	2022/2023	2023/2024	2024/2025
Agric, forestry and fishing	28	12	38
Mining and quarrying	112	112	84
Manufacturing	12	12	13
Wholesale and retail trade	1018	969	810
Finance, property, etc.	113	98	138
Govt, community and social services	584	5464	6072
Infrastructure services	141	95	236
Total	2008	6762	7391
T 3.11.2			

Economic Employment by Sector			
Sector	2022/2023	2023/2024	Jobs
			2024/2025
Agric, forestry and fishing	27	72	37
Mining and quarrying	112	112	84
Manufacturing	82	72	27
Wholesale and retail trade	1 017	968	810
Finance, property, etc.	113	98	137
Govt, community and social services	5 848	5 463	6 072
Infrastructure services	140	95	236
Total	7339	6880	7403
T 3.11.3			

COMMENT ON LOCAL JOB OPPORTUNITIES:

Government strategies and interventions like Small Town Revitalisation projects such Extension 11 subsidy housing development, Msawawa Bypass road and retail sector impacted positively on the local economy.

The municipality noted investment made by the private sector through hospitality and retail sector, which led to temporary and permanent job opportunities.

T 3.11.4

Chapter 3

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2022/2023	250	5,00	255,00	Register/Timesheet/Appointment Letters
2023/2024	270	20,00	290,00	Register/Timesheet/Appointment Letters
2024/2025	253	17,00	270,00	Register
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
T 3.11.5				

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2022/2023	50	2 900
2023/2024	66	4 500
2024/2025	175	954
* - Extended Public Works Programme		T 3.11.6

Chapter 3

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives <									

T 3.11.7

Chapter 3

Chapter 3

Employees: Local Economic Development Services					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	1	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	4	4	4	0	0%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	6	6	7	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8					

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	953	1 227	1 227	1 227	0%
Expenditure:					
Employees	553	827	827	827	0%
Repairs and Maintenance		-	-	-	
Other	400	400	400	400	0%
Total Operational Expenditure	953	1 227	1 227	1 227	0%
Net Operational Expenditure	0	0	0	0	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.11.9

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1230	1380	1522	19%	

Chapter 3

Ewes	500	600	592	16%	280
Support with maize wards 2 - 20	500	650	650	23%	150
Poultry support (alert the royal, ezamajalamba, mbokodo projects)	80	130	130	38%	320
Support with inputs and mechanisation (isolomzi co-opp)	150	0	150	0%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.11.10</i>

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

DR AB Xuma Local Municipality working towards its vision of flourishing municipality has upheld a positive growth trajectory in local economy in sectors like Agriculture, SMME's and Tourism; the partnership with private sector and government department on service delivery capacity building agenda has impacted positively on agricultural and SMME development.

The municipality has adopted an approach of strengthening relations with private sector participating on development forums and organisation like local Business forum, Farmers association, Local Tourism Organisation and other development trusts or forum with the purpose of local economic development. The new initiatives that the municipality has embarked on specifically program of EWES and support of SPAZA shops have demonstrated positive outcomes and are set to bring economic spin-offs to the upcoming years.

Municipal LED projects were as follows:

1. The municipality has managed to plough 267ha out of planned 294ha.
2. Support provided for crop production for the emerging farmers
3. Support of Spaza shops
4. Livestock improvement through provision of EWEs to wool growers Farmers
5. Conducted horse racing event Ubuntu Bethu festival for annual heritage month

CONCLUSION

Dr AB XUMA LED STRATEGY recognised that its LED strategy was outdated, prompting the department to seek assistance from SALGA for a review. As one of the selected municipalities, Dr AB Xuma municipality will receive support from COGTA in this process. The department is currently awaiting the appointment of a service provider, and a task team has been established to collaborate closely with them throughout the review.

T 3.11.11

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Libraries promote and provide Early Childhood Development programmes and the Joyful Reading initiative, where children from a very young age are encouraged to love books and to read. Programmes are held for caregivers on the importance of play in children's lives

The Municipality has five operating Libraries responsible for the provision of Library and Information Services that are aimed at promoting leisure reading, lifelong learning, and eradicating illiteracy rates in Ngcobo. Library for the blind has been operating which helps in improving literacy for the blind and outreach are held regularly. During the year under review a grant amount of R1,2 000.000 was received for library operations and events from DSRAC. Events such as National Library Week, National Book Week & World Play Day, some in partnership with the Department of Sport, Art & Recreation (DSRAC), are celebrated and seek to promote and encourage the usage and love of libraries and the importance of libraries to all members of all communities.

T 3.52

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

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

The Municipality has five operating Libraries responsible for the provision of Library and Information Services that are aimed at promoting leisure reading, lifelong learning, and eradicating illiteracy rates in Ngcobo. Library for the blind has been operating which helps in improving literacy for the blind and outreach are held regularly. During the year under review a grant amount of R1,2 000.000 was received for library operations and events from DSRAC. Events such as National Library Week, National Book Week & World Play Day, some in partnership with the Department of Sport, Art & Recreation (DSRAC), are celebrated and seek to promote and encourage the usage and love of libraries and the importance of libraries to all members of all communities.

T3.12.1

Chapter 3

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

BOOKS

QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
2 847	2 201	2 702	4 536	12 786

WALK INS

QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
3 681	3 152	3 032	4 823	15 778

T 3.12.2

Chapter 3

[illegible]

Chapter 3

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

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

T 3.12.4

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 709	2 336	2 336	2 336	0%
Expenditure:					
Employees	1 009	1 096	1 096	1 096	0%
Repairs and Maintenance		-	-	-	
Other	700	1 240	1 240	1 240	0%
Total Operational Expenditure	1 709	2336	2336	2336	0%
Net Operational Expenditure	-	0	0	0	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Chapter 3

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		-
Project B	-	-	-		-
Project C	-	-	-		-
Project D	-	-	-		-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.12.6

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

Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM runs them on an agency basis. To give effect to this arrangement a Service Level Agreement was signed with the provincial government who is subsidizing the services to the tune of R12000 000. The library grant only contributes towards the implementation of library activities. There is a need for introduction of modular libraries that will assist in wards that still do not have library facilities.

T 3.12.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The Municipality has one operational cemetery site which follows all the necessary guidelines for burial, the site has almost reached its full capacity in terms of burial space, however the spatial planning department is currently in the process of identifying land for the establishment of a new crematory.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

During the year under review the Municipality has sold 13 grave spaces that were requested for burial.

T 3.13.2

Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators									
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.13.3									

T 3.13.3

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	1	1	1	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.13.4					

Financial Performance Year 0: Cemeteries and Crematoriums					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.13.5

Chapter 3

Capital Expenditure Year 0: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.13.6

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

The state of municipal cemetery was not a pleasing one for previous years and the year under review especially considering that the current cemetery is almost running out of burial space. There is a need for rehabilitation of the existing site through beautification and establishment of walkways and ablution facilities.

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

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

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

T 3.14.2

Chapter 3

[illegible]

Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	#DIV/0!
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	3	3	3	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.14.4					

Financial Performance Year 0: Child Care; Aged Care; Social Programmes					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:	-	-	-	-	
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.14.5

Chapter 3

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	-	-	-	-	
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.14.6

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

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

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Although the Municipality does not have a fully-fledged environmental management unit, however it does perform environmental management programs such as clearing of alien invasive species, greening and clearing of illegal dumping hot spots. These programs are all aimed at improving the environmental outlook of Ngcobo focusing more in around the CBD.

T 3.14

Chapter 3

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The Municipality does not have an Air Quality Management Plan and air pollution bylaws in place and will have to consider developing these to primarily comply with the Air Quality Act, of 2004 as well as to ensure regular monitoring and management of air pollution from various sources such carbon monoxide, methane gas and brick manufacturing. One of the standing programs is clearing of illegally dumped waste next to or near rivers, streams, ditches and wetlands. Some of the wastes that gets removed includes used baby nappies, discarded household chemicals, lithium batteries, light bulbs etc. In our landfill site, burning of waste is strictly prohibited in order to prevent possible air pollution by contaminants from burning waste. Another control is prohibition and monitoring of incoming waste into landfills to ensure that no hazardous waste and health care risk waste is accepted as these elevate levels of ground/surface and underground water pollution.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

T 3.15.2

Chapter 3

Pollution Control Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Water and air purity	Water: x% of all readings taken throughout the year on at least weekly to be found acceptable (clean) by National Standards	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
	Air: x% of all readings taken throughout the year on at least weekly to be found acceptable by National standard	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * Previous Year refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round. *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by									

T 3.15

Chapter 3

Employees: Pollution Control					
Job Level	Year -2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!

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

Financial Performance Year 0: Pollution Control					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Total Operational Expenditure	-	-	-	-	-
Net Operational Expenditure	-	-	-	-	-

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.15.5

Capital Expenditure Year 0: Pollution Control					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.15.6

Chapter 3

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

Environmental pollution continues to be a challenge for the Municipality, however there are remarkable strides that were made to curb this challenge through implementation of waste management projects that are focusing on eradication of illegal dumping sites. One of the major efficiencies undertaken by the Municipality was the development of some public open spaces that used to be illegal dumping sites into mini-parks, this has helped to reduce land pollution, and introduction of Skip bins in hotspot areas has also helped reduce the number of illegal dumps quite significantly.

T 3.15.7

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The Municipality does perform some bio-diversity functions at a minimal scale, the functions include removal of alien invasive plants and plantation of indigenous Trees. Public open spaces are also maintained through an EPWP team that performs grass cutting, beautification and landscaping of town entrances.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

T 3.16.2

Chapter 3

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by									
T 3.16.3									

Chapter 3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -2021/22	Year - 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!

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

T 3.16.4

Financial Performance Year 0: Bio-Diversity; Landscape and Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.16.5

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	

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

T 3.16.6

Chapter 3

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Biodiversity management is currently performed by DEDEAT, though the Municipality does perform some biodiversity functions at a small scale due to limited capacity. It is however in the future plans of the Municipality to perform these functions so as to be able to protect the environment and ensure that indigenous forests are preserved for the benefit of present and future generations.

T 3.16.7

COMPONENT F: HEALTH

INTRODUCTION TO HEALTH

Note: Recent legislation includes the National Health Act 2004.

In terms of powers and functions, Environmental Health Services is a function of the CHDM while Primary Health Care services lies with the department of health. The Municipality's responsibilities regarding Municipal Health Services in its area of jurisdiction are issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, enforcement of Municipal related by-laws and National regulations as well as other issues which may affect public health.

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

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

T 3.17.1

Service Data for Clinics					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Average number of Patient visits on an average day				
2	Total Medical Staff available on an average day				
3	Average Patient waiting time	mins	mins	mins	mins
4	Number of HIV/AIDS tests undertaken in the year				
5	Number of tests in 4 above that proved positive				
6	Number of children that are immunised at under 1 year of age				
7	Child immunisation s above compared with the child population under 1 year of age	%	%	%	%
T 3 17 2					

T 3.17.2

Chapter 3

Concerning T 3.17.2

Delete Directive note once table is completed – Average patient waiting time and total medical staff availability on an average day are obtained but sampling staff and patients on different days at different times at regular intervals throughout the day.

T 3.17.2.1

Chapter 3

Clinics Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Proportion of population visiting public health clinics	% of children under 1 year that are immunised.	T0% immunised	A0% immunised	T1% immunised	T1% immunised	A1% immunised	T2% immunised	T5% immunised	T5% immunised
Proportion of population visiting public health clinics	% of those tested for HIV/AIDS that proved positive; (number of those tested)	T0% tested positive; (xxxxxxx tested)	A0% tested positive; (xxxxxx tested)	T1% tested positive; (xxxxxx tested)	T1% tested positive; (xxxxxx tested)	A1% tested positive; (xxxxxx tested)	T2% tested positive; (xxxxxx tested)	T5% tested positive; (xxxxxx tested)	T5% tested positive; (xxxxxx tested)
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * Previous Year refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round. *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.17.3									

Chapter 3

Employees: Clinics					
Job Level	Year - 2021/22	Year - 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.17.4					

Financial Performance Year 0: Clinics					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.17.5

Chapter 3

Capital Expenditure Year 0: Clinics					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.17.6

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

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

T 3.17.7

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

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

T 3.18.1

Chapter 3

Ambulance Service Data					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of patients taken to medical facilities during the year				
2	Average time from emergency call to arrival at the patient - in urban areas				
3	Average time from emergency call to arrival at the patient - in rural areas				
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas				
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas				
6	No. ambulance				
7	No. paramedics				
T 3.18.2					

Concerning T 3.18.2

Delete Directive note once table is completed –Average turnout and turn-round times are determined by logging the times taken from initial call to reaching an emergency incident and from initial call to the incident and then on to the medical facility and analyzing the record.

T 3.18.2.1

Chapter 3

[illegible]

Chapter 3

Employees: Ambulances					
Job Level	Year - 2021/22 Employees	Posts	Year - 2022/23		
			Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!

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

'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.18.4

Financial Performance Year 0: Ambulances					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.18.5

Chapter 3

Capital Expenditure Year 0: Ambulances					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.18.6

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

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

T 3.18.7

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

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

The Municipality is only responsible for issuing licenses to businesses who trade by selling food and to street traders. Health inspection of these businesses is the responsibility of the district municipality and there are Environmental Health services units with Environmental Health Officers deployed in each town. At the present moment there are no operating abattoirs in Ngcobo, and those who may want to establish abattoirs will be advised to apply for its operating license from the Department of Rural Development and Agrarian Reform (DRDAR) and Department Health.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc

T 3.19.2

Chapter 3

Chapter 3

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target	Actual		Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									

Chapter 3

Employees: Health Inspection and Etc					
Job Level	Year -2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	0	0	0	#DIV/0!

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

T 3.19.4

Financial Performance Year 0: Health Inspection and Etc					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.19.5

Chapter 3

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

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

T 3.19.7

COMPONENT G: SECURITY AND SAFETY

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

INTRODUCTION TO SECURITY & SAFETY

The municipality provide security and safety services through functional traffic and law enforcement unit, fire and rescue, disaster management unit and animal pound unit for control of stray animals for public safety and control of public nuisances.

T 3.20

3.20 POLICE

INTRODUCTION TO POLICE

The Municipality does not have municipal police as yet and policing function is still a competency of the SAPS. The form of policing for the purpose of security and safety is rendered through traffic and law enforcement services. Currently the municipality has 18 Traffic and Law Enforcement Officers.

Chapter 3

Traffic officers and wardens continuously conduct joint operations with SAPS. Law enforcement officers are responsible for maintaining law and order, protecting the public and preventing crime. They enforce Municipal bylaws also attending to joint operations where they work together with Environmental practitioners, immigration and relevant stakeholders where they check for compliance to street traders, food compliance.

T 3.20.1

+

Metropolitan Police Service Data					
	Details	2023/24 FY	2024/25 FY		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	4	8	2	11
2	Number of by-law infringements attended	15	20	14	20
3	Number of police officers in the field on an average day				
4	Number of police officers on duty on an average day				
T 3.20.2					

Concerning T 3.20.2

Delete Directive note once table is completed – the number of officers available is determined by sampling the number of officers in the field and in offices and stations on the same day, sampling different times of day and different days of the week throughout the year.

T 3.20.2.1

Chapter 3

Police Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Reduction in road accidents	x% reduction in road accidents over the target for the previous year	T0% reduction in year -1	A0% reduction in year -1	T1% reduction in year 0	T1% reduction in year 0	A1% reduction in year 0	T2% reduction in year 1	T5% reduction in year 3	T5% reduction in year 3
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.20									

Chapter 3

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

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

T 3.20.4

Financial Performance Year 0: Police					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Police Officers					
Other employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.20.5

Chapter 3

Capital Expenditure Year 0: Police					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:

The Municipality has a law enforcement section under community services department which is primarily responsible for implementation and enforcement of Municipal by-laws in and around the CBD. The plan is to establish a fully-fledged law enforcement unit so as to maintain law and order with specific emphases on the implementation of municipal by-laws

T 3.20.7

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The Municipality has a fire and rescue services section that is made up of seven fire freighters with one fire engine vehicle, the section is responsible to attend to all fire related incidents in all the 20 wards of Ngcobo. Fire fighters are available 24/7 through the provision of standby to ensure that all reported fire incidents are attended to promptly.

T 3.21.1

Metropolitan Fire Service Data					
	Details	2023/24 FY	2024/25		Year 2025/2026
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	24	30	21	28
2	Total of other incidents attended in the year	24			
3	Average turnout time - urban areas	5 minutes			
4	Average turnout time - rural areas	30-45 minute			
5	Fire fighters in post at year end	7			
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				

Chapter 3

T 3.21.2

Concerning T3.21.2

Delete Directive note once table is completed - Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analyzing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

Chapter 3

Fire Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Turnout time compared to National guidelines	% turn out within guidelines (total number of turn outs)	T0% within guidelines	A0% within guidelines or x if x is larger	T1% within guidelines or A0% if that is larger	70% within guidelines or A0% if that is larger	A1% within guidelines	75% within guidelines or A1 if that is larger; (xxxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxxx emergency turn outs in year)
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

Chapter 3

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	6	10	6	4	40%
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	6	10	6	4	40%

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

T 3.21.4

Financial Performance Year 0: Fire Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 759	13 493	13 493	13 493	0%
Expenditure:					
Fire fighters					
Other employees	9 156	12 899	12 899	12 899	0%
Repairs and Maintenance	-				
Other	603	594	594	594	0%
Total Operational Expenditure	9 759	13 493	13 493	13 493	0%
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Chapter 3

Capital Expenditure Year 0: Fire Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-		
Project B	-	-	-		
Project C	-	-	-		
Project D	-	-	-		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Shortage of fire engine vehicles still remains a challenge for the section, this compromises the effectiveness of the Municipality to deal with fire incidents in its area of jurisdiction. The current fire engine is not sufficient to service all the 20 wards of Ngcobo.

T 3.21.7

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

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

The Municipality through community service department has a responsibility of implementing stray animal control practices through impoundment of neglected stray animals, once impounded those stray animals are kept at Municipal pound. Impoundment of stray animals is conducted mainly the urban areas to prevent nuisance and any public hazard that may be triggered by stray animals. Release of these animals is done through public auctions if not claimed by rightful owners within 21 days of impoundment.

The Ngcobo precinct is an area prone to natural disasters that are climate change related, several disasters during the year under review were encountered resulting to distraction of properties from partial to total destroyed mainly in mountainous areas and engagements with the Department of Human Settlement are ongoing to seek their intervention. A disaster management office has been established which assist when there are disasters in the community and there is also disaster advisory forum which include all relevant stakeholder responsible for disaster management.

Chapter 3

The Municipality have a functioning licensing services which includes Driving License Testing Centre (DLTC). Vehicle Testing Station (VTS) is operating at slow pace due to shortage of Examiners.

T 3.22.1

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

During the year under review the Municipal Animal Pound impounded +- 300 stray animals with inclusive of Goats, Sheep, Horses and Cattle, the department has plans of procuring equipment's to capture stray dogs and pigs in the next financial year as they are still a huge challenge in our town. All Impounded animals were released by their rightful owners.

T 3.22.2

Chapter 3

[illegible]

Chapter 3

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	4	5	4	1	20%
7 - 9	0	0	0	0	#DIV/0!
10 - 12	6	6	6	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	10	11	10	1	9%

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

T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc

R'000

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.22.5

Chapter 3

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.22.6

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

Establishment of a Disaster management unit should be prioritized to improve the efficiency of the Municipality when responding to disasters, as it stands the Municipality has one disaster officer who is working with CHDM. Disaster support should also be increased as more disasters are forecasted due to the effects of climate change. The overall performance for control of stray animals is acceptable, despite operational challenges that includes animal pound not meeting minimum requirements. Routine patrols are performed every day and pound and animal welfare awareness are conducted on a quarterly basis.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The Municipality has had challenges when it comes to the provisions of public amenities (particularly sport fields and community halls) largely due vandalism and budgetary constraints.

T 3.23

Chapter 3

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

T 3.23.1

Chapter 3

[illegible]

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	1	1	1	0	0%

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

T 3.23.3

Financial Performance Year 0: Sport and Recreation					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	-	-	-	-	
Repairs and Maintenance	-	-	-	-	
Other	-	-	-	-	
Total Operational Expenditure	-	-	-	-	
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.23.4

Chapter 3

Capital Expenditure Year 0: Sport and Recreation					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

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

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

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

T 3.24

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

Chapter 3

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

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

Chapter 3

[illegible]

Chapter 3

Employees: The Executive and Council					
Job Level	Year -2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	30	30	30	0	0%
13 - 15	2	2	2	0	0%
16 - 18	7	7	7	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	39	39	39	0	0%

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

T 3.24.4

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	24 609	27 577	27 577	23 938	-15%
Expenditure:					
Employees	16 783	19 469	19 469	17 204	-13%
Repairs and Maintenance					
Other	7 826	8 108	8 108	6 734	-20%
Total Operational Expenditure	24 609	27 577	27 577	23 938	-15%
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.24.5

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	1 500	1 434	100%	
Vehicles		1 500	1 434	100%	1 434

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

T 3.24.6

Chapter 3

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

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

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The department is tasked with the provision of financial services in an accountable, effective and transparent manner. Strict measures are in place to protect the financial integrity of the municipality as well as to ensure compliance with the Municipal Finance Management Act, Act 56 of 2003 (MFMA). The following main services are rendered by the department (with an indication of main activities and/or achievements for the year):

Asset Management

Completion of full asset and condition verification.

The Asset Register Module of the Solar Financial System is fully implemented.

Financial Reporting

Financial Statements were finalised and submitted as required by relevant legislation for 2024/2025-financial years.

The Audit action plan was compiled and implemented. Budget tabled and approved in line with legislative deadlines.

Monthly and quarterly reports submitted in line with legislative deadlines. All financial/budget related policies were reviewed and approved.

Revenue Management, including billing and collection of municipal rates and service charges'.

T 3.25.1

Chapter 3

Details of the types of account raised and recovered	R' 000						
	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	9 594	71%	15 281	10 391	68%	9 594	71%
Refuse	1 190	79%	1 232	960.96	78%	1 190	79%
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							T 3.25.2

The collection is below the norm both on services and property rates.

T 3.25.2.1

Chapter 3

[illegible]

Chapter 3

Employees: Financial Services					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	16	17	16	0	0%
7 - 9	6	6	7	0	0%
10 - 12	8	10	8	2	20%
13 - 15	1	1	0	0	0%
16 - 18	3	3	3	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	34	37	34	3	5%

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

T 3.25.4

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	56 043	56 043	56 043	51 233	-9%
Expenditure:					
Employees	15 883	15 883	15 883	15 883	0%
Repairs and Maintenance	687	687	687	687	0%
Other	39 473	39 473	39 473	39 473	0%
Total Operational Expenditure	56 043	56 043	56 043	56 043	0%
Net Operational Expenditure	-	-	-	4 810	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		-	-	-	
Project A	-	-	-	-	-

Chapter 3

Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The department performed well. Debt collection targets were not met and will remain the focus area for the 2024/2025 financial year. Expenditure was kept within the budget and no over-expenditures were incurred.

The following areas will be prioritised during the next financial year:

Improved Revenue Management

1. Ongoing improvements in revenue management, including ongoing completeness of revenue reconciliations.
2. Collection rate of 94% targeted not achieved.
3. Reduction of outstanding government debt – various initiatives are underway.
4. Reduction in interim billings

Improved Expenditure Management

1. Ongoing implementation of cost containment measures in line with the National Treasury MFMA Circular 82 (Cost Containment Measures) as well as the new regulations on cost containment;
2. Compliance with Supply Chain Management turn-around time standards;
3. Improved Contract Management processes.

Improved Liquidity Management

Decreased cash & cash equivalent, measured through the liquidity ratio, cost coverage ratio and number of days' cash holdings.

Improved Governance

1. Top risks managed and mitigated via risk management process – updated Strategic and Operational Risk Registers to form the basis of risk management processes;
2. Ongoing GRAP compliance;
3. Further improvements to the Municipal Standard Chart of Accounts (mSCOA) compliance;
4. Increased Repair and Maintenance Budget (R & M) (increased allocations in the budget). T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

CORPORATE POLICY OFFICES AND OTHER SERVICES

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

Chapter 3

EXECUTIVE AND COUNCIL

This component includes: Executive office (Mayor; Councilors; and Municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCES

Internally, the functions within the Corporate Services department are aligned in terms of their own corporate roles and the overall role of Corporate Services. Corporate Affairs is primarily a support function, which plays a key role in ensuring that the Municipal core operations receive the required support. Human resources development, transformation, mobilization and the need to create a motivated, competent and effective workforce is the responsibility of all levels of organizational leadership and management. Dr AB Xuma Local Municipality will continue to develop the necessary institutional capacity and organizational culture required to mobilize the workforce towards the necessary performance levels. The Human Resources function is geared up in executing the necessary Human Resources processes, systems and policies that will ensure effective institutional development of Dr AB Xuma Local Municipality. The Corporate Services Department is also responsible for Support Services Function which range from Customer Care Services, Office Accommodation, Facilities Management, Office automation and Registry/Archives Management. The Support Services Function is in a position to support with the necessary levels of capacity, competence, technology and resources.

Key priorities in the year under review include:

- Policy development and review Organizational design
- Human Resource Development
- Employee Relations and Wellness
- Performance Management
- ICT Governance and Support Services
- Records Management and Auxiliary Services

SERVICE STATISTICS FOR HUMAN RESOURCES SERVICES APPOINTMENTS FROM JUNE 2024 - JULY 2025

Name of Post	Initials & Surname	Start Date	Status
VIP Protector to the MM	Ntuli ZS	01 st July 2024	Contract renewal

Chapter 3

VIP Protector to the MM	Cele SB	01 st July 2024	Contract renewal
Secretary to the Speaker	Komnye N	01 st November 2024	Promotion
Secretary to the MM	Memo L	02 nd May 2025	New Appointment
LED Clerk	Femela S	02 nd November 2024	New Appointment
VIP Protector for the Mayor	Luthuli EM	04 August 2024	New Appointment
Manager Mayoral	Kenqa K	01 st August 2024	New Appointment
General worker	Ndalasi NP	01 st July 2024	New Appointment
Law Enforcement Officer	Sishuba S	01 st April 2025	New Appointment
General Worker	Mtywashele N	01 st July 2024	New Appointment
General Worker	Mgidi E	01 st July 2024	New Appointment
General Worker	Nxeledala	01 st July 2024	New Appointment
Traffic Officer	Ntanjana MK	02 nd January 2025	New Appointment
Solid Waste Management Officer	Buyeweni Y	01 st October 2024	New Appointm
General Worker	Ndalasi	01 st July 2024	New Appointm
Traffic Officer	Tlokwana	02 nd December 2024	New Appointm
Reporting Officer	Mulaudzi N	01 st April 2025	New Appointm
Chief Finance Officer	Duntsu N	02 nd January 2025	New Appointm
Fleet Management Clerk	Manyelenyele R	01 st November 2024	New Appointm
Driver	Myataza A	01 st November 2024	New Appointm

Chapter 3

T 3.26.2

Chapter 3

[illegible]

Chapter 3

Employees: Human Resource Services					
Job Level	Year -2023/24	Year 2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	21	22	20	1	0%
4 - 6	3	3	3	0	0%
7 - 9	4	4	4	0	0%
10 - 12	4	4	4	0	0%
13 - 15	0	1	0	1	
16 - 18	0	0	0	0	
19 - 20	1	1	0	1	
Total	33	34	31	3	5%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4					

Financial Performance Year 0: Human Resource Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 952	6 050	6 050	6 050	0%
Expenditure:					
Employees	3 636	3 899	3 899	3 899	0%
Repairs and Maintenance	-	-	-	-	
Other	1 316	2 151	2 151	2 151	0%
Total Operational Expenditure	4 952	6 050	6 050	6 050	0%
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.26.5

Chapter 3

Capital Expenditure Year 0: Human Resource Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.26.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Human Resource Service has performed well in the year under review, all posts in the 2024/25 organizational structure have job descriptions and have been graded but we are still waiting for job evaluation results from the Provincial Audit Committee (PAC) for some of the posts in the Office of the Municipal Manager a Budget and Treasury Office. Community Services Department we have not yet started evaluation due to contractual issues between SALGA and Deliotte SALGA Eastern Cape is still under contrasting a master list for the Province

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

T 3.27.2

Chapter 3

[illegible]

Chapter 3

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

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

T3.27.4

Financial Performance Year 0: ICT Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 355	5 974	5 083	4 026	-48%
Expenditure:					
Employees	1 700	1 863	1 863	1 797	-4%
Repairs and Maintenance					
Other	2 655	4 111	3 220	2 229	-84%
Total Operational Expenditure	4 355	5 974	5 083	4 026	-48%
Net Operational Expenditure	-	-	-	-	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.27.5

Chapter 3

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
	-	-	-	-	-
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL: There were no largest capital projects	T3.27.7
---	---------

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES
<u>Delete Directive note once comment is completed</u> – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.
T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES
T 3.28.2

Chapter 3

[illegible]

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	2	2	2	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.28.4

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 583	2 712	2 712	2 712	0%
Expenditure:					
Employees	1 006	1 067	1 067	1 067	0%
Repairs and Maintenance	-	-	-	-	
Other	4 577	1 645	1 645	1 645	0%
Total Operational Expenditure	5 583	2 712	2 712	2 712	0%
Net Operational Expenditure	-	-	-	-	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.28.5

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services	
R' 000	
Capital Projects	Year 0

Chapter 3

	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-		
Project A	-	-	-	-	
Project B	-	-	-	-	
Project C	-	-	-	-	
Project D	-	-	-	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.28.6</i>

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

There was no budget allocated for capital projects

T 3.28.7

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

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

T 3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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

Chapter 3

[illegible]

Chapter 4

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

INTRODUCTION

The municipal transformation and organizational development is about planning and implementing strategies that will enhance the achievement of institutional goals and targets through building institutional capacity and resilience. Corporate Services Department is the heartbeat of Dr AB Xuma Local Municipality responsible for providing essential support services that enable the smooth operation of various municipal functions. This dynamic department oversees key areas such as human resources, finance, legal affairs, information technology, and administrative services. Through meticulous management and strategic planning, Corporate Services ensures that the municipality's resources are optimized to meet the needs of our community effectively

Key objectives

Human Resources Managements

Council Support

Information Technologies

Organizational overview

The institutional capability of Dr AB Xuma Local Municipality is informed by overall organizational functioning, the interventions of management to engage in organizational leadership, development and management of organizational systems and processes to promote effective operations and service delivery through optimum use of resources. It is intended to inform Dr AB Xuma Local Municipality's organizational strategy to enhance service delivery to key customers/stakeholders. Dr AB Xuma Local Municipality is represented by two components in terms of its organization and service delivery outcomes. These are the political structures represented by the politically elected councilors and the administrative structure represented by the Municipal Manager, the management team and municipality employees. The municipality's organizational structure enhances the interface between the council and its committees, governance committees and the administration as led by the Municipal manager.

Presentation of the organizational structure

The municipality has the following departments:

Municipal Managers Office

Infrastructure Department

Community Services

Planning & Development Budget and

Treasury Office Corporate Services

Organizational overview

The institutional capability of Dr AB Xuma Local Municipality is informed by overall organizational functioning, the interventions of management to engage in organizational leadership, development and management of organizational systems and processes to promote effective operations and service delivery through optimum use of resources. It is intended to inform Dr AB Xuma Local Municipality's organizational strategy to enhance service delivery to key customers/stakeholders. Dr AB Xuma Local Municipality is represented by two components in terms of its organization and service delivery

Chapter 4

outcomes. These are the political structures represented by the politically elected councilors and the administrative structure represented by the Municipal Manager, the management team and municipality employees. The municipality's organizational structure enhances the interface between the council and its committees, governance committees and the administration as led by the Municipal manager.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year - 1	Year- 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	0%
Waste Water (Sanitation)	0	0	0	0	0%
Electricity	1	3	1	1	0%
Waste Management	51	63	61	2	7%
Housing	2	2	2	0	0%
Waste Water (Storm water Drainage)	0	0	0	0	0%
Roads	25	25	25	0	7%
Transport	0	0	0	0	0%
Planning	2	2	2	0	0%
Local Economic Development	4	4	4	0	0%
Planning (Strategic & Regulatory)	3	3	3	0	0%
Local Economic Development					#DIV/0!
Community & Social Services	15	14	14	1	0%
Environmental Protection	0	0	0	0	
Health	0	0	0	0	0%
Security and Safety	8	8	8	0	0%
Sport and Recreation	2	2	2	0	0%
Corporate Policy Offices and Other	88	122	107	15	3%
Totals	202	249	230	18	2%

Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	4	0	10,00
Other S57 Managers (Finance posts)	0	0	33,33
Police officers	12	0	25,00
Fire fighters	6	1	15,00
Senior management: Levels 13-15 (excluding Finance Posts)	17	1	20,00
Senior management: Levels 13-15 (Finance posts)	4	0	33,33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	42	2	22,86
Highly skilled supervision: levels 9-12 (Finance posts)	8	0	12,50
Total	95	5	20,66
<i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>			T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	208	8	4%
Year -1	219	11	5%
Year 0	230	14	6%
<i>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</i>			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The vacancies are due to termination of services of the incumbents for various reasons (End of Contract, retirement, resignation & death). The municipality has a number of employees who left the municipality due to resignation. There were five (5) resignations there has been a decrease compared to nine (9) resignations in the previous year.

The Turnover rate is not high comparatively in the Local government sphere looking at the turnover rate in Local government generally, the turnover rate is due to natural attrition and personal growth. The stability of the political environment and employee benefits such as bursary opportunities are the measures that attract potential employees and are able to retain the existing competent staff. The

Chapter 4

filling of senior manager positions is conducted with the guidance of local government regulations on appointment and conditions of employment for senior managers.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Council has developed and adopted policies and procedures, that are meant to ensure effective and efficient operations. These include areas of Recruitment, Employee wellness, Health and Safety Capacity building programmes, Labour Relations and Code of Conduct. In order to ensure that employees are empowered with knowledge on the aforementioned areas, there are structures that are formed which include representatives from employees, whose objective is to ensure sufficient dissemination of information to all levels of employees. These structures also assist as conveyor belt of employee expectations to management

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention		Yes	28 May 2024
3	Code of Conduct for employees		Yes	28 May 2024
4	Delegations, Authorisation & Responsibility		Yes	28 May 2024
5	Disciplinary Code and Procedures		Yes	28 May 2024
6	Essential Services			
7	Employee Assistance / Wellness		Yes	28 May 2024
8	Employment Equity		Yes	28 May 2024
9	Exit Management			
10	Grievance Procedures			
11	HIV/Aids		Yes	28 May 2024
12	Human Resource and Development		Yes	28 May 2024
13	Information Technology		Yes	28 May 2024
14	Job Evaluation		Yes	28 May 2024
15	Leave		Yes	28 May 2024

Chapter 4

16	Occupational Health and Safety		Yes	28 May 2024
17	Official Housing		Yes	28 May 2024
18	Official Journeys		Yes	
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime		Yes	28 May 2024
21	Acting Policy		Yes	28 May 2024
22	Night Work and Shift Allowance		Yes	28 May 2024
23	Performance Management and Development		Yes	28 May 2024
24	Recruitment, Selection and Appointments		Yes	28 May 2024
25	Remuneration Scales and Allowances			
26	Induction Training and Staff Orientation		Yes	28 May 2024
27	Sexual Harassment			
28	Community Bursary Policy		Yes	28 May 2024
29	Smoking		Yes	28 May 2024
30	Standby Policy		Yes	28 May 2024
31	Integrated Telephone Usage & Cell phone Policy		Yes	28 May 2024
32	Human Resource and Development		Yes	28 May 2024
33	Records Management Policy		Yes	28 May 2024
34	Bereavement Policy		Yes	28 May 2024

Chapter 4

35	EPWP Policy		Yes	28 May 2024
36	Bursary Policy and other forms of Financial Assistance		Yes	28 May 2024
37	Internship Policy		Yes	28 May 2024
38	Private Work and Declaration of Interest Policy		Yes	28 May 2024
39	Sport and Recreation Policy		Yes	28 May 2024
40	Human Resource Plan		Yes	28 May 2024
41	Successive Employment Equity Plan			
42	Succession Plan and Career Pathing			
43	Termination of Services		Yes	28 May 2024
44	Dress Code		Yes	28 May 2024
42	Work Attendance		Yes	28 May 2024
43	Scarce Skills		Yes	28 May 2024
44	Substance Abuse		Yes	28 May 2024
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

Finance Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Asset Management Policy		Yes	28 May 2024
2	Property Rates		Yes	28 May 2024

Chapter 4

3	Indigent		Yes	28 May 2024
4	Cash and Investment Management		Yes	28 May 2024
5	Credit Control and Debt Collection		Yes	28 May 2024
6	Delegation of Authority		Yes	28 May 2024
7	Expenditure		Yes	28 May 2024
8	Fraud Management Procedure		Yes	28 May 2024
9	Fraud		Yes	28 May 2024
10	Investment Management Procedure		Yes	28 May 2024
11	Risk Management ‘		Yes	28 May 2024
12	Risk Management Procedure		Yes	28 May 2024
13	Subsequent Events		Yes	28 May 2024
14	Subsequent events Procedure		Yes	28 May 2024
15	Water and Sanitation Accounting Procedure		Yes	28 May 2024
16.	Fleet & Management policy		Yes	28 May 2024
17.	Bad debt		Yes	28 May 2024
18.	Property rates		Yes	28 May 2024
19	Virement		Yes	28 May 2024

IPED POLICIES

Chapter 4

NO		Completed	Reviewed	Date adopted by council or comment on failure to adopt
1.	Trading Policy		Yes	28 May 2024
2.	SMMES Policy		Yes	28 May 2024
3.	Local Tourism Policy		Yes	28 May 2024
4.	Tractor Policy		Yes	28 May 2024
5.	Funding policy		Yes	28 May 2024
6.	Street trading		Yes	28 May 2024
7.	Business license		Yes	28 May 2024

GOOD GOVERNANCE POLICIES

NO.		Completed	Reviewed	Date adopted by council or comment on failure to adopt
1.	Audit committee charter		Yes	28 May 2024
2.	MPAC charter		Yes	28 May 2024
3.	Risk management strategy		Yes	28 May 2024
4.	Risk Management Policy		Yes	28 May 2024
5.	Anti-fraud management policy		Yes	28 May 2024
6.	Communication policy		Yes	28 May 2024
7.	Public participation Policy		Yes	28 May 2024

Chapter 4

8	SPU policy		Yes	28 May 2024
9.	Moral Regeneration movement policy		Yes	28 May 2024
10.	Monitoring & Evaluation policy		Yes	28 May 2024
11.	IGR framework		Yes	28 May 2024
12.	Monitoring and Evaluation framework		Yes	New
13.	PMS Policy			New

COMMUNITY SERVICES POLICIES

NO		Completed	Reviewed	Date adopted by council or comment on failure to adopt
1.	Relation g to Public Space Policy		Yes	28 May 2024
2.	Prevention of Nuisance Policy		Yes	28 May 2024
3.	Liquor trading hours Policy		Yes	28 May 2024
4.	Cemetery Policy		Yes	28 May 2024
5.	Destitute policy		Yes	28 May 2024
6.	Disaster Management Policy		Yes	28 May 2024
7.	Fire Arm Policy		Yes	28 May 2024
8.	Impoundment of Animals		Yes	28 May 2024

Chapter 4

9.	Library and information Service Policy		Yes	28 May 2024
10.	Pound Policy		Yes	28 May 2024
11.	Taxi Rank Policy		Yes	28 May 2024
12.	Traffic Policy		Yes	28 May 2024
13.	Vehicle Impoundment		Yes	28 May 2024
14.	Waste Management		Yes	28 May 2024
15.	Prevention of Nuisance			New

TECHNICAL SERVICES POLICIES

NO		Completed	Reviewed	Date adopted by council or comment on failure to adopt
1.	Building and Control Policy		Yes	28 May 2024
2.	Building Regulations		Yes	28 May 2024
3.	Construction Regulation		Yes	28 May 2024
4.	EPWP Policy		Yes	28 May 2024
5.	Project Management Policy		Yes	28 May 2024
6.	Infrastructure maintenance Policy		Yes	28 May 2024
7.	Beneficiary allocation Policy			New

Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All existing policies and plans have been reviewed and adopted by Council and were implemented in the year under review. HR policies which were adopted by Council on 28 May 2024. All Departments have developed policies that relate to their Key Performance Areas. The municipality has adopted a total of One hundred and two (102) institutional policies with HR policies inclusive.

All employees are inducted on policies and are also part of the policy development process. T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty

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

T 4.3.1

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

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0,00	
Skilled (Levels 3-5)	218		18	82	2,66	
Highly skilled production (levels 6-8)	224		24	78	2,87	
Highly skilled supervision (levels 9-12)	274		30	36	7,61	
Senior management (Levels 13-15)	85		13	21	4,05	
MM and S57	17		2	6	0,08	
Total	818		87	223	17,27	0

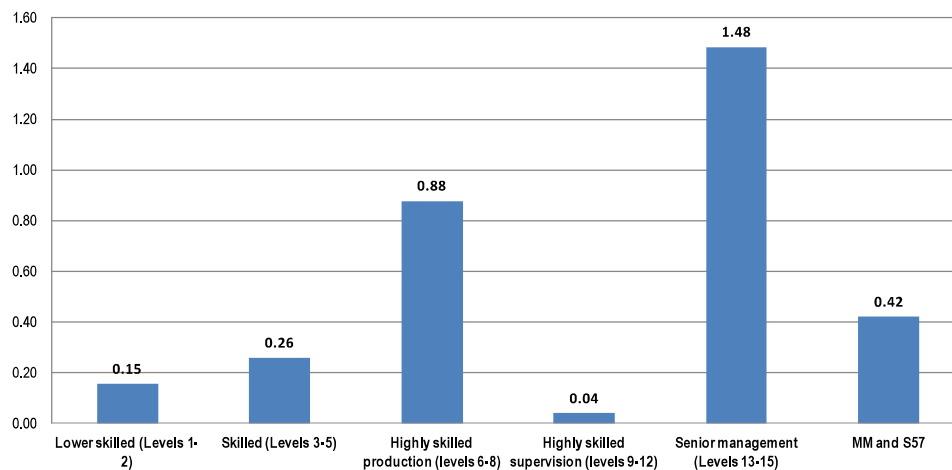
* - Number of employees in post at the beginning of the year

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

T 4.3.2

Chapter 4

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

The municipality has a functional Employee wellness unit whose main responsibility is to look at various types of issues that affect employee wellness. The unit also looks into the Occupational Health and Safety of the employees.

The municipality views the issue of sick leave in a very serious light, as in some cases there may be underlying causes, which may need the involvement of the wellness unit. In cases where a long period of sick leave is recommended by a private doctor, the municipality also engages its own doctor for a second opinion.

In cases of injuries occurring in the workplace, reports are compiled and submitted to the Department of Employment and Labour and copies of such are kept in the municipality.

The municipality has a functional Health and Safety Committee, with SHE Reps in place as is provided for by the Occupational Health and Safety Act (OHSA). The unit periodically holds health and safety awareness campaigns so as to educate employees on the importance of observing and complying with health and safety in the workplace.

T 4.3.4

Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Facilities Coordinator		04-Apr-23	Employee put on suspension and case commenced but has to start all over again as employer rep passed on	Not yet finalised
PMU Manager	Financial Misconduct	25-May-24	Employee put on suspension matter commenced but was postponed due to request by parties	Resigned
Law Enforcement Officer	Insolence, Gross insubordination and Intimidation	27-May-24	Employee on suspension matter commenced and was postponed rep requiring further information	Dismissed
Agricultural Officer	Gross Dishonesty and Fraud	Feb-24	Employee put on suspension disciplinary hearing took place an employee dismissed	Dismissed

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Facilities Coordinator		Employee put on suspension and case commenced but has to start all over again as employer rep passed on	Not yet finalised
PMU Manager	Financial Misconduct	Employee put on suspension matter commenced but was postponed due to request by parties	Resigned
Agricultural Officer	Gross Dishonesty and Fraud - R67 000,00	Employee put on suspension disciplinary hearing took place and employee dismissed	16-Aug-24

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

As much as the municipality strives to ensure that all disciplinary actions taken against its employees are concluded within the regulated period, there are situations that are beyond its control, such as the accused employees exercising their rights and delay the process.

T 4.3.7

Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	20	9		45%
	Male	30	12		
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total		50	21		
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

Delete Directive note once comment is completed – Comment as appropriate.

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality developed and adopted its IDP, with specific objectives and targets. Some of the objectives are new regulated by legislation and require certain skills and knowledge. In order to achieve this, the municipality developed a Workplace Skills Plan (WSP) that is informed by the objectives is contained in the IDP. A WSP implementation plan was also developed so as to ensure logical implementation of the capacity programs as planned. As much as the municipality has set aside budget for skills development as per the Skills Development Act, it is not always possible to entirely achieve this objective as the budget may not be sufficient. The municipality has also applied for discretionary grants from the LGSETA, for specific training programmes so as to top up its own budget for skills development.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	2	0	0	1	1	1	2	0	0	1	0	0	4
	Male	4	0	0	2	2	2	3	0	0	2	2	0	7
Councillors, senior officials and managers	Female	24	2	2	10	9	9	15	0	0	0	11	11	16
	Male	28	11	9	15	10	10	15	4	4	4	21	19	18
Technicians and associate professionals*	Female	14	6	5	8	8	7	8	3	2	4	14	11	8
	Male	10	4	3	11	8	6	9	0	0	0	12	9	20
Professionals	Female	1	7	6	10	12	12	15	3	4	5	21	22	25
	Male	0	4	3	5	14	12	16	0	0	3	16	15	24
Sub total	Female	41	13	13	29	29	29	40		6	10		44	53
	Male	42	19	15	33	63	30	43		4	9		43	69
Total		166	66	56	124	156	118	166	10	20	38	97	174	244

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

T 4.5.1

Chapter 4

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	4	4	4
Any other financial officials	30	0	30	30	0	30
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	37	0	37	37	7	37

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year No.	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female									
	Male									
Legislators, senior officials and managers	Female	2					116	116	116	116
	Male	7					406	406	406	406
Professionals	Female	1					8	8	8	8
	Male	0								
Technicians and associate professionals	Female									
	Male									
Clerks	Female	2					38	38	38	38
	Male	2					105	105	105	105
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female	3			174	174			174	174
	Male	0								
Sub total	Female	5			162	162			162	162
	Male	9			511	511	511		1022	511
Total		14	0	0	673	847	1184	673	1857	1520
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*R	
T4.5.3										

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

Chapter 4

The municipality has developed and adopted a Workplace Skills Plan (WSP) for the year under review. The WSP identifies priority training programmes that are aimed at realising the municipality's development objectives are contained in its Integrated Development Plan (IDP). Training and capacity building programmes are informed by the objective in the IDP.

The municipality on annual basis in line with the Skills Development Act, sets aside money for capacity building programmes. The budget has always been sufficient for the training on each particular financial year. As much as the funding is intended to capacitate all employees, there are instances where focus needs to be on a particular category of employee. This mostly relates to employees whose functions are regulated by legislation. This is to ensure that employees are abreast with latest developments in their fields of operation

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality strives to be in compliance with the National Treasury norm in terms of workforce expenditure, this is done through implementation of cost cutting measures in employee costs. these include eradication of payment of allowances for functions that if not performed will not have a significant impact, or use available municipal resources than paying an allowance. t

The municipality also applies strict controls in terms of overtime.

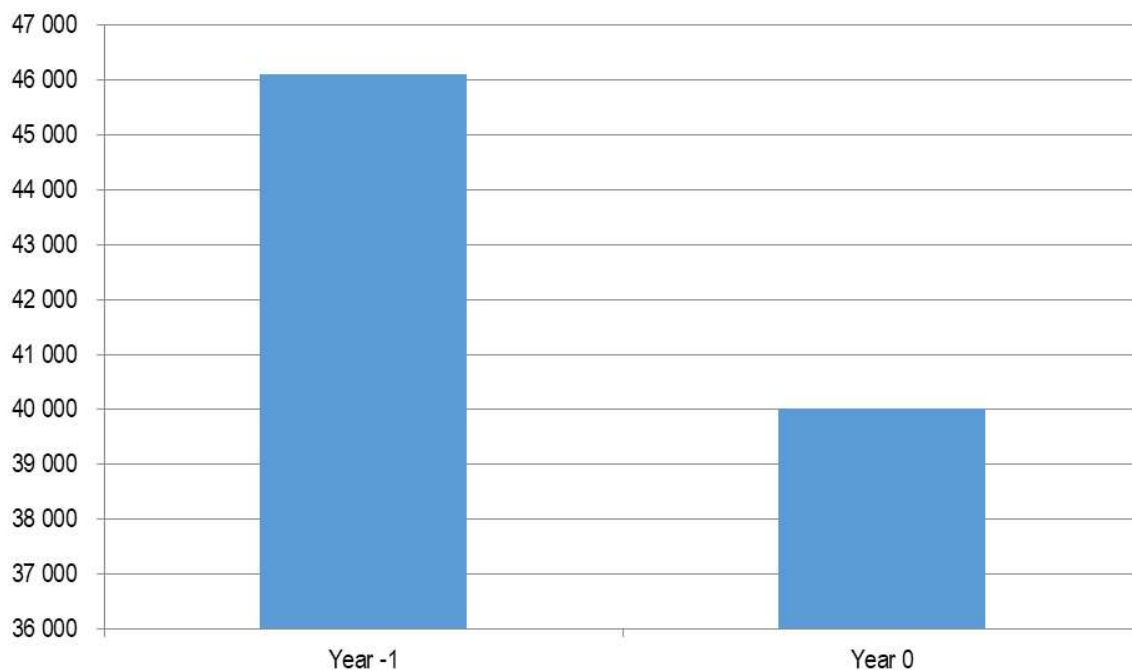
In order to ensure value for money is obtained from the workforce, all work performed must be reported and deviations are supposed to be explained.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Chapter 4

Workforce Expenditure Trends (R' 000)



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Expenditure for the 2025/2026 financial year was within budget. Expenditure is monitored monthly, and any deviations are reported to the relevant Heads of Directorates for comment.

T 4.6.1.1

Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels 9-12)	Female	
	Male	
Senior management (Levels 13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as		T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
				T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
				T 4.6.4

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

Delete Directive note once comment is completed – Comment on T4.6.2 as appropriate and give further explanations as necessary with respect to T4.6.3 and T4.6.4.

T 4.6.5

Chapter 4

DISCLOSURES OF FINANCIAL INTERESTS

As part of standard management practices geared toward promoting compliance with relevant and applicable legislation, municipal employees and Councillors disclosed their financial interest's. T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

The purpose of the Statement of Financial Performance is to give an account of the results of municipal operations.

These transactions result from the operating budget. The result is expressed as being either a surplus or a deficit

(being the difference between Revenue and Expenditure).

A surplus is indicative of Revenue being more than Expenditure and a deficit of Expenditure being more than Revenue.

The purpose of the Statement of Financial Position is to give an account of the assets and liabilities at the end of the

financial year. Net assets are shown, which are the difference between the assets and the liabilities.

The cash flow statement shows the net cash result. Technically, the statement starts with the accounting surplus as

per the Statement of Financial Performance which gets adjusted for all non-cash transactions. All other cash

transactions not resulting from the Statement of Financial Performance are recorded. These items can be referenced

back to both the capital budget as well as the items reported as part of the quarterly Section 11- withdrawals reports, submitted to Council.

There are three main categories:

Net cash resulting from operating activities – this section shows the result of the operations of Municipality in cash terms.

It includes the rendering of municipal services, purchasing of inventory kept in stores, debtors and creditors

transactions and interest paid and received.

Net cash resulting from investing activities – this section shows the result from amounts invested (either assets through

the capital budget or as cash investments) as well as investments withdrawn.

Net cash resulting from financing activities – this section shows the result from financing activities, being mainly external

loans taken up or redeemed. A healthy financial situation is one where Municipality has a net cash surplus resulting from

operations as main source of revenue rather than from financing activities. A second important measure is to look for

Chapter 5

a correlation between cash generated from financing activities and investing activities which shows that funds borrowed, were invested in capital infrastructure, and not used for operations. A very serious situation would be where there is a net cash deficit from operations, no or limited cash invested, but cash received from financing activities. That would be indicative of a municipality utilizing borrowing to fund operations instead of infrastructure assets. *T 5.0.1*

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003). The statements are based upon appropriate accounting policies consistently applied and supported by reasonable, prudent judgments and estimates. The financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement unless specified otherwise. The financial statements present the state of affairs of the Municipality, its performance against its budget, its management of revenue, expenditure, assets and liabilities and its financial position at the end of the financial year. The annual financial statements are prepared on the basis that the municipality is a going concern and has neither the intention nor the need to liquidate or materially scale down its operations.

Table 5.1.1 below presents the statement of comparison of budget and actual amounts for the 2024/2025 financial year. The statement of financial performance is presented using MFMA classification, which is revenue by source and expenditure by type.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 0										Year -1				
	Original Budget	Budget Adjustments (Lto. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (Lto. s31 of the MFMA)	Virement (Lto. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	7 898	–	7 898			7 898	15 281								
Service charges	1 229	122	1 351			1 351	1 232								
Investment revenue	1 616	–	1 616			1 616	1 630								
Transfers recognised - operational	203 033	–	203 033			203 033	280 939								
Other own revenue	30 932	17 452	48 384			48 384	30 800								
	244 708	17 574	262 282			262 282	329 882								
Total Revenue (excluding capital transfers and contributions)															
Employee costs	(110 367)	(291)	(110 659)			(110 659)	(106 629)								
Remuneration of councillors	(19 469)	–	(19 469)			(19 469)	(17 204)								
Debt impairment	(484)	(4 556)	(5 040)			(5 040)	(10 844)								
Depreciation & asset impairment	(40 590)	(4 363)	(44 953)			(44 953)	(39 188)								
Finance charges	–	–	–			–	(4 138)								
Materials and bulk purchases	–	–	–			–	–								
Transfers and grants	(4 226)	290	(3 936)			(3 936)	(3 355)								
Other expenditure	(87 499)	(5 453)	(92 952)			(92 952)	(125 980)								
Total Expenditure	(262 636)	(14 373)	(277 008)			(277 008)	(307 340)								
Surplus/(Deficit)	(17 927)	3 201	(14 726)			(14 726)	22 542								
Transfers recognised - capital	171 976	(3 126)	168 850			168 850	168 850								
Contributions recognised - capital & contributed assets	–	–	–			–	–								
Surplus/(Deficit) after capital transfers & contributions	171 976	(3 126)	168 850			168 850	168 850								
Share of surplus/ (deficit) of associate	–	–	–			–	–								
Surplus/(Deficit) for the year	154 049	75	154 124			154 124	191 392								
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	–	–	–			–	–								
Public contributions & donations	–	–	–			–	–								
Borrowing	–	–	–			–	–								
Internally generated funds	–	–	–			–	–								
Total sources of capital funds															
Cash flows															
Net cash from (used) operating	196 996	31 822	228 817			228 817	109 655								
Net cash from (used) investing	(190 324)	19 112	(171 212)			(171 212)	(123 449)								
Net cash from (used) financing	–	3 388	3 388			3 388	3 388								
Cash/cash equivalents at the year end	101 067	(26 468)	74 598			74 598	3 199								

T 5.1.1

Chapter 5

Financial Performance 0						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	–	–	–	–	0%	0%
Waste Water (Sanitation)	–	–	–	–	0%	0%
Electricity	–	–	–	–	0%	0%
Waste Management	–	–	–	–	0%	0%
Housing	–	–	–	–	0%	0%
Component A: sub-total	–	–	–	–		
Waste Water (Stormwater Drainage)	–	–	–	–		
Roads	46 498	31 437	31 437	31 437	0%	0%
Transport	–	–	–	–		
Component B: sub-total	46 498	31 437	31 437	31 437	0%	0%
Planning	8 326	11 544	11 544	11 544	0%	0%
Local Economic Development	–	–	–	–		
Component B: sub-total	8 326	11 544	11 544	11 544	0%	0%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	16 819	17 406	17 406	17 406	0%	0%
Environmental Protection						
Health						
Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total	16 819	17 406	17 406	17 406	0%	0%
Total Expenditure	71 644	60 387	60 387	60 387	0.00%	0.00%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

REVENUE BY SOURCE

Rental of facilities-less revenue was generated due to municipal facilities not rented out as expected as this is a seasonal project depending on the need of facilities by the users.

License & permits-less revenue collected due to system downtime caused by poor network connection and load shedding.

Other Revenue-There was no income to be generated as this mainly includes withdrawals from municipal savings to fund capital projects.

Traffic fines- his is due to Community Safety and Liaison team not implementing traffic laws and regulations.

EXPENDITURE BY TYPE

Chapter 5

Depreciation increased as new assets were transferred from WIP to assets and they were depreciated during the year. This is a non-cash item interest for landfill site and long service award which was budgeted under Provisions line item. Debt impairment is less than budgeted for as provision for impairment was calculated based on the analysis of each debtor and write offs that were implemented

T5.

5.2 GRANTS

Grant Performance R' 000						
Description	Year -1	Year 0		Actual	Year 0 Variance	
	Actual	Budget	Adjustments Budget		Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	198 010	198 046	198 046	198 038	100%	
Equitable share	194 093	194 093	194 093	194 085	100%	100%
LG SETA	189	260	260	260	100%	100%
SERVICE SETA	101	201	201	201	100%	100%
EPWP	1 927	1 792	1 792	1 792	100%	100%
Other transfers/grants [FMG]	1 700	1 700	1 700	1 700	100%	100%
Provincial Government:	700	1 240	1 240	1 240		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	700	1 240	1 240	1 240	100.00%	100%
Other transfers/grants						
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	-	-	-	-		
<i>[insert description]</i>						
Total Operating Transfers and Grants	198 710	199 286	199 286	199 278	100%	100%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						
						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Operational grants were full spent.

T 5.2.2

Chapter 5

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

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The municipality did not receive any grants other those published on DORA

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is crucial for the sustainability of the Municipality as it is not possible to render any services without properly maintained assets. From the capital budget, it can be noted that the objective is to upgrade and maintain assets on a continuous basis. The condition of the assets is still such that a good level of services is rendered, but this is not a sustainable trend. Increased investment in infrastructure, particularly sanitation infrastructure will be required in the next few years.

Chapter 5

The repairs and maintenance budget of the municipality is also not in line with the National Treasury norm of 8% of the asset value. The protection of the municipality's asset base is regarded as a high priority, as it is both the base of the service delivery mandate as well as the revenue base. The Asset Management Unit consists of 3 officials, as per the approved organogram. Officials are well capacitated to perform their tasks and are receiving training on an ongoing basis.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Municipal offices			
Description	Offices for employees			
Asset Type	Building			
Key Staff Involved	Infrastructure			
Staff Responsibilities	Monitoring			
	Year -3	Year -2	Year -1	Year 0
Asset Value			8 398	9 384
Capital Implications	Dependence on grant			
Future Purpose of Asset	Employees offices			
Describe Key Issues	None			
Policies in Place to Manage Asset	SCM, Infrastructure			
Asset 2				
Name	Upgrading of Engcobo Primary Relief Road			
Description	Bypass			
Asset Type	Road			
Key Staff Involved	Infrastructure	Planning		
Staff Responsibilities	Monitoring			
	Year -3	Year -2	Year -1	Year 0
Asset Value			45 998	17 933
Capital Implications	Dependence on grant			
Future Purpose of Asset	Road safety			
Describe Key Issues	None			
Policies in Place to Manage Asset	SCM, Infrastructure			
Asset 3				
Name	Bulawayo Bridge			
Description	Bridge			
Asset Type	Road infrastructure			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			235	12 860
Capital Implications	Dependence on grant			
Future Purpose of Asset	Road safety			
Describe Key Issues	None			
Policies in Place to Manage Asset	SCM, Infrastructure			
				T 5.3.2

T 5.3.2

Chapter 5

COMMENT ON ASSET MANAGEMENT:

Asset Management is done in line with the requirements of GRAP 17 and best practices as per National Treasury Asset Management Guidelines. Various assets were impaired, as required by GRAP, based on the asset condition assessments performed. The increased maintenance spending in future years should lead to reduced asset impairments in the coming years. *T 5.3.3*

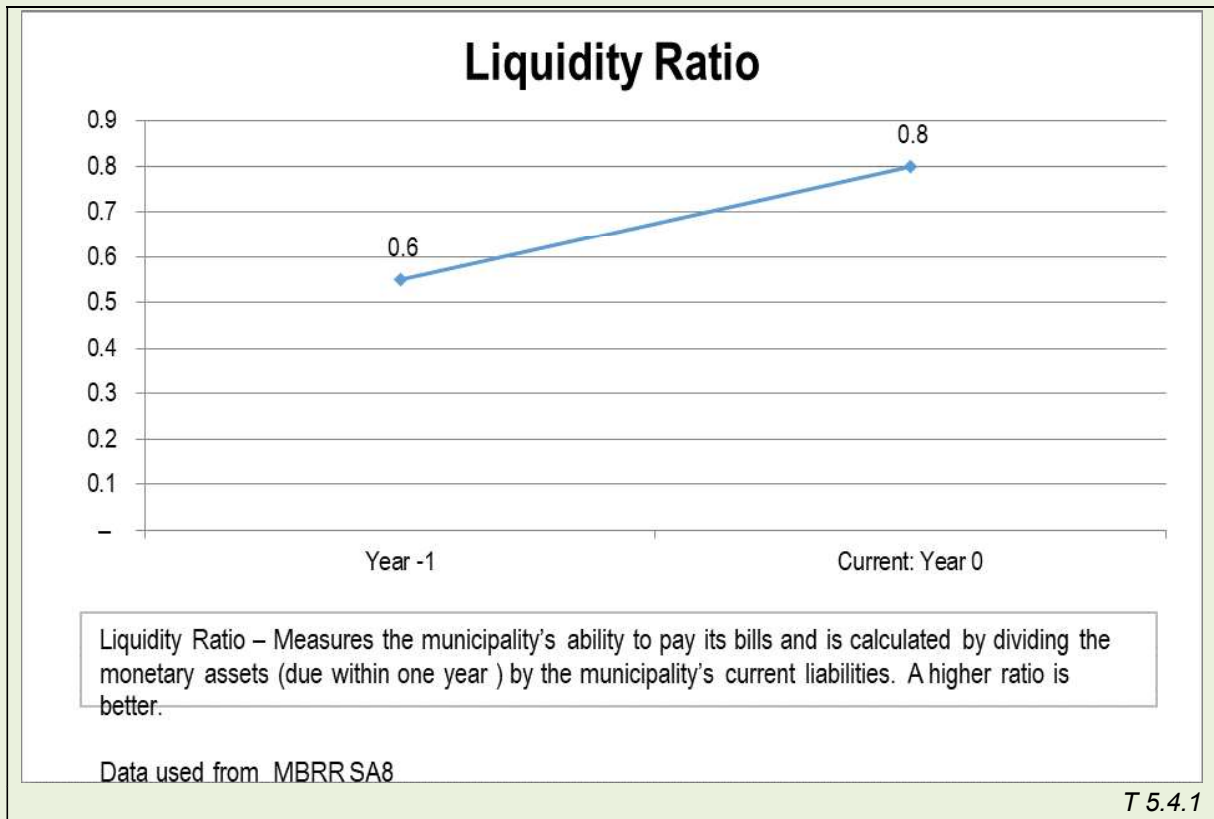
Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	8 322	6 839	6 822	18%
				<i>T 5.3.4</i>

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance budget of DR. AB Xuma is lower than the National Treasury norm of 8% of the asset value. This is being addressed through higher than inflation tariff increases with corresponding increases in the maintenance cost. The protection of the municipality's asset base is regarded as a high priority, as it is both the base of the service delivery mandate, as well as the revenue base. *T 5.3.4.1*

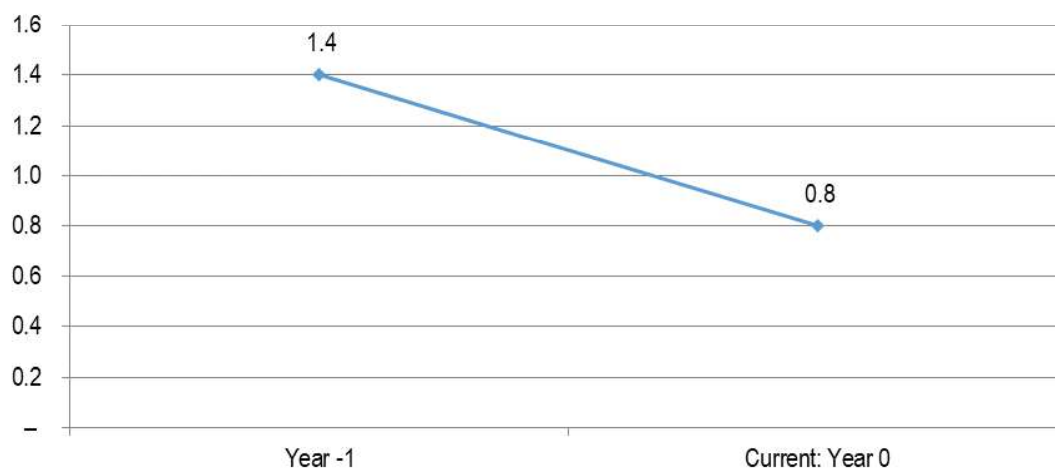
Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage



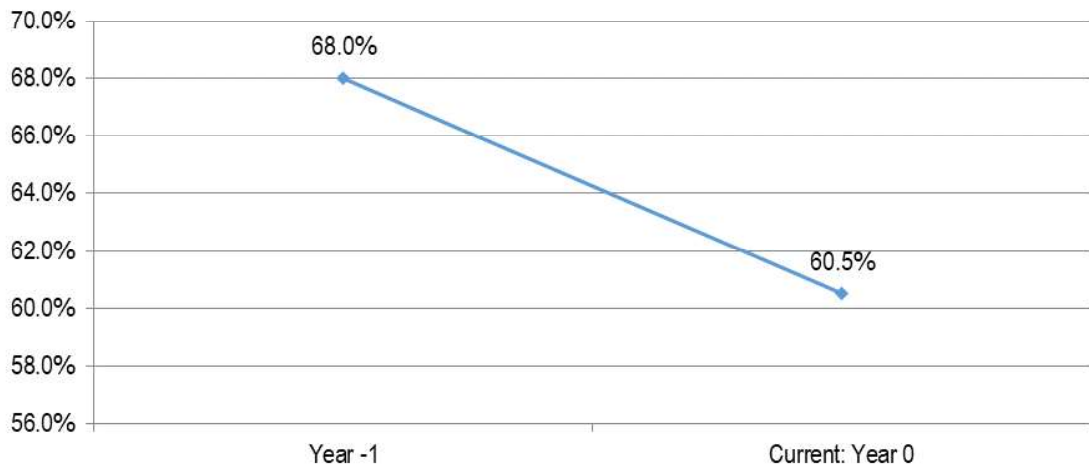
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

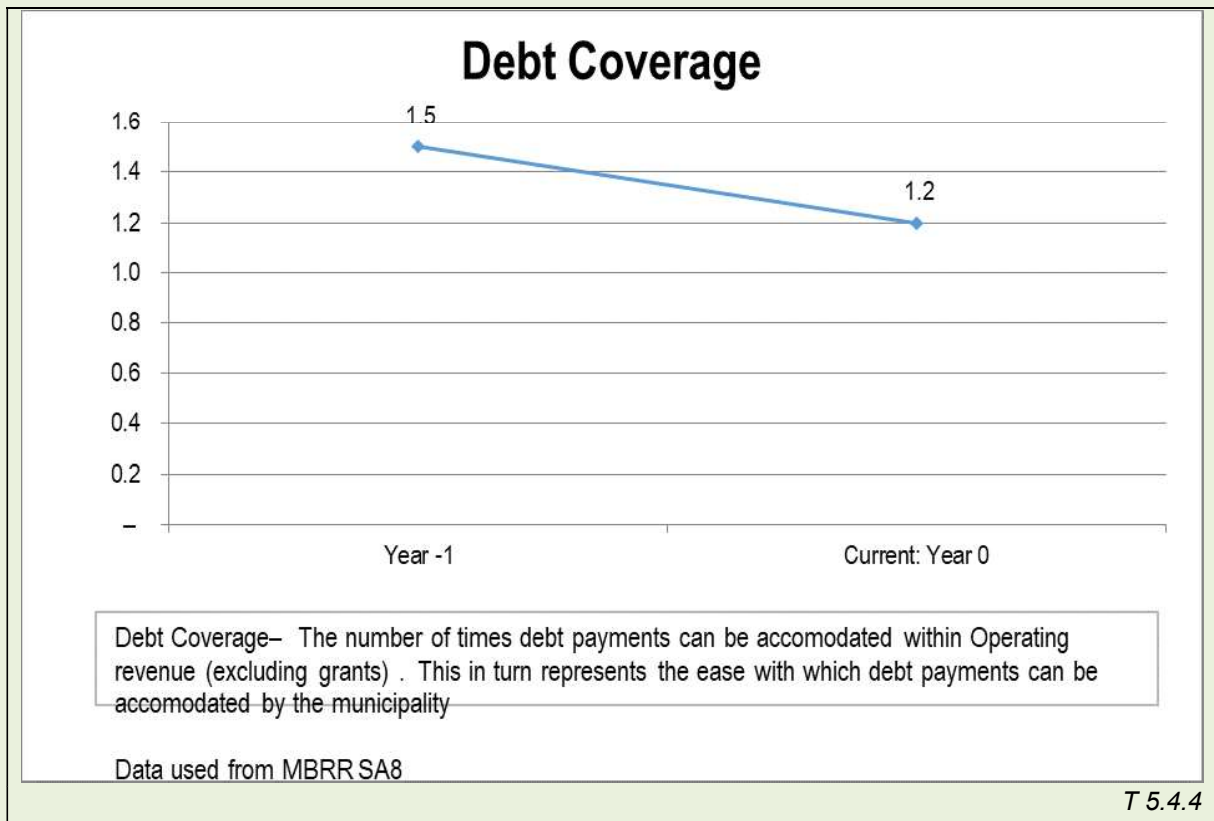
Total Outstanding Service Debtors



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

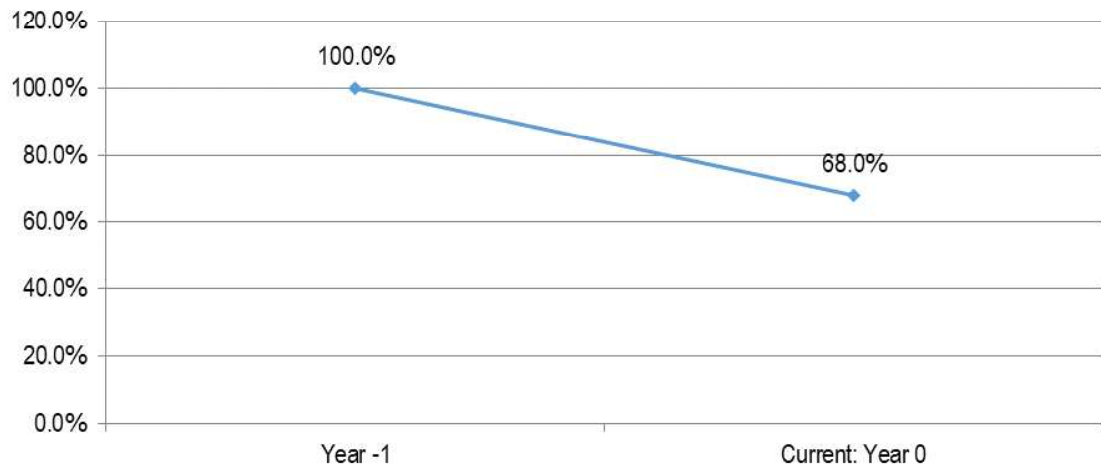
T 5.4.3

Chapter 5



Chapter 5

Creditors System Efficiency



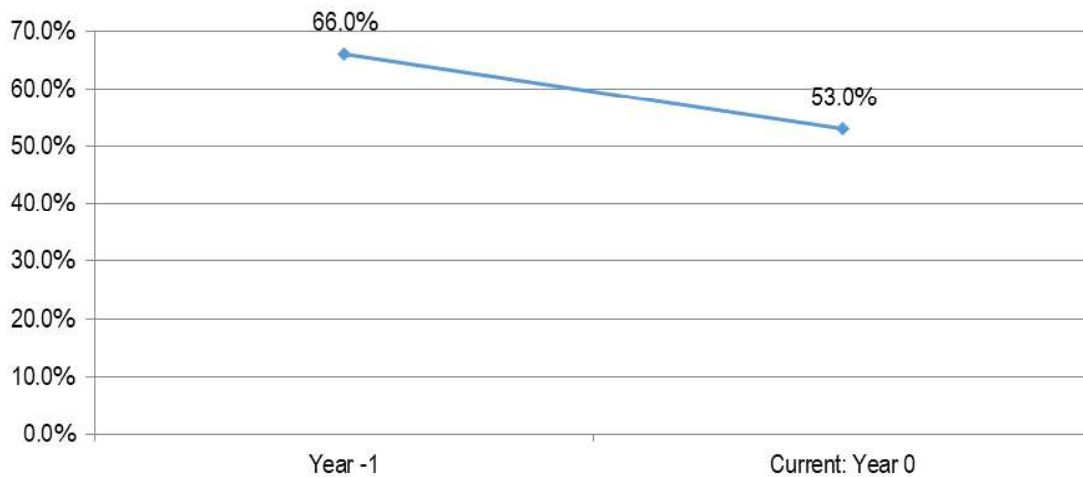
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

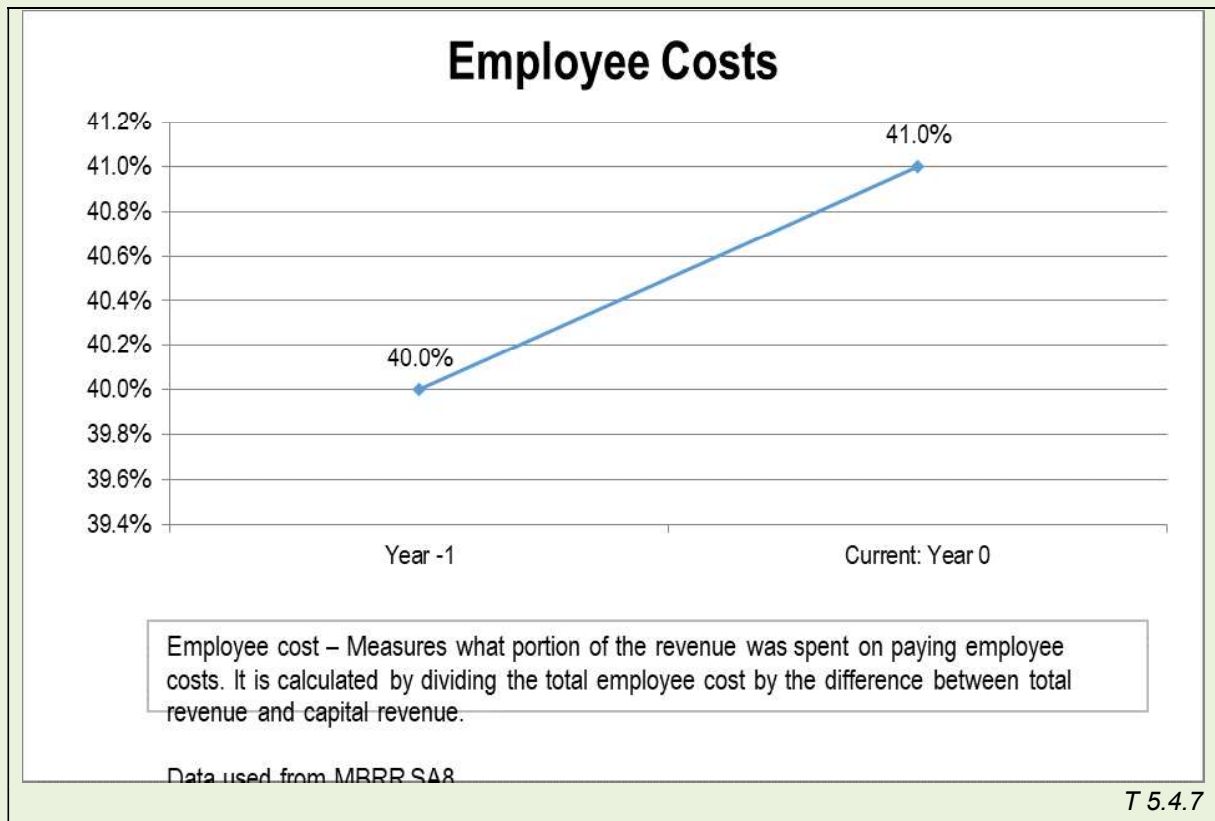


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

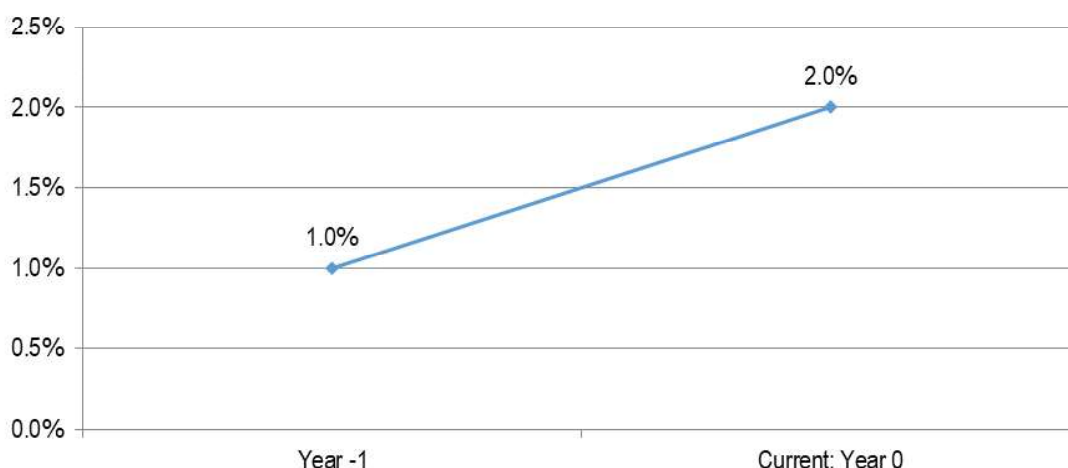
T 5.4.6

Chapter 5



Chapter 5

Repairs & Maintenance



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

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio: The rate of 1.6:1 is regarded as being within the National Treasury norm that ranges between 1.5 - 2:1. The ratio measures the Municipality's ability to meet its Current Liabilities. A lower ratio indicates a situation of weakened liquidity position. The Municipality can still pay Current Liabilities with available Current Assets but is investigating Revenue Enhancement Strategies to strengthen the Current Asset position.

Cost Coverage: This ratio explains how many months the cash and other liquid assets available to the Municipality, excluding utilization of grants, can cover expenditure. This rate is one month and is within the National Treasury norm of 1 - 3 months.

Total Outstanding Service Debtors: The rate of outstanding service debtors is currently 68%. Outstanding debtors continue to be a focus for the municipality, which is continuously implementing methods to decrease this rate to a manageable level. The Municipality continues to explore efforts to reduce outstanding services debtors and improve its Collection Ratio above the budget of 90.5%.

Debt Coverage: It reflects the number of times debt payments can be made within operating revenue (excluding grants).

Capital Charges to Operating Expenditure: The rate is 0% in the 2024/2025 financial year.

Employee Costs as a percentage of Operating Expenditure: The rate of 47% is more than the norm of 25% - 40%.

Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions): This represents the proportion of total Repairs and Maintenance compared with

Chapter 5

Property, Plant and Equipment and Investment Property at carrying value. The rate remains below the norm of 8% for the Municipality at 1%..

T 5.4.9

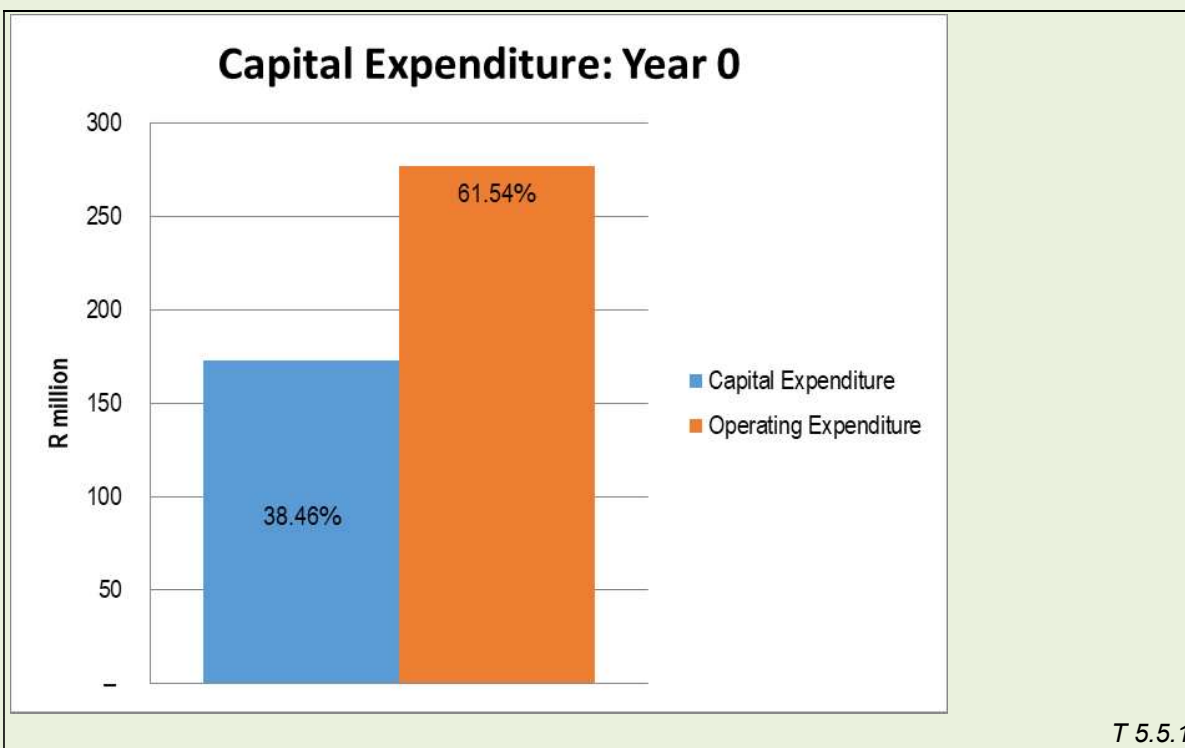
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality achieved an 78% spending level on the capital budget. Savings of R4.4 m (4%) were achieved, where projects were delivered within time but below budget. This is encouraging as all departments are now implementing their projects in a most cost-effective manner as opposed to spending just for the sake of chasing a 100% spending level. Projects not completed at financial year-end have been carried forward to the 2024/2025-financial year for completion

T 5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Chapter 5

Capital Expenditure - Funding Sources: Year -1 to Year 0						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	5 107 306	3 387 958.00	3 387 958	3 387 958	0.00%	0.00%
Public contributions and donations						
Grants and subsidies	156 902 526	171 976 316	146 418 623	81 652 550	-14.86%	-52.52%
Other	31 561 914	15 065 121	23 335 893	37 577 390	54.90%	149.43%
Total	193 571 746	190 429 395	173 142 474	122 617 898	40.04%	96.91%
Percentage of finance						
External loans	2.6%	1.8%	2.0%	2.8%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	81.1%	90.3%	84.6%	66.6%	-37.1%	-54.2%
Other	16.3%	7.9%	13.5%	30.6%	137.1%	154.2%
Capital expenditure						
Water and sanitation						
Electricity	13 983 478	17 391 304	17 391 304	17 391 304	0.00%	0.00%
Housing		39 333 333	39 333 333	2 697 174	0.00%	-93.14%
Roads and storm water	131 132 275	63 725 000	63 725 000	63 725 000	0.00%	0.00%
Other	28 803 476	69 979 758	69 979 758	38 804 420	0.00%	-44.55%
Total	173 919 229	190 429 395	190 429 395	122 617 898	0.00%	-137.69%
Percentage of expenditure						
Water and sanitation						
Electricity	8.0%	9.1%	9.1%	14.2%		0.0%
Housing	0.0%	20.7%	20.7%	2.2%		67.6%
Roads and storm water	75.4%	33.5%	33.5%	52.0%		0.0%
Other	16.6%	36.7%	36.7%	31.6%		32.4%

T 5.6.1

COMMENT ON SOURCES OF FUNDING:

The municipality is highly dependent on government grants for the implementation of capital programs.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Chapter 5

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Municipal offices	15 000	9 565	9 384	37%	36%
B - Upgrading of Engcobo Primary Relief Road	35 000	30 435	17 933	49%	13%
C - Bulawayo Bridge	23 701	13 000	12 860	46%	45%
D - RDP Houses	37 367	28 583	2 697	93%	24%
E - Nonyentu Bridge	18 884	26 000	25 911	-37%	-38%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project	Provide democratic governance				
Delays	None				
Future Challenges	Poor performance by service provider				
Anticipated citizen benefits	All 20 wards				
Name of Project - B					
Objective of Project	Reduce traffic congestion				
Delays	None				
Future Challenges	Poor performance by service provider				
Anticipated citizen benefits	All 20 wards				
Name of Project - C					
Objective of Project	Provide safe and efficient crossing				
Delays	None				
Future Challenges	Poor performance by service provider				
Anticipated citizen benefits	Ward 13				
Name of Project - D					
Objective of Project	Promoting dignity and quality of life				
Delays	Land claims				
Future Challenges	Poor performance by service provider				
Anticipated citizen benefits	All 20 wards				
Name of Project - E					
Objective of Project	Provide safe and efficient crossing				
Delays	None				
Future Challenges	Poor performance by service provider				
Anticipated citizen benefits	Ward 14 & 15				
					T 5.7.1

COMMENT ON CAPITAL PROJECTS:

The above projects were prioritized in terms of the challenges experienced in the delivery of services to the community. The projects were identified as being the largest, based on the size of the actual expenditure, of the projects

5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Dr AB Xuma Local Municipality has a lot of backlog due to the fact that the area is rural and dependent on grants. The revenue is minimal which makes it difficult to sustain itself. In terms of housing needs, we have 17 015 backlog, 2 057 backlog on electrification, and 625km of roads backlog. The budget allocation for infrastructure does not meet expectations of the communities.

Chapter 5

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs					
R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Infrastructure - Road transport	44 827	44 827	44 827	%	%
Roads, Pavements & Bridges	44 827	44 827	44 827	%	%
Total	44 827	44 827	44 827	%	%

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

A three- year capital plan was developed to ensure proper implementation of projects. The applications of MIG funds for projects implementation are done in time to avoid any delays of approval process. We have since improved in our project spending and reporting without compromising quality of services provided.

The municipality is being assisted by CHDM in the development of the RRAMS (rural asset management system) this will enable the municipality to manage its assets.

T 5.8.4

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The introduction of the strict cash management regime in the previous financial year was maintained, even after the cash balances did not improved. The priority for the next year will be to continue to phase our offset depreciation so that additional cash will be generated from operations for utilization on repairs and maintenance and asset renewals.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	25 352	32 703	85 622	49 603
Government - operating	186 389	252 935	241 238	199 286
Government - capital	131 132	131 132	131 132	81 653
Interest	4 245	6 185	6 185	3 276
Dividends				
Payments				
Suppliers and employees	(206 925)	(225 959)	(235 359)	(224 162)
Finance charges				
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	140 193	196 996	228 817	109 655
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	520	105	501	1 127
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(174 004)	(190 429)	(171 713)	(124 576)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(173 485)	(190 324)	(171 212)	(123 449)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	5 107	3 388	3 388	3 388
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	5 107	3 388	3 388	3 388
NET INCREASE/ (DECREASE) IN CASH HELD	(28 184)	10 059	60 993	(10 406)
Cash/cash equivalents at the year begin:	41 790	94 396	13 605	13 605
Cash/cash equivalents at the year end:	13 605	104 455	74 598	3 199
Source: MBRR A7				T 5.9.1

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

DR. AB Xuma municipality does not have a healthy cash balance from operations. External loans or were utilized to fund Mbabakazi electrification project. Cash from investing activities decreased from R 140 192 794 to R 108 516 071m. The year closed with a cash balance of R 3 199 447. *T 5.9.1.1*

5.10 BORROWING AND INVESTMENTS

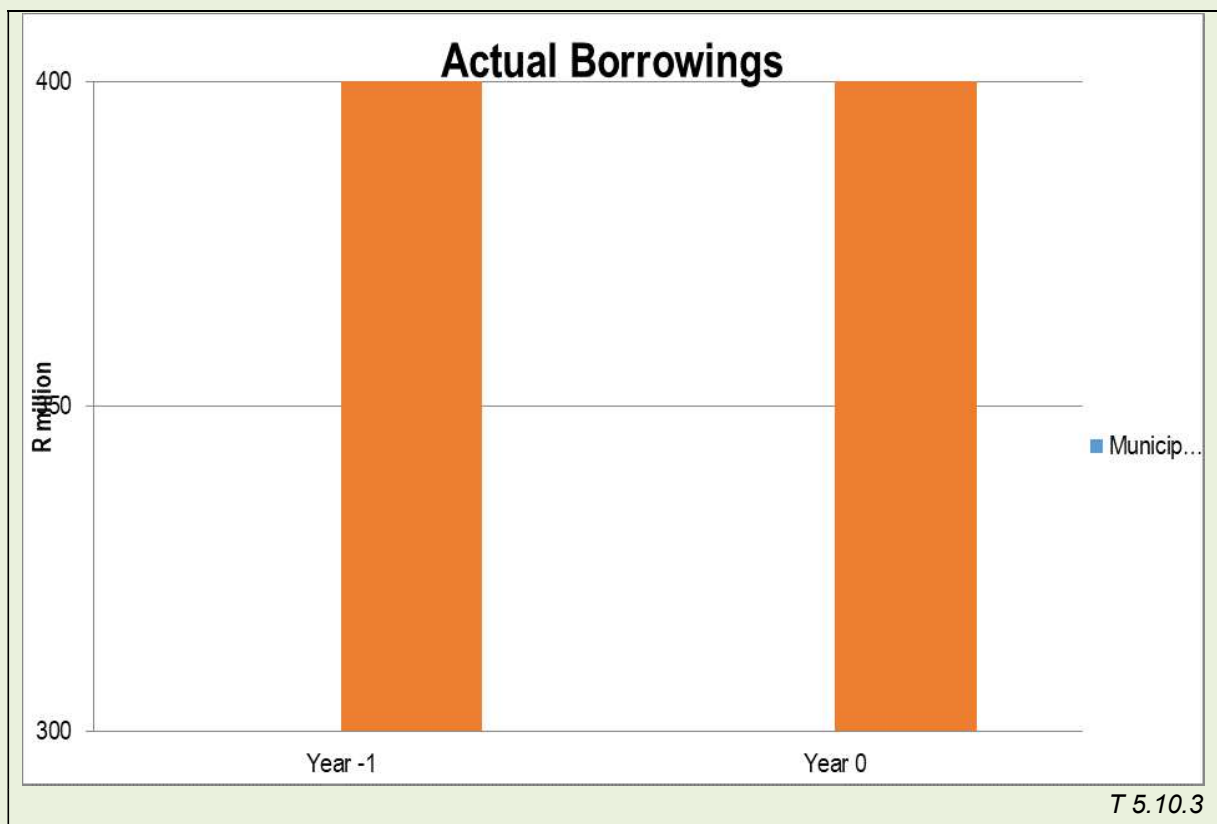
INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality have a loan of R 8 495 264 that was acquired from CHDM and this an interest free loan and there is no investment *T 5.10.1*

Chapter 5

Actual Borrowings: Year -1 to Year 0		
		R' 000
Instrument	Year -1	Year 0
Municipality		
Long-Term Loans (annuity/reducing balance)	5 107	3 388
Long-Term Loans (non-annuity)		
Local registered stock		
Instalment Credit		
Financial Leases		
PPP liabilities		
Finance Granted By Cap Equipment Supplier		
Marketable Bonds		
Non-Marketable Bonds		
Bankers Acceptances		
Financial derivatives		
Other Securities		
Municipality Total	5 107	3 388
Municipal Entities		
Long-Term Loans (annuity/reducing balance)		
Long-Term Loans (non-annuity)		
Local registered stock		
Instalment Credit		
Financial Leases		
PPP liabilities		
Finance Granted By Cap Equipment Supplier		
Marketable Bonds		
Non-Marketable Bonds		
Bankers Acceptances		
Financial derivatives		
Other Securities		
Entities Total	0	0
		T 5.10.2

Chapter 5



Chapter 5

Municipal and Entity Investments			
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank		-	-
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	-	-	-
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0
			T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The municipality has a loan with CHDM and does not have investment.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality does not have PPP.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Sections 110 – 119 of the Municipal Finance Management Act, Act 56 of 2003, Supply Chain Management (SCM) Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money, and minimize the opportunities for fraud and corruption.

SCM Processes are being updated on an ongoing basis to ensure full compliance with the Municipal Finance Management Act (MFMA) and the Regulations issued under the MFMA. The Head of SCM complies with the MFMA minimum competency levels. SCM is centralized with all bid committees being fully functional. The Bid Adjudication Committee meetings are open to the public and no councilors are allowed to serve on any SCM committees. Contract management is being adhered to, as stipulated in Section 116 of the MFMA.

T 5.12.1

Chapter 5

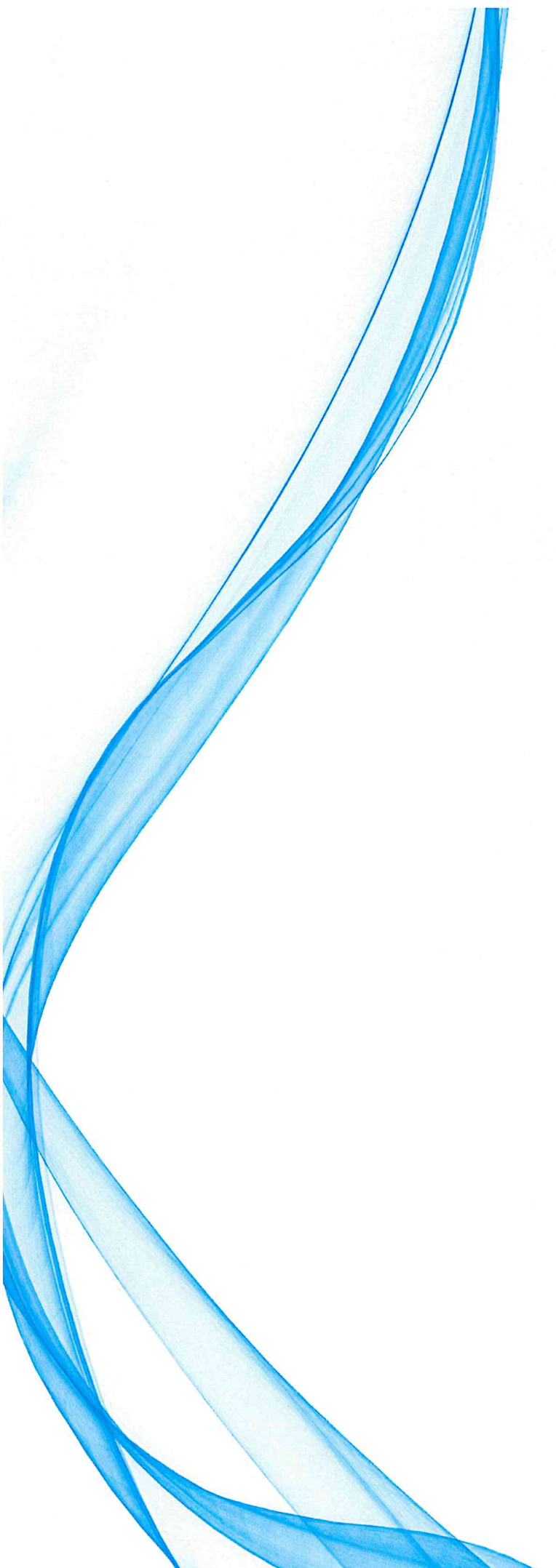
5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements for the 2024/2025 -financial year are in accordance with the applicable GRAP standards, inclusive of the standards that became effective during the year under review.

T 5.13.1



DR AB XUMA LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2025



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Dr AB Xuma Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Dr AB Xuma Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and 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 Dr AB Xuma Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

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

Material uncertainty related to going concern

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. I draw attention to note 51 to the financial statements, which indicates that the municipality is taking 35 days to pay creditors and 36 days to collect its outstanding debt. The cash coverage is less than one month, and the liquidity ratio is adverse, indicating the municipality cannot meet short-term obligations. These events and conditions disclosed in note 51 to the financial statements together with other matters set forth in the same note, indicate that a material uncertainty exists that may cast significant doubt on the municipalities ability to continue as a going concern.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.
9. As disclosed in note 57 of the financial statement, the corresponding figures for 30 June 2024 were restated as result of an error in the financial statements of the municipality at and for the year ended 30 June 2024.
10. As disclosed in note 5 and 6 to the financial statements, impairment of R5,5 million (2024: R4,6 million) relating to receivables from exchange and R27,9 million (2024: R18,5 million) relating to statutory receivables.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

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

18. I selected the following development priority presented in the annual performance report for the year ended 30 June 205 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery	[XX]	The key performance area is key to the core functions of the municipality and service delivery within the municipality.

19. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported measures taken to improve performance.

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

21. I did not identify any material findings on the reported performance information for the selected key performance area.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. 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.

24. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic service delivery

<i>Targets achieved: 75%</i> <i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of energisable households completed by 30 June 2025	403	273
Number of kilometres of disaster access roads rehabilitated 30 June 2025	55,12km	31,01
Number of bridges constructed 30 June 2025	3	1

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management subsequently corrected all of the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

26. 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.

27. 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.
28. 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.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

30. 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 non-current asset, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Utilisation of conditional grants

31. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 24 of 2024).
32. Performance in respect of programmes funded by the Expanded Public Works Programme was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 24 of 2024).
33. Performance in respect of programmes funded by the Municipal Disaster Response Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 24 of 2024).

Expenditure management

34. Reasonable steps were not taken to prevent irregular expenditure of R53,2 million as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the municipality procuring services from a panel in contravention of section 217 of the Constitution of the Republic of South Africa Act of 1996 as well as the Preferential Procurement Policy Framework Act (PPPFA) regulation.

Human resource management

35. I was unable to obtain sufficient appropriate audit evidence that the auditee did not appoint employees who were previously dismissed for misconduct or who resigned prior to the finalisation of disciplinary proceedings, as required by section 57A of the Municipal System Act(MSA).

36. The auditee did not conduct reference checks and personal credential verification for newly appointed staff members, as required by regulation 19 of the Municipal Staff Regulations.
37. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations
38. The staff member(s) did not enter into a performance agreement within the prescribed period, as required by regulation 35(1) of the Municipal Staff Regulations.
39. The annual performance appraisal for senior managers was not performed and/or the key performance areas (KPAs) outlined in the individual performance plans were not assessed based on the achieved results, as required by regulations 26(5) and 27(4)(a)(i) of the Municipal Performance Regulations.
40. The audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) of the Municipal Planning and Performance Management.

Procurement and contract management

41. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of Supply Chain Management regulation (SCM) 17(1)(a) and (c).
42. The preference point system was not applied to some of the procurement of goods and services as required by section 2(1)(a) of the PPPFA. Similar non-compliance was also reported in the prior year.
43. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB regulations 17 and 25(7A).
44. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.

Asset management

45. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) and 96(2)(b) of the MFMA.

Strategic planning and performance management

46. The performance management system and related controls were not adequately maintained as required by municipal planning and performance management regulation 7(1). Internal control deficiencies on the review and reconciliation of the quarterly reports used to prepare the Annual Performance Report (APR) were not adequately performed and material misstatement on usefulness were identified.

Consequence management

47. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
48. Some of the losses resulting from irregular expenditure were certified council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.
49. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
50. Fruitless and wasteful expenditure were certified by council certified as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Other information in the annual report

51. 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 key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
52. 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.
53. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. 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

55. 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.

56. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
57. Leadership did not adequately implement all necessary disciplines to enable effective oversight on the implementation and monitoring of internal controls to ensure sound financial management, performance management and compliance with legislation.
58. Leadership did not effectively monitor the implementation of corrective actions to address internal control deviations and compliance requirements. There is a lack of effective controls in the municipality over daily processing, reconciling, reviewing, storage, and monitoring of financial and performance information. This resulted in the material findings identified during the audit of the annual financial statements, annual performance report and the audit of compliance with laws and regulations.
59. Leadership did not ensure an effective performance management system and related controls were in place; this resulted in material findings during the audit of performance information.

Material irregularities

60. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Payment for construction work at Machibini bridge not delivered

61. The municipality made payments for the construction of the Machibini bridge that was not delivered in contravention of section 78(1)(b). In August 2021 a service provider was appointed on an 8-month contract for the construction of the bridge. The contract with the service provider was terminated due to poor performance. In May 2023, another service provider was appointed on a 6-month contract to complete the construction, and redo work performed by the first service provider.
62. In the 2022/23 period, the municipality made payments to the new service provider for the remedial work done, resulting in a material financial loss of R1,6 million by 10 Aug 2022.
63. The accounting officer was notified about the material irregularity on 13 August 2024. The accounting officer responded on 11 September 2024 and instituted an investigation on 23 July 2024 into the matter, and the person responsible was suspended. Subsequently, the official was found guilty and dismissed on 13 January 2023. Another official is currently on suspension with effect from 25th July 2024 pending finalisation of the disciplinary case. The contractor for Machibini bridge withdrew from the project on 22nd November 2023.
64. The municipality has implemented internal controls on the 1st of August 2023 to address the non-compliance of verifying the invoice before processing for payments. Furthermore, from the 1st of August 2023 management commenced performing site inspections prior payment

confirmation. The municipality met with the service provider responsible for the noncompliance on the 1st of October 2024 to initiate the process to recover the monies.

65. A follow-up was conducted on 25 April 2025 and 30 September 2025 regarding the progress of the material irregularity reported in the 2024/25 financial year. The municipality submitted supporting documentation on the 30 May 2025 and 20 October 2025 indicating progress. However, upon analysis of the submission it was noted that the planned actions reported in the 2023/24 audit were not fully implemented, and no further action has been taken to recover the losses incurred.
66. Based on the above considerations, I determined that the AO is not taking appropriate actions to resolve the MI. I am in the process of making a decision on further actions to be taken.

Payment for construction work at Nogqala bridge not delivered

67. The municipality approved payments for construction work without validating that the work was done in contravention of Section 78(1)(b) of the (MFMA). In August 2021 a service provider was appointed on an 8-month contract for the construction of the bridge and the service provider was terminated due to non-performance and the items that were claimed by the service provider could not be physically verified. In July 2023, another service provider was appointed on a 7-month contract to complete the construction of Nogqala bridge.
68. In the 2022/23 period, the municipality made payments for work not done, resulting in a material financial loss of R1.2 million for Dr AB Xuma Local Municipality.
69. The accounting officer was notified about the material irregularity on 06 August 2024. The accounting officer responded on 11 September 2024 and instituted an investigation on 23 July 2024 into the matter and the person responsible was suspended and was found guilty and then dismissed on 13 January 2023. Another official is currently on suspension with effect from 25th July 2024 pending finalisation of the disciplinary case. The contract for Nogqala bridge was terminated on 21st February 2023.
70. The municipality has implemented internal controls on the 1 August 2023 to addressing the non-compliance of verifying the invoice before processing for payments. Furthermore, from 1 August 2023 management commenced performing sites inspections prior payment confirmation. The municipality met with the service provider responsible for the non - compliance on 1 October 2024 to initiate the process to recover the monies.
71. A follow-up was conducted on 25 April 2025 and 30 September 2025 regarding the progress of the material irregularity reported in the 2024/25 financial year. The municipality submitted supporting documentation on the 30 May 2025 and 20 October 2025 indicating progress. However, upon analysis of the submission it was noted that the planned actions reported in the 2023/24 audit report were not fully implemented, and no further action has been taken to recover the losses.
72. The municipality submitted supporting documentation indicating progress. However, upon analysis, it was noted that the planned actions reported in the 2023-24 audit report were not implemented, and no further action has been taken to recover the losses incurred.

73. Based on the above considerations, I determined that the AO is not taking appropriate actions to resolve the MI. I am in the process of making a decision on further actions to be taken.

Other reports

74. In addition to the investigations relating to material irregularities, I draw attention to the following engagement conducted by a party. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

75. The Directorate for Priority Crime Investigation (Hawks) is investigating non-compliance within the supply chain management unit on Nogqala bridge. The investigation is still in progress.

Auditor General

East London

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 development priorities and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 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), Sections: 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), 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), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 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)
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), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)

	Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution, Section 188(1)(b), states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. The Municipal Systems Act, Section 45, states that the results of performance measurement must be audited annually by the Auditor-General.

The Annual Financial Statements are set out in Volume II of the Annual Report. These statements have been audited by the Auditor-General and the Unqualified audit opinion was achieved. The Auditor-General's Report is also included in this Annual Report. *T 6.0.1*

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

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Chapter 6

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
Fraud assessment	Audit action has been developed to ensure that in 202526 we don't have the same findng
Use of consultants: Gap analysis not conducted, and consultancy reduction plans not developed and implemented	Audit action has been developed to ensure that in 202526 we don't have the same findng
Internal audit: Internal control deficiency and non-compliance identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Non - compliance and internal control deficiency identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
ISS 13 AOPO-Annual performance report not in terms of the requirements of MSA	Audit action has been developed to ensure that in 202526 we don't have the same findng
– Information Technology - Network Infrastructure issues identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
ISS. 38 CIDB grading not suitable for the tender amount	Audit action has been developed to ensure that in 202526 we don't have the same findng
SCM - Competitive bids – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
Contract management – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
SCM - Deviation – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
Financial Instruments: Presentation and disclosure non-compliance.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Revenue from exchange - narration not adequately disclosed.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Conditional Grants - Limitation of Scope	Audit action has been developed to ensure that in 202526 we don't have the same findng
Quotations: Non-submission of information	Audit action has been developed to ensure that in 202526 we don't have the same findng
SCM: Competitive biddings – Panels	Audit action has been developed to ensure that in 202526 we don't have the same findng
Accounting by principal and agent non-compliance.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Presentation and disclosure: Remuneration of councilors'	Audit action has been developed to ensure that in 202526 we don't have the same findng
Ngqokoqweni Bridge project	Audit action has been developed to ensure that in 202526 we don't have the same findng
Indigent Debtors: Valid CAATs Exceptions	Audit action has been developed to ensure that in 202526 we don't have the same findng
Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Chapter 6

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
	T 6.1.2

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

6.2 AUDITOR GENERAL REPORT YEAR 0

Chapter 6

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
Fraud assessment	Audit action has been developed to ensure that in 202526 we don't have the same findng
Use of consultants: Gap analysis not conducted, and consultancy reduction plans not developed and implemented	Audit action has been developed to ensure that in 202526 we don't have the same findng
Internal audit: Internal control deficiency and non-compliance identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Non - compliance and internal control deficiency identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
ISS 13 AOPO-Annual performance report not in terms of the requirements of MSA	Audit action has been developed to ensure that in 202526 we don't have the same findng
– Information Technology - Network Infrastructure issues identified.	Audit action has been developed to ensure that in 202526 we don't have the same findng
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SCM - Competitive bids – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
Contract management – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
SCM - Deviation – Non-Compliance	Audit action has been developed to ensure that in 202526 we don't have the same findng
Financial Instruments: Presentation and disclosure non-compliance.	Audit action has been developed to ensure that in 202526 we don't have the same findng
Revenue from exchange - narration not adequately disclosed.	Audit action has been developed to ensure that in 202526 we don't have the same findng
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Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Chapter 6

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

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

See attached marked as Annexure A

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

See attached marked as Annexure B

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

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

Signed (Chief Financial Officer) Dated

T 6.2.5

GLOSSARY

GLOSSARY

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

GLOSSARY

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

GLOSSARY

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

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councilors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Siyabulela Zangqa	FT	Chair EXCO	PR	100%	0%
Mandilakhe Kondile	FT	Chair Council	PR	100%	0%
Nobuntu Mgidi	FT	Chiefwhip/EXCO Member	PR	100%	0%
Nomampondo Siphendu	PT	EXCO Member	PR	100%	0%
Sizeka Guma	PT	EXCO Member	PR	100%	0%
Nomsa Dayisi	PT	EXCO Member	PR	100%	0%
Sandiso Ngxangu	FT	EXCO Member	PR	100%	0%
Mbongeni Tyantsi	FT	EXCO Member	PR	100%	0%
Aphiwe Zihlangu	PT		Ward 1	100%	0%
Bonelwa Fihlani	PT		Ward 2	100%	0%
Sivuyile Dlodlo	PT		Ward 3	100%	0%

APPENDICES

Siyabulela Phandle	PT		Ward 4	100%	0%
David Ntibane	PT		Ward 5	100%	0%
Nkosivile Khetani	PT		Ward 6	100%	0%
Nolutho Sifanqala	PT		Ward 7	100%	0%
Nondumiso Qakaza	PT		Ward 8	100%	0%
Thembela Qoba- Xuma	PT		Ward 9	100%	0%
Nomaliviwe Stemela	PT		Ward 10	100%	0%
Sivuyile Plaatjie	PT		Ward 11	100%	0%
Zuzeka Vivashe	PT		Ward 12	100%	0%
Sevuyile Mfeki	PT		Ward 13	100%	0%
Solwethu Molo	PT		Ward 14	100%	0%
Ntomboxolo Nomfombo	PT	Acting Ward Councilor	Ward 15	80%	20%
Noluvo Mqanqeni	PT		Ward 16	100%	0%
Vuyani Matshikitsha	PT		Ward 17	100%	0%
Mhlakunzima Sakhi	PT		Ward 18	100%	0%
Vuyokazi Mzuku	PT		Ward 19	100%	0%
Amanda Mendu	PT		Ward 20	100%	0%
Nosimo Lilane	PT	Chair Rules Committee	PR	100%	0%
Ndabazandile Beta	PT		PR	100%	0%

APPENDICES

Isreal Molo	PT	Chair Public Participation	PR	100%	0%
Sevuyile Meki	PT	Chair MPAC	PR	100%	0%
Nkosinathi Cetman	PT		PR	90%	60%
Gcobisa Bomela	PT		PR	80%	60%
Thembelani Daniel	PT		PR	100%	40%
Nozuko Sibondana	PT		PR	80%	20%
Ntomboxolo Nomfombo	PT		PR	60%	40%
Nokwayiyo Sirataza	PT		PR	80%	20%

The Dr. AB. Xuma Local Municipality's decisions are taken by the politicians in the council. 100% of all council resolutions are implemented and reported on quarterly basis through departmental Standing Committees and MPAC Oversight meetings. In addition, Management Committee sits on monthly basis for feedback purposes

T A.1

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

[illegible]

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director
Municipal Manger's Office	Municipal Manager
	MR. K. L. MULAUDZI
Infrastructure and Service Delivery	Manager: Technical Services
	MR. CEBO OBOSE
Community Services	Manager: Community Services
	MS. NONZUKISO MATIWANE
Integrated Planning and Economic Development	Manager: IPED
	MR. SIMPHIWE MALONGWE
Financial Management and Viability	Acting Chief Financial Officer
	MR. AVIWE JEZILE
Institutional Management and Organisational Development	Manager: Corporate Services
	MR. MOUNTAIN SIQAZA

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	N/A
Building regulations	Yes	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	Yes	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	No	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	Yes	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A

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Noise pollution	No	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		

T D

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr Zihlangu	Yes	11	4	3
	1. N. NDZWAIBA		11	4	3
	2. N. TSHUKULA		6	3	2
	3. P. NGQONGA		6	3	2
	4. M. SIBOYA		8	3	3
	5. N. TUNCE		7	2	3
	6.V. GUNGUBELE		6	3	2
	7. X. MTHINI		5	2	2
	8. N. NGCOTSHO		7	3	2
	9. N. JIJINGUBO		6	3	3
	10.A. JAYIYA		7	3	2

2	Cllr Fihlani	Yes	1	1	3
	1. N. QWESHA		6	3	3
	2. N. MBAXA		7	3	2
	3. B. QABA		8	2	3
	4. M. QOQO		7	3	3
	5. N.NYALASHE		8	3	2
	6. N. MZONYANA		6	3	3
	7. Z. BUTSHINGI		8	2	3

APPENDICES

	8. N. NTSHINKA		7	3	3
	9. K.H. MBININI		6	3	3
	10. L. NKONYANA		6	2	3
3	Cllr Dlodlo	Yes	1	1	3
	1. N. SOBANTU		7	4	3
	2. S. SEWULA		8	3	2
	3. T. QALO		6	3	3
	4. M. MAKHONZA		7	3	3
	5. D. CABANE		6	3	3
	6. T. MYENDEKI		7	3	3
	7. N. NGOMANA		6	2	3
	8. N. KLAAS		8	2	3
	9. WAYITHI		6	2	2
	10. N. NGALO		7	3	2
4-Jan-00	Cllr Phandle	Yes	1	1	3
	1. A. NTLOKONDALA		8	4	3
	2. A. NGWASE		8	3	2
	3. M. TSHETSHANI		6	3	3
	4. Z. MAPANTSELA		7	2	3
	5. S. SIFINGO		6	3	
	6. N. KUTU		8	3	2
	7. T. BUSAKWE		6	3	3
	8. L. MILA		7	3	2
	9. N. TSHATSHELA		8	4	2
	10. B. DLONGWANA		6	6	2
5	Cllr Ntibane	Yes	1	1	3
	1. T. JEJU		8	4	3
	2. Z. MKETSU		8	3	2
	3. Z. MANYINGIZA		6	4	2
	4. A. SGOXO		7	3	3
	5. T. MQIKELA		6	3	3
	6. L. DAYIZANA		7	2	2
	7. N. LIZA		6	3	2
	8. N. JAMA		6	3	3
	9. N. DANTI		7	3	2
	10. T. NDUDE		8	2	3
6	Cllr Ketani	Yes	1	1	3
	1. L. VUMENDLINI		8	3	3
	2. Z. GCANGA		8	2	3

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	3. P. KOMSESE		6	3	3
	4. P.N. NKENKU		7	2	3
	5. N.B. XASA		6	3	2
	6. N. MNINZI		7	3	3
	7. N. HLANGABEZO		8	3	2
	8. T. SIKEYI		8	2	2
	9. Z. NKQAYI		6	3	3
	10. Z. MALIYAVUZA		6	2	4
7	Cllr Sifanqala	Yes	1	1	3
	1. L. COPISO		6	3	2
	2. S. MTSHOTANA		8	3	3
	3. K. MPAFA		8	2	3
	4. L. RONATI		6	3	3
	5. X. GULWA		7	2	2
	6. H. BEJA		6	3	3
	7. D. PLAATJI		6	2	3
	8. N. MTHINI		8	3	2
	9. S. GOSA		6	3	3
	10. MNGCANGAZA MNANTLENTSIKA		7	3	2
8	Cllr Qakaza-Sishuba	Yes	1	1	3
	1. N. LALI		8	3	3
	2. N. GCORA		7	3	2
	3. S. GUNGUBELE		6	3	3
	4. N. MFUZA		6	2	3
	5. M. MDLUDLA		6	3	3
	6. N. GANTSHO		7	3	2
	7. N. RAMETI		8	3	3
	8. Z. MTYHUDA		7	3	2
	9. K. MKHOKHA		6	3	2
	10. L.NCWASU		8	3	3
9	Cllr Qoba	Yes	1	1	3
	1. Z. MKRADU		6	3	3
	2.N. MANUKUKLA		6	3	2
	3. M. MQIKELA		8	2	3
	4. S. KHONYANA		7	3	3
	5. S. MANDLA		7	3	2
	6. N. SIGIDI		8	3	2
	7. T. MAKULA		8	2	3
	8. N. SIBUTA		6	2	3

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	9.W.YEKI		6	3	2
	10. Z.G MACETYANA		7	3	2
10	Cllr Ntsibantu	Yes	1	1	3
	1. M. LILANE		7	2	3
	2. N. MLAMBO		6	3	2
	3. S. NKOPO		6	3	3
	4. N. KUNJWE		8	2	3
	5. N. BOOI		7	3	3
	6.N. POLISANA		7	3	2
	7. E.N. XOBOLOLO		6	3	3
	8. B. TOTO		6	2	3
	9. P.T. XESI		7	3	3
	10. N. ZANGQA		8	2	2
11	Cllr Plaatjie	Yes	1	1	3
	1. N. SOHUMA		8	4	3
	2. M. LENGESI		8	3	3
	3. N. MTIYA		6	4	2
	4. S. SIGWELA		6	3	3
	5. N.P. MAGODA		8	2	2
	6. N. QOTOYI		7	3	2
	7. M. LANDO		6	3	3
	8. F. HLWELE		6	3	2
	9. N. BOMELA		7	2	2
	10. N. TYALITTI		7	2	3
12	Cllr Vivashe	Yes	1	1	3
	1. D. QHU-XABADIYA		7	3	3
	2. N. MHALI		7	3	2
	3. Z. NDIMA		8	2	2
	4. T. NGXANGANE		6	4	2
	5. L. NGQELENI		6	3	3
	6. P. HLETYIWE		6	3	2
	7. F. NTSHONGA		7	2	2
	8. M. GODANA		7	3	2
	9. L.N. FETILE MLUNGUZA		6	2	2
	10. M. NGXANGANE		6	3	3
13	Cllr Mfeki	Yes	1	1	3
	1. T. BUTSHINGI		6	3	3
	2. L. LADLOKOVA		6	3	2
	3. N. ZEMBE		6	2	3

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	4. M. BOLILITYE		7	3	2
	5. N.N GWAMPI		8	3	3
	6. B. MLONYENI		8	3	2
	7. T. TSHUNGU		6	3	3
	8. N. MAWO		6	3	3
	9. K.M SIBENYA		8	3	2
	10. N. MPILA		6	3	3
14	Cllr Molo	Yes	1	1	3
	1. B. MCWESANA		7	3	2
	2. L.L. SIBINDA		7	2	3
	3. V. SIKINZI		6	4	2
	4. P. TWANGU		6	3	3
	5. N. GXIYA XAMLASHE		7	2	3
	6. N. BHOLOSHE		8	3	2
	7. N. DAMOYI		8	2	2
	8. P. MFENQELE		6	3	3
	9. M. MADIKANE		6	3	2
	10.X. MRWETYANA		6	3	3
15	Cllr Ngxangane	Yes	1	1	3
	1. N. QILINGWA		8	3	3
	2.Z. MELENI		8	2	2
	3. N. KOTI		6	3	3
	4. N. RASHU		6	2	3
	5. S.N MOLETE		8	3	3
	6. N.A NGXONI		7	3	2
	7. A. MAKELENI		7	2	2
	8. N. MADIKWA		6	3	3
	9. B. XOBOLOLO		6	2	3
	10.N. GUMEDE		6	3	3
16	Cllr Mnqanqeni	Yes	1	1	3
	1. N.S QUKU		8	3	2
	2. Z. MANTLAKA		8	2	2
	3. O. MROYIYA		6	3	3
	4. T. BONANI		6	4	2
	5. N. SOPA		8	2	2
	6. N. BHITYASHE		7	3	3
	7. Y. NONGOMA		7	3	2
	8. M. TULUMANE		6	3	3
	9. Z. RUMPU		6	2	3

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	10. N. NOLUKHAYA		6	4	3
17	Cllr Matshikitsha	Yes	1	1	3
	1. N. FISANA		7	2	2
	2. N. XAKANA		7	3	2
	3.M. MKEFELELE		6	3	3
	4. M. FUNISELO		6	3	2
	5. S. STEMELA		8	2	2
	6. S. LOBI		8	3	2
	7. N. SPAYICE		7	3	3
	8. Z. DYANTYI		6	3	3
	9.Z. SONGCOLA		6	2	3
	10. S. MTSHOTANA		8	2	3
18	Cllr Saki	Yes	1	1	3
	1. S. MKOLWANA		6	4	3
	2. N. MAKHIKHI		6	3	3
	3. X. NDIMA		6	2	3
	4. C.N MDUNA		8	3	3
	5. N. MXUXUMBA		7	2	2
	6. N. MXHALI		7	3	3
	7. T. MPEHLE		6	3	3
	8. N. GETYESE		6	3	3
	9. N. TALAPILE		8	3	2
	10. M. GAYA		6	3	3
19	Cllr Mzuku	Yes	1	1	3
	1. H.M. MYEKI		8	3	3
	2. S. THWANI		6	3	3
	3. M. DEKENI		7	2	2
	4. N. RHAFUZA		6	3	3
	5. N. RASI		6	3	3
	6. A. BOOI		8	3	3
	7. K. YAWA		6	3	3
	8. N. TSHUNGU		6	3	2
	9. N. SIQU		7	3	3
	10. N.Z MASISA			3	
20	Cllr Mendu	Yes	1	1	3
	1. W. MANTSHI		8	3	3
	2. X. GAYIYA		6	4	2
	3. N. NTENDA		6	3	3
	4. N. SMAKADE		6	2	3

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-	5.N. JADEZWENI	8	3	3
	6. M. MANKAYI	7	3	2
	7. S. ADONISI	7	2	3
	8. N. MZINZI	6	3	3
	9. N. GCORA	8	2	3
	10.S. JIJANA	7	3	2

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	Total Value R' 000
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					
Households without minimum service delivery					
Total Households*					
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
		T F.3

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS) Names: xxx (8); xxx (7) ...	T F.3
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APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
18-Jan-24	It was recommended that AC meetings be held physically on a quarterly basis.	In progress
29-Aug-24	Internal Audit unit recommended management to amend the submitted annual financial statements as differences were noted between the face of the annual financial statement and the trial balance to the general ledger relating to 1. Refuse Debtors, 2. provision for bad debts refuse, 3.rates business and commercial properties impairment OP, 4. Rates debtors PBO opening balance, 5. sundry debtors- service charges, 6. Input vat- general; general transfers charges balance, 7. vat expenditure provisional - general transfers, 8. Accumulated depreciation: investment property, 9. Accumulated depreciation: investment property, 10. creditors retention-deposits and 11. Contract account debtors transfer.	yes
29-Aug-24	Audit Committee recommended that management must give comprehensive feedback in relation to the previously identified AG finding in accordance to the management action plans status	yes
29-Aug-24	National treasury recommended management to amend the annual financial statements submitted as differences between the face of the annual statements under the statement of financial position and the trial balance to the general ledger in relation to the receivables from exchange transactions, PPE, statutory receivables, payable from exchange transactions, employee obligation and provisions	yes
29-Aug-24	National treasury recommended management to amend the annual financial statements submitted as differences between the face of the annual statements under the statement of financial performance and the trial balance to the general ledger in relation to interest earned from outstanding debtor's and depreciation.	yes
29-Aug-24	National treasury recommended management to adjust segment reporting as differences were noted between segment reporting and the statement of financial performance.	yes
29-Aug-24	Internal audit unit recommended management to adjust the annual performance report on issues relating to the insufficient evidence and incorrect capturing of annual evidence in the LED, Corporate services, MM's office, Community Services and BTO department.	No
29-Aug-24	COGTA recommended management to note the report submitted by internal audit and encourages management to deal with issues raised by internal audit prior submission to Auditor General.	Yes
29-Oct-24	Audit committee recommended that Auditor General should prepare a report for their presentation to the audit committee going forward.	yes
	Audit committee should ensure that there is an adequate audit action plan, with root causes, management action plans that are specific, time frames and assigned to a	

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

[illegible][illegible]

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators	Year 0		Year 1			Year 2	Year 3	
	(b) Service Targets (ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.									
T									

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Cllr. M. Tyantsi	Nil
Member of MayCo / Exco		
	Cllr. S Ngxangu	Nil
	Cllr. N Spendu	Nil
	Cllr S. Guma	Nil
	Cllr N. Mgidi	Nil
Councillor		
	Ketani	Nil
	Molo	Tar - Msolo trading is owned by his spouse
	Simawo	Nil
	Matshikitsha	SNR & Dalasile Agric is sponsoring him
	Qubuda	Nil
	Mfeki	Nil
	Qoba	Nil
	Dayisi	Nil
	Mendu	Nil
	Mnqanqeni	Nil
	Sibondana	Nil
	Nofombo	Nil
	Mzuku	Nil
Municipal Manager	Mulaudzi	100% owner of KK Bricks & sand, 2 houses in Gauteng Pretoria, Land in Ekurhuleni
Chief Financial Officer	Duntsu	Member of One vision Farming & Services Co-op, Owner of 1 house in Gonubie East London
Deputy MM and (Executive) Directors		
	Ntshinka	Nil
	Malongwe	1 House in Horizonview
Other S57 Officials		

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

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - EXECUTIVE AND COUNCIL (20: IE)		27 944 497	27 944 497	27 944 497	0%	0%
Vote 2 - MUNICIPAL MANAGER (22: IE)		28 809 232	28 809 232	21 809 232	-24%	-24%
Vote 3 - CORPORATE SERVICES (23: IE)		30 672 991	30 960 991	30 960 991	1%	0%
Vote 4 - COMMUNITY SERVICES (24: IE)		50 169 226	51 315 456	26 315 456	-48%	-49%
Vote 5 - PLANNING AND DEVELOPMENT (25: IE)		15 142 799	15 002 640	15 002 640	-1%	0%
Vote 6 - FINANCIAL SERVICES (26: IE)		57 444 134	73 868 253	69 868 253	22%	-5%
Vote 7 - INFRASTRUCTURAL ENGINEERING (28: IE)		206 501 605	203 397 585	137 980 541	-33%	-32%
Total Revenue by Vote	-	416 684	431 299	329 882	-21%	-24%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						<i>T K.1</i>

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDICES

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	9 594	7 898	7 898	15 281	48%	48%
Property rates - penalties & collection charges						
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue	1 190	984	1 106	1 232	20%	10%
Service Charges - other						
Rentals of facilities and equipment	402	509	509	343	-49%	-49%
Interest earned - external investments	4 245	6 185	6 185	3 276	-89%	-89%
Interest earned - outstanding debtors	329	338	480	381	11%	-26%
Dividends received						
Fines	4	73	203	978	92%	79%
Licences and permits	1 808	2 851	3 614	1 734	-64%	-108%
Agency services	1 233	2 851	3 614	940	-203%	-284%
Transfers recognised - operational	192 221	203 033	203 033	149 806	-36%	-36%
Other revenue	16 428	19 986	35 807	24 778	19%	-45%
Gains on disposal of PPE						
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	227 454	244 708	262 448	198 749	-23.12%	-32.05%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDICES

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	9 594	7 898	7 898	15 281	48%	48%
Property rates - penalties & collection charges						
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue	1 190	984	1 106	1 232	20%	10%
Service Charges - other						
Rentals of facilities and equipment	402	509	509	343	-49%	-49%
Interest earned - external investments	4 245	6 185	6 185	3 276	-89%	-89%
Interest earned - outstanding debtors	329	338	480	381	11%	-26%
Dividends received						
Fines	4	73	203	978	92%	79%
Licences and permits	1 808	2 851	3 614	1 734	-64%	-108%
Agency services	1 233	2 851	3 614	940	-203%	-284%
Transfers recognised - operational	192 221	203 033	203 033	149 806	-36%	-36%
Other revenue	16 428	19 986	35 807	24 778	19%	-45%
Gains on disposal of PPE						
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	227 454	244 708	262 448	198 749	-23.12%	-32.05%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

APPENDICES

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
Library	1 240	1 240	1 240	-	-	
FMG	1 700	1 700	1 700	-	-	
Services SETA	201	201	201	-	-	
OTP	17 928	17 928	17 928	-	-	
EPWP	1 792	1 792	1 792	-	-	
LG SETA	260	260	260	-	-	
Disaster Response	18 898	18 898	18 898	-	-	
Total	42 019	42 019	42 019			
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

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

T L.1

APPENDICES

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

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

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

Table continued next page

APPENDICES

Table continued from previous page

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

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

T M.1

APPENDICES

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

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

Table continued next page

APPENDICES

Table continued from previous page

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

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

T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing		
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		
		T O

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				T P

APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				T R

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

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

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

See Annexure marked as B



Dr A B Xuma Local Municipality
Annual Financial Statements
for the year ended 30 June, 2025

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

General Information

Nature of business and principal activities

Dr A B Xuma Local Municipality previously named eNgcobo Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (No 117 of 1998).

The municipality's operations are governed by:

- Municipal Finance Management Act (No 56 of 2003)
- Municipal Structures Act (No 117 of 1998)
- Municipal Systems Act (No 32 of 2000) and various other acts and regulations

Mayoral committee

Executive Mayor
Speaker
Chief Whip
Member of Executive Committee

Pr Cllr - S Zangqa
Pr Cllr - M Kondile
Pr Cllr - N Mgidi
Pr Cllr - N Sipendu (Portfolio Head: Community Services)
Pr Cllr - N Dayisi (Portfolio Head: SPU)
Pr Cllr - S Ngxangu (Technical Services and Human Settlements)
Pr Cllr - M Tyantsi (Portfolio Head: Budget & Treasury Office)
Pr Cllr - S Guma (Portfolio Head: Corporate Services)
Pr Cllr - N Mgidi (Portfolio Head: IPED)

Councillors

W1 - Cllr A Zihlangu
W2 - Cllr B Fihlani
W3 - Cllr LS Dlodlo
W4 - Cllr S Phandle
W5 - Cllr D Ntibane
W6 - Cllr N Ketani
W7 - Cllr N Sifanqala
W8 - Cllr N Qakaza
W9 - Cllr TS Qoba
W10 - Cllr N Stemele
W11 - Cllr DS Plaatjie
W12 - Cllr Z Vivashe
W13 - Cllr S Mfeki (MPAC Chairperson)
W14 - Cllr S Molo (Public Participation Chairperson)
W15 - Cllr Cllr T Ngxangani
W16 - Cllr NS Mnqanqeni
W17 - Cllr V Matshikitsha
W18 - Cllr M Saki
W19 - Cllr V Mzuku
W20 - Cllr A Mendu
Pr Cllr - N Nomfombo
Pr Cllr - N Sibondana
Pr Cllr - CE Bomela
Pr Cllr - N Lilane (Rules Committee Chairperson)
Pr Cllr - N Ngwangwa
Pr Cllr - N Cetman (Resigned in March 2025)
Pr Cllr - T Daniel
Pr Cllr - NV Beta
Pr Cllr - N Qubuda
Pr Cllr - V Mnqayi (Appointed in April 2025)
Pr Cllr - N Mpoyi-Sirhathaza

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

General Information

	Pr Cllr - Z Simawo
Grading of local authority	Category B
Accounting Officer	K L Mulaudzi
Registered office	58 Union Street Engcobo 5050
Postal address	PO Box 24 Engcobo 5050
Bankers	First National Bank
Auditors	Auditor General of South Africa Registered Auditors

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Index

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
EPWP	Expanded Public Works Programme
OTP	Office of the Premier
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SETA	Sector Education and Training Authority
MDRF	Municipal Disaster Relief Fund
IPSAS	International Public Sector Accounting Standards
IAS	International Accounting Standards
DoRA	Division of Revenue Act
MPAC	Municipal Public Accounts Committee
SALGA	South African Local Government Association
DSRAC	Department Of Sports, Recreation, Arts And Culture
MIG	Municipal Infrastructure Grant
INEG	Integrated National Electrification Grant
FMG	Financial Management Grant

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended June 30, 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officer certifies that the salaries, allowances and benefits of Councillors as disclosed in note 49 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs' determination in accordance with this Act.

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

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

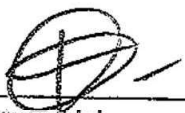
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

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

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The annual financial statements set out on pages 7 to 103, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2025 and were signed on its behalf by:


K. L. Mulaudzi
Accounting Officer

East London

Sunday, August 31, 2025

Dr A B Xuma Local Municipality

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 dr a b xuma local municipality previously named engcobo local municipality is a south african category b municipality (local municipality) as defined by the municipal structures act (no 117 of 1998).

the municipality's operations are governed by:

- municipal finance management act (no 56 of 2003)
- municipal structures act (no 117 of 1998)
- municipal systems act (no 32 of 2000) and various other acts and regulations 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.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are listed below:

(i) The Council adopted the 2025 to 2028 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to supported the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the annual financial statements 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 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.

5. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Accounting Officer's Report

K L Mulaudzi
Accounting Officer

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Statement of Financial Position as at 30 June, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	2,302,869	2,302,869
Operating lease asset	4	27,559	25,979
Receivables from exchange transactions	5	215,718	15,228,281
Receivables from non-exchange transactions	6	3,686,498	3,395,636
VAT input accrual	7	1,383,322	3,086,326
Other receivables	8	380,573	243,686
Prepayments	9	2,146,522	-
Cash and cash equivalents	10	3,199,447	13,605,185
		13,342,508	37,887,962
Non-Current Assets			
Investment property	11	7,628,529	7,777,588
Property, plant and equipment	12	669,184,438	619,775,620
Intangible assets	13	1,524,250	2,096,376
Heritage assets	14	2,406,511	2,406,511
		680,743,728	632,056,095
Total Assets		694,086,236	669,944,057
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	27,058,519	33,188,346
Payables from non-exchange transactions	17	157,542	269,927
Employee benefit obligation	18	9,315,159	11,386,680
VAT Payable	19	8,844,952	6,197,273
VAT output accrual	20	522,796	460,876
		45,898,968	51,503,102
Non-Current Liabilities			
Other financial liabilities	15	8,495,264	5,107,306
Employee benefit obligation	18	5,276,000	4,492,000
Provisions	21	35,925,895	30,459,863
		49,697,159	40,059,169
Total Liabilities		95,596,127	91,562,271
Net Assets		598,490,109	578,381,786
Accumulated surplus		598,490,109	578,381,786
Total Net Assets		598,490,109	578,381,786

* See Note 57

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	1,232,185	1,189,701
Construction contracts revenue	24	20,088,478	13,983,478
Rental of facilities and equipment	25	342,701	401,866
Interest earned on outstanding refuse debtors	26	381,008	328,993
Interest received - investment	27	3,275,767	4,244,922
Agency services	28	940,389	1,233,388
Other revenue	29	4,793,477	2,693,351
Actuarial gains	30	-	40,778
Total revenue from exchange transactions		31,054,005	24,116,477
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	15,280,699	9,593,993
Interest earned on outstanding rates debtors	26	1,630,254	1,518,272
Transfer revenue			
Government grants & subsidies	32	280,938,602	323,353,747
Fines	33	978,050	4,100
Total revenue from non-exchange transactions		298,827,605	334,470,112
Total revenue	22	329,881,610	358,586,589
Expenditure			
Employee related costs	34	(106,629,414)	(102,557,623)
Remuneration of councillors	35	(17,204,461)	(16,783,388)
Construction contract expenditure	24	(20,088,478)	(13,983,478)
Depreciation and amortisation	36	(39,200,170)	(37,664,827)
Impairment losses	37	(2,757,602)	(6,741,522)
Finance costs	38	(4,137,908)	(3,912,192)
Hire of equipment	39	(2,469,467)	(2,830,025)
Debt Impairment	40	(10,844,168)	(5,828,956)
Contracted services	41	(41,428,789)	(43,991,634)
Transfers and Subsidies	42	(3,355,199)	(2,595,571)
Loss on disposal of assets	43	(8,924,579)	(1,677,206)
Actuarial losses	30	(926,576)	-
Operational costs	44	(51,804,480)	(71,536,474)
Total expenditure		(309,771,291)	(310,102,896)
Surplus for the year		20,110,319	48,483,693

* See Note 57

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	514,924,971	514,924,971
Adjustments		
Prior year adjustments 57	14,973,122	14,973,122
Balance at 1 July, 2023 as restated*	529,898,093	529,898,093
Changes in net assets		
Surplus for the year	48,483,693	48,483,693
Total changes	48,483,693	48,483,693
Opening balance as previously reported	565,903,578	565,903,578
Adjustments		
Prior year adjustments 57	12,476,212	12,476,212
Restated* Balance at 1 July, 2024 as restated*	578,379,790	578,379,790
Changes in net assets		
Surplus for the year	20,110,319	20,110,319
Total changes	20,110,319	20,110,319
Balance at 30 June, 2025	598,490,109	598,490,109
Note(s)		

* See Note 57

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		49,602,969	25,351,768
Grants		280,938,602	317,520,922
Interest income		3,275,767	4,244,922
		<u>333,817,338</u>	<u>347,117,612</u>
Payments			
Employee costs		(126,548,972)	(119,387,300)
Suppliers		(98,752,295)	(87,537,518)
Finance costs		-	-
		<u>(225,301,267)</u>	<u>(206,924,818)</u>
Net cash flows from operating activities	45	<u>108,516,071</u>	<u>140,192,794</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(123,436,849)	(174,004,447)
Proceeds from sale of property, plant and equipment	12	1,127,082	519,867
Net cash flows from investing activities		<u>(122,309,767)</u>	<u>(173,484,580)</u>
Cash flows from financing activities			
Other cash item		3,387,958	5,107,306
Net increase/(decrease) in cash and cash equivalents		(10,405,738)	(28,184,480)
Cash and cash equivalents at the beginning of the year		13,605,185	41,789,665
Cash and cash equivalents at the end of the year	10	<u>3,199,447</u>	<u>13,605,185</u>

The accounting policies on pages 16 to 46 and the notes on pages 47 to 107 form an integral part of the annual financial statements.

* See Note 57

Dr A B Xuma Local Municipality

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						
Service charges	983,612	121,971	1,105,583	1,232,185	126,602	A1
Construction contracts	-	-	-	20,088,478	20,088,478	A2
Rental of facilities and equipment	509,267	29,227	538,494	342,701	(195,793)	A3
Interest earned on outstanding refuse debtors	338,104	141,502	479,606	381,008	(98,598)	A4
Agency services	2,850,658	763,112	3,613,770	940,389	(2,673,381)	A6
Other revenue	984,783	415,863	1,400,646	4,793,477	3,392,831	A7
Interest received - investment	6,184,838	-	6,184,838	3,275,767	(2,909,071)	A8
Total revenue from exchange transactions	11,851,262	1,471,675	13,322,937	31,054,005	17,731,068	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	7,898,297	-	7,898,297	15,280,699	7,382,402	A9
Interest, Dividends and Rent on Land	1,615,701	-	1,615,701	1,630,254	14,553	
Transfer revenue						
Government grants & subsidies	375,009,332	(2,838,000)	372,171,332	280,938,602	(91,232,730)	A10
Fines	73,430	130,000	203,430	978,050	774,620	A5
Other transfer revenue	20,236,462	15,850,495	36,086,957	-	(36,086,957)	A11
Total revenue from non-exchange transactions	404,833,222	13,142,495	417,975,717	298,827,605	(119,148,112)	
Total revenue	416,684,484	14,614,170	431,298,654	329,881,610	(101,417,044)	
Expenditure						
Employee related costs	(110,367,457)	291,283	(110,076,174)	(106,629,414)	3,446,760	
Remuneration of councillors	(19,468,938)	-	(19,468,938)	(17,204,461)	2,264,477	A36
Construction contract expenditure	-	-	-	(20,088,478)	(20,088,478)	A15
Depreciation and amortisation	(40,590,138)	(4,362,570)	(44,952,708)	(39,200,170)	5,752,538	A13
Impairment losses	-	-	-	(2,757,602)	(2,757,602)	A12
Finance costs	-	-	-	(4,137,908)	(4,137,908)	A14
Hire of equipment	(3,150,000)	-	(3,150,000)	(2,469,467)	680,533	A16
Debt Impairment	(483,938)	(4,555,925)	(5,039,863)	(10,844,168)	(5,804,305)	A12
Bad debts written off	(4,500,000)	3,326,087	(1,173,913)	-	1,173,913	A14
Contracted Services	(29,227,834)	(12,797,869)	(42,025,703)	(41,428,789)	596,914	
Transfers and Subsidies	(4,225,781)	290,000	(3,935,781)	(3,355,199)	580,582	A17
Operational costs	(50,621,530)	3,441,412	(47,180,118)	(51,804,480)	(4,624,362)	A18
Total expenditure	(262,635,616)	(14,367,582)	(277,003,198)	(299,920,136)	(22,916,938)	
Operating surplus	154,048,868	246,588	154,295,456	29,961,474	(124,333,982)	
Loss on disposal of assets	-	-	-	(8,924,579)	(8,924,579)	A34
Actuarial losses	-	-	-	(926,576)	(926,576)	A38

Dr A B Xuma Local Municipality

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						
	-	-	-	(9,851,155)	(9,851,155)	
Surplus before taxation	154,048,868	246,588	154,295,456	20,110,319	(134,185,137)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	154,048,868	246,588	154,295,456	20,110,319	(134,185,137)	
Reconciliation						

Dr A B Xuma Local Municipality

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
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	-	-	-	2,302,869	2,302,869	A19
Operating lease asset	-	-	-	27,559	27,559	
Receivables from exchange transactions	2,081,809	141,501	2,223,310	215,718	(2,007,592)	A20
Receivables from non-exchange transactions	2,722,487	-	2,722,487	3,686,498	964,011	A23
VAT receivable	1,739,152	1,526,087	3,265,239	1,383,322	(1,881,917)	A23
Prepayments	-	-	-	2,146,522	2,146,522	
Other receivables	807,084	-	807,084	380,573	(426,511)	A24
Cash and cash equivalents	101,489,807	26,316,449	127,806,256	3,199,447	(124,606,809)	A25
	108,840,339	27,984,037	136,824,376	13,342,508	(123,481,868)	

Non-Current Assets

Investment property	9,825,728	-	9,825,728	7,628,529	(2,197,199)	A26
Property, plant and equipment	648,834,414	(21,649,491)	627,184,923	669,184,438	41,999,515	A35
Intangible assets	263,854	-	263,854	1,524,250	1,260,396	A27
Heritage assets	2,406,511	-	2,406,511	2,406,511	-	
	661,330,507	(21,649,491)	639,681,016	680,743,728	41,062,712	

Total Assets

	770,170,846	6,334,546	776,505,392	694,086,236	(82,419,156)	
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Liabilities

Current Liabilities

Payables from exchange transactions	21,381,173	-	21,381,173	27,058,521	5,677,348	A28
Payables from non-exchange transactions	18,020,850	-	18,020,850	157,542	(17,863,308)	A29
Employee benefit obligation	31,694,222	(5,731,000)	25,963,222	9,315,159	(16,648,063)	A30
VAT Payable	-	-	-	8,844,952	8,844,952	
VAT output accrual	2,464,241	2,700,000	5,164,241	522,796	(4,641,445)	A31
	73,560,486	(3,031,000)	70,529,486	45,898,970	(24,630,516)	

Non-Current Liabilities

Other financial liabilities	115,862	3,387,958	3,503,820	8,495,264	4,991,444	A32
Employee benefit obligation	-	5,731,000	5,731,000	5,276,000	(455,000)	A30
Provisions	8,636,399	21,563,444	30,199,843	35,925,895	5,726,052	A33
	8,752,261	30,682,402	39,434,663	49,697,159	10,262,496	

Total Liabilities

	82,312,747	27,651,402	109,964,149	95,596,129	(14,368,020)	
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Net Assets

	687,858,099	(21,316,856)	666,541,243	598,490,107	(68,051,136)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

COVID reserve	-	-	-	1	1	
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Dr A B Xuma Local Municipality

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						
Accumulated surplus	687,858,099	(21,316,856)	666,541,243	598,490,108	(68,051,135)	
Total Net Assets	687,858,099	(21,316,856)	666,541,243	598,490,109	(68,051,134)	

Dr A B Xuma Local Municipality

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						
Sale of goods and services	32,702,911	52,919,400	85,622,311	49,602,969	(36,019,342)	
Grants	384,067,041	(11,697,261)	372,369,780	280,938,602	(91,431,178)	
Interest income	6,184,838	-	6,184,838	3,275,767	(2,909,071)	
	422,954,790	41,222,139	464,176,929	333,817,338	(130,359,591)	
Payments						
Employee costs and suppliers	(225,959,249)	(9,400,236)	(235,359,485)	(225,301,267)	10,058,218	
Net cash flows from operating activities	196,995,541	31,821,903	228,817,444	108,516,071	(120,301,373)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(190,429,395)	18,716,219	(171,713,176)	(123,436,849)	48,276,327	
Proceeds from sale of property, plant and equipment	104,900	396,000	500,900	1,127,082	626,182	
Net cash flows from investing activities	(190,324,495)	19,112,219	(171,212,276)	(122,309,767)	48,902,509	
Cash flows from financing activities						
Other financial liabilities	-	3,387,958	3,387,958	3,387,958	-	
Net increase/(decrease) in cash and cash equivalents	6,671,046	54,322,080	60,993,126	(10,405,738)	(71,398,864)	
Cash and cash equivalents at the beginning of the year	94,395,761	(80,790,576)	13,605,185	13,605,185	-	
Cash and cash equivalents at the end of the year	101,066,807	(26,468,496)	74,598,311	3,199,447	(71,398,864)	

The explanation of variances between budget and actuals are detailed in note 58.

Dr A B Xuma Local Municipality

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. Significant accounting policies

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

1.1 Basis of preparation

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

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

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

Impairment testing

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

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
 - Developing accounting policies
 - Deciding what information to disclose
 - Deciding how to present information
 - Assessing omissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.6 Investment property (continued)

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value on straight-line basis over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	30 years
Land	Indefinite

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Buildings	5 - 60 years
Recreational facilities	25 - 30 years
Furniture and office equipment	5 - 15 years
Finance lease assets	2 - 5 years
Computer equipment	5 - 10 years
Infrastructure	3 - 80 years
Community assets	5 - 60 years
Libraries	25 - 30 years
Machinery and equipment	2 - 20 years
Transport Assets	5 - 20 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.9 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.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.9 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other		5 - 15 years

1.10 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.10 Heritage assets (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.11 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.11 Financial instruments (continued)

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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Significant Accounting Policies

1.11 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

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Significant Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The entity 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 entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

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.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the municipality reclassifies the instrument from cost to fair value.

Gains and losses

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Significant Accounting Policies

1.11 Financial instruments (continued)

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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 entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity :
 - 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 entity 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 recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the municipality adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the municipality obtaining a

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.11 Financial instruments (continued)

new financial asset or assuming a new financial liability, or a servicing liability, the municipality recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity 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 entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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 entity does not offset the transferred asset and the associated liability.

1.12 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.

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Significant Accounting Policies

1.12 Statutory receivables (continued)

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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Significant Accounting Policies

1.12 Statutory receivables (continued)

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

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

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

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

1.13 Leases

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

1.14 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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Significant Accounting Policies

1.14 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

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Significant Accounting Policies

1.16 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.17 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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Significant Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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 non-cash generating unit to which the asset belongs is determined.

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

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 pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable 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 Surplus or Deficit.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Significant Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

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Significant Accounting Policies

1.18 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

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

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.

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

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) 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.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.18 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the 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:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the 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.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Dr A B Xuma Local Municipality

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Significant Accounting Policies

1.19 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.17.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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Significant Accounting Policies

1.21 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

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.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

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

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

Dr A B Xuma Local Municipality

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Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Dr A B Xuma Local Municipality

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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.

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Annual Financial Statements for the year ended 30 June, 2025

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Rates and taxes are statutory 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.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

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

1.23 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.

1.24 Accounting by principals and agents

Identification

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

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

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

Dr A B Xuma Local Municipality

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Significant Accounting Policies

1.24 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

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Significant Accounting Policies

1.25 Bad Debts written off

Consumer debtors

When the municipality identifies consumer debtors whose debts appear to be irrecoverable even after the whole credit control and debt collection process has been followed in terms of trying to obtain payment, then such accounts be regarded as irrecoverable.

Once the debt is regarded as irrecoverable during the year it must be grouped with others so that the report is presented to Council to solicit a resolution to write off irrecoverable debts.

Traffic fines

Traffic fines debtors are assessed for each reporting period to establish their collectability. Once traffic fines debtors are regarded as irrecoverable during the course of the year, a report of all traffic fines doubtful debtors is presented to Council to solicit a resolution to write off irrecoverable debts.

Traffic fines infringements that have not been served within a period of 18 months of the date of the alleged offence be withdrawn and/or warrants to the arrest that have not been executed within 2 years after the date of authorisation thereof be returned with the control documents to the relevant Magistrate for cancellation as per the National Prosecuting Authority of South Africa. (Uniform national instruction in respect of Traffic Infringements matters issued by various law enforcement agencies).

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.30 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.

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Significant Accounting Policies

1.30 Segment information (continued)

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.

1.31 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024-07-01 to 2025-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.32 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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Significant Accounting Policies

1.32 Related parties (continued)

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

1.34 Transfer payments

The municipality transfers goods or services to organisations from time to time, through the Local Economic Development initiative. In making these transfers, the municipality does not:

- received 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 during which the events giving rise to the transfer occurred.

1.35 Value Added Tax

The transaction between the municipality and customer/supplier includes the provision of goods or services in cash or credit; and the levying and/or collection of VAT by the municipality from the customer. Both elements of the transaction arose from the contractual arrangement to provide goods or services in return for consideration. Thus, the entire receivable/payable due in that transaction (consideration for goods or services together with the VAT element) is classified as a contractual receivable /payable and accounted for in accordance with GRAP104.

The transaction between the municipality and SARS is the VAT payable to / receivable from SARS on transaction date when cash is received/paid, arises from legislation (i.e., VAT Act) and is classified as statutory arrangement and will be accounted for in accordance with GRAP 19 or GRAP 108.

Therefore, VAT payable to or receivable from SARS is a statutory payable or receivable. Therefore, as it is a statutory receivable/payable, it does not meet the definition of a financial instrument as should not be disclosed in the financial instrument note as per GRAP104.

The amount of VAT receivable from or payable to SARS is calculated as the net amount of output VAT collected and input VAT paid. As the amount due from or to SARS is already a net amount, there is no separate recognition of a receivable or payable.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The municipality has not chosen to early adopt any standards and interpretations.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	1 April, 2099	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	1 April, 2099	The impact of the is not material.
• GRAP 103 (as revised): Heritage Assets	1 April, 2099	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July, 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	1 April, 2025	Unlikely there will be a material impact

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not “label” the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time in the 2022/2023 annual financial statements.

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an acquisition versus a transfer of functions not under common control

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 106 does not have an application guidance section as all the principles are included in the Standard itself.

Assessing control - GRAP 106 is not explicit that the principles in GRAP 35 should be applied in assessing control.

Identifying acquisition date, assets, and liabilities - GRAP 106 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer and the acquisition date. GRAP 106 also includes guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement. IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity. GRAP 106 require that the terms and conditions in the binding arrangement should be considered to determine the acquisition date, and the assets and liabilities to be transferred. IPSAS 40 is not as specific that a binding arrangement needs to be in place to determine the acquisition date. To identify the assets and liabilities to be transferred or assumed, IPSAS 40 merely refers to “must be what the acquirer and acquiree has exchanged”.

Non-controlling interests - Additional guidance is included in GRAP 106 on the measurement of a noncontrolling interest in an acquiree.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Subsequent measurement - For the subsequent measurement of a reacquired right, IPSAS 40 distinguishes between a right with a finite and indefinite period. A similar distinction is not made in GRAP 106.

Calculation of the excess in the acquisition - GRAP 106 requires that the excess in transfer of functions be recognised in surplus and deficit. IPSAS 40 requires that the excess be recognised as goodwill. As a result, IPSAS 40 includes additional guidance on the recognition and measurement of goodwill, which is not included in GRAP 106.

Acquisition achieved in stages - Both Standards include similar guidance on the accounting for an acquisition achieved in stages, except for the treatment of the resulting gain or loss. IPSAS 40 requires that the gain or loss be recognised in surplus or deficit or in net assets/equity, whereas GRAP 106 requires it to be recognised in surplus or deficit only.

Measurement period - Both IPSAS 40 and GRAP 106 allow for a measurement period if the initial accounting for the acquisition is incomplete by the end of the reporting period, in which the acquisition occurs. In IPSAS 40 the measurement period should not exceed one year from the acquisition date. GRAP 106 allows two years. The increase or decrease in the provisional amount is recognised in goodwill in IPSAS 40, while the provisional amount is adjusted against surplus or deficit in GRAP 106.

Pre-existing relationship - Both Standards include similar guidance on determining what is part of the acquisition transaction if there was a pre-existing relationship between the acquirer and the acquiree. However, IPSAS 40 includes an additional principle to explain that a transaction entered into before the acquisition, by or on behalf of the acquirer or primarily for the benefit of the acquirer, is likely to be a separate transaction. IPSAS 40 also includes additional guidance of factors to be considered to determine if a transaction is part of the exchange of the acquired operation.

There are certain guidance included in IPSAS40 but not in GRAP106, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time in the 2022/2023 annual financial statements.

3. Inventories

Land Held for sale	2,302,869	2,302,869
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During the 2024 financial year, the council resolved to dispose some land parcels in order to stimulate development. This land was previously held as Investment Property or Property, Plant and Equipment.

Inventory pledged as security

No inventory is pledged as security.

4. Operating lease asset

Current assets	27,559	25,979
Minimum lease payments receivable		
Within 12 months	103,376	93,078
More than 12 months	123,262	226,638
	226,638	319,716

Dr A B Xuma Local Municipality entered into a five year lease agreement with Engcobo Community Radio for the rental of offices. The lease commenced on 01 August 2022 and shall end on 31 July 2027. The lease amount for the first year is R7,500 per month inclusive of VAT. The escalation rate is 10% over the lease period.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from exchange transactions		
Service debtors	208,217	220,779
Rentals	7,501	7,502
Construction Contract receivables (INEP)	-	15,000,000
	215,718	15,228,281
Construction contract receivables		
More than 90 days	-	15,000,000
Less: Provision for doubtful debt	-	-
	-	15,000,000
Refuse: ageing		
Current (0-30)	275,201	268,708
31-60 days	115,046	115,520
61-90 days	112,397	108,476
+91 days	4,913,596	4,153,469
Less: Provision for doubtful debt	(5,208,023)	(4,425,363)
	208,217	220,810
Rentals: ageing		
Current (0-30)	28,183	13,028
31-60 days	-	13,028
61-90 days	14,091	13,027
+91 days	328,941	180,615
Less: Provision for doubtful debt	(363,714)	(219,697)
	7,501	1
Financial asset receivables included in receivables from exchange transactions above	215,718	15,228,281
Residential		
Current (0-30)	117,389	111,744
31-60 days	52,139	51,922
61-90 days	50,956	50,387
+91 days	2,720,424	2,360,673
Less: Provision for doubtful debt	(2,867,718)	(2,497,623)
	73,190	77,103
Business		
Current (0-30)	135,395	134,554
31-60 days	53,983	55,243
61-90 days	52,602	51,490
+91 days	2,113,623	1,766,099
Less: Provision for doubtful debt	(2,326,693)	(1,912,141)
	28,910	95,245
Government		
Current (0-30)	19,635	19,524
31-60 days	8,015	7,120
61-90 days	7,961	5,746
+91 days	68,116	13,503
	103,727	45,893
Agricultural and Other		

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Current (0-30)	2,783	2,885
31-60 days	908	1,235
61-90 days	878	853
+91 days	11,464	13,284
Less: Provision for doubtful debt	(13,642)	(15,599)
	2,391	2,658

Trade and other receivables pledged as security

No receivables are pledged as security.

None of the financial assets that are fully performing have been renegotiated in the last year.

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, 84,091 (2024: R 26,369) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	8,015	7,120
2 months past due	7,961	5,746
3 months past due	68,116	13,503

Trade and other receivables impaired

As of 30 June, 2025, trade and other receivables of 5,676,258 (2024: 4,819,457) were impaired and provided for.

The amount of the provision was R5,570,737 as of 30 June, 2025 (2024: R 4,644,560).

Reconciliation of provision for impairment of trade and other receivables

Opening balance	4,644,560	3,703,566
Provision for impairment	957,980	940,994
Amounts written off as uncollectible	(30,803)	-
	5,571,737	4,644,560

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 40). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

6. Receivables from non-exchange transactions

Traffic fines	236,738	25,980
Consumer debtors - Rates	3,449,760	3,369,656
	3,686,498	3,395,636

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Rates	3,449,760	3,369,656
Traffic fines	236,738	25,980
	3,686,498	3,395,636

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from non-exchange transactions (continued)		
Total receivables from non-exchange transactions	3,686,498	3,395,636
Rates: ageing		
Current (0-30)	251,712	1,982,829
31-60 days	115,167	130,606
61-90 days	113,003	130,242
+91 days	28,681,558	17,996,779
Less: Provision for doubtful debt	(25,711,680)	(16,870,800)
	3,449,760	3,369,656
Residential		
Current (0-30)	124,408	109,542
31-60 days	60,630	52,731
61-90 days	58,465	52,383
+91 days	10,223,869	8,831,890
Less: Provision for doubtful debt	(10,240,237)	(8,873,052)
	227,135	173,494
Business		
Current (0-30)	76,258	77,244
31-60 days	34,434	36,785
61-90 days	34,434	36,785
+91 days	6,116,782	5,616,319
Less: Provision for doubtful debt	(6,036,944)	(5,504,946)
	224,964	262,187
Government		
Current (0-30)	42,877	75,323
31-60 days	16,019	37,189
61-90 days	16,019	37,189
+91 days	2,922,783	2,785,326
	2,997,698	2,935,027
Agricultural and Other		
Current (0-30)	8,169	1,720,721
31-60 days	4,084	3,901
61-90 days	4,084	3,901
+91 days	9,418,123	764,318
Less: Provision for doubtful debt	(9,434,459)	(2,492,802)
	1	39
Traffic fines		
Current (0-30)	77,500	-
31-60 days	76,300	-
61-90 days	116,000	-
+91 days	2,155,053	1,630,151
Less: Provision for doubtful debt	(2,188,115)	(1,625,563)
	236,738	4,588

Dr A B Xuma Local Municipality

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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6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Statutory receivables arise from the implementation of the Municipality Property Rates Act through levying of property rates to the properties in eNgcobo and also through implementation of the Administrative Adjudication of Road Traffic Offences Act through issuing of traffic fines to offenders.

Determination of transaction amount

Property rates are determined by a charge to the rateable properties as determined at the beginning of every year.

Traffic fines are determined by the application of the AARTO Act through issuing of fines depending on the offence made.

Interest or other charges levied/charged

Receivables from rates are billed monthly for business and residential households. Government accounts are billed annually. Interest is charged on overdue rates receivables at a rate of 10.25% per annum.

No interest is charged on overdue traffic fines debtors.

Basis used to assess and test whether a statutory receivable is impaired

The municipality considers the payment pattern of a consumer in determining the extent of the impairment to be implemented. Government debt is not impaired as it is expected to be recovered in full.

Statutory receivables past due but not impaired

Statutory receivables are considered for impairment based on the payment pattern of the debtor. Government debtors are not considered for impairment. At 30 June, 2025, 2,954,821 (2024:R 4,865,183) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	16,019	37,189
2 months past due	16,019	37,173
3 months past due	2,922,783	4,790,821

Statutory receivables impaired

As of 30 June, 2025, Statutory receivables of 23,854,489 (2024: 18,935,580) were impaired and provided for.

The amount of the provision was R - as of 30 June, 2025 (2024:R -).

Reconciliation of provision for impairment for statutory receivables

Opening balance	18,496,363	13,418,544
Provision for impairment	9,886,650	5,077,819
Amounts written off as uncollectible	(483,256)	-
	27,899,757	18,496,363

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Key indicators and assumptions used to assess and calculate whether statutory receivables were impaired during the reporting period

Dr A B Xuma Local Municipality

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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6. Receivables from non-exchange transactions (continued)

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk credit control. No external credit ratings is performed.

Receivables from non-exchange transactions pledged as security

There are no receivables from non-exchange transactions pledged as security.

Credit quality of receivables from non-exchange transactions

The municipality enforces its approved credit policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

7. VAT input accrual

VAT input accrual	1,383,322	3,086,326
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VAT input accrual represents the input recognised on creditors, accruals and retentions due.

8. Other receivables

Other debtors	11,147	11,147
Amount overpaid to supplier	214,339	232,539
Department of Human Settlements commission receivable	155,088	-
	380,574	243,686

9. Prepayments

During the year, municipality paid annual payments for Subscriptions and Insurance which relates to 12 months from date of payments. The expenditure has been recognised to the extent of the period covered during the period.

Membership fees	8,834	-
Insurance	2,137,687	-
	2,146,521	-

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,000	-
Bank balances	1,961,072	5,118,612
Other cash and cash equivalents	1,235,375	8,486,573
	3,199,447	13,605,185

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:

Cash and cash equivalents pledged as collateral

There were no Cash and Cash equivalents that are pledged as security.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

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Figures in Rand	2025	2024
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10. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2025	30 June, 2024	30 June, 2023	30 June, 2025	30 June, 2024	30 June, 2023
First National Bank - Public Sector Cheque Acc - 52171242061	1,957,555	5,118,612	36,119,215	1,961,072	5,118,612	36,119,215
First National Bank - Municipal Infrastructure Grant Acc - 62095050523	165	948	38,023	165	948	38,023
First National Bank - VAT Refund Acc - 62095030426	154,368	678,895	7,169	154,368	678,895	7,169
First National Bank - Finance Management Grant Acc - 62095026524	9	1,009	13,939	9	1,009	13,939
First National Bank - Main Investment Acc - 62024356570	1,057,960	60,969	8,277	1,057,960	60,969	8,277
First National Bank - Covid 19 Solidarity Fund Acc - 61217013327	5,448	3,350,985	5,581,321	5,448	3,350,985	5,581,321
First National Bank - Equitable Share Acc - 62012728484	7,760	2,741,041	5,000	7,760	2,741,041	5,000
First National Bank - Electrification Grant Acc - 62027299967	117	1,651,419	5,000	117	1,651,419	5,000
First National Bank - SMME Support Investment Acc - 62747881739	9,548	1,307	11,087	9,548	1,307	11,987
Total	3,192,930	13,605,185	41,789,031	3,196,447	13,605,185	41,789,931

Dr A B Xuma Local Municipality

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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11. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,392,314	(1,763,785)	7,628,529	9,392,314	(1,614,726)	7,777,588

Reconciliation of investment property - 2025

	Opening balance	Depreciation	Total
Investment property	7,777,588	(149,059)	7,628,529

Reconciliation of investment property - 2024

	Opening balance	Transfers	Depreciation	Total
Investment property	8,871,615	(944,559)	(149,468)	7,777,588

Pledged as security

There were no Investment Properties that are pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Dr A B Xuma Local Municipality

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Figures in Rand

12. 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	7,764,690	-	7,764,690	7,764,690	-	7,764,690
Buildings	34,905,289	(11,920,111)	22,985,178	34,895,200	(10,369,527)	24,525,673
Machinery and equipment	46,248,109	(27,177,566)	19,070,543	47,483,213	(25,106,102)	22,377,111
Furniture and office equipment	4,345,869	(3,373,975)	971,894	4,431,207	(3,183,698)	1,247,509
Transport Assets	11,116,171	(6,253,082)	4,863,089	12,478,469	(7,295,655)	5,182,814
Computer equipment	8,838,606	(5,270,162)	3,568,444	8,190,614	(4,256,623)	3,933,991
Infrastructure	803,193,109	(389,620,399)	413,572,710	727,201,205	(369,977,650)	357,223,555
Community	84,351,177	(30,305,941)	54,045,236	84,471,254	(27,166,530)	57,304,724
Work in progress	142,342,654	-	142,342,654	140,215,553	-	140,215,553
Total	1,143,105,674	(473,921,236)	669,184,438	1,067,131,405	(447,355,785)	619,775,620

Dr A B Xuma Local Municipality

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Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers received	Transfers	Assets expensed (N1)	Landfill provision movements	Depreciation	Impairment loss	Total
Land	7,764,690	-	-	-	-	-	-	-	-	7,764,690
Buildings	24,525,673	22,276	(7,566)	-	-	-	-	(1,555,205)	-	22,985,178
Machinery and equipment	22,377,111	28,399	(74,170)	-	-	-	-	(3,260,797)	-	19,070,543
Furniture and office equipment	1,247,509	65,896	(6,443)	-	-	-	-	(335,068)	-	971,894
Transport Assets	5,182,814	1,705,898	(904,347)	-	-	-	-	(1,121,276)	-	4,863,089
Computer equipment	3,933,991	1,132,898	(169,306)	-	-	-	-	(1,306,123)	(23,016)	3,568,444
Infrastructure	357,223,555	-	(8,290,279)	94,415,500	-	-	-	(27,262,946)	(2,513,120)	413,572,710
Community	57,304,724	-	-	-	-	-	599,549	(3,637,570)	(221,467)	54,045,236
Work in progress	140,215,553	119,589,177	-	(94,415,500)	(20,627,033)	(2,419,543)	-	-	-	142,342,654
	619,775,620	122,544,544	(9,452,111)	-	(20,627,033)	(2,419,543)	599,549	(38,478,985)	(2,757,603)	669,184,438

N1: The municipality appointed a contractor for the contraction of Noggala Bridge, the contract was later terminated due to non-performance. When the contract was terminated the municipality had already paid the contractor R1 810 866 for site establishment costs. A new contractor was appointed and there were also paid the site establishment cost, this resulted in the amount paid to the first contractor being fruitless and wasteful expenditure.

Furthermore, an amount of R608 677 was paid to a consultant to do designs for the Ngqokoqweni Bridge, the contract was later terminated due to non-performance. When the contract was terminated the municipality had already paid the consultant for some design work. A new consultant was eventually appointed and did not use the old designs but started new work all together, this resulted in the amount paid to the first consultant being fruitless and wasteful expenditure.

Dr A B Xuma Local Municipality

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Transfer to current assets	Landfill provision movements	Depreciation	Impairment loss	Total
Land	9,123,000	-	-	-	-	(1,358,310)	-	-	-	7,764,690
Buildings	26,289,511	-	(137,129)	-	-	-	-	(1,571,050)	(55,659)	24,525,673
Machinery and equipment	24,935,876	1,116,972	(236,370)	-	-	-	-	(3,439,367)	-	22,377,111
Furniture and office equipment	1,415,116	219,438	(39,917)	-	-	-	-	(341,546)	(5,582)	1,247,509
Transport Assets	5,427,681	1,147,970	(229,025)	-	-	-	-	(1,163,812)	-	5,182,814
Computer equipment	4,888,389	324,962	(51,443)	-	-	-	-	(1,227,917)	-	3,933,991
Infrastructure	320,220,388	-	(1,431,065)	64,672,899	-	-	-	(26,238,667)	-	357,223,555
Community	58,646,259	-	(72,108)	2,216,549	-	-	156,695	(2,957,922)	(684,749)	57,304,724
Work in progress	77,457,923	171,183,240	-	(66,889,448)	(35,540,630)	-	-	-	(5,995,532)	140,215,553
	528,404,143	173,992,582	(2,197,057)	-	(35,540,630)	(1,358,310)	156,695	(36,940,281)	(6,741,522)	619,775,620

Pledged as security

Carrying value of assets pledged as security:

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Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed or developed		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Mtintloni Access Road	2,652,075	-
In construction phase but the contractor is slow. The contract is now being closely monitored in order to improve of the rate of construction.		
No impairment losses have been recognised in relation to these assets.		
	2,652,075	-
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
Maqanda-Qoba Access Road	1,791,954	-
Qoba-Maqanda (2.5km) has not been completed due to delays on site that were caused by heavy rains and floods, extension of time will be granted in order to make sure that the projects are completed with the project manager weekly visiting the sites for monitoring, the projects will be completed in the 2nd quarter of the next financial year 2025/2026.		
No impairment losses have been recognised in relation to these assets.		
Nogqala Bridge	8,510,651	2,080,939
Nogqala Bridge (30m long by 6m wide) has not been completed due to delays caused by the heavy rains, the project was supposed to be completed in the 4th quarter of 2024/2025, but could not be completed, extension of time will be granted, project manager to be on site on Weekly basis to monitor the project, the project will be completed in the first quarter of the next financial year 2025/2026.		
No impairment losses have been recognised in relation to these assets.		
Ngwemnyama Access Road	1,706,106	-
Ngwemnyama 3,5 km could not be completed due to delays that were caused non-performance and no communication by the service provider, that has led to the termination of the service provider, the project will be completed in house in the 3rd quarter of the next financial year 2025/2026.		
No impairment losses have been recognised in relation to these assets.		
Msawawa Access Road	151,584	-
The project has been halted at planning phase and no further work will be performed		
The project is impaired and impairment losses have been recognised in relation to these assets totaling the amounts paid on the project.		
	12,160,295	2,080,939

Dr A B Xuma Local Municipality

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Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Buildings	Community	Infrastructure	Electrification projects	Total
Opening balance	17,572,444	7,668,823	114,974,274	-	140,215,541
Additions/capital expenditure	9,384,362	1,861,043	87,716,753	20,627,033	119,589,191
Transfer of functions	-	-	-	(17,391,304)	(17,391,304)
Donation	-	-	-	(3,235,729)	(3,235,729)
Assets expensed (N1)	-	-	(2,419,543)	-	(2,419,543)
Transfers to completed assets	-	-	(94,415,502)	-	(94,415,502)
	26,956,806	9,529,866	105,855,982	-	142,342,654

Reconciliation of Work-in-Progress 2024

	Buildings	Community	Infrastructure	Electrification projects	Total
Opening balance	8,677,650	4,870,971	50,378,638	13,530,664	77,457,923
Additions/capital expenditure	10,024,266	5,014,401	134,134,607	22,009,965	171,183,239
Transfer of functions	-	-	-	(18,426,776)	(18,426,776)
Donation	-	-	-	(17,113,853)	(17,113,853)
Transfers to completed assets	-	(2,216,549)	(64,672,899)	-	(66,889,448)
Impairment	(1,129,472)	-	(4,866,060)	-	(5,995,532)
	17,572,444	7,668,823	114,974,286	-	140,215,553

Dr A B Xuma Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	6,822,119	7,390,839
Repairs and maintenance per asset class:		
Building and other structures	297,228	939,246
Tools and equipment	4,237,992	5,312,930
Motor vehicles	1,199,759	748,313
Roads and stormwater	293,276	209,130
Electricity repairs	346,498	181,220
Traffic and street lightss	447,366	-
	6,822,119	7,390,839

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The useful life of some of the assets has been re-assessed as at the beginning of the financial year based on the condition of the assets.

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand

13. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3,076,341	(1,552,091)	1,524,250	3,076,341	(979,965)	2,096,376

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	2,096,376	(572,126)	1,524,250

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	2,671,992	(575,616)	2,096,376

Pledged as security

There are no intangible assets pledged as security.

Dr A B Xuma Local Municipality

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Figures in Rand

14. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heroes Park	2,077,261	-	2,077,261	2,077,261	-	2,077,261
Mayoral Chains	329,250	-	329,250	329,250	-	329,250
Total	2,406,511	-	2,406,511	2,406,511	-	2,406,511

Reconciliation of heritage assets 2025

	Opening balance	Total
Heroes Park	2,077,261	2,077,261
Mayoral Chains	329,250	329,250
	2,406,511	2,406,511

Reconciliation of heritage assets 2024

	Opening balance	Total
Heroes Park	2,077,261	2,077,261
Mayoral Chains	329,250	329,250
	2,406,511	2,406,511

Condition of heritage assets

The balances reflected above represent the fair value of the assets at the date of acquisition. Heritage assets were assessed for any signs of impairment as at 30 June 2025 and it was found that there were no indications of impairment.

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Figures in Rand	2025	2024
14. Heritage assets (continued)		
Pledged as security		
There are no heritage assets pledged as security.		
15. Other financial liabilities		
At amortised cost		
Chris Hani District Municipality	8,495,264	5,107,306
The municipality received an interest free loan from the District Municipality, The facility that was made available by the district is R8 500 000 and only R8 495 264 (2024: R5 107 306) was utilised.		
Non-current liabilities		
At amortised cost	8,495,264	5,107,306
16. Payables from exchange transactions		
Trade payables	5,133,640	15,626,278
Accruals	6,004,657	416,331
Payroll control account	4,250,119	4,092,195
Retention accruals	9,489,608	11,795,519
Department of Transport	1,279,591	361,360
Hall and Unknown Deposits	900,904	896,663
	27,058,519	33,188,346
17. Payables from non-exchange transactions		
Rates debtors with credit balances	157,542	269,927

Dr A B Xuma Local Municipality

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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18. Employee benefit obligation

Reconciliation of employee benefit obligation - 2025

	Opening Balance	Additions	Interest expense	Reversed during the year / Paid during the year	Change in discount factor	Total
13th Cheque	2,215,048	2,445,640	-	(2,215,048)	-	2,445,640
Leave accrual	8,400,632	-	-	(1,986,113)	-	6,414,519
Long Service Bonus	5,263,000	663,000	501,000	(393,000)	(303,000)	5,731,000
	15,878,680	3,108,640	501,000	(4,594,161)	(303,000)	14,591,159

Reconciliation of employee benefit obligation - 2024

	Opening Balance	Additions	Interest expense	Reversed during the year / Paid during the year	Change in discount factor	Total
13th Cheque	2,072,986	2,215,048	-	(2,072,986)	-	2,215,048
Leave accrual	8,563,761	-	-	(163,129)	-	8,400,632
Long Service Bonus	4,851,000	635,000	478,000	(338,000)	(363,000)	5,263,000
	15,487,747	2,850,048	478,000	(2,574,115)	(363,000)	15,878,680

Non-current liabilities	5,276,000	4,492,000
Current liabilities	9,315,159	11,386,680
	14,591,159	15,878,680

Leave Accrual

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

The cost of leave accrual is recognised in the period in which the service is rendered and are not discounted.

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 entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The leave accrual is expected to be paid out through the compensated absence of employees in the next 12 months. No leave encashment is made unless an employee has left the municipality.

There are no assets that have been set aside for the leave accrual, these are provided for through the three year MTREF budgeting of employee costs.

13th Cheque

13th cheque accrues to the staff of the municipality (excluding section 56 and 57 managers) on an monthly basis and is paid in the birthday month of the employee. The liability is an estimate of the amount due at the reporting date. The bonus is paid to the employees on their birthday month. There are no assets that have been set aside for the 13th cheque, these are provided for through the three year MTREF budgeting of employee costs.

Long service awards liability

Dr A B Xuma Local Municipality

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Figures in Rand	2025	2024
18. Employee benefit obligation (continued)		
Long Service Awards are provided to employees who achieve certain predetermined milestones of service within the municipality		
The following members are eligible for long service bonuses:		
In-service members	236	236
Average annual earnings	271,967	265,904
Average age	43.45	42.96
Average past service	9.34	8.88
The earnings disclosed above and used in the valuation include an increase of 5.01% as at 1 July 2025, as per the SALGBC Circular No.: 01/2024		
Split between short term and long term portion of obligation		
Expected current portion of liability (due within 12 months)	455,000	771,000
Expected non-current portion of liability (due thereafter)	5,276,000	4,492,000
	5,731,000	5,263,000
Unfunded Accrued Liability		
Total value of liabilities	5,731,000	5,263,000
Value of assets	-	-
	5,731,000	5,263,000
Expected non-current portion of liability (due thereafter)		
Discount rate	9.18 %	10.28 %
General Salary Inflation (long-term)	3.55 %	4.77 %
Salary increase rate	5.01 %	5.77 %
Net Effective Discount Rate applied to salary-related Long Service	4.42 %	4.26 %
Average retirement age	62	62
The next general earnings increase was assumed to take place on 1 July 2025.		
Last Valuation		
The last valuation was performed in July 2025 by One Pangaea Expertise.		
Actuarial Valuation Method		
The Projected Unit Credit Method has been used to value the liabilities. The valuation meets the requirements of GRAP 25 as well as those of Advisory Practice Note 301 issued by the Actuarial Society of South Africa. The valuation was prepared by One Pangaea Expertise and Solutions.		
The amounts recognised in the Statement of Financial Performance are:		
Employee related costs - Current Service Cost	663,000	635,000
Finance Charges - Interest Cost	501,000	478,000
Actuarial Losses / (Gain)	(303,000)	(363,000)
Expected benefits vesting / paid during the year (N1)	(393,000)	(338,000)
	468,000	412,000

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

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18. Employee benefit obligation (continued)

N1 - This is the total value of the long-service awards that were expected to be awarded to eligible employees over the year, based on the data at the previous valuation date. Employees are usually entitled to take this award in whole or in part as cash, with the remainder taken as leave. Therefore, this figure should not be confused as being only the amount of cash paid out in respect of the award. It represents the amount actually paid out in cash and the portion that was either taken or "stored" as leave.

If the actual amount of benefits vested is to be included instead in the above table, then the Actuarial Loss / (Gain) must change to exactly offset the impact, such that the Closing Accrued Liability remains unchanged. For example, if the actual amount of benefits vested was R100,000 lower than the estimate (based on last year's data), then the Actuarial Loss / (Gain) would have to reduce by R100,000 to leave the Closing Accrued Liability as is.

Sensitivity Analysis	1% decrease R's	2025 valuation basis R's	1% increase R's
Salary Increase Rate			
Employer's accrued liability	6,094,000	5,731,000	5,405,000
Employer's current service cost	711,000	666,000	625,000
Employer's interest cost	480,000	505,000	527,000
Discount Rate			
Employer's accrued liability	5,389,000	5,731,000	6,107,000
Employer's current service cost	623,000	666,000	713,000
Employer's interest cost	474,000	505,000	539,000

19. VAT Payable

VAT Payable	8,844,952	6,197,273
Reconciliation of VAT payable		
VAT Receivable	(1,376,700)	(5,980,901)
VAT output accrual not declared to SARS (INEP GRANT)	10,221,652	12,178,174
	8,844,952	6,197,273

N1: VAT receivable from SARS at year end is made up of VAT receivable from the June 2025 return (2024: May and June 2024).

N2: Management have in the past recognised the revenue received from National Treasury relating to the INEP grant as a conditional grant. During the 2023 audit, this was clarified to be incorrect treatment and should have recognised the revenue as revenue from Exchange transactions. Furthermore, the municipality ought to have declared output VAT on these amounts on receipt, which was not done. The municipality has raised the liability relating to the output VAT on the INEP grant from 2020 financial year, which is inline with the requirement of a Vendor to retain information as per Section 55 of the VAT Act of 1991 as ammended. The amounts have not been declared to SARS.

20. VAT output accrual

VAT output accrual (Debtors outstanding)	522,796	460,876
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Dr A B Xuma Local Municipality

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Figures in Rand	2025	2024
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21. Provisions

Reconciliation of provisions - 30 June 2025	Opening Balance	Finance costs	Actuarial loss / (gain)	Closing Balance
Landfill site restoration provision	30,459,862	3,636,908	1,829,124	35,925,894

Reconciliation of provisions - 30 June 2024	Opening Balance	Finance costs	Actuarial loss / (gain)	Closing Balance
Landfill site restoration provision	27,206,754	3,433,492	(180,384)	30,459,862

Environmental rehabilitation provision

Decommissioning, restoration and similar liabilities: Landfill sites decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate of the municipality.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 61 of GRAP 19.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

The Landfill Rehabilitation Provision consists of once-off costs to be incurred for rehabilitation of the current operational sites.

The Landfill Rehabilitation Provision was last calculated by One Pangaea Expertise and Solutions as at 30 June 2025.

Reconciliation of provision for environmental rehabilitation	35,925,894	30,459,863
Non-current liabilities		

The amounts recognised in the Statement of Financial Performance are:	1,829,124	(180,383)
Balance of change in provision of obligations	3,636,908	3,433,492
Interest cost	5,466,032	3,253,109

Unfunded Accrued Liability	35,925,894	30,459,863
Value of obligation		
Value of assets	-	-
	35,925,894	30,459,863

Total raw costs for closure and rehabilitation	3,743,156	2,930,508
Planning for closure	27,818,496	24,005,467
Rehabilitation and closure	6,382,047	6,848,325
Post - Closure monitoring	3,794,370	3,378,430
Contingencies	41,738,069	37,162,730

Key Actuarial Assumptions used are as follows:	11.37	%	11.94	%
Discount rate (D)	5.94	%	6.51	%
Consumer price inflation	5.13	%	5.10	%
Net discount rate $((1+D)/(1+H)-1)$	2.5m		2.5m	
Excavatable cover depth	1 to 4		1 to 4	
Cover to waste ration				

Dr A B Xuma Local Municipality

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22. Revenue		
Service charges	1,232,185	1,189,701
Construction contracts	20,088,478	13,983,478
Rental of facilities and equipment	342,701	401,866
Interest earned on outstanding refuse debtors	381,008	328,993
Agency services	940,389	1,233,388
Other revenue	4,793,477	2,693,351
Actuarial gains/(losses)	-	40,778
Interest received - investment	3,275,767	4,244,922
Property rates	15,280,699	9,593,993
Interest, Dividends and Rent on Land	1,630,254	1,518,272
Government grants & subsidies	280,938,602	323,353,747
Fines	978,050	4,100
	329,881,610	358,586,589
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1,232,185	1,189,701
Construction contracts	20,088,478	13,983,478
Rental of facilities and equipment	342,701	401,866
Interest earned on outstanding refuse debtors	381,008	328,993
Agency services	940,389	1,233,388
Other revenue	4,793,477	2,693,351
Actuarial gains/losses	-	40,778
Interest received - investment	3,275,767	4,244,922
	31,054,005	24,116,477
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	15,280,699	9,593,993
Interest earned on outstanding rates debtors	1,630,254	1,518,272
Transfer revenue		
Government grants & subsidies	280,938,602	323,353,747
Fines	978,050	4,100
	298,827,605	334,470,112
23. Service charges		
Refuse removal	1,231,924	1,188,876
Other service charges	261	825
	1,232,185	1,189,701
24. Construction contract revenue and expenditure		
Construction contract revenue	20,088,478	13,983,478
Construction contract expenditure	(20,088,478)	(13,983,478)
	-	-

Dr A B Xuma Local Municipality

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24. Construction contract revenue and expenditure (continued)

Construction contract revenue and Expenditure determination

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion (percentage of completion) of the contract activity at the reporting date.

Contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and surplus/deficit which can be attributed to the proportion of work completed.

The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

There are no surpluses or deficit recognised during the year.

Integrated National Electrification Programme

The municipality through INEP Grant, constructs assets on behalf of ESKOM. A total of R17 391 304 (2024: R13 983 478) was received for the purposes of implementing Rural Electrification projects and was utilised as such.

Eastern Cape Department of Human Settlements.

The Municipality and the Eastern Cape Department of Human Settlement, has an arrangement entered between them for the construction of houses on behalf of the Department for the benefit our the community in the municipal area.

The amount received from the Department that remained unspent at 30 June 2025 was R0 (2024: R0), and the municipality has received and paid an amount of R2 697 174 (2024: R0) on behalf of the Department. The department did not transfer any risks to the municipality in this arrangement. The municipality has returned an amount of R0 (2024: R0) to the principal. The municipality has recognised a revenue of R155 088 (2024: R0) exclusive of VAT.

The Department owes the municipality a total of R155 088 (2024: R0) in unpaid management fees.

Dr A B Xuma Local Municipality

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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24. Construction contract revenue and expenditure (continued)

2025	Opening balance	Expenditure / Revenue for the year	Transfers to completed projects	Recognised surpluses (less recognised deficits)	Total
17km Manzana Saints Like-Link	-	297,678	-	-	297,678
Chaba Electrification	-	98,885	(98,885)	-	-
Cobosi Electrification Phase 2	-	2,036,522	-	-	2,036,522
Cwecweni/Ngwevana Electrification	-	63,043	(63,043)	-	-
Deberha Electrification	-	304,348	(304,348)	-	-
Hlophekazi Electrification	-	1,520,084	-	-	1,520,084
Kwa-Gcina Electrification	-	58,696	(58,696)	-	-
Laphethuka Electrification Phase 2	-	1,996,838	(1,996,838)	-	-
Mbabakazi Electrification	149,565	4,444,365	-	-	4,593,930
Mhlontlo Electrification	-	851,689	(851,689)	-	-
Nkwenkwana Electrification	-	104,348	-	-	104,348
Ngqaba Ngxebe Electrification	29,565	-	-	-	29,565
Nxamagela Electrification	-	93,478	(93,478)	-	-
Pre Engineering	-	877,174	-	-	877,174
Qota Electrification	-	54,435	-	-	54,435
Quluqu Electrification Phase 2	-	2,060,846	(2,060,846)	-	-
Tyeni/Ntseleni Electrification Phase 2	-	910,789	(910,789)	-	-
Vetyu Electrification	-	141,304	-	-	141,304
Voltage Regulator	-	1,476,782	-	-	1,476,782
Subtotal - INEP	179,130	17,093,626	(6,438,612)	-	10,834,144
Development of 600 RDP houses	-	2,697,174	-	-	2,697,174
	179,130	20,088,478	(6,438,612)	-	13,828,996

2024	Opening balance	Expenditure / Revenue for the year	Transfers to completed projects	Recognised surpluses (less recognised deficits)	Total
Chaba Electrification	-	1,115,817	(1,115,817)	-	-
Cwecweni/ Ngwevana Electrification	-	454,124	(454,124)	-	-
Deberha Electrification	-	2,838,272	(2,838,272)	-	-
Kwa-Gcina Electrification	1,366,185	99,540	(1,465,725)	-	-
Hlophekazi Electrification	-	906,469	(906,469)	-	-
Lower Mnyolo Electrification	-	1,304,348	(1,304,348)	-	-
Mbabakazi Electrification	-	149,565	-	-	149,565
Ndungwane Electrification	-	978,259	(978,259)	-	-
Ngqaba Ngxebe Electrification	-	29,565	-	-	29,565
Nxamagela Electrification	-	1,481,702	(1,481,702)	-	-
Rhasimeni Phase 2 Eletrification	-	170,612	(170,612)	-	-
Sandile Electrification	-	2,391,304	(2,391,304)	-	-
Tshapile Electrification	-	1,521,739	(1,521,739)	-	-
Zone 14 Electrification	-	541,869	(541,869)	-	-
Subtotal - INEP	1,366,185	13,983,185	(15,170,240)	-	179,130
	1,366,185	13,983,185	(15,170,240)	-	179,130

Amounts recognised as retension

Amount recognised as retension on these projects	2,662,808	1,534,283
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Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
25. Rental of facilities and equipment		
Premises		
Premises rentals	86,173	116,878
Hall hire	92,351	116,254
Venue hire - Hero's Park	1,718	29,586
Rental of Transido	162,459	139,148
	342,701	401,866
Included in the above rentals are operating lease rentals at straight-lined amounts of R1,580 (2024: R10,123). There are no contingent rentals recognised.		
26. Interest received - Debtors		
Interest earned on outstanding rates debtors	1,630,254	1,518,272
Interest earned on outstanding refuse debtors	381,008	328,993
	2,011,262	1,847,265
27. Investment revenue		
Interest revenue		
Bank	3,275,767	4,244,922
28. Principal-Agent (Agency services)		
Vehicle Registration	940,389	1,233,388

Dr A B Xuma Local Municipality

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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28. Principal-Agent (Agency services) (continued)

Principal Agent Relationship

Department of Transport

The municipality is a party to a principal-agent arrangement. The municipality is an agent for the Department of Transport wherein it is delegated to register and licence motor vehicles on its behalf.

There are no significant judgements applied in making this assessment.

There are no assets or liabilities that are held or incurred on behalf of the principal and recognised in our financial statements other than those arising from the day to day transacting of the municipality as an agent i.e. cash collected and owing to the Department of Transport. The risks associated with the principal-agent relationship that exist on any monies collected by the municipality on behalf of the principal lies solely with the municipality.

During the year, all collections made are banked and paid over to the Department of Transport on a monthly basis.

The income due to the municipality according to the agreement is 19% of the amount collected subject to certain conditions as per the Service Level Agreement and National Road Traffic Act, Act 93 of 1996. During the year, a total of R7 596 325 (2024: R7 698 711) was collected gross of commission.

All monies due to the principal were transferred to the principal and R1 279 591 (2024:R361 360) amounts were owing at year end which is payable by 31 July 2025.

Minimal risk was transferred from the Department of Transport, as the principal, to DR AB Xuma Municipality, as the agent, beyond the cash collected on behalf of the principal.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R1 121 086 (2024: R1 233 388).

Liabilities and corresponding rights of reimbursement recognised as assets

There are no liabilities incurred on behalf of the principal that have been recognised by the municipality.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

There are resources and/or cost implications for the municipality if the principal-agent arrangement is terminated.

29. Other income

Agricultural fees	57,881	57,609
Building plan fees	11,427	31,408
Business licence	162,166	-
Cemetery fees	6,620	5,208
Clearance certificates	131	786
Drivers licence fees	1,734,089	1,807,540
Entrance fees - toilets	2,313	5,127
Insurance claims	1,255,762	514,699
Pound fees	40,926	37,286
Rezoning certificates	414	663
Sundry income	1,167,003	1,833
Tender fees	199,656	231,192
Commission earned (Human Settlements)	155,088	-
	4,793,476	2,693,351

Dr A B Xuma Local Municipality

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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30. Actuarial (gains) / loss

Actuarial (gains) and losses for the year are as follows:

Actuarial (gains) / loss from long service employee benefit award	(303,000)	296,300
Actuarial (gains) / loss from provision of landfill site rehabilitation	1,229,576	(337,078)
	926,576	(40,778)

31. Property rates

Rates received

Property rates	15,910,505	10,345,803
Less: Income forgone (Rebates)	(629,806)	(751,810)
	15,280,699	9,593,993

Valuations

Residential	189,534,500	165,559,500
Commercial	238,979,000	268,159,500
State	2,616,705,773	2,602,454,905
Municipal	77,006,000	105,306,500
Public service	17,878,000	-
	3,140,103,273	3,141,480,405

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2024 by Sizanani Valuers. Annual supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

General rates are as shown in the table below. Rebates of R15,000 and (2024: R15,000) are granted to residential property owners and rebates of 20% of market value are granted for state property owners respectively. Public service infrastructure is exempt on the first 30% of the market value.

Rates are levied on an annual basis with the final date for payment being 30th of June 2025.

Residential	0.0127698	0.0121730
Public Service Infrastructure Properties	0.0028902	0.0028900
Business	0.0164614	0.0156920
Agriculture	0.0028902	0.0028900
Government properties	0.0164614	0.1569200
Vacant land	0.0162776	0.0155170

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
32. Government grants & subsidies		
Operating grants		
Equitable share	194,093,000	184,604,063
Municipal Infrastructure Grant	44,827,000	42,488,000
Finance Municipal Grant	1,700,000	1,700,000
Service SETA	201,191	100,980
Office of the Premier - Small Town Revitalisation Grant	17,927,550	57,639,450
EPWP Grant	1,792,000	1,927,000
Library Grant	1,240,000	700,000
LG SETA	259,861	189,429
Municipal Disaster Response Grant	18,898,000	31,004,825
Wattle Erradication Grant	-	3,000,000
	280,938,602	323,353,747

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	68,918,052	75,277,410
Unconditional grants received	212,020,550	242,243,513
	280,938,602	317,520,923

National Government

Balance unspent at beginning of	-	5,832,825
Current-year receipts	262,550,000	258,992,043
Conditions met - transferred to revenue	(262,550,000)	(264,824,868)
	-	-

Provincial government

Current-year receipts	18,388,602	58,528,880
Conditions met - transferred to revenue	(18,388,602)	(58,528,880)
	-	-

Equitable Share

The equitable share is an unconditional grant that enables the municipality to provide basic services to poor households, and to enable the municipality to afford basic administrative and governance capacity and perform core municipal functions.

Municipal Infrastructure Grant

Current-year receipts	44,827,000	42,488,000
Conditions met - transferred to revenue	(44,827,000)	(42,488,000)
	-	-

This grants is allocated for the construction of municipal infrastructure assets. It is used to provide for new, rehabilitation and upgrading of municipal infrastructure as part of upgrading of households, micro enterprises and social institutions.

Finance Municipal Grant

Current-year receipts	1,700,000	1,700,000
Conditions met - transferred to revenue	(1,700,000)	(1,700,000)
	-	-

The grant is used to help in implementation of financial management reforms required by the MFMA.

Dr A B Xuma Local Municipality

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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32. Government grants & subsidies (continued)

Service SETA

Current-year receipts	201,191	100,980
Conditions met - transferred to revenue	(201,191)	(100,980)
	-	-

The grant is to employ and train interns of the municipality.

EPWP Grant

Current-year receipts	1,792,000	1,927,000
Conditions met - transferred to revenue	(1,792,000)	(1,927,000)
	-	-

This grant is used for creation of temporary jobs within the municipal area through labour intensive initiatives.

Office of the Premier - Small Town Revitalisation Grant

Current-year receipts	17,927,550	57,639,450
Conditions met - transferred to revenue	(17,927,550)	(57,639,450)
	-	-

This is a town revitalization project initiated by the Office of the Premier to revitalize Engcobo town.

Municipal Disaster Response Grant

Balance unspent at beginning of year	-	5,832,825
Current-year receipts	18,898,000	25,172,000
Conditions met - transferred to revenue	(18,898,000)	(31,004,825)
	-	-

The grant is used to help in flood intervention measures.

Library Grant

Current-year receipts	1,240,000	700,000
Conditions met - transferred to revenue	(1,240,000)	(700,000)
	-	-

This grant is used for supporting local libraries expenses.

LG SETA

Current-year receipts	259,861	189,430
Conditions met - transferred to revenue	(259,861)	(189,430)
	-	-

Grant received from LG SETA and used for employee trainings and development.

Wattle Eradication Grant

Current-year receipts	-	3,000,000
Conditions met - transferred to revenue	-	(3,000,000)

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
32. Government grants & subsidies (continued)		
	-	-
This grant is used to clear wattle trees along the main roads of Ngcobo area		
Changes in level of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 24 of 2024), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
33. Fines		
Law Enforcement Fines	996,250	4,100
Revenue forgone	(18,200)	-
	978,050	4,100
34. Employee related costs		
Basic	69,160,707	67,871,578
Pension Fund, UIF and Medical Aid - Company Contributions	16,452,573	15,154,660
Travel, motor car, accommodation, subsistence and other allowances	12,406,631	11,601,104
Overtime payments	1,794,444	900,647
Long-service awards	663,451	(25,450)
13th Cheques	5,132,414	4,692,545
Housing benefits and allowances	539,764	497,284
Acting allowances	185,864	124,961
Other Employee Related Costs	293,566	1,740,294
	106,629,414	102,557,623
35. Remuneration of Councillors		
Executive Mayor - Cllr S Zangqa	1,022,538	1,003,528
Speaker - Cllr M Kondile	827,487	812,867
MPAC Chairperson - Cllr S Mfeki	468,190	443,326
Chief Whip - Cllr N Mgidi	794,831	768,820
Members of Mayoral Committee	3,033,242	2,419,615
Other Councillors	11,058,173	11,335,232
	17,204,461	16,783,388
In-kind benefits		
The Mayor, Speaker, the Chief Whip, IPED Portfolio Head and the Finance Portfolio Head are full-time. The Mayor, Speaker and Chief Whip are provided with offices and secretarial support at the cost of the Council.		
The Mayor and Speaker have use of a Council owned vehicle.		
36. Depreciation and amortisation		
Property, plant and equipment	38,478,985	36,940,281
Investment property	149,059	149,468
Intangible assets	572,126	575,078
	39,200,170	37,664,827
37. Impairment loss		
Impairments		
Property, plant and equipment	2,757,602	6,741,522

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
38. Finance costs		
Landfill site provision interest	3,636,908	3,433,492
Long-service award interest	501,000	478,700
	4,137,908	3,912,192
39. Hire of equipment		
Motor vehicles		
Vehicle hire	862,898	618,624
Equipment		
Equipment hire	1,606,569	2,211,401
	2,469,467	2,830,025
40. Debt impairment		
Contributions to debt impairment provision	10,844,168	5,828,956
41. Contracted services		
Outsourced Services		
Awareness campaigns	289,900	242,615
Security Services	13,810,019	10,827,042
Consultants and Professional Services		
Business and Advisory	19,030,460	20,965,547
Legal Cost	1,476,291	4,565,591
Contractors		
Building	346,498	181,220
Electricity repairs	58,329	67,726
Vehicles	1,199,759	748,313
Maintenance of Buildings and Facilities	238,899	871,520
Maintenance of Equipment	4,237,992	5,312,930
Maintenance of roads	293,276	209,130
Maintenance of traffic and street lights	447,366	-
	41,428,789	43,991,634
Consulting and professional services include:		
• Valuation roll		
• Assistance with the preparation of Annual Financial Statements		
• Consultants and engineering professional fees		
• Contractors are required to provide services that are not the core business of the Municipality.		
42. Transfer and subsidies		
Other subsidies		
Indigent Subsidy and free basic electricity	3,355,199	2,595,571

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
43. Loss / (Profit) on disposal of assets		
Proceeds from disposals	(527,530)	(519,862)
Carrying amount of assets disposed - PPE	9,452,110	2,197,068
	8,924,580	1,677,206
44. Operational costs		
Advertising	1,065,340	703,824
Agricultural pilot projects	1,608,148	1,275,282
Animal feed	116,851	117,598
Audit committee	78,999	46,445
Auditors remuneration	5,490,451	5,591,765
Bank charges	66,939	102,768
Catering	1,118,082	1,095,971
Cleaning	363,003	567,036
Conferences and seminars	53,379	26,097
Disaster support	25,750	147,159
Electricity purchases	2,150,097	2,038,173
Electrification expenses - Transferred to ESKOM	3,235,729	22,050,611
Employee health and wellness	4,500	9,000
Revenue forgone	18,200	-
Fuel and oil	7,660,412	11,607,871
Insurance	2,025,365	1,335,036
Licence fees	955,190	905,917
Membership fees	1,334,609	2,454,018
Paupers burial	6,600	11,000
Assets expensed	2,419,543	-
Printing and stationery	920,222	1,184,304
Public participation	1,239,205	1,374,279
Refuse bags and bins	912,000	904,000
Skills development and capacity building	1,027,926	847,453
Skills development levy	1,025,885	978,031
Small town revitalisation and SMME support	721,270	528,372
South Africa Local Government Bargaining Levy	43,187	48,756
Stock and material	464,730	381,028
Telephone & communications	1,734,934	1,709,493
Traditional leaders	66,000	72,000
Training	510,420	453,889
Travel - overseas	114,609	-
Travel, subsistence and accommodation	7,789,697	6,580,606
Uniforms and overalls	803,036	1,932,440
Ward committee programmes	4,059,600	4,054,500
Workmen's Compensation	574,572	401,752
	51,804,480	71,536,474

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
45. Cash generated from operations		
Surplus	20,110,319	48,483,693
Adjustments for:		
Depreciation and amortisation	39,200,170	37,664,827
Loss on sale of property, plant and equipment	8,924,579	3,832,841
Impairments of property, plant and equipment	2,757,602	6,741,522
Debt impairment provision	10,844,168	3,118,647
Transfer of functions - to Eskom	20,627,033	35,540,630
Donated assets	-	21,674
Contributions to provisions	(2,715,097)	(180,838)
Assets written off	2,419,543	-
Employee cost - interest and expenditure on long service awards	501,000	94,633
Employee cost - Actuarial gain on long service awards	926,576	296,300
Contributions to provisions	1,829,124	(180,383)
Landfill site provision interest	3,636,908	3,433,492
Changes in working capital:		
Exchange and non-exchange receivables	(10,464,391)	(4,349,234)
Other receivables	14,855,984	-
Other receivables	242,702	1,505,123
Payables from exchange transactions	(7,195,378)	16,064,648
VAT	4,412,603	(70,501)
Taxes and transfers payable (non-exchange)	(112,385)	(5,981,332)
Unspent conditional grants and receipts	-	(5,832,825)
Prepayments and other receivables	(2,283,409)	-
Operating lease asset	(1,580)	(10,123)
	108,516,071	140,192,794
46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	398,849,775	318,413,401
Total capital commitments		
Already contracted for but not provided for	398,849,775	318,413,401
This expenditure will be financed as follows:		
• Integrated National Electrification Programme	2,801,957	19,419,176
• Municipal Infrastructure Grant	124,472,238	134,019,176
• Disaster management Grant	20,473,412	7,279,493
• Housing Development Agency	115,480,006	-
• Own funding	135,622,162	144,174,598
• Office of the Premier	-	13,520,958
	398,849,775	318,413,401
Total operational commitments		
Already contracted for but not provided for	398,849,775	318,413,401

This committed expenditure will be financed by own revenue and government grants as budgeted by the municipality through the three year MTREF.

Dr A B Xuma Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
47. Contingencies		
Contingent liabilities		
Madolo Security Services vs Dr A B Xuma Local Municipality (Case number 970/17) Plaintiff is a security company and they are suing the Municipality for R3,500,000 after their contract was terminated due to the fact that the Municipality lost property during their tenure. The Plaintiff revived the matter and it is now before Court heading for trial.	3,500,000	3,500,000
Sithilanga Kupa vs Dr AB Xuma Local Municipality (Case number 2213/14) Plaintiff sustained injuries following a car accident while driving on a road which was officially closed. The matter is postponed sine die. The matter is now dormant.	-	-
Allenby Housing CC vs Dr AB Xuma Local Municipality (Case number 3882/13) Plaintiff is a service provider of mobile houses and is suing the Municipality for the amount due for services rendered. They claimed that the Municipality paid their partner and not them. The matter is dormant.	-	-
Xoliswa Kula vs Dr AB Xuma Local Municipality (Case number 2760/17) The plaintiff is suing the Municipality for damages. The plaintiff claims that the Municipality built a gravel road on her property. The case has been postponed sine die. Following our amendment of the plea, Plaintiff seems to have lost interest in the matter.	-	-
Nnite Trading Enterprises vs Dr AB Xuma Local Municipality (Case number 409/16) The plaintiff is suing the Municipality for damages. The plaintiff is suing the Municipality for services rendered. The case is dormant.	-	-
Babalala Vika vs Dr AB Xuma Local Municipality (Case number 78/2022) The plaintiff is suing the municipality for damages caused by a pothole in a to his motor vehicle. No pleadings filed by the plaintiff after the municipality filed its Plea on 11 May 2022.	66,007	66,007
Siseko Mkondweni vs Dr AB Xuma Local Municipality (Case number 583/2023) Dismissed employee is seeking to interdict employer from recruiting his position pending arbitration process. The applicant launched a review application in the labour court and now awaiting to file replying affidavit.	1,000,000	1,000,000
Dr AB Xuma Local Municipality vs The Local Resident's Associations Cited Under Consolidated Case Number 988/23 & First National Bank Urgent application brought by the municipality to rescind an order court granted under consolidated case no 988/2023. Matter enrolled for hearing on 21 November 2024 in Mthatha.	2,408,251	2,408,251
Ku-Noquala Local Residents vs Dr AB Xuma Local Municipality Application brought against the municipality for construction of an access road, which we opposed. Matter enrolled for hearing on 8 August 2024 in Mthatha.	-	-
The Local Resident's Associations Cited Under Consolidated Case Number 988/23 v Dr AB Xuma Local Municipality Application for contempt of court brought against the municipality for the order that we are requesting to be rescinded. If our application for rescission is granted, the contempt of court application will be irrelevant. Both applications will be heard on 21 November 2024 in Mthatha	-	-

Dr A B Xuma Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
47. Contingencies (continued)		
E-Hesini & Kunomyayi Community Residents v Dr AB Xuma Local Municipality The municipal manager requested our assistance regarding a letter of demand for failure of municipality to rehabilitate access road. We attempted to resolve the issues with the opposition via correspondence, but they refused to comply. To date no formal application has been served on the municipality.	-	-
CNN Development Engineer And Project Managers vs Dr AB Xuma Local Municipality (Case No. 1640/2024) Summons issued against the municipality for outstanding payment for services rendered.	573,918	573,918
We defended the action and filed a notice of exception. We have requested a hearing date from court and await same.		
CNN Development Engineer And Project Managers vs Dr AB Xuma Local Municipality (Case No. 1641/2024) Summons issued against the municipality for outstanding payment for services rendered. We defended the action and filed a notice of exception. We have requested a hearing date from court and await same.	543,898	543,898
Dr AB Xuma Local Municipality vs Kunene Makopo Risk Solutions (Pty) Ltd The municipal manager approached us to assist with an investigation into certain ostensibly irregular payments made to the insurance company. The investigation is ongoing.	-	-
Joint Venture Between Limiculture Rural Empowerment and Lakhiwe General Trading vs Dr AB Xuma Local Municipality and 2 Others Application to review and set aside the cancellation of the applicant's contract brought against the municipality. We have opposed the application and have filed the record of proceedings. We await the applicant to supplement it's papers.	-	-
Allenio Airline (Pty) Ltd (Glenda Chikosi) vs Dr AB Xuma Local Municipality Urgent application brought against the municipality to interdict them from appointing a new service provider. We opposed the application and the matter was struck off the roll for lack of urgency. Applicant filed application for joinder and leave to amend notice of motion.	-	-
Sandisiwe Skhonanathi Ngwangwa vs Dr AB Xuma Local Municipality Application for access to information brought against municipality. We opposed application.	-	-
Urgent application to interdict the respondent from carrying on with works at the building site in light of their contract having been cancelled It is our view that the prospects of success are strongly in favour of the municipality	-	-
Dr AB Xuma Local Municipality vs Limiculture Urgent application to interdict the respondent from carrying on with works at the building site in light of their contract having been cancelled and a new service provider having been appointed.	-	-
Siphumeze Gwama v Dr AB Xuma Local Municipality Plaintiff issued summons against the municipality in her personal capacity, also on behalf of her two minor children as a result of a collapsed building at engcobo. She is claiming general damages, past medical expenses and loss of income. We have since defended and pleaded. The case has not been to court yet.	11,150,000	-

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47. Contingencies (continued)		
Nonkumbuzo Ndzungeni v DR AB Xuma Local Municipality Plaintiff issued summons against the municipality as a result of a collapsed building at Engcobo. She is claiming general damages, medical expenses and loss of earnings. We have since defended and pleaded. The case is set-down for hearing on 09 September 2025.	7,000,000	-
Sinalo Tezaphi v DR AB Xuma Local Municipality Plaintiff issued summons against the Municipality for damages on a business container and tools of trade, claiming for legal fees and loss of income. We have defended and pleaded. The case has not been to court yet.	130,850	-
Zandile Ndolela v DR AB Xuma Local Municipality Plaintiff issued summons against the municipality as a result of a collapsed building at Engcobo. She is claiming General damages, pain and suffering and emotional shock. We have since defended and pleaded. The case has not been to court yet.	5,000,000	-
	31,372,924	8,092,074
48. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	215,718	215,718
Cash and cash equivalents	3,199,447	3,199,447
	3,415,165	3,415,165
Financial liabilities		
	At amortised cost	Total
Other financial liabilities	8,495,264	8,495,264
Trade payables	5,133,640	5,133,640
Accruals	6,004,657	6,004,657
Retentions	9,489,608	9,489,608
Department of transport	1,279,591	1,279,591
	30,402,760	30,402,760
2024		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	15,228,281	15,228,281
Cash and cash equivalents	13,605,185	13,605,185
	28,833,466	28,833,466
Financial liabilities		
	At amortised cost	Total
Other financial liabilities	5,107,306	5,107,306

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48. Financial instruments disclosure (continued)		
Trade payables	15,626,278	15,626,278
Accruals	416,331	416,331
Retentions	11,795,519	11,795,519
Department of transport	361,360	361,360
	33,306,794	33,306,794

Financial instruments in Statement of financial performance

2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost - Receivables from exchange transactions	381,008	381,008
Interest income (calculated using effective interest method) for financial instruments at amortised cost - Investments	3,275,767	3,275,767
	3,656,775	3,656,775

2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost - Receivables from exchange transactions	328,993	328,993
Interest income (calculated using effective interest method) for financial instruments at amortised cost - Investments	4,244,922	4,244,922
	4,573,915	4,573,915

49. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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49. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities	21,907,497	8,495,264	-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities	28,199,488	5,107,306	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	3,199,447	13,605,185
Trade and other receivables from exchange transactions	215,718	15,228,281

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49. Risk management (continued)

Market risk

Interest rate risk

Interest rate risk is a market 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.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with First National Bank. No investments with a tenure exceeding twelve months are made.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings that bear interest.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

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50. Related parties

Relationships

Close family member of key management	None identified
Joint venture of key management	None identified
Associate of close family member of key management	None identified
Post employment benefit plan for employees of entity and/or other related parties	None identified

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

There are no post-employment benefits for key personnel.

Related party balances

Leave accrual owed to Executive Management

Municipal Manager - K L Mulaudzi	89,850	117,422
Acting Chief Finance Officer - A Jezile	-	100,846
Chief Finance Officer - N. Duntsu	35,206	-
Director: Community Services - N Matiwane	-	109,492
Director: Corporate Services - M Siqaza	-	112,810
Director Technical Services - A Obose	95,241	72,995
Director: IPED - S Malongwe	151,677	72,995

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

The cost of leave accrual is recognised in the period in which the service is rendered and are not discounted.

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 entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The leave accrual is expected to be paid out through the compensated absence of employees in the next 12 months. No leave encashment is made unless an employee has left the municipality.

There are no assets that have been set aside for the leave accrual, these are provided for through the three year MTREF budgeting of employee costs.

Remuneration of management

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2024

50. Related parties (continued)

Management class: Councillors

2025

Name	Basic salary	Allowances	Total
Executive Mayor - Cllr S Zangqa	975,602	46,936	1,022,538
Speaker - Cllr M Kondile	592,725	234,762	827,487
Chief Whip - Cllr N Mgidi	557,892	236,939	794,831
MPAC Chairperson - Cllr S Mfeki	298,902	169,288	468,190
Mayoral Committee Members	2,041,370	991,872	3,033,242
Councillors	7,221,802	3,836,371	11,058,173
	11,688,293	5,516,168	17,204,461

2024

Name	Basic salary	Allowances	Total
Executive Mayor - Pr Cllr - S Zangqa	957,328	46,200	1,003,528
Speaker - Pr Cllr - M Kondile	584,123	228,744	812,867
MPAC Chairperson - Cllr S Mfeki	303,959	139,368	443,327
Councillors' salaries	7,533,224	3,802,007	11,335,231
Mayoral committee members	1,651,888	767,727	2,419,615
Chief Whip - Cllr N Mgidi	547,819	221,001	768,820
	11,578,341	5,205,047	16,783,388

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50. Related parties (continued)

Management class: Executive management

2025

Name	Basic salary	Car Allowance	Contributions to UIF, Medical and Pension Funds	Termination benefits	Acting allowances	Other benefits received	Total
Municipal Manager - KL Mulaudzi	1,123,124	374,384	2,125	-	-	101,106	1,600,739
Director: IPED - S Malongwe	1,130,292	214,215	205,578	-	-	259,561	1,809,646
Chief Finance Officer - N. Duntsu (N1)	366,732	152,805	1,063	-	-	130,389	650,989
Chief Finance Officer - A Jezile (N2)	-	-	-	-	95,262	-	95,262
Director: Technical Services - A Obose	856,858	214,215	156,360	-	-	258,190	1,485,623
Director: Community Services - N Matiwane (N3)	618,842	265,218	1,594	99,396	-	67,786	1,052,836
Director: Corporate Services - M Siqaza (N9)	499,834	124,959	1,240	95,968	-	143,381	865,382
	4,595,682	1,345,796	367,960	195,364	95,262	960,413	7,560,477

2024

Name	Basic salary	Car Allowance	Contributions to UIF, Medical and Pension Funds	Backpay	Termination benefits	Acting allowances	Other benefits received	Total
Municipal Manager - KL Mulaudzi	1,083,306	418,886	2,125	112,227	-	-	54,917	1,671,461
Director: IPED - Z Xuba (N4)	58,111	24,074	2,255	100,206	199,961	-	5,887	390,494
Director: IPED - S Malongwe (N5)	691,237	89,630	9,707	54,239	-	-	425,084	1,269,897
Chief Finance Officer - NF Siwahla (N6)	472,854	174,660	72,500	-	100,206	-	269,720	1,089,940
Chief Finance Officer - A Jezile (N2)	-	-	-	-	-	73,188	-	73,188
Director: Technical Services - B Tutu (N7)	-	-	-	-	191,268	-	-	191,268
Director: Technical Services - A Obose (N8)	745,477	231,480	142,727	-	-	-	154,035	1,273,719
Director: Community Services - N Matiwane	977,302	11,814	2,255	-	-	-	437,180	1,428,551
Director: Corporate Services - M Siqaza	818,473	290,094	13,203	161,214	-	-	139,929	1,422,913

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50. Related parties (continued)

4,846,760	1,240,638	244,772	427,886	491,435	73,188	1,486,752	8,811,431
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*Refer to note "Employee related costs"

N1: N Duntsu appointed as Chief Finance Officer on 2 January 2025.

N2: - A Jezile, Acting Chief Finance Officer started acting in February 2024 and ended in December 2024.

N3: N Matiwan, Director Community Services term ended on 31 March 2025.

N4: Z Xuba, Director of IPED's contract ended in July 2023.

N5: S Malongwe, Director: IPED was appointed in September 2023.

N6: NF Siwahla, Chief Finance Officer resigned in January 2024.

N7: B Tutu, Director Technical Services's contract ended in May 2023.

N8: A Obose, Director Technical Services's was appointed in September 2023.

N9: S Siqaza, Director Corporate Services contract ended in January 2025.

51. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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51. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The following material uncertainties may cast doubt on the going concern assumption:

1. Critical Liquidity Shortfall: Cash Coverage is less than one month, with an adverse liquidity ratio, indicating an inability to meet short-term obligations.
2. Severe revenue collection failure : Net debtor days of 31 days and poor credit control enforcement reflect a fundamental breakdown in revenue collection, severely constraining cash inflows. If the provision for impairment is excluded, the debtors days are high.
3. Systematic non-payment of creditors: A creditor payment period of 35 days shows a systematic failure to meet supplier obligations as they fall due.

The following revenue enhancement strategies are currently in place to ensure that the municipality address the above listed concerns:

1. Debt collection interventions, including incentives for clearing older debt for a reduction / write off of part of the debt
2. Developing of cost covering tariffs to ensure that consumers are paying for all municipal services rendered by the Municipality.
3. Cost containment measures to prevent unnecessary expenditure.

52. Events after the reporting date

There is no event after the reporting date that management is aware of..

53. Irregular expenditure

Opening balance as previously reported	1,231,757	12,263,742
Add: Irregular expenditure - current	53,199,253	69,656,394
Less: Amount written off - current	(49,920,219)	(80,688,379)
Closing balance	4,510,791	1,231,757

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53. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Non-Compliance with regulation 4 of the PPR 2022	None	1,208,847	1,231,757
Written quotations not invited on panel contract	None	44,898,764	69,656,394
Non Compliance with SCM regulation on procurement	None	1,185,021	-
Non Compliance with CIDB regulation on procurement	None	3,101,750	-
Payments made above contract value	None	224,020	-
Expenditure incurred on expired contracts	None	2,580,851	-
		53,199,253	70,888,151

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53. Irregular expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R49 920 219 (2023: R80 688 379) from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable and there was value for money obtained by the municipality.

Irregular Expenditure comprises of:

An amount of R44 898 764 (2024: R69 656 394) has been recognised in the current year as irregular expenditure. This is due to the municipality procuring services from a panel in contravention of Section 217 of the Constitution of the Republic of South Africa Act of 1996 as well as the PPPFA regulation. No quotations were obtained from the service providers when work was being allocated. Investigations have taken place on these irregular transactions and council has approved their write off.

Furthermore, the municipality did not comply with the regulation 3 of the PPR 2022 which requires that all transactions below R50 000 000 should be adjudicated on the 80/20 principle. The municipality did not adjudicate transactions that are between R2 001 and R30 000 using this regulation. The amount of irregular expenditure incurred was R1 208 847 (2024: R1 231 757).

During the 2025 financial, the municipality made payments of R2 580 851 (2024:R0) on expired contracts.

An amount of R224 020 (2024:R0) was paid over and above the contract value.

R3 101 750 (2024: R0) was spent on contracts where there was non compliance with SCM regulation and R3 101 750 (2024: R0) on a contract that did not comply with CIDB regulations.

R1 185 021 (2024: R0) was spent on contracts where in non-compliance with SCM Regulation 12(1)(c) and 17(a) which was identified.

54. Fruitless and wasteful expenditure

Opening balance as previously reported	1,357,342	8,540,643
Add: Fruitless and wasteful expenditure identified - current	699,979	1,357,342
Less: Amount written off - current	(1,357,342)	(8,540,643)
Closing balance	699,979	1,357,342

Fruitless and wasteful expenditure is presented inclusive of VAT.

Fruitless and wasteful expenditure relates to the contracts terminated during the year and new service providers had to be appointed.

A Consultant had been appointed to do designs for the Nggokoqweni Bridge, the contract was later terminated due to non-performance. When the contract was terminated the municipality had already paid the consultant for some design work. A new consultant was eventually appointed and did not use the old designs but started new work all together, this resulted in the amount paid to the first consultant being fruitless and wasteful expenditure

The expenditure previously incurred was written off as irrecoverable.

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54. Fruitless and wasteful expenditure (continued)			
Details of fruitless and wasteful expenditure			
	Disciplinary steps taken/criminal proceedings		
Construction of Nogqala bridge	None.	-	1,357,342
Construction of Ngqokokweni bridge	None.	699,979	-
		699,979	1,357,342

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54. Fruitless and wasteful expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 1,357,342 (2024: R8 540 643) from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

55. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	14,738	2,663
Current year subscription / fee	6,314,019	6,430,530
Amount paid - current year	(6,328,757)	(6,418,455)
	-	14,738

PAYE

Opening balance	1,431,657	-
Current year subscription / fee	16,859,488	16,035,729
Amount paid - current year	(16,911,016)	(14,604,072)
	1,380,129	1,431,657

Pension and Medical Aid Deductions

Opening balance	2,185,733	-
Current year subscription / fee	27,055,520	25,214,275
Amount paid - current year	(26,942,971)	(23,028,542)
	2,298,282	2,185,733

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)		
VAT		
VAT output payables and VAT input receivables are shown in note 7 & 19 & 20.		
All VAT returns have been submitted by the due date throughout the year.		
VAT Input accrual	1,383,322	3,086,326
VAT Payable	(8,844,952)	(6,197,273)
VAT Output accrual	(522,796)	(460,876)
	(7,984,426)	(3,571,823)

Councillors' arrear consumer accounts

There were no Councillors who had arrear accounts outstanding for more than 90 days at 30 June, 2025.

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Impractical to follow SCM processes	6,968,161	5,998,361
Emergency	648,988	23,000
Single service provider	244,068	123,584
	7,861,217	6,144,945

56. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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56. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Economic and Environmental Services	Provision of economic development activities in the municipality
Roads and Infrastructure	Construction and maintenance of roads and infrastructure owned by the municipality
Community Services	Construction and maintenance of halls, cemeteries owned by the municipality and provision of community related services
Public Safety	Provision of pound services and public safety to the community

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

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56. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Roads and Infrastructure	Community Services	Public Safety	Total
Revenue				
Revenue from exchange transactions				
Service charges	-	1,232,185	-	1,232,185
Rental of facilities and equipment	-	322,922	-	322,922
Construction contract	20,088,478	-	-	20,088,478
Agency services	-	-	940,389	940,389
Other revenue	-	1,844,916	-	1,844,916
Revenue from non-exchange transactions				
Fines penalties and forfeits	-	978,050	-	978,050
Government grants & subsidies	81,652,550	-	-	81,652,550
Interest earned - outstanding debtors	-	381,008	-	381,008
Total segment revenue	101,741,028	4,759,081	940,389	107,440,498
Interest earned - External investments				3,275,767
Rental of facilities and equipment				19,779
Interest earned - Debtors Exchange				1,630,254
Other revenue				2,948,561
Government grants & subsidies				199,286,052
Property rates				15,280,699
Total revenue reconciling items				222,441,112
Entity's revenue				329,881,610

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	Roads and Infrastructure	Community Services	Public Safety	Total
56. Segment information (continued)				
Expenditure				
Employee related costs	14,233,439	26,406,198	7,011,264	47,650,901
Construction contract expenditure	20,088,478	-	-	20,088,478
Hire of equipment	410,341	96,686	-	507,027
Contracted services	4,243,236	14,543,093	113,791	18,900,120
Operating expenditure	7,910,059	3,056,839	182,978	11,149,876
Total segment expenditure	46,885,553	44,102,816	7,308,033	98,296,402
Total segmental surplus/(deficit)	54,855,475	(39,343,735)	(6,367,644)	9,144,096
Employee costs				58,978,513
Remuneration of councillors				17,204,461
Debt impairment				10,844,168
Finance charges				4,137,908
Hire of equipment				1,962,431
Contracted services				22,528,668
Transfers and subsidies				3,355,199
Loss on disposal of assets				8,924,579
Operating expenditure				38,235,071
Depreciation				39,200,170
Assets written off				2,419,543
Actuarial losses				926,576
Impairment losses				2,757,602
Total expenditure reconciling items				211,474,889
Entity's surplus (deficit) for the period				20,110,319

2024

Roads and Infrastructure	Community Services	Public Safety	Total
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Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand

56. Segment information (continued)

Revenue

Revenue from exchange transactions				
Service charges	-	1,189,701	-	1,189,701
Rental of facilities and equipment	-	401,865	-	401,865
Construction contract	13,983,478	-	-	13,983,478
Agency services	-	-	1,233,388	1,233,388
Other revenue	-	219,462	-	219,462
Revenue from non-exchange transactions				
Government grants and subsidies	131,132,108	3,700,000	-	134,832,108
Total segment revenue	145,115,586	5,511,028	1,233,388	151,860,002
Actuarial gains				40,778
Interest earned - External investments				4,244,922
Interest earned - Debtors Exchange				328,993
Interest earned - Debtors Non Exchange				1,518,272
Other revenue				2,473,889
Fines				4,100
Government grants & subsidies				188,521,639
Property rates				9,593,993
Total revenue reconciling items				206,726,586
Entity's revenue				358,586,588
Expenditure				
Employee related costs	(17,128,032)	(25,226,048)	(6,377,356)	(48,731,436)
Construction contract expenditure	(13,983,478)	-	-	(13,983,478)
Hire of equipment	(145,996)	(122,287)	-	(268,283)
Contracted services	(4,418,661)	(11,311,402)	(110,830)	(15,840,893)
Operating expenditure	(7,818,507)	(3,308,339)	(245,523)	(11,372,369)
Total segment expenditure	(43,494,674)	(39,968,076)	(6,733,709)	(90,196,459)
Total segmental surplus/(deficit)	101,620,912	(34,457,048)	(5,500,321)	61,663,543

Dr A B Xuma Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

	Roads and Infrastructure	Community Services	Public Safety	Total
56. Segment information (continued)				
Total revenue reconciling items				206,726,586
Employee costs				(53,826,187)
Remuneration of councillors				(16,783,388)
Debt impairment				(5,828,956)
Finance charges				(3,912,192)
Hire of equipment				(2,561,742)
Contracted services				(28,150,741)
Transfers and subsidies				(2,595,571)
Loss on disposal of assets				(1,677,206)
Operating expenditure				(60,164,104)
Depreciation				(37,664,827)
Impairment losses				(6,741,522)
Entity's surplus (deficit) for the period				48,483,693

Measurement of segment surplus or deficit, assets and liabilities

57. 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

Dr A B Xuma Local Municipality

Annual Financial Statements for the year ended 30 June, 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024		
57. Prior-year adjustments (continued)				
2023				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions (N1)		266,911	15,000,000	15,266,911
Accumulated surplus		(514,924,917)	(14,973,122)	(529,898,039)
VAT Payable (N1)		-	(1,138,608)	(1,138,608)
VAT Receivable		7,012,400	(7,012,400)	-
VAT Output accrual		(8,523,464)	8,124,130	(399,334)
		(516,169,070)	-	(516,169,070)

2024

	Note	As previously reported	Correction of error	Restated
Property, plant and equipment (N2)		619,861,290	(85,670)	619,775,620
Receivables from exchange transactions (N1)		228,281	15,000,000	15,228,281
VAT input accrual (N1)		3,025,090	61,236	3,086,326
Employee benefit obligation - Non- Current liabilities (N3)		(5,263,000)	771,000	(4,492,000)
Employee benefit obligation - Current liabilities (N3)		(10,615,680)	(771,000)	(11,386,680)
Payables from exchange transactions (N2)		(32,645,514)	(542,832)	(33,188,346)
VAT Output accrual (N5)		(10,682,528)	10,221,652	(460,876)
VAT Payable (N5)		-	(6,197,273)	(6,197,273)
VAT Receivable (N5)		5,980,901	(5,980,901)	-
Other financial liabilities - Current Liabilities (N4)		(5,107,306)	5,107,306	-
Other financial liabilities - Non-Current liabilities (N4)		-	(5,107,306)	(5,107,306)
Accumulated surplus		(565,905,574)	(12,476,212)	(578,381,786)
		(1,124,040)	-	(1,124,040)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Depreciation (N2)		(37,581,786)	(83,041)	(37,664,827)
Operational costs (N2)		(71,043,014)	(493,459)	(71,536,473)
Surplus (deficit) for the year		(49,060,193)	576,500	(48,483,693)
Surplus for the year		(157,684,993)	-	(157,684,993)

- N1: During the year, it was discovered that a debtor for money spent on behalf of INEP was not recognised. The expenditure was to be funded by INEP but not revenue and corresponding receivable had been raised. This adjustment accounts for the debtor, the VAT implications as well as the accumulated surplus impact.
- N2: The restatement relates to retention that had been recognised incorrectly as well as assets disposed but not recorded. The correction of the retention has led to an increase in depreciation of the asset.
- N3: The Long service employee benefit was previously disclosed as Non-Current Liabilities without the short term portion being shown separately. This correction to to split the liability into short term and long term portion.
- N4: The financial liability was previously disclosed as a current liability although its terms and conditions do not meet such a classification as per GRAP 1.
- N5: VAT payable was previously classified as VAT Output accrual and VAT receivable. Within the Output Accrual is VAT which is actually payable hence the reclassification and offsetting this payable with the receivable balance.

Dr A B Xuma Local Municipality

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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57. Prior-year adjustments (continued)

Financial instruments disclosure

Financial instruments in Statement of financial position

Financial Assets

Cash and Cash Equivalents was previously classified as Financial Asset at Cost instead of Amortized Costs. This has been corrected

Financial Liabilities

Department of Transport liability was previously excluded from the financial liabilities.

Financial instruments in Statement of financial performance

Interest income from financial assets was previously not disclosed in the note.

58. Budget differences

Material differences between budget and actual amounts

- A1 More revenue has been billed due to increase to number of debtors.
- A2 Budget for INEP is part of Transfers and subsidies budget.
- A3 Less revenue was generated due to municipal facilities not rented out as expected as this is a seasonal project depending on the need of facilities by the users.
- A4 Less revenue has been billed due to debt incentive policy that is being implemented.
- A5 More traffic fines tickets were issued due to improved police visibility and enforcement of road laws.
- A6 Budget for Drivers license fees is part of Agency fees budget.
- A7 The variance is as result of actual of driver's license fees that in part of Agency fees budget.
- A8 Less revenue collected due spending on grants.
- A9 Billing is more than the budget due to billing for department of land reform that was done after the budget was tabled to council a during adjustment budget we couldn't adjust due to the fact that they were disputing the billing.
- A10 Actual is less than the budget due to allocation for Human Settlement and OTP grant that we received part of the allocation.
- A11 There was no income to be generated as this mainly includes VAT refunds that funded projects.
- A12 The variance is as result of write offs that were done as per the debt incentive policy.
- A13 The variance is due to projects that are on WIP not depreciated.
- A14 This is due to bad debts being written off against the provision account.
- A15 The budget for INEP is budgeted under capital expenditure budget.
- A16 Actual is less than the budget due to cost containment that is being implemented.
- A17 The is inclusive of maintenance of solar but there's not contractor appointed.
- A18 The variance is a result of loss on disposal.
- A19 Budget is part of Other current assets.
- A20 The variance is caused by Provision for doubtful debt.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
58. Budget differences (continued)		
A21	The variance is caused by Department of land reform that is disputing the billing and they refusing to make payments.	
A22	Budget for land is a part of Property Plant & Equipment budget.	
A23	Actual is more than the budget due to outstanding VAT refund which was paid after year end by SARS.	
A24	This include budget for leased asset.	
A25	The variance is due to increased expenditure which resulted in less cash in the bank at year end.	
A26	Actual is less than budget due to Accumulated depreciation and accumulated impairment.	
A27	The budget for intangles is was less that the actuals as no disposal or derecognition of Intangible Assets was processed.	
A28	The variance is caused by the fluctuation on Accruals at year end and Department of transport that has increased compared to prior yea.	
A29	The variance is due to Loan we have obtained from the district municipality.	
A30	The variance is due to bonuses and long service bonus paid during the year.	
A31	The variance is due to VAT output accrual that we claimed form SARS.	
A32	The budget is for non-current and current.	
A33	This is due to the increase from the valuation report.	
A34	The losses in disposal are due to the derecognition of infrastructure assets during the year.	
A35	The difference is due to the lower depreciation rate than anticipated which would have decreased carrying amounts of assets.	
A36	The variance is caused by the cost containment that is being implemented of travel claims. Municipality has reduced travelling by Councilors and some gatherings are done virtually.	
A37	Impairment on PPE is as a result of the very poor conditions of assets which indicated a need to be impaired. This exercise is done at year end therefore the municipality could not budget for these cause they were not known at the beginning of the year.	
A38	The calculation of Actuarial gains/losses is done after year after the adjustment budget has been approved that's why it has not been budgeted	
A39	The fluctuation is caused by the annual payments for Subscriptions and Insurance which relates to 12 months from date of payments.	
A40	The budget for intangles is was less that the actuals as no disposal or derecognition of Intangible Assets was processed.	