ENOCH MGIJIMA

LOCAL MUNICIPALITY

_2024/2025_

ANNUAL REPORT: DRAFT 1

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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 COMPONENT A: MAYOR'S FOREWORD

Fellow residents of Enoch Mgijima,

It is with deep humility and a strong sense of duty that I present to you our Annual Report for the 2024/2025 financial year. This report reflects not just numbers and projects, but our shared journey, marked by challenges, resilience, and real progress.

This past year, we continued operating under national intervention as we work hard to stabilise our municipality's finances. Despite tight budgets, we pressed forward with our Financial Recovery Plan and launched a critical smart electricity meter programme, funded by R47 million from National Treasury, that will help stop revenue losses and could bring in an extra R22 million every month once fully rolled out.

I know how tough things have been, especially with frequent power outages caused by our aging electricity network. We've invested heavily to replace old cables and upgrade substations in Sterkstroom and Mlungisi, but this has stretched our resources even further.

Yet, even under pressure, we delivered. We spent 100% of our Municipal Infrastructure Grant, built five new low-level bridges in flood-hit areas, completed the landfill site in Ward 9, and maintained weekly refuse collection for over 41,500 households. We bladed nearly 292 kilometres of gravel roads, more than we planned, and responded swiftly to disasters with R32 million in recovery projects.

Good governance has remained central to everything we do. All 34 ward committees stayed active, giving your voices a direct channel to Council. We held regular meetings, consulted widely on our IDP and budget, and reviewed 35 policies to ensure we stay compliant and accountable. Our MPAC also kept a close watch on how we manage public funds.

On the economic front, we supported 20 local SMMEs and cooperatives, ran training for entrepreneurs, and advanced agricultural projects, including a new livestock handling facility. Our partnership on the Queendustria industrial park is moving forward, opening doors for future jobs and investment.

We also invested R73 million in roads, R24 million in electrical upgrades, and improved cemetery facilities in Molteno, Tarkastad, and Sterkstroom. Still, maintaining our vast infrastructure remains a constant struggle with limited funding, and we continue calling on National and Provincial Treasury for greater support.

Financially, we're not yet out of the woods. Low revenue, especially from electricity, keeps us in deficit. But we're taking action: appointing RECVO to recover debts, cutting unnecessary costs, rolling out a new property valuation system, and reporting monthly to National Treasury on our recovery progress.

Our people are our strength. We've strengthened performance management, trained staff, and achieved an 80% institutional performance rate. It was a deeply painful loss when our historic Komani Town Hall was destroyed by fire, but we are committed to accelerating both our planning and the search for funding in the coming months to rebuild this cherished landmark.

None of this would be possible without you, and our partners. Thank you to National and Provincial Government, Chris Hani District Municipality, sector departments, traditional leaders, ward committees, my fellow Councillors, our dedicated municipal staff, and above all, you, the residents, for your patience, trust, and engagement.

As we step into 2025/2026, my commitment to you is clear: we will accelerate our financial recovery, extend the smart meter rollout, fix our electricity network, maintain our roads, deepen partnerships, and keep listening to your needs.

Together, with unity and determination, we will build a stronger, more sustainable Enoch Mgijima.

Yours in service,

CLLR M. PAPIYANA
EXECUTIVE MAYOR

1.2 COMPONENT B: EXECUTIVE SUMMARY

1.2.1 Municipal Manager's Overview – 2024/205

The 2024/2025 financial year was marked by the continued implementation of the Financial Recovery Plan under Section 139(7) national intervention, while simultaneously fulfilling the municipality's constitutional mandate to deliver basic services and foster socio-economic development. This summary outlines key performance outcomes across governance, service delivery, financial management, and organisational development.

Municipal Context

Enoch Mgijima Local Municipality, the economic hub of the Chris Hani District, serves approximately 297,055 residents across 34 wards. Its jurisdiction includes Komani (Queenstown), Whittlesea, Tarkastad, Hofmeyr, Molteno, Sterkstroom, and extensive rural areas spanning 13,901 km². Formed through the amalgamation of Lukhanji, Tsolwana, and Inkwanca municipalities, it continues to grapple with inherited infrastructure backlogs and financial constraints.

Governance Performance

The municipality maintained functional political and administrative structures throughout the year. Council comprises 68 councillors operating under an Executive Mayoral System with a Mayoral Committee overseeing eight portfolios. All 34 ward committees were active, and the Municipal Public Accounts Committee provided robust financial oversight. Fifteen Council meetings were held, with over 75% average attendance.

Under national intervention, monthly progress reports were submitted to National Treasury, and quarterly war room sessions guided Financial Recovery Plan implementation. Key interventions included enhanced revenue collection via the RECVO contract, rollout of the new General Valuation Roll (effective 1 July 2025), commencement of a R47 million smart meter programme (Phase 1), cost containment measures, and strengthened budget monitoring.

Public participation remained central, with IDP and budget consultations in all wards, monthly ward committee meetings, 28 functional war rooms, and Annual Report outreach sessions.

Service Delivery Performance

The municipality achieved an 80% overall performance rate against its Service Delivery and Budget Implementation Plan (SDBIP). Directorate-level achievements varied: Budget and Treasury (94%), Community Services (94%), IPED (91%), Municipal Manager's Office and Corporate Services (76% each), Engineering Services (64%), and Human Settlements (56%).

Electricity Services: Despite challenges from ageing infrastructure, revenue losses (R21–23.5 million/month), and a 65% collection rate on prepaid meters, progress included 62% completion of Sterkstroom substation upgrades, commencement of Mlungisi substation refurbishment, replacement of over 3 km of PILC cables, and recruitment of three additional electricians. The smart meter programme aims to recover R22 million monthly once fully implemented.

Roads and Transport: Exceeded gravel road blading targets (291.52 km vs. 60 km planned) and re-gravelled 39.58 km of roads. Paving projects advanced in Bells Road, Ezibeleni, Sterkstroom, Molteno, Hofmeyr, Mlungisi, and Tarkastad. Five low-level bridges were completed in flood-prone areas. Constraints include limited maintenance budgets and ageing equipment.

Waste Management: Weekly refuse collection was sustained in urban and township areas, and the Ward 9 landfill was completed. However, plant breakdowns hindered full coverage of the 29 535-household target.

Housing and Human Settlements: Supported provincial housing projects including ilinge (690 units), Lesseyton (717 units), and Chris Hani Destitute (800 units). A total of 2,410 applications were registered on the National Housing Needs Register.

Community Services: Eleven libraries served 67,439 walk-ins; 15,308 members were active. Nine cemeteries operated, with new sites in Molteno, Tarkastad, and Sterkstroom accommodating ±1,750 burials. Sports facilities were made available to communities and schools.

Disaster Response: Under the R32 million Municipal Disaster Response Grant, paving progressed on key flood-affected roads (Pelem Street, Dahlia-Western Road, Phalo Road, Matanzima Graveyard Access, and Sada Internal Roads), with completion ranging from 28% to 47%.

Financial Performance

Total revenue reached R1.053 billion, while expenditure was R1.096 billion, resulting in an operating deficit of R42.6 million. Employee costs (R359.5 million) accounted for 33% of operating expenditure—within the National Treasury norm. Bulk purchases (mainly Eskom) totaled R388.9 million.

Financial health indicators remain concerning: liquidity is below acceptable levels, cost coverage improved marginally to 1.1 months (still far below the 3-month benchmark), and debtor collection—especially for electricity—is weak. However, all operating grants (including R243.3 million Equitable Share) were received, and capital grants like the Municipal Infrastructure Grant were fully spent. Capital expenditure reached 69% of the adjusted budget (R141.1 million), primarily on roads (51.8%) and electricity (14.9%).

Organisational Development

The municipality employed 834 staff and filled critical roles, including three electricians. However, key vacancies persist—including Chief Financial Officer and Director: Technical Services—impacting service delivery. The Performance Management System was implemented for senior managers, with bonuses paid for 2023/24. Training initiatives focused on financial management, disciplinary procedures, and technical skills.

Thirty-five policies were reviewed and approved in April 2024. The municipality actively engaged in intergovernmental forums (DIMAFO, MuniMEC) and collaborated with sector departments on projects valued at over R270 million.

Audit, Risk, and Internal Controls

The draft Annual Financial Statements were submitted by 31 August 2025. Internal Audit provided assurance on financial controls, compliance, and risk management. The independent Audit Committee held five well-attended meetings. Top strategic risks included financial unsustainability, inadequate service delivery, slow economic growth, fraud/corruption, and asset vulnerability—all with active mitigation plans.

Challenges and Constraints

Persistent issues include an operating deficit, Eskom debt threatening bulk supply, cash flow pressures, ageing infrastructure, vacant critical posts, skills gaps, and limited fleet capacity. Water and sanitation remain under the District Municipality, requiring close coordination.

Key Interventions and Way Forward

Immediate Priorities (2025/26): Accelerate smart meter rollout, enhance credit control, implement the new valuation roll, negotiate Eskom debt repayment, upgrade electricity infrastructure, advance roads and stormwater master plans, fill critical vacancies, and strengthen internal controls.

Medium-Term Strategies (3–5 years): Achieve financial sustainability, develop comprehensive infrastructure master plans, deepen intergovernmental partnerships, promote local economic development, and enhance public participation.

Conclusion

Despite financial and operational headwinds, Enoch Mgijima Local Municipality delivered 80% of its service targets and maintained full capital grant expenditure. The smart meter initiative and other recovery measures position the municipality to exit the rescue phase of the Financial Recovery Plan. Continued discipline, innovation, and collaboration will be essential to secure long-term sustainability and responsive service delivery.

A NTENGENYANE
<u>MUNICIPAL MANAGER</u>

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENT OVERVIEW

MUNICIPAL FUNCTIONS

INTRODUCTION TO BACKGROUND DATA

The South African Constitution assigns municipalities the duty of ensuring the provision of basic services; promoting social and economic development and a safe and healthy environment in which to live and work. The contributions made by Enoch Mgijima Local Municipality to satisfy the basic requirements are covered in this report.

Population projections

Population statistics is important when analyzing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

TABLE 1. TOTAL POPULATION - ENOCH MGIJIMA, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2012-2022 [NUMBERS PERCENTAGE]

Years	**Enoch Mgijima**	**Chris Hani**	**Eastern Cape**	**National Total**	**Enoch Mgijima as % of district municipality**	**Enoch Mgijima as % of province**	**Enoch Mgijima as % of national**
2012	257,000	820,000	6,750,000	52,800,000	*31.3%*	*3.8%*	*0.49%*
2013	260,000	824,000	6,810,000	53,700,000	*31.5%*	*3.8%*	*0.48%*
2014	262,000	829,000	6,880,000	54,500,000	*31.7%*	*3.8%*	*0.48%*
2015	265,000	835,000	6,950,000	55,300,000	*31.8%*	*3.8%*	*0.48%*
2016	268,000	841,000	7,020,000	56,200,000	*31.9%*	*3.8%*	*0.48%*
2017	271,000	848,000	7,100,000	57,000,000	*32.0%*	*3.8%*	*0.48%*
2018	275,000	856,000	7,180,000	57,900,000	*32.1%*	*3.8%*	*0.47%*
2019	278,000	864,000	7,250,000	58,800,000	*32.2%*	*3.8%*	*0.47%*
2020	281,000	872,000	7,330,000	59,600,000	*32.2%*	*3.8%*	*0.47%*
2021	284,000	879,000	7,400,000	60,300,000	*32.3%*	*3.8%*	*0.47%*
2022	297,055	887,000	7,470,000	61,100,000	*32.3%*	*3.8%*	*0.47%*

Average Annual growth				
2012-2022	***1.10***%	***0.79***%	***1.02***%	***1.47***%

TABLE 1. Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

With 297 055 people, the Enoch Mgijima Local Municipality housed 0.5% of South Africa's total population in 2022. Between 2012 and 2022 the population growth averaged 1.10% per annum which is slightly lower than the growth rate of South Africa as a whole (1.47%). Compared to Chris Hani's average annual growth rate (0.79%), the growth rate in Enoch Mgijima's population at 1.10% was slightly higher than that of the district municipality.

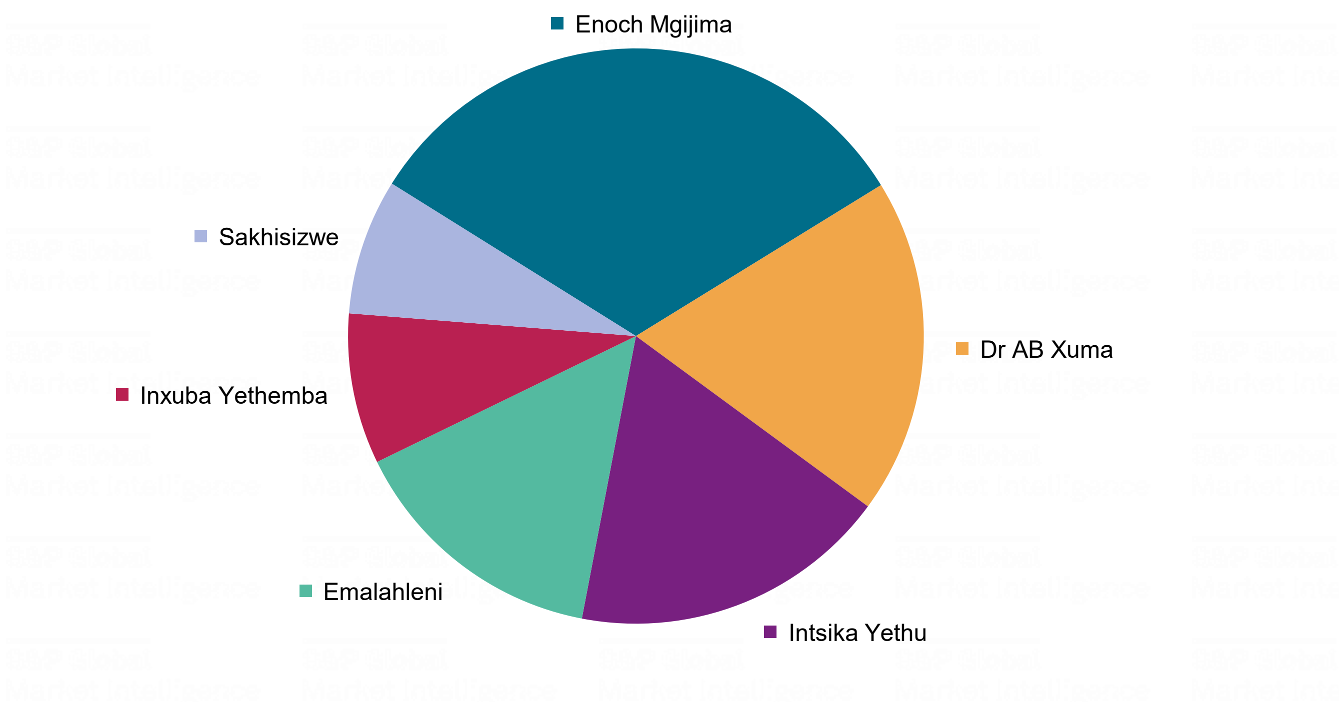

CHART 1. TOTAL POPULATION - ENOCH MGIJIMA AND THE REST OF CHRIS HANI, 2022 [PERCENTAGE]

Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

When compared to other regions, the Enoch Mgijima Local Municipality accounts for a total population of 297,055, or 32.3% of the total population in the Chris Hani District Municipality, which is the most populous region in the Chris Hani District Municipality for 2022. The ranking in terms of the size of Enoch Mgijima compared to the other regions remained the same between 2012 and 2022. In terms of its share the Enoch Mgijima Local Municipality was slightly larger in 2022 (32.3%) compared to what it was in 2012 (31.3%).When looking at the average annual growth rate, it is noted that Enoch Mgijima ranked second (relative to its peers in terms of growth) with an average annual growth rate of 1.1% between 2012 and 2022.

Population Projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Enoch Mgijima's population is projected to grow at an average annual rate of 1.2% from 297 055 in 2022 to 304 000 in 2027.

TABLE 2. POPULATION PROJECTIONS - ENOCH MGIJIMA, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2022-2027 [NUMBERS PERCENTAGE]

Years	**Enoch Mgijima**	**Chris Hani**	**Eastern Cape**	**National Total**	**Enoch Mgijima as % of district municipality**	**Enoch Mgijima as % of province**	**Enoch Mgijima as % of national**
2022	297,055	887,000	7,470,000	61,100,000	*32.3%*	*3.8%*	*0.47%*
2023	290,000	896,000	7,550,000	61,900,000	*32.4%*	*3.8%*	*0.47%*
2024	293,000	905,000	7,630,000	62,700,000	*32.4%*	*3.8%*	*0.47%*
2025	297,000	914,000	7,710,000	63,500,000	*32.4%*	*3.9%*	*0.47%*
2026	300,000	924,000	7,780,000	64,300,000	*32.5%*	*3.9%*	*0.47%*
2027	304,000	934,000	7,860,000	65,100,000	*32.5%*	*3.9%*	*0.47%*

Average Annual growth

2022-2027	***1.15***%	***1.03***%	***1.02***%	***1.27***%

Source:SouthAfricaRegionaleXplorerv2443.

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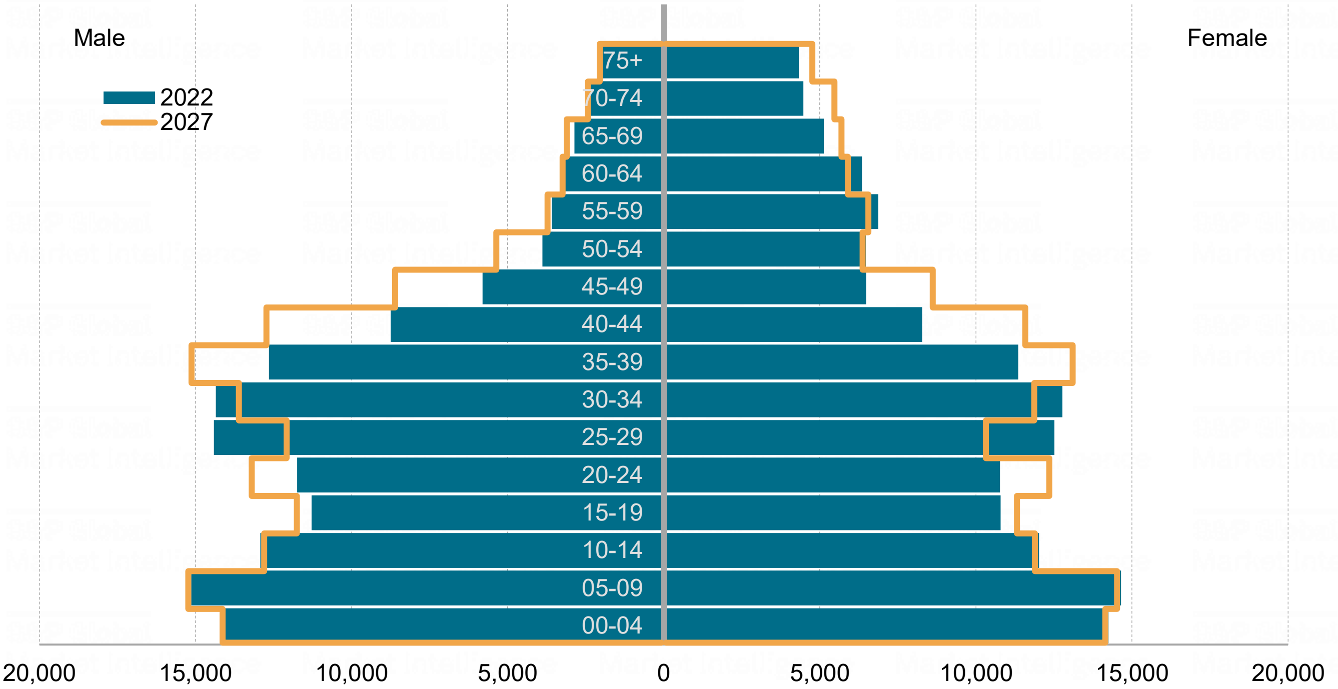
The population projection of Enoch Mgijima Local Municipality shows an estimated average annual growth rate of 1.2% between 2022 and 2027. The average annual growth rate in the population over the projection period for Chris Hani District Municipality, Eastern Cape Province and South Africa is 1.0%, 1.0% and 1.3% respectively. The Eastern Cape Province is estimated to have an average growth rate of 1.0% which is very similar than that of the Enoch Mgijima Local Municipality. The South Africa as a whole is estimated to have an average annual growth rate of 1.3% which is very similar than that of Enoch Mgijima's projected growth rate.

The following figure depicts a Population Pyramid of Enoch Mgijima Local Municipality



Population pyramid - Enoch Mgijima Local Municipality, 2022 vs. 2027 [Percentage]

TABLE 2. Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

The population pyramid reflects a projected change in the structure of the population from 2022 and 2027. The differences can be explained as follows:

- In 2022, there is a significantly larger share of young working age people between 20 and 34 (26.7%), compared to what is estimated in 2027 (24.2%). This age category of young working age population will decrease over time.
- The fertility rate in 2027 is estimated to be slightly higher compared to that experienced in 2022.
- The share of children between the ages of 0 to 14 years is projected to be significantly smaller (27.2%) in 2027 when compared to 2022 (29.0%).

In 2022, the female population for the 20 to 34 years age group amounts to 12.6% of the total female population while the male population group for the same age amounts to 14.1% of the total male population. In 2027, the male working age population at 12.8% still exceeds that of the female population working age population at 11.4%, although both are at a lower level compared to 2022.

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HUMAN SETTLEMENT OVERVIEW

1. **Town of Enoch Mgijima Local municipality**

Enoch Mgijima Local Municipality (EMLM), situated in the Chris Hani District of the Eastern Cape Province, covers a large area of approximately 13,901 km² and includes several towns and villages. The municipality was formed by merging Lukhanji, Tsolwana, and Inkwanca Municipalities. the total population of the Municipality is estimated to be approximately 269,000 people, with a total of 72,000 households, and there are 34 wards according to the statistics of 2019 number of wards: 34 wards.

The following table outlines the statistics of the towns in Enoch Mgijima Local Municipality:

Overview of Enoch Mgijima Local Municipality		
Settlement Type	**Households**	**Population size (in 2019)**
Enoch Mgijima Towns		
Queenstown (Komani), Former Lukhanji Area)	The households are over 50,000	population: Estimated at around 190,000+
Whittlesea Area	The households are between 5,000 to 7,000.	The population is estimated to be around 15,000–20,000.
Tarkastad (Former Tsolwana Area)	The households are 7,000–8,000.	The population is estimated to be between 20,000–25,000.
Molteno (Former Inkwanca Area)	Households: Around 5,000–6,000.	Population: Approximately 20,000.
Sterkstroom (Former Inkwanca Area)	Households: Estimated at around 3,500 to 4,000.	The population is around 10,000 to 15,000.
Hofmeyr (Former Tsolwana Area)	-	-

2. **Informal Settlement Households (Based on NUSP 2017 Report):**

The information below is an outline of an informal pattern for Enoch Mgijima and the estimated households.

Main Settlement	**Name of the Informal Settlement**	**Estimated Households**
Whittlesea	Whittlesea Town	300
	Ekuphumuleni	15
	Emadakeni	600
Tarkastad	Zola	1042
	IvanLaw	475
Sterkstroom	Sterkstroom	505
Ezebeleni	Tambo Informal	80
Ilinge	Chris Hani	300
Mlungisi	Silver Town	300
	Polar Park	140
	Gauteng	250
	R T Section	20
	Aloet	205
	Mlungisi Cemetery	100
	Inkwanca	120
	Nomzamo	200
	Joe Slovo	100

3. Enoch Rural Settlements for Enoch Mgijima Local Municipality

Enoch Mgijima Local Municipality (EMLM) is predominantly rural in character with multiple rural settlements spread across its area. These rural settlements have household numbers, and they present diverse human settlement needs; however, the population sizes are not outlined.

Rural Settlement Area	Units (Approx. Households)
Baccle's Farm Village	348
Hofmeyr	1,813
Khayalethu	185
Kwezi Village	473
Mitford	926
Phakamisa	221
Rocklands	566
Spring Grove	394
Tarkastad	2,967
Tentergate	1,103
Thembalethu	95
Thornhill	1,416
Zola Village	353
Total	10,860

Natural resources and their contribution to the community

Natural resources	Relevant to the community
Water Resources: The municipality relies heavily on bulk water supply from several dams and water schemes, including Waterdown Dam, Bonkolo Dam, Oxkraal Dam, and the under-construction Xonxa Dam.	The availability and adequate management of water resources are vital for sustaining the rural and urban communities, supporting agriculture (a key economic activity), and improving public health through potable water supply.
Agriculture: A significant portion of the municipality's rural character is marked by agricultural land used for subsistence and commercial farming.	Activities include livestock rearing (cattle, sheep, goats), and crop production, which serve as the primary livelihood and employment source for many rural residents.
Energy Resources: The municipality benefits from electricity supplied mainly through Eskom and municipal arrangements, but some rural and informal areas still experience limited access.	Solar energy is proposed and utilized as supplemental energy in some informal settlements, highlighting the importance of alternative energy sources in areas where grid electricity is not yet available.

KEY ECONOMIC ACTIVITIES

It is the mission of the Enoch Mgijima Local Municipality to unlock the development potential and to increase investment opportunities to develop and implement LED programmes for socio-economic development through:

- Agricultural development
- Tourism development
- Industrial development
- SMME development
- LED development

COMMENT ON BACKGROUND DATA

The social challenges facing the municipality are:

- The high rate of unemployment, especially among the youth
- The high poverty rate
- The high inequality rate
- The high rate of HIV/Aids
- The high rate of teenage pregnancies
- The service delivery backlogs on social amenities

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENT OVERVIEW

Services	***CHDM powers***	**EMLM powers**	**EMLM Status Quo**
Part B of Schedule 4 of the Constitution of RSA			
Air Pollution	No	Yes	No
Building regulation	No	Yes	Yes
Child care facilities	No	Yes	Yes
Electricity and gas reticulation	Yes	No	No (Eskom)
Fire fighting	Yes	Yes	No
Local Tourism	Yes	Yes	Yes
Municipal Airports	Yes	Yes	No
Municipal Health	Yes	Yes	No SLA
Municipal planning	Yes	Yes	Yes
Municipal Public Works	Yes	Yes	Yes
Pontoons and Ferries	No	Yes	Yes
Municipal public transport	Yes	Yes	Yes (only Infrastructure provision)
Sanitation	Yes	No	No
Storm water	No	Yes	Yes
Trading regulation	No	Yes	Yes
Water	Yes	No	No
Part B of Schedule 5 of the Constitution of RSA			
Beaches & amusement facilities	No	Yes	No
Billboards & advertisements	No	Yes	Yes
Cemeteries, parlors & crematoria	No	Yes	Yes
Cleansing	No	Yes	Yes
Control of public nuisance	No	Yes	Yes
Control of undertakings that sell liquor	No	Yes	Yes

Services	*CHDM powers*	EMLM powers	EMLM Status Quo
Facilities for accommodation, care & burial of animals	No	Yes	Yes
Fences & Fencing	No	Yes	Yes
Licensing and controlling of undertakings that sell food to the public	No	Yes	Yes
Licensing of dogs	No	Yes	No
Local amenities	No	Yes	Yes
Local Sports facilities	Yes	Yes	Yes
Markets	Yes	Yes	Yes
Municipal abattoirs	Yes	Yes	No
Municipal parks & recreational facilities	No	Yes	Yes
Municipal roads	Yes	Yes	Yes
Noise pollution	No	Yes	Yes
Pounds	No	Yes	Yes
Public places	No	Yes	Yes
Refuse removal dumps & solid waste disposal	Yes	Yes	Yes
Street lighting	No	Yes	Yes
Street trading	No	Yes	Yes
Traffic and parking	No	Yes	Yes
From Section 84(1) of Municipal Structures Act of 1998			
Receipt, distribution and allocation of grants	Yes	No	No
Imposition and collection of taxes, levies, and duties	Yes	No	Yes

1.4 SERVICE DELIVERY OVERVIEW

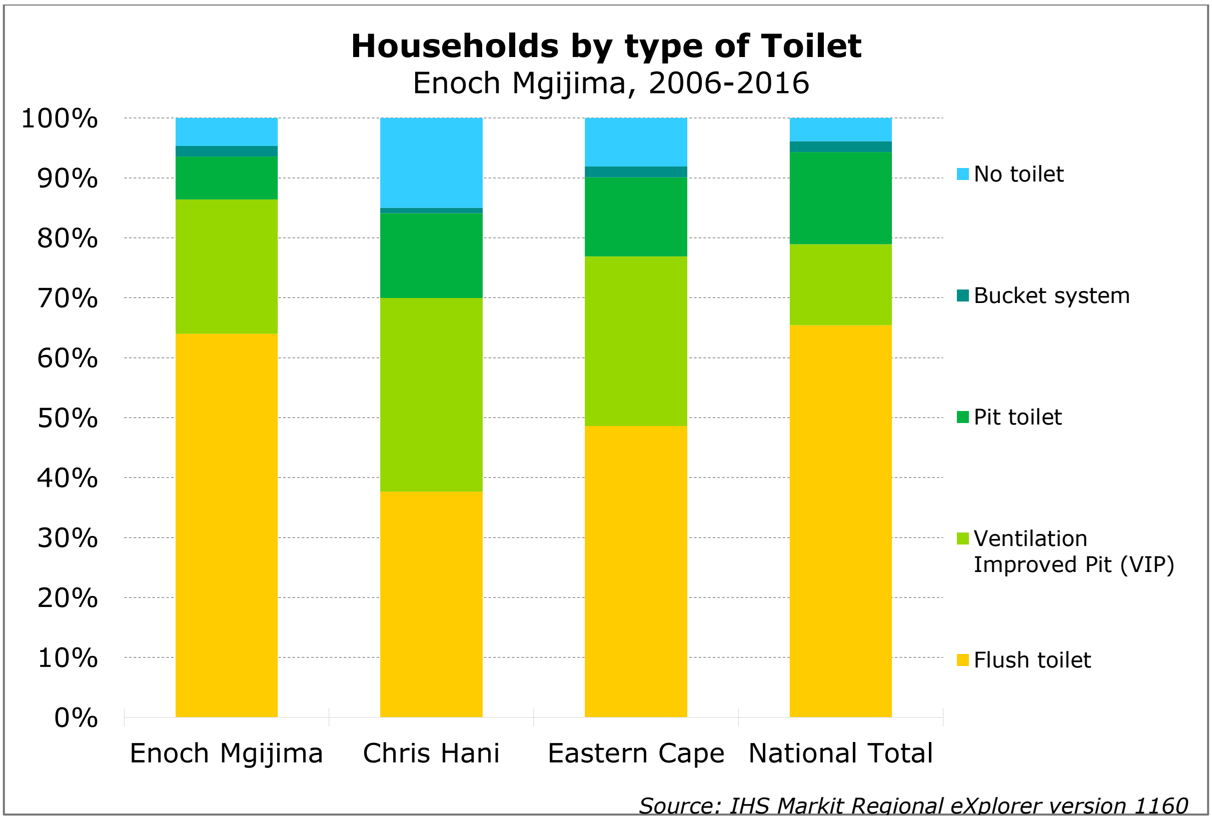
Service Delivery Introduction

The contributions made by the Enoch Mgijima Local Municipality with regards to service delivery are covered in this report

Household by Type of Sanitation

Sanitation can be divided into specific types of sanitation to which a household has access. We use the following categories:

- **No toilet** - No access to any of the toilet systems explained below.
- **Bucket system** - A top structure with a seat over a bucket. The bucket is periodically removed, and the contents disposed of. (Note: this system is widely used but poses health risks to the collectors. Most authorities are actively attempting to discontinue the use of these buckets in their local regions).
- **Pit toilet** - A top structure over a pit.
- **Ventilation improved pit** - A pit toilet but with a fly screen and vented by a pipe. Depending on soil conditions, the pit may be lined.
- **Flush toilet** - Waste is flushed into an enclosed tank, thus preventing the waste to flow into the surrounding environment. The tanks need to be emptied or the contents pumped elsewhere.



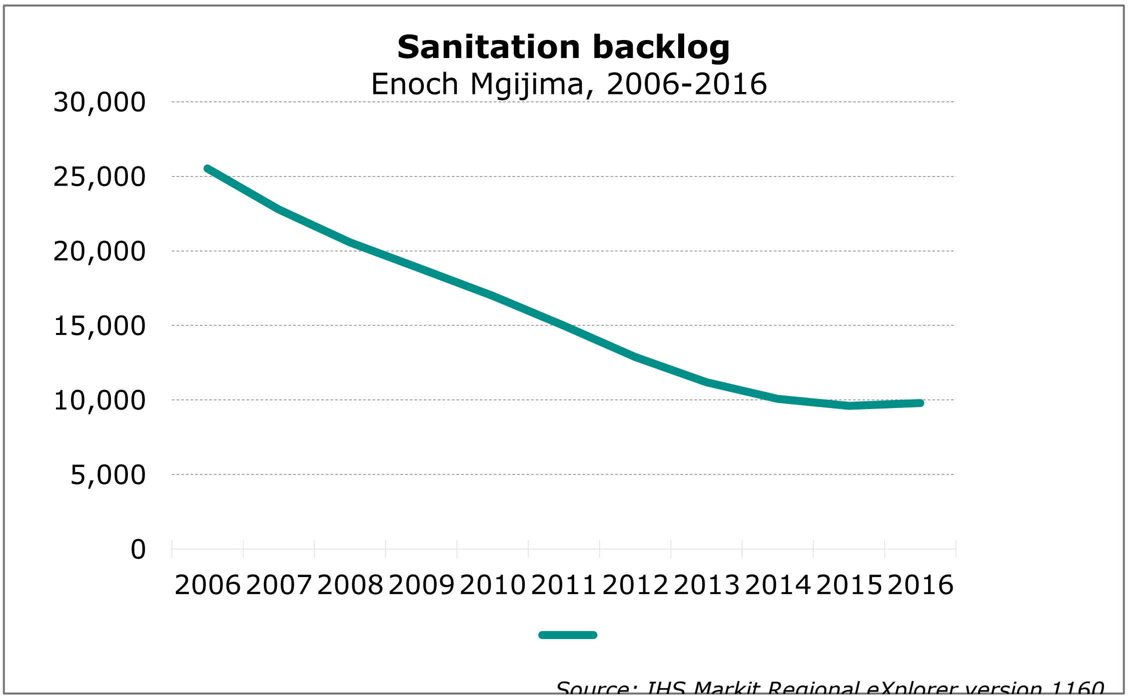
Graph 1: Households by type of sanitation

Enoch Mgijima Local Municipality had a total number of 46 000 flush toilets (63.99% of total households), 16 100 Ventilation Improved Pit (VIP) (22.40% of total households) and 5 160 (7.17%) of total households' pit toilets.

	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Enoch Mgijima	46,000	16,100	5,160	1,260	3,380	72,000
Inxuba Yethemba	18,300	225	218	92	933	19,700
Intsika Yethu	2,900	17,700	10,400	79	10,800	41,900
Emalahleni	5,980	14,600	5,640	450	6,100	32,700
Engcobo	4,830	16,700	6,860	80	10,000	38,500
Sakhisizwe	5,420	6,340	2,960	154	1,920	16,800
Total Chris Hani	83,447	71,643	31,246	2,115	33,157	221,608
Source: IHS Markit Regional eXplorer version 1160						

Table 1: Households by type of sanitation - Enoch Mgijima Local Municipality and the rest of Chris Hani, 2016 [Number]

The region within Chris Hani with the highest number of flush toilets is Enoch Mgijima local municipality with 46 000 or a share of 55.18% of the flush toilets within Chris Hani. The region with the lowest number of flush toilets is Intsika Yethu local municipality with a total of 2 900 or a share of 3.48% of the total flush toilets within Chris Hani District Municipality.

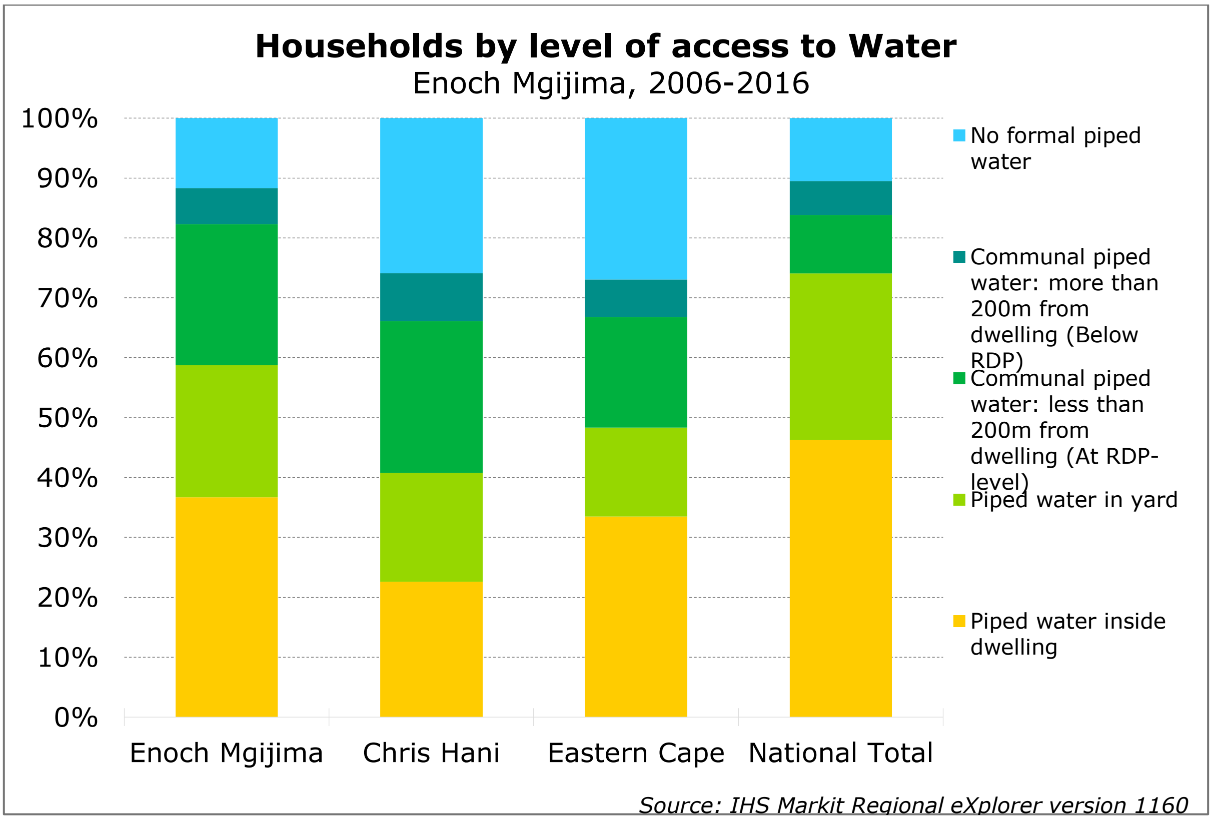


Graph 2: Sanitation backlog – EMLM, 2006-2016 [No of households without hygienic toilets]

When looking at the sanitation backlog (number of households without hygienic toilets) over time, it can be seen that in 2006 the number of households without any hygienic toilets in Enoch Mgijima Local Municipality was 25 500, this decreased annually at a rate of -9.14% to 9 790 in 2016.

Households by Access to water

A household is categorised according to its main access to water, as follows: Regional/local water scheme, Borehole and spring, Water tank, Dam/pool/stagnant water, River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rain water, boreholes, dams, rivers and springs.



Graph 3: Households by type of water access - EMLM, Chris Hani, Eastern Cape and National Total, 2016 [%]

Enoch Mgijima Local Municipality had a total number of 26 400 (or 36.72%) households with piped water inside the dwelling, a total of 15 900 (22.05%) households had piped water inside the yard and a total number of 8 400 (11.67%) households had no formal piped water.

Economy

The economic state of Enoch Mgijima Local Municipality is put in perspective by comparing it on a spatial level with its neighbouring locals, Chris Hani District Municipality, Eastern Cape Province and South Africa.

The Enoch Mgijima Local Municipality does not function in isolation from Chris Hani, Eastern Cape Province, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning.

Gross domestic product by region (GDP-R)

The gross domestic product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Definition: Gross domestic product by region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

GDP-R can be measured using either current or constant prices, where the current prices measure the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

GROSS DOMESTIC PRODUCT (GDP) - ENOCH MGIJIMA, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2012-2022 [R BILLIONS, CURRENT PRICES]

Enoch Mgijima		**Chris Hani**	**Eastern Cape**	**National Total**	**Enoch Mgijima as % of district municipality**	**Enoch Mgijima as % of province**	**Enoch Mgijima as % of national**
2012	10.4	21.6	287.2	3,566.4	48.0%	3.6%	0.29%
2013	11.1	23.2	309.6	3,868.6	47.9%	3.6%	0.29%
2014	11.9	24.9	330.8	4,133.9	47.7%	3.6%	0.29%
2015	12.7	26.7	354.1	4,420.8	47.6%	3.6%	0.29%
2016	13.6	28.7	379.0	4,759.6	47.5%	3.6%	0.29%
2017	14.5	30.5	403.4	5,078.2	47.4%	3.6%	0.28%
2018	15.1	31.8	420.9	5,363.2	47.3%	3.6%	0.28%
2019	15.6	33.1	437.2	5,625.2	47.3%	3.6%	0.28%
2020	15.5	32.8	430.3	5,568.0	47.2%	3.6%	0.28%
2021	17.0	36.0	472.9	6,208.8	47.1%	3.6%	0.27%
2022	17.9	38.0	501.0	6,628.6	47.1%	3.6%	0.27%

Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

With a GDP of R 17.9 billion in 2022 (up from R 10.4 billion in 2012), the Enoch Mgijima Local Municipality contributed 47.08% to the Chris Hani District Municipality GDP of R 38 billion in 2022 increasing in the share of the Chris Hani from 47.99% in 2012. The Enoch Mgijima Local Municipality contributes 3.57% to the GDP of Eastern Cape Province and 0.27% the GDP of South Africa which had a total GDP of R 6.63 trillion in 2022 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2012 when it contributed 0.29% to South Africa, but it is lower than the peak of 0.29% in 2012.

TABLE 8. GROSS DOMESTIC PRODUCT (GDP) - ENOCH MGIJIMA, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2012-2022 [ANNUAL PERCENTAGE CHANGE, CONSTANT 2010 PRICES]

Enoch Mgijima		**Chris Hani**	**Eastern Cape**	**National Total**
2012	1.1%	1.6%	1.9%	2.4%
2013	0.7%	0.9%	1.4%	2.5%
2014	1.2%	1.5%	0.8%	1.4%
2015	1.0%	1.3%	0.9%	1.3%
2016	1.0%	1.1%	0.8%	0.7%
2017	0.7%	1.1%	0.5%	1.2%
2018	1.0%	1.1%	1.1%	1.6%
2019	-0.1%	0.1%	0.1%	0.3%
2020	-5.4%	-5.4%	-5.8%	-6.0%
2021	4.5%	4.7%	4.9%	4.7%
2022	2.0%	2.0%	2.1%	1.9%

Average Annual growth

2012 2022 0.64% 0.82% 0.64% 0.92%

Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

In 2022, the Enoch Mgijima Local Municipality achieved an annual growth rate of 2.02% which is a very similar GDP growth than the Eastern Cape Province's 2.08%, but is higher than that of South Africa, where the 2022 GDP growth rate was 1.91%. Contrary to the short-term growth rate of 2022, the longer-term average growth rate for Enoch Mgijima (0.64%) is slightly lower than that of South Africa (0.92%). The economic growth in Enoch Mgijima peaked in 2021 at 4.46%.

Wards

The municipality is structured into the following wards

NO.	NAME OF CLLR	AREA DESCRIPTION
1.	Cllr. Z Tutwana	Mkonjana; Dlakavu; Bolotwa; Gwatyu Farms; Nonibe; Tylden; Thembani, Esigxeni
2.	Cllr. A. Sizani	Ilinge and Mvani Farms
3.	Cllr. S.V Mkefa	Machibini, Mthwaku
4.	Cllr. M. Ngesi	Birch Farms; Part of Unathi Mkefa; Part of Ilinge
5.	Cllr. T. Panya	Zone 3; Zone D; and part of Chankcele
6.	Cllr. Z. Baleni	Portion of Unathi Mkefa; Koppies
7.	Cllr. S. Qhwalela	Phakamisa; Nogumbe zone 1 Lusinini, Ematyeni ,Soweto
8.	Cllr. Z. Manqaphela	Ezibeleni Zone 2; Ezivrandini; Chankcele; Komani Hospital; Queendustria
9	Cllr. T. Vali	Queensview; Komani Park; Southbourne; Sandringham; Central Town
10.	Cllr. T. Deysel	Bersig; Top Town; Madeira Park, Horizon View, RDP Camp, Van Coller Park, Blue Rise, Parts of Amberdale
11.	Cllr. A. Ganca	Sabata Dalindyebo, Emabhangaleni, New Rest, New Briton, New Town, Bede; Thulandivile; Bulawayo; Part of Bongweni
12.	Cllr. X. Williams	Aloe vale; Aloe T; T Section S Section; R portion and New Vale, Portion of Victoria Park, Popcorn Valley, Joe Slovo
13.	Cllr. W. Booi	Sabata; Park Ville; New Vale
14.	Cllr. V. Bomela	Khayelitsha, Unifound, Zakhele, Portion of Polar Park and Cemetery
15.	Cllr. A.B Zondi	The whole of Nomzamo area, Brakloof, Kei Bridge Farms, 3 Informal Settlements in V Section, MQ Section, Marikana

16.	Cllr. A. Keva	Nkululekweni; Komani Hights; Zwelithsa; portion of Q; S and T; Part of Unifound; Polar Park; Silver town; Portion of Westbourne; PRD Camp, Kings Park, Portion of Central
17.	Cllr. N. Kweza	R Portion; New Bright; Bhongweni
18.	Cllr. N. M Solani	Ndlovukazi and farms Zingquthu; Lessyton, Xhuma, Thabata, Zola, Toitskraal, Bonkolo, Nkonkobe
19.	Cllr. K. Nonyongo	McBride; Who can Tell; Poplar Groove; Ensam; Braakloof; Emankcenkceni.
20.	Cllr. N.C Twalo	Bulhoek; Kamastone; Mceula; Lower Hukuwa; Upper Hukuwa; Upper Didimana; Lower Didimana, Sawutana,Manzikrakra, Xaleni,Lower and Upper Zangqokhwe,Qwabi,Ntabelanga,Merino, Bothas Hoek, Horizons, Idlewild.
21.	Cllr. L.Pukwana	Shiloh; Dipala; Sbonile; Mbekweni; Ngojini; Dyamala; Oxton; Zweledinga; Gall water
22.	Cllr .N.F Duda	Yonda; Lower Hukuwa; Upper Hukuwa , Tsitsi Kama; Mthwakazi; Romanslaagte,Sisilana,Qawukeni, Cimezile,Echibini,Esihlabeni,Boldpoint,Hackney,Musa,Eardly, Upper and Lower Lahlangubo, Sawutiya
23.	Cllr. M.Mnyaka	Zone 1, Exhadini; Ekuphumleni; Zone 2
24.	Cllr. S. Neli	Emadakeni; Portion of Sada; eMtha; Ngcamngceni; Mabheleni
25.	Cllr. E. Mavango	Sada
26.	Cllr. L.L Ndlebe	Ekuphumleni; Extension 4; Whittlesea Town; Enqobokeni
27.	Cllr. N.Yaliwe	Sterkstroom Town and Masakhe Township
28.	Cllr. N. Makasi	Nceduluntu; Phumlani; Phelandaba; Nkululeko; Molteno; Lank ge Wag; Doener Kry; Estrip; Portion of Old Location; Impumelelo.

29.	Cllr.M. Jacobs	Old Location Molteno; Nomonde Location; Khayelitsha; Z& Zwelitsha; Y Sectors ; J Sectors;B Sectors ; Deneddruin
30.	Cllr. M. Dyalivani	Thorn hill; Thorn hill Brigde; kwa Hinana; Mthitha primary school, Zola
31.	Cllr. N. Nduku	Khayalethu; Rocklands; Mitford; Phakamisa
32.	Cllr. S. Plaatjie	Ikhwezi, Thembalethu ,Tendergate, Springrove Buccles farm,
33.	Cllr. Z. Marawu	Tarkastard Town, Zola Township, Ivanlew
34.	Cllr. B. Quqa	Eluxolweni Location, Hofmeyer Town

KEY ECONOMIC ACTIVITIES

BASIC SERVICE DELIVERY OVERVIEW

BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

The table below specifies service delivery performance highlights

HIGHLIGHT	DESCRIPTIONS
Municipal Infrastructure grant	100% expenditure of the funds allocated for infrastructure related projects
Completion of 5 low level bridges	The following bridges were completed. The bridges were a part of the areas affected by the floods.
Completion of landfill site	Landfill site situated in ward 9 was completed
Upgrading and refurbishment on electricity infrastructure	The municipal electricity infrastructure that is dilapidated and causes major electricity outages. Many cables in ward 10 were replaced and new cables were installed
Installation of SMART meters	Phase 1 of the installation of electricity smart meters was started during the period under review. The project was funded by National Treasury

1.4 FINANCIAL HEALTH OVERVIEW

The Enoch Mgijima Local Municipality is not financially sustainable in the short term. The 2024/25 financial year saw breakdown of the electricity infrastructure in some parts of the town and required substantial amount of money to fix this ageing infrastructure. The municipality was able to address most of the electricity network challenges, stepped up the cleaning of the town and fixed potholes in most of the streets. A big chunk of the municipality's budget went to addressing these challenges. It must be noted that the municipality's budget was unfunded and thus cannot respond adequately to all challenges facing the municipality.

The sustainability ratios and the liquidity ratios that indicate the going concern status of the municipality are all unfavourable for the financial year under consideration. The only exception is the cost / cash coverage ratio which has marginally improve from 0.46 in 2023/24 to 1.1 in 2024/25. The cash / coverage ratio is a measure of how many months will the municipality's fixed cost be covered with the available cash at hand.

The cash flow challenges of the municipality emanating from the low revenue collections especially from the electricity sales are the causes of the municipality's weak financial sustainability.

Notwithstanding the above bleak picture, there are credible plans to turn around the financial sustainability of the municipality in the 2025/26 financial year. The National Treasury has approved R47.0 million to the municipality for the first phase of the installation of the smart meters which will curb the illegal connections and ultimately increase revenue from electricity sales. The municipality will also implement the Revenue enhancement strategy, which is currently being reviewed to align to the Financial Recovery Plan of the municipality in 2025/26 financial year. The municipality has also implemented the new General valuation roll from the 1st of July 2025 with the hope of increasing revenue collection from revenue from property rates. Management's assumption is that the municipality will continue to exist as a going concern and to exist in the foreseeable future unless de – established or merged into a new entity by the Municipal Demarcation Board and the Cooperative governance and traditional affairs.

The municipality is aware of the following financial challenges which threaten its financial viability and as a going concern: - Operating at a deficit as reported in the Financial Performance at year end - The municipality's inability to pay its major creditors over the past 12 months - Longer debtors payment period - Increase in Eskom debt, and - The growing debtors figures and increase in debt impairment that has to be written off at year end. T 1.4.1

Financial Overview: Year 2024/25			
			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	305 243 200	273 215 200	314 085 530
Taxes, Levies and tariffs	673 777 705	700 119 661	565 187 764
Other	87 701 752	170 579 778	174 149 153
Sub Total	1 066 722 657	1 143 914 639	1 053 422 447
Less: Expenditure	1 063 611 713	1 138 783 713	1 096 009 426
Net Total*	3 110 944	5 130 926	-42 586 979
** Note: surplus/(defecit)*			*T 1.4.2*

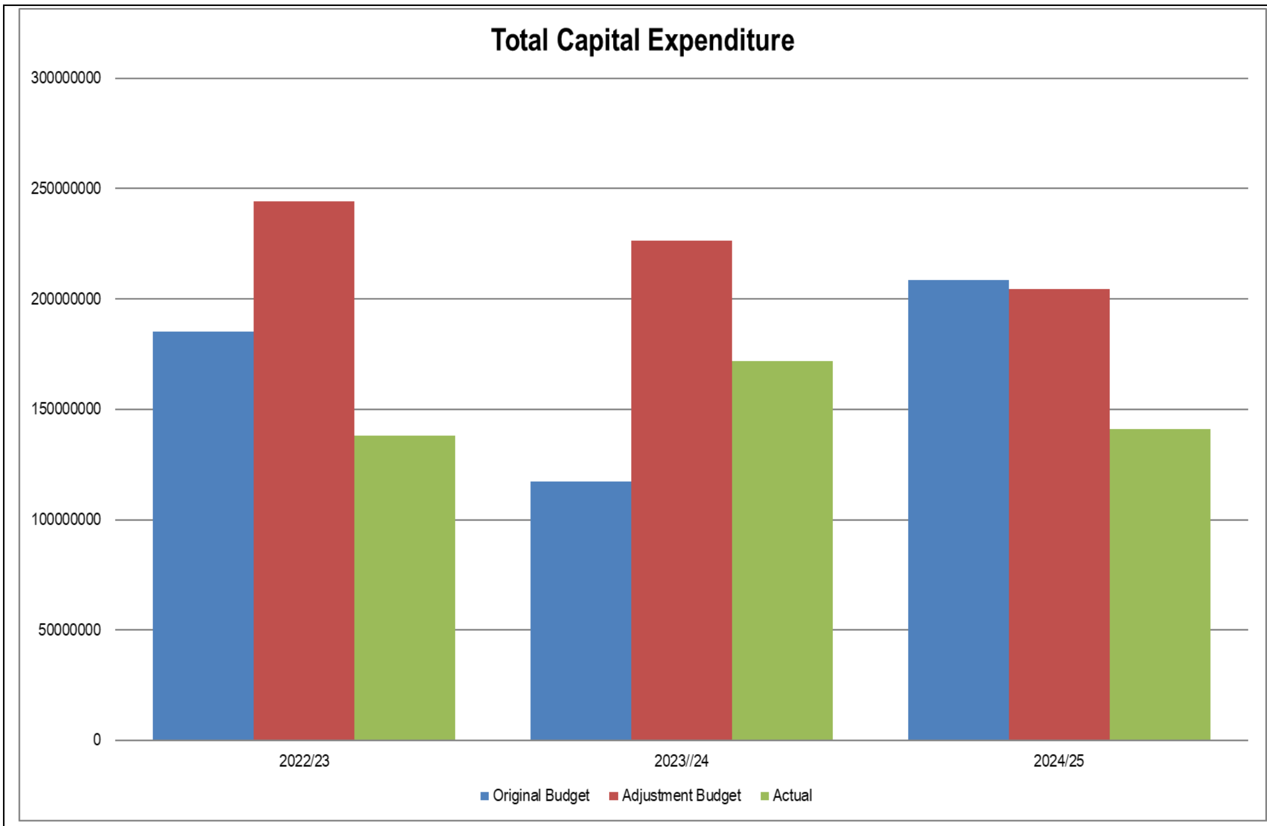
Operating Ratios	
Detail	**%**
Employee Cost	33%
Repairs & Maintenance	6%
Finance Charges & Impairment	3%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

The municipality's employee related cost as a percentage of its operating cost is 33% for the 2024/25 financial year and is within the National Treasury norm of 25% to 40%. Management is determined to keep this ratio within the norm in the medium term. Repairs and maintenance is 6% and is below the Treasury norm of 8%. The municipality will work towards achieving this norm. Finance charges in the municipality are caused by the interest charged on the Eskom arrears and is 3% as at 20 June 2025.

T 1.4.3

Total Capital Expenditure: 2022/23 to 2024/25 R'000			
Detail	**2022/23**	**2023//24**	**2024/25**
Original Budget	185 326 350	117 409 100	208 762 103
Adjustment Budget	244 059 607	226 520 020	204 376 074



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

The table and the graph above show that actual capital expenditure has been below the original budget and the adjustment budget for the past 3 years. The reason for the variance is due to the OTP grant and the DOT grants that are normally not received and spent due to transfer issues from the grant funders. MIG and INEP grants are always spent. The municipality has fully spent its MIG and INEP grant for the 2024/25 financial year.

T 1.4.5.1

1.5 ORGANIZATIONAL DEVELOPMENT AND OVERVIEW

1.6 AUDITOR GENERAL REPORT

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	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM (where applicable).	
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 unaudited 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	January
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	
		T 1.7.1

: Annual Report Process

CHAPTER 2 – GOVERNANCE

2.1 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1.1 Political Governance

The political structure of Enoch Mgijima Local Municipality is comprised of the Executive Mayoral System that is structured as follows: -

- Executive Mayor;
- Speaker
- Chief Whip
- Mayoral Committee;

The municipal council consists of 68 councillors made up of 34 ward councillors and 32 proportional representative councillors and 2 independent councillors.

The municipality has established committees in terms of Section 79 and 80 of the Municipal Structure Act.

The Municipal Public Account Committee is one of these committees. It is comprised of councillors from different political parties. The Chairperson of the committee is Councillor Hendricks.
MPAC meetings were held as per the approved diary of engagements to consider among other things: financial and non-financial performance and conduct oversight.

2.1.2 Members of the Mayoral Committee

T 2.2.1

Mayoral committee

Mayoral committee is a committee that is appointed by the Executive Mayor. Members are deployed to the different departments to perform oversight.

Mayoral committee meetings were held regularly as per the approved diary of engagements. Special mayoral committee meetings were also convened, as the need arose.

Standing committee

Standing committee were established and the member of the mayoral committee preside over the committees. Councillors were deployed in the standing committees. Councillors serve on one committee.

Standing committee meetings were held as per the calendar of engagements approved by the Council. The committees perform an oversight on the programs planned by each department and make recommendations to the Council.

Councillors

The municipal council consists of 68 councillors, 34 ward councillors and 32 proportional representative councillors and 2 independent councillors.

Appendix A contains a full list of councillors

Appendix B sets out the committees and committee purposes

T 2.1.2

Political Decision-taking

Enoch Mgijima is a Category B municipality with a Mayoral Executive system. In accordance with Section of 60 of Municipal Structures Act No. 117 of 1998, the Executive Mayor appointed a Mayoral Committee.

Section 79 and 80 committees were established.

Section 79 and 80 of the Local Government Municipal Structures Act states that a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of its powers.

The municipality established standing committees that are chaired by the members of the mayoral committee members. Each MMC is assigned a specific department to conduct oversight upon.

Councillors are appointed as members of the standing committees. The following standing comittees were established:

- ❖ Budget and Treasury
- ❖ IPED
- ❖ Human Settlement and Land Development
- ❖ Community Services
- ❖ Public Safety
- ❖ Engineering Services
- ❖ Corporate Services and
- ❖ Special Programs Unit

Standing committee meetings are held quarterly and make recommendations to the mayoral committees. The recommendations are lifted to the Council for approval

For the meeting to quorate 50% + 1 Councillors must be present for the meeting to proceed.

Portfolio Committees recommend to the Mayoral Committee presided over by the Executive Mayor. The Executive Mayor has delegated powers, however there are matters that the Mayor cannot resolve but need Council approval like the passing of Policies, By – Laws IDP and Budget.

Municipal Public Accounts Committee is one the council committees, members of the MPAC committee do not serve in any other standing committees but the MPAC committee.

Council meetings are convened quarterly, and Special Council meetings are convened when a need arises. The Mayoral Committee meetings are convened monthly.

The institution has developed a resolution register for the Mayoral and Council meetings with a view to monitoring implementation of Council resolutions as well as easy access to information when requests for access to information is submitted by citizens.

The accounting officer reports on progress on the implementation of resolutions taken by Council. The report also informs the Council of any reasons of non- implementation should there be any resolution not implemented and the action is accordingly provided to address the delays.

2.1.3 Administrative Governance

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Head of the administration and Accounting Officer as defined in the Municipal Systems Act 32 of 2000. The responsibilities of the Municipal Manager include managing the administrative and financial affairs of the municipality and to ensure that municipal services are delivered in an efficient, effective and economical manner. With her complement of directors appointed in terms of Section 56 of the MSA, the Municipal Manager determines the pace of development within the municipal area as per Council directives. Each director is responsible for her or his area of expertise.

Once per week and whenever necessary, an Executive Management meeting is held where the Municipal Manager engages the directors on the implementation of the service delivery and budget implementation plan.

Areas that need Council intervention are lifted as items to the Mayoral committee meetings.

The employment contracts of the director technical services and that of the chief finance officer were terminated by the municipality. They were suspended for a period of about 2 years and Council resolved to release them from th employ of the municipality. Both positions were filled on an acting capacity.

The Figure below illustrates the high level of administrative structure:

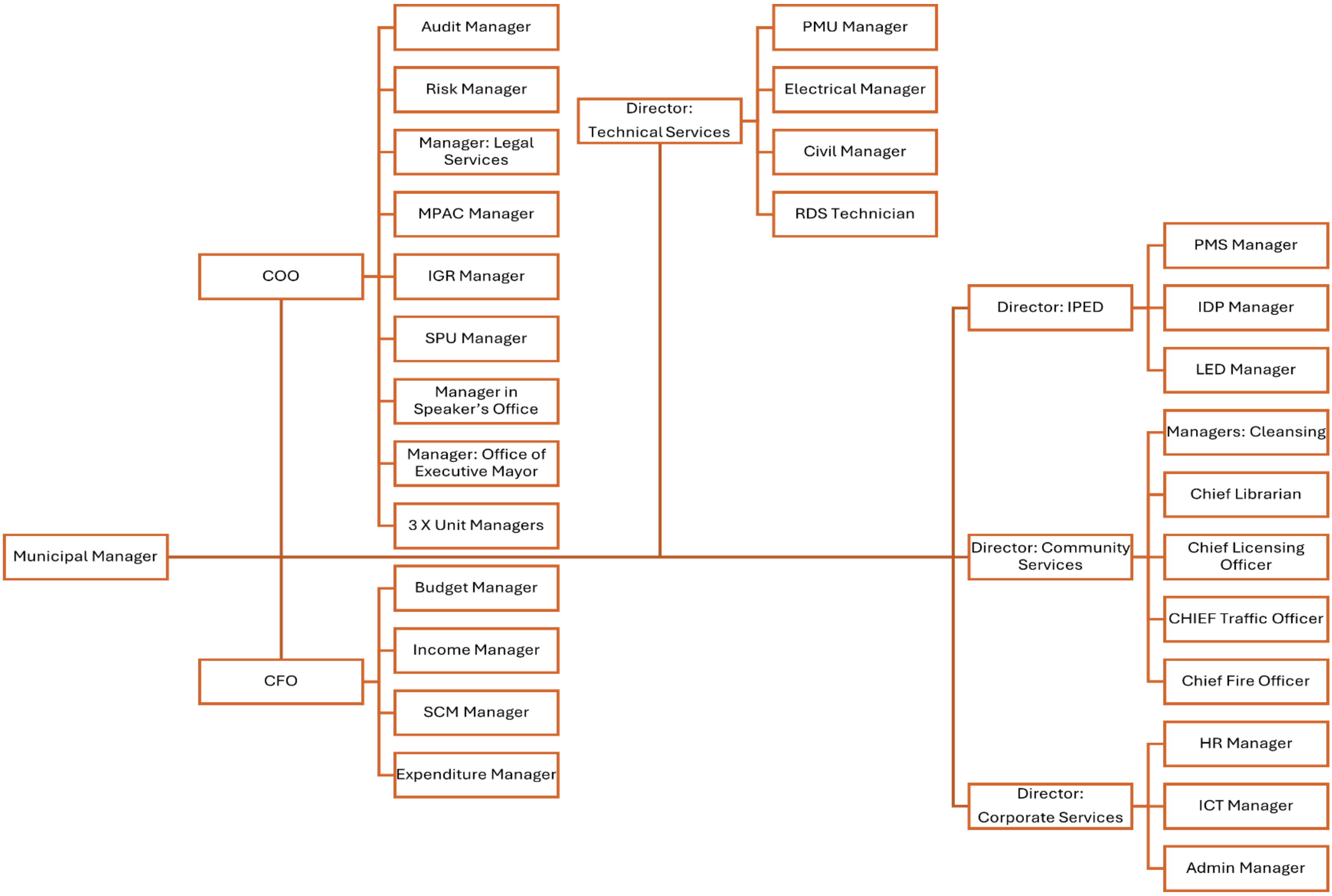


Figure 1: Administrative Structure

ADMINISTRATIVE STABILITY IN THE MUNICIPALITY

The senior management of the municipality is comprised of 8 managers including the municipal manager, of these 3 managers employed permanently while the other departments were vacant and filled by acting senior managers. All managers that are directly accountable to the accounting officer entered into performance agreements with the municipality as represented by the municipal manager. The municipal manager entered into a performance agreement with the municipality as represented by the Executive Mayor.

Performance reports were developed on a quarterly basis where each senior manager gave an account of the achievements made in that quarter as against the planned targets at the beginning of the financial year.

IMPLEMENTATION OF SECTION 139 OF THE CONSITUTION OF THE REPUBLIC OF SOUTH AFRICA

In April 2022, the National Cabinet invoked national intervention in a municipality under Section 139(7) of the Constitution, in conjunction with Section 150 of the Municipal Finance Management Act (MFMA). This decision mandated intervention as outlined in Section 139(5)(a) and (c), transferring responsibility for a financial recovery plan from the provincial executive to the national level, thereby ensuring the implementation of necessary recovery measures.

Financial Recovery Plan

According to Section 146(2) of the MFMA, the financial recovery plan is binding on the municipality's legislative and executive functions, including budget approvals and legislative measures essential for achieving recovery objectives. In May 2023, National Treasury presented this new plan to the municipal Council, which resolved to implement it immediately.

The team responsible for drafting the Financial Recovery Plan (FRP) adopted a revised approach utilizing a Status Quo Assessment Framework. This framework evaluated key elements across four Municipal Sustainability Pillars: Governance, Institutional Capacity, Financial Management, and Service Delivery.

Phases of the Financial Recovery Plan

The new FRP comprises three distinct but interrelated phases:

Phase 1: Rescue Phase

Focuses on cash flow and short-term liquidity, lasting approximately 6 to 8 months.

Phase 2: Stabilisation Phase

Aims to address underlying causes of failure by tackling root problems over a period of 8 to 24 months.

Phase 3: Sustainability Phase

Ensures long-term financial and service delivery sustainability to prevent regression.

Role of Council

The Council's role in implementing the FRP is critical; it is tasked with overseeing its execution and ensuring that all decisions align with established budget limits, objectives, key performance areas, and targets. Monthly reports detailing progress on the FRP implementation are submitted to National Treasury. By the end of the financial year, twelve monthly reports have been submitted and reviewed by National Treasury. Additionally, multi-stakeholder war room meetings are convened quarterly to assess municipal progress in implementing the FRP.

Transition to Local Implementation

As of March 2023, the contract between the National Council of Provinces (NCR) and National Treasury concluded. Subsequently, it became incumbent upon the Council and municipal management to implement the FRP using local resources, under ongoing monthly monitoring by National Treasury. By the end of the financial year, this status quo was maintained.

The municipality was still the first phase of FRP implementation, which is the rescue phase at the end of the financial year.

The municipality reported quarterly on the progress made towards implementation the Financial Recovery Plan. Reports are presented in war room that was established to monitor and support the municipality in the implementation of the FRP and to graduate from the rescue phase of the FRP.

2.1.4 Good Governance Highlights

The table below specifies key performance highlights for the year

Highlight	Description
Qualified audit opinion for the Auditor General	Auditor General found material irregularities when conducting audit of the institution's affairs
Fraud and corruption reporting mechanisms developed. Anti fraud and corruption policy developed and adopted by Council	Anti fraud and corruption policy developed to enhance good governance
Fully functional audit and risk committees	These Committees are crucial to Clean Governance in the Institution and having them set up, meeting regularly, and reporting on activities bodes well

Fully Functional Ward Committees and Ward Report Back meetings are held as per agreed timeframes	The ward committee system enhances community involvement and participation in the affairs of the municipality

2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2.1 Introduction To Co-Operative Governance and Intergovernmental Relations.

Co-Operative government represents the basic values of government as stipulated in Section 41(1) of the Constitution as well as the implementation of these values through the establishment of structures and institutions. It is a partnership among the spheres of government requiring each sphere of government to fulfil a specific role.

The three levels of government are National, Provincial and Local (Municipalities)

Accountability: Each sphere has specific constitutionally defined powers and responsibilities, is accountable to its legislature or council, and is empowered to set its own priorities. The power of national government to intervene in provincial and local government matters, and provincial governments to intervene in local government matters, depends on whether the relevant sphere fails to carry out an executive obligation.

Transparency and good governance: Accountability of political representatives to the electorate and transparent reporting arrangements within and between spheres is at the heart of the intergovernmental system. While political executives are responsible for policy and outcomes, the accounting officers are responsible for implementation and outputs.

Mutual support: National and provincial governments have a duty to strengthen the capacity of municipalities. Spheres of government must also act cooperatively towards each other, for instance through avoiding legal action until all other mechanisms have been exhausted.

Redistribution: The three spheres all have important roles to play in redistribution, but because inequalities exist across the country, the redistribution of resources is primarily a national function. Where provinces and municipalities undertake redistribution, the challenge is to do this in line with their fiscal capacity and not to undermine economic activity and their financial viability. Redistribution among the three spheres is achieved through the vertical division of revenue. Redistribution among provinces and municipalities is effected through their respective equitable share formulae.

Vertical division: Determining the allocation to each sphere of government inevitably involves trade-offs that are made in the course of a comprehensive budget process driven by political priorities, and which covers all aspects of governance and service delivery. Separate and ad hoc requests for funds fragment the coherence of the budget and undermine the political process of prioritisation.

Revenue-sharing: The fiscal system takes into account the fiscal capacity and functions assigned to each sphere. Provinces and municipalities are funded from own revenues, equitable share allocations, and conditional and unconditional grants. The grant system must be simple and comprehensive and not compensate provinces and municipalities that fail to collect own revenues.

Broadened access to services: The Constitution and current government policy prioritises broadening access to services. The responsible spheres are expected to design appropriate levels of service to meet customer needs in an affordable manner, explore innovative and efficient modes of delivery, and leverage public and private resources to fund infrastructure.

Responsibility over budgets: Each sphere of government has the right to determine its own budget and the responsibility to comply with it. To reduce moral hazard and ensure fairness, national government will not bail out provinces or municipalities that mismanage their funds, nor provide guarantees for loans.

As such, understanding that the delivery of services cannot be the sole mandate of any one sphere of government, the continued cooperation between the spheres of government within Enoch Mgijima Local Municipality have contributed enormously to the question of development in areas such as education,

To effectively engage in intergovernmental matters, the Enoch Mgijima Local Municipality has established IGR structures that would amongst other things ensure that there is continued engagement, sharing of information and effective decision making. These structures are informed partly by the current arrangements both national and provincial, but also take into account the contextual realities within Enoch Mgijima Local Municipality.

The Municipality participated in the following intergovernmental relations structures:

- Local Aids Council
- Local Communicators Forum

- Inter- Governmental Relations
- Integrated Development Plan Representative Forum
- District Mayors Forum (Dimafu)
- District Communicators Forum (DCF)
- Chief Financial Officers (CFO's)Forum
- National Ministers and Provincial MECs (MUNIMEC)

According to the Systems Act the local community consist of residents, ratepayers, civic organizations, non-governmental organizations, the private sector (business), labor etc.

The Enoch Mgijima Local Municipality has systems to engage with the local community, especially during the compilation of the Integrated Development Plan through the IDP and Budget Representative Forum.
All Policies were also advertised for inputs and comments before they were submitted to Council.

COMMUNITY OUTREACH ON THE ANNUAL REPORT

Community outreach on the annual report will be conducted in the second quarter of the 2025/2026 financial year Comments that were raised during the outreach included service delivery challenges that were experienced by the municipality. A concern was raised of the dilapidating infrastructure.

Communities advised that in the next IDP cycle the municipality must continue to prioritise basic service delivery especially roads and electricity.

T 2.3.0

2.2.2 Intergovernmental Relations

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Executive Mayor and the Municipal Manager represent the Local Municipality at all national intergovernmental structures, in their capacities as the political and executive head as well as the administrative head. Other political office bearers and officials may also represent the Municipality based on specific delegations accorded to them by the Executive Mayor or Municipal Manager respectively.

The National Intergovernmental structures are as follows:

MuniMEC (National Ministers Provincial MECs)

MuniMEC are committees of Ministers and members of the Provincial Executive Councils, Municipal Councils and the South African Local Government Association (SALGA). The aim of MuniMEC is to improve co-ordination of their activities across all spheres of government. MuniMEC gives provinces and councils an opportunity to interact with relevant Ministers. Each MuniMEC focuses on specific sector areas such health, agriculture, education and housing.

The Municipal Manager or a delegated representative of the Council attends the MuniMEC meetings.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Enoch Mgijima Local Municipality participates in provincial intergovernmental structures coordinated by the Office of the Premier, the Eastern Cape Department of Local Government and Traditional Affairs and any other provincial department that may convene from time to time. In addition to this, the municipality actively participates in the provincially established clusters such as the Governance and Administration Cluster, the Economic Development and Infrastructure Cluster as well as the Community and Social Services Cluster.

The Provincial Intergovernmental Structures are as follows:

The Premier's Coordinating Forum (PCF)

The Premier's Coordinating Forum discusses issues of national, provincial and local interest. It also discusses issues raised by the President's Coordinating Council (PCC) and broader areas of policy, legislation, implementation, coordination, and alignment.

MuniMEC

The MuniMEC meeting is a quarterly session attended by Executive Mayors, Mayors, Speakers of the affected municipalities, traditional leaders, the South African Local Government Association (SALGA), Municipal Managers, representatives of sector departments and state-owned enterprises in order to thrash out issues of service delivery and learn best practices.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Enoch Mgijima Local Municipality does not have a Municipal Entity. However, it does support the Municipal Entity of the Chris Hani District Municipality, the Chris Hani Development Agency.

There are projects that are implemented jointly with Chris Hani District Municipality and its development agency. One of those is the establishment of the industrial park at Enoch Mgijima. Phase 1 of the project has been completed with the financial support provided by DTI. Phase included fencing of the area at Queendustria that was identified for the industrial park.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Chris Hani District Municipality has a functional District Mayor's Forum (DIMAFO) established in terms of the Intergovernmental Relations Framework Act (2005).

Mayors, Municipal Managers of Municipalities in CHDM as well as Senior Managers of Government Departments within the District meet on a quarterly basis to ensure co- ordination and alignment between the local municipalities and the district municipality. Government Department representatives form part of the DIMAFO meetings to ensure that the District is aligned with Government Policies and Budgets.

During the year under review, the municipality continued to attend meetings of the DIMAFO which is a forum of engagement between the district mayor and mayors of the local municipalities within the Chris Hani District jurisdictional area. In terms of the structure presented above it must be noted that clusters mirroring the provincial and national structures were established for the district. These include the Governance and Administration Cluster, the Economic Development and Infrastructure Cluster as well as the Community and Social Services Cluster. These clusters include representatives from sector departments operating within the district area as well as representatives from the local municipalities within the Chris Hani District area. Importantly and as a matter of process, the IGR Core Team was established as a structure for synthesis and dissemination of information from national and provincial government through to the various clusters for interpretation and decision making. This structure is primarily made of representatives from the provincial government as well as representatives from the district and local municipalities.

T 2.3.4

2.3 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3.1 Overview of Public Accountability and Participation

Community participation, through appropriate structures, is a fundamental requirement of the Constitution (1996), the Municipal Systems Act (2006), the Municipal Finance Management Act (2003) and all other legislation that is applicable to Local Government in South Africa. Broadly understood, municipal councils must institutionalise community participation mechanisms in their affairs to allow communities an opportunity to participate in the decision making processes of council. Section 16 of the MSA requires municipalities to complement formal representative government with a system of participatory governance, and must for this purpose, *inter alia,* encourage, and create conditions for the local community to participate in the affairs of the municipality, including the preparation, implementation and review of its integrated development plan, the establishment, implementation and review of its performance management , the monitoring and review of its performance, including the outcomes and impact of such performance and the preparation of its budget. Therefore, in line with this requirement, the centre piece of the public participation ethos of the Enoch Mgijima Local Municipality is anchored on the processes related to the preparation and reporting on the implementation of the municipality's Integrated Development Plan (IDP) and Budget each year.

The Annual Report is also published each year for public comments before it is adopted by Council and outreach programs were conducted by the Executive Mayor and MAYCO on the unaudited 2024/2025 annual report. Inputs of the public were considered in the report.

Whilst public participation is the process through which peoples and communities highlight their needs and aspirations, accountability is the end toward which the municipal Council strives. This is to ensure that the authority delegated by communities to the Council is utilised in a manner that is consistent with the provisions of law and the attainment of the needs of the communities. The Council must account to the communities on the use of authority in relation to the management of financial affairs within the municipality, commitments made by the municipality regarding the service delivery needs of communities (ranging from basic services such as water and sanitation, roads,as well as the development of the local economy) and the progress in achieving those, and finally, on matters of good governance.

T 2.4.0

2.3.2 Public Meetings

COMMUNICATION, IDP PARTICIPATION AND FORUMS

The Enoch Mgijima Local Municipality undertakes IDP and Budget Road shows annually in line with the Council adopted IDP/Budget /PMS process plan. The municipality has managed to strengthen the relations with Traditional Leadership the House of Traditional Leadership of the region as they are a key stakeholder in the IDP Representatives Forum. The ward councillors and Community Development Workers (CDWs) assisted the municipality in this process. In accordance with the Local Government Municipal Systems Act, the Municipality holds regular Integrated Development Plan (IDP) and Budget Representative Forum meetings in drafting its IDP and the budget. At the beginning of the planning cycle, advertisements were placed in the local newspapers calling for interested parties to contact the Municipality for registration to become part of the process. The municipality was supported by Chris Hani District Municipality, the district issued an advertisement on behalf of all its local municipalities calling for interested parties to register to be part of the IDP Representative Forum. Ward Councillors and the ward committees form part of the IDP Representative Forum support all IDP Participation programmes of the municipality by mobilizing the ward community members to attend the road show events.

All ward councillors were given an opportunity to convene ward meetings for the review of the ward priorities to be included in the IDP. The confirmed service delivery ward priorities influence both the IDP and budget.

After the adoption of the draft IDP, the Executive Mayor conducted Mayoral Izimbizo as part of the consultation process on the draft IDP and Budget. The process afforded communities an opportunity to make comments and inputs in the Draft IDP/Budget. The process was conducted successfully by the municipality. Comments from the public during the consultation process were considered and included in the Final IDP Review .

The IDP and Budget documents were approved by Council and an advertisement was published in the local newspaper as well as municipal website.

All strategic documents were uploaded in the municipal website www.enochmgijima.gov.za and distributed to all the libraries within the Municipality as well as municipal offices in all towns within the municipality for public to access .

WARD COMMITTEES

Ward committees were established in all 34 wards. They are an extension of Council. They are a means of enhancing public participation. Ward meetings were conducted as per the below table/

Name and purpose of meeting	Date of events	Number of participating municipal councillors	Number of participating municipal administrators	Number of Community members attending	Issues addressed (Yes / No)	Dates and manner of feedback given to community
Ward Committee Meetings These meetings are a formal communication channel; between the municipality and the municipal communities	Throughout the 34 wards these meetings were convened independently, however by the 20th of each month ward Councillors must have submitted attendance registers and reports to the Office of the Speaker. The meetings are convened anytime between the 1st and the 20th of each month.	340	02	It is determined by the number of residents in an area of the ward. As per submitted attendance registers they vary between 15 - 100	YES	Community members are given feedback in the next ward committee meeting. Dates are communicated on time and publicised in local shops, clinics and community halls.
Ward Public Meetings In these meetings Councillors are made to account on the fulfilment of their duties	Meetings are held on a quarterly basis, every three months	34 Ward Councillors	02	50-200	YES	In every Quarter Councillors are reporting to their wards.

Integrated Development Plan/ Budget Review Outreach A process and procedures for community participation and the key deadlines of the activities leading to the approval of the IDP and Budget.	Meetings are held as per the adopted IDP process plan (in April and October)..Meeting are held per ward	Executive Mayor Mayoral Committee Members Ward Councillors	+- 30 officials (management and support staff)	Attendance ranges from 50-150	YES	IDP road show are held as per the schedule in the IDP and PMS process plan.
War Rooms These meetings are held on a quarterly basis in collaboration with sector departments.	Meetings are held on a quarterly basis, every three months public.	28 war rooms launched	Above 12	Ranges from 15-30	YES	Held quarterly dated of the Next meetings are usually decided in the war room meetings.

2.3.3 IDP Participation and Alignment

The municipality conducted Mayoral community outreach programs successfully in 2024/25 financial year. The approach of consulting with the communities in their respective wards. The approach seeks to ensure maximum participation in the IDP/ Budget development process.

The municipality was guided by the IDP/Budget/ PMS process plan to consult with the communities on the IDP/budget processes. The process plan specifies in the activity schedule the dates of community engagements on the strategic documents of the municipality from the preplanning phase of the IDP development to the approval phase. The sad plan is aligned to the district framework as prescribed by Local Government: Municipal Systems Act No 32 of 2000.

The stakeholders that participate in the IDP and Budget process plan are indicated in the IDP/Budget/PMS process plan. As indicated above, all stakeholders or interested parties were invited to register in the IDP offices to become part of the IDP and budget development process as prescribed by the Local Government: Municipal Systems Act No 32 of 2000 as part of pre -planning phase. Key and relevant stakeholders included the ward committees which are an extension of the ward councillors to enhance public participation; traditional leaders, community-based organization, sector departments etc.

Sector departments and government agencies and other partners in development form part of the stakeholder list and therefore were invited to the IDP/ Budget representative forum meetings. When the community developed the municipal wide priorities, the sector departments were invited and all priorities that related to specific departments in terms of their powers and functions were forwarded to the sector departments for their consideration. Sector departments shared their budgeted programs and projects so that they find space in the IDP. The projects from sector departments were included in the municipality's IDP. This initiative sought to ensure integration and proper alignment with other spheres of government.

IDP Participation and Alignment Criteria	**Yes/No**
Does the municipality have impact, outcome, input, output indicators?	Yes, the municipality has developed the impact, outcome, input, output indicators as reflected in the Adopted IDP. The purpose is to describe and assist in measuring what the municipality wants to do in relation to the mandate of the local municipality as well as the aspirations of the communities.
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes, the municipality has revised the ward-based priorities during the situational analysis phase of the IDP. The service delivery priorities were used to refine Council objectives, KPIs as well as development strategies that are in the IDP. Projects to be implemented in different communities were then prioritized for proper alignment with the resources.
Does the IDP have multi-year targets?	Yes, The Council adopted final IDP review reflects the multi- year targets within the prescribed period .
Are the above aligned and can they calculate into a score?	Yes, the above items are aligned
Does the budget align directly to the KPIs in the strategic plan?	Yes, the budget adopted by Council is aligned to KPIs in the Council adopted IDP. The KPIs aligned to budget find space in the SDBIP . SDBIP to ensure that the three strategies documents are aligned (IDP, Budget, SDBIP)
Do the IDP KPIs align to the Section 57 Managers	Yes, The IDP KPI's are aligned to the scorecards for different directorates and the Directors (Sec 57 Managers) are responsible for the KPIs. The IDP KPI's are placed in the SDBIP forming the content of the Performance plans attached to the performance agreements.

Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes, The IDP KPIs are placed in the SDBIP for implementation and monitored through Performance Management System.
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes, The alignment with key policy informants is reflected in the IDP .
Were the indicators communicated to the public?	Yes, the indicators with budget allocations are communicated to the public in the form of IDP/Budget/PMS Representative forum meetings and Mayoral outreach programs throughout the municipality. All strategic documents with indicators (IDP, SDBIP) were placed in the library, municipal offices, local newspaper and municipal website (www.enochmgijima.gov.za) for the public
Were the four quarter aligned reports submitted within stipulated Time frames?	Yes, PMS Policy Framework was adopted by council and is reviewed annually. The said policy framework and relevant pieces of local government legislation guide the activities for PMS amongst them is the submission of reports quarterly within the prescribed timeframes. The reports are also presented in public participation forums such as IDP/Budget/PMS Representative forums that seat quarterly.

Below are the activities and timeframes as planned in is the IDP/ Budget process plan that was used in the development of the IDP and the budget for 2024/25 period

9 . KEY ACTIVITIES IDP/BUGET/ PMS FUNCTIONAL AREAS.

	• Signing of agreements	31 July 2024	Municipal Manager
	• Mid and Annual Performance assessments	25-26 July 2024	Municipal Manager
	• Alignment of IDP/Budget/Process plan with CHDM	08 August 2024	CHDM and LM's
	• Provincial Annual IDP Assessment by MEC (Cogta EC)	14 August 2024	MEC Cogta EC
	• **Phase**	**Activities**	**Timeframe**
	• **Phase 0**	**Preparation phase / Pre-planning**	MM
	• IDP Steering committee: To look at the Draft IDP/ Budget/PMS Process Plan 2025/26 review	**Preparation involves the production of an IDP process plan to ensure proper management of the planning process:** • *Establish institutional structures for*	Municipal Manager

		management of the process. • *Establish structures for public participation.* • *Prepare time schedule for planning process.* • *Identify roles and responsibilities.* *Discuss how the process will be monitored*	
	• IGR	Notice in newspaper: Invitation issued for interested parties to register on Stakeholder's database	12 July 2024
	Present the ff documents to council. • 2025/26 IDP/Budget review Process Plan for adoption • Annual Financial Statements • Draft Annual Report for 2023/24	Municipal Ordinary Council Meeting	30 July 2024
	• Advertise IDP / Budget/ PMS process plan 2025/256 review	06 September 2024	MM
	• Submission of IDP/Budget/ PMS Process Plan to relevant authorities (CHDM & Cogta, PT)	06 September 2024	MM
	• **IDP/Budget/PMS Rep Forum to present process plan to stakeholders**	**19 September 2024**	**Executive Mayor - EMLM**
Phase 1	**Analysis Phase / Monitoring and evaluation** **This phase deals with existing situations:** • *Assessment of existing level of development* • *Agreeing on Priority issues* • *Updating situational analysis* • *Meeting community stakeholders representatives*		
	• PMS Committee	10 October 2024	
	• IGR	13 October 2024	MM
	• Community Consultation on service delivery priorities (Review and reprioritize)	17-25 October 2024	
	• 2025/26 Budget Preparation Technical Meeting	30 October 2024	BTO / CFO
	• First Quarter performance report	31 October 2024	MM
Phase 2	**This phase includes the formulation of:** • *The vision* • *The development objectives* • *The development strategies*		
	• Revenue projections and proposed rates, taxes, tariffs and service charges by BTO to Budget Steering committee	14 November 2024	BTO

	• Departments (external & internal) to meet to discuss adjustment budget, projects and strategies for next year	19th November 2024	IDP/BTO
	• IDP/Budget/Representative Forum	28 November 2024	Executive Mayor
	• Tabling Oversight Report to council	15 December 2024	
Phase	**Activities**	**Timeframe**	**Responsible Department**
Phase 3	**Projects Phase**		
	Ensure link of identified projects to priority issues and objectives with clear intended beneficiaries, the location of the project, commencement and end date, responsible person, and budget (SDBIP and Strategic Scorecard). Furthermore, formulation of targets and indicators to measure performance and impact of the project.		
	Tabling of Mid - Year Performance report and Annual report (2024/25)	30 January 2025	MM
	• **Midyear Performance Assessment**	**06 February 2025**	**MM**
	• CFO, CS Manager and TS Manager review national and provincial policies and budget plans, potential price increases of bulk resources (ESKOM) • potential salary increases (SALBGC)	11 February 2025	BTO
	• IDP/Budget/ PMS steering committee for technical input on technical projects, input on budget and cross cutting projects.	12 February 2025	IDP
	• 2024/25 Mid - Year Assessment Engagement session with Provincial Treasury	13 February 2025	Provincial Treasury EMLM
	• PMS Committee	14 February 2025	
	• Budget & Treasury to draft operational expenditure per function/ department on personnel expenditure, general expenditure, repairs and maintenance and contributions to capital and IDP projects	20 February 2025	BTO
Phase 4	**Integration Phase**		
	Ensure identified projects are in line with the municipality's objectives and strategies, and also with the resource framework and comply with the legal requirements. Harmonise the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programme, e.g. LED programme. **An operation strategy should include:** • *Sector Plans alignment* • *Financial Plan* • *Capital Investment Plan* • *Spatial Development Framework* • *Integrated sector programmes (LED, HIV, poverty alleviation, gender equity etc)* • *Performance Management System* • *Integrated Waste Management Plan* • *Disaster Management Plan* • *Climate change plan*		

	• *Institutional plan*		
	Tabling and approval of an adjustment Budget and Revised SDBIP to a special council meeting	29 February 2025	MM
Phase 5	**Approval phase** **Submit the IDP to the council for consideration and approval:** • *Tabling of the draft IDP to council* • *Public comment on the draft IDP/Budget* • *Approval of final IDP*		
	• Municipal Wide Strategic Session	03 – 07 March 2025	MM
	• IGR	14 March 2025	MM
	• Baseline Budget Presentation to Budget Steering Committee	12 March 2025	CFO
	• IDP & Budget Steering Committee to finalize service delivery agreements and entities, finalize organogram, finalize proposed national and provincial allocations and review district municipality allocations	13 March 2025	BTO/ IDP
	• IDP Rep Forum	20 March 2025	MM
	• Mayor tables draft IDP/ budget, draft service delivery agreements and draft budget related policies and tariff increases	28 March 2025	Executive Mayor
	• Advertise for comments & public participation on draft IDP/Budget • , service delivery plans, resolutions, service delivery agreements, budget related policies and tariff increases in the local newspaper (***21 Days***)	04 April 2025	IDP/BTO
	• 3RD Quarter reviews	10- 11 April 2025	MM
	Public Participation Month • IDP/Budget Roadshows (Mayoral Imbizos) for comments by communities.	02- 17 April 2025	Executive Mayor
	• IGR	24 April 2025	MM
	• 2025/26 Treasury Benchmarking Engagement	06 May 2025	PT
	• IDP/ Budget Steering committee • Finalization of the 2025/26 IDP and 2025/27 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework.	07 May 2025	IDP/ BTO
	PMS Committee	09 May 2025	**MM**
	IDP/Budget/PMS Representative Forum	16 May 2025	

	• Council approves final IDP & budget with related policies and tariff increases of National and Provincial Treasury	30 May 2025	Executive Mayor
	• Submit budget and service delivery plans, resolutions, service delivery agreements,	06 June 2025	IDP/ BTO
	• Final IDP Submitted to MEC for Local Government within the prescribed period	09June 2025	IDP/ MM
	• Submission of SDBIP 2025/2026 to the Executive Mayor	11 June 2025	MM
	• IDP/Budget/ PMS Steering committee (Performance Agreements & SDBIP)	13 June 2025	IDP/MM
	• Final SDBIP and draft performance agreements of section 56 Managers submitted to Mayor	23 June 2025	MM
	• Ordinary Council Meeting	27 June 2025	EMLM Council
	• SDBIP submitted to Provincial Treasury & MEC (Cogta)		IDP/ BTO

2.4 COMPONENT D: CORPORATE GOVERNANCE

2.4.1 Supply Management

A supply chain management unit is hereby established to implement its adopted institutional policy.
the supply chain management unit shall operate under the direct supervision of the chief financial officer to whom this duty is hereby delegated by the accounting officer in terms of section 80 of the Act.

Where, due to operational reasons, the council appoints a senior manager to be responsible for the direct supervision of the supply chain unit, the application and implementation of its policy and the municipality's supply chain management system, the accounting officer shall, in terms of section 79 of the Act, delegate appropriate duties, functions and powers to such senior manager to enable him to perform his duties.

Supply chain management performance highlights for the 2024/25 financial year.
For the 2023/24 financial year, supply chain management realized an improvement on its performance and move from 25 findings to 16 findings, which motivated the unit to continue its efforts to improve even more.

Through the audit action plan developed, SCM managed to provide support and implement its procurement plan successfully. This led to the Municipality being able to achieve its spending grant targets with 100% by end of the financial year.

To achieve such a milestone, SCM introduced procurement of panels for various contracts. This helped to improve turn-around times and to provide service delivery related services on time.
Furthermore, SCM implemented a cost containment strategy by establishing more contracts for all goods and service that are required on daily basis such as, Stationery, Cleaning material, construction material panels and others.

12 Operational short-term contracts and 22 Capital short term contracts that related to service delivery were procured. These capital projects are funded through MIG, INEP, and Disaster grant funds.

Even though SCM had managed to successfully apply its policy and procured goods and services, there were delays in some of its procurement targets. These were mainly caused by non-adherence to procurement time frames and non-submission. Nonetheless, SCM on quarterly basis reminded departments to submit reviewed procurement plans of all budgeted projects. In essence, supply chain management unit manage to provide the necessary support in ensuring that all institutional demand needs were addressed efficiently and effectively. T2.8.1

2.4.2 Audit Action Plan 2024/25

The Audit Action Plan has been formally developed to provide a structured, accountable, and time-bound framework for management's response to the findings, recommendations, and areas of non-compliance identified by the Auditor-General during the audit of the 2024/25 financial year. This plan serves as a critical governance tool to ensure that all audit observations, ranging from fruitless and wasteful expenditure to internal control weaknesses and reporting deficiencies, are systematically addressed in a manner that promotes transparency, accountability, and continuous improvement in financial management.

Aligned with the specific findings outlined in Chapter 6 of the Auditor-General's report, the action plan delineates clear responsibilities, corrective measures, implementation timelines, and monitoring mechanisms for each identified issue. It reflects management's commitment to not only remediate past shortcomings but also to strengthen institutional controls, enhance compliance with relevant legislation (including the Public Finance Management Act), and embed a culture of fiscal discipline across all operational units.

Furthermore, the plan integrates lessons learned from previous audit cycles and aligns with broader municipal performance and strategic objectives, ensuring that corrective actions contribute meaningfully to service delivery outcomes and public trust. Progress on the implementation of this plan will be regularly reviewed by senior management and reported to the Council and Audit Committee to ensure sustained oversight and accountability.

2.4.3 By-Laws

Business Licensing Bylaw	Informal Trading Bylaw	Yes	11-14 February 2025	No	None(Bylaws Will Be Published As Soon As They Are Gazzetted)
ICT Bylaw	Credit Control And Debt Collection Bylaw	Yes	11-14 February 2025	No	None
Access To Information Bylaw	Street Trading Bylaw	Yes	11-14 February 2025	No	None

Liquor Trading Bylaw	Fire Services And Public Safety Bylaw	Yes	11-14 February 2025	No	None
Taxi Bylaw	Public Nuisance And Animal Bylaw	Yes	11-14 February 2025	No	None
Parking Meter Bylaw	Outdoor Advertising Bylaw	Yes	11-14 February 2025	No	None
	Ammendment Of Spatial Planning And Land Use Management Bylaw 2017	Yes	11-14 February 2025	No	None
	Enoch Mgijima Intergated Land Use Management Scheme	Yes	11-14 February 2025	No	None
	Building Control Bylaw	Yes	11-14 February 2025	No	None
	Impounding Bylaw	Yes	11-14 February 2025	No	None

Table 2: By-Laws Introduced during the Financial Year

COMMENT ON BY-LAWS

The municipality developed the above mentioned by laws. Support was solicited from CoGTA EC and Provincial SALGA on the draft by laws. Consultative workshops were held with both officials and councillors. Public meetings on the draft by laws were held in the municipal wards.

T 2.9.2

2.4.4 Websites

The municipal website is functional. All key strategic documents like the IDP, Budget, policies as well as the municipal events and programs were uploaded in the municipal website during the period under review.

Some of the information that was uploaded on the website is listed in the table below:

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	YES	18 March 2025
All current budget-related policies	YES	Jan – May 2025
The previous annual report 2022/2023	No	
The annual report 2023/2024published	YES	11 April 2025
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2024/2025 and resulting scorecards		
All service delivery agreements 2024/25	Yes	
Final 2024/25 Council Approved IDP and the Budget	Yes	
Municipality's SDBIP for 2023/24	YES	

Performance Agreements for 2024/25	YES	
IDP/Budget and PMS Process Plan for 2024/25	NO	
All long-term borrowing contracts 2024/25	NO	
All supply chain management contracts above a prescribed value (give value) 2024/25	NO	
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 2024/25		
Contracts agreed in 2024/25to 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 2023/24	NO	
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/24	NO	
		T 2.10.1

Table 3: Municipal Website

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Some documents may have been uploaded on the previous website especially budget related and annual reports. The municipality recently appointed a new service provider for development and hosting of the municipal website and some documents were not successfully migrated to the new website. A process to obtain the missing information is underway.

The municipality's website address is www.enochmgijima.gov.org.

2.4.5 Public Satisfaction on Municipal Services

No public satisfaction surveys were conducted during the period under review. All complaints were lodged to the customer care unit. Mostly, it was electricity outages complaints that were lodged. These were referred to the engineering services department. The department strived to resolve the complaints within 3 to 4 hours where possible. A complaints register was developed and reports were developed to provide progress with the complaints and the turnaround time taken to resolve the complaints

The dilapidated electricity infrastructure caused many outages which angered the residents.

OVERVIEW OF CORPORATE GOVERNANCE

The municipality has developed the Whistleblowing Policy, Anti-Fraud and Corruption Policy, Strategy and Plan. The Enoch Mgijima Local Municipality is using the National and Provincial whistle-blowing Anti-Fraud and Corruption Hotline: National Hotline on 0800 701 701 or Eastern cape provincial hotline on 0800 032 364 as the case may be.

A workshop on anti-fraud and corruption and whistle blowing was conducted for all councillors and officials.

T 2.6.0

2.4.6 Risk Management

Risk management is one of the management's core responsibilities and is an integral part of the municipality's internal processes. It is a systematic process to identify, evaluate and address risks proactively on an on-going basis. It is one of the major business processes to ensure reasonable assurance that the municipality will successfully achieve its objectives. Risk management is a valuable management tool which increases a municipality's prospects of success through minimizing negative outcomes and optimizing opportunities.

Municipalities are required to implement and maintain effective, efficient, and transparent systems of risk management and internal controls in accordance with MFMA. Risk management function was partially functional for the year under review. The issue of under resources remain the challenge as the unit operated with two (2) Risk Management Officers and a Risk Manager.

Risk assessment was conducted, and policies were reviewed. Risk Management Committee has an external independent Chairperson who was appointed as a requirement of Public Sector Risk Management Framework.

The Top 5 Risks of the institution are as follows:

Number	Risk Description	Risk Category
1	Slow economic growth and development	Service Delivery/Economic Development
2	Inadequate service delivery (Capital and Maintenance)	Service Delivery
3	Financial unsustainability	Financial Management
4	Financial Mismanagement	Fraud and Corruption
5	Inadequate safeguarding of municipal assets	Asset Management

Table 4: Top 5 Risks

T 2.6.1

2.4.7 Anti-Corruption and Fraud

The municipality has developed the Whistleblowing Policy, Anti-Fraud and Corruption Policy, Strategy and Plan. The Enoch Mgijima Local Municipality is using the National and Provincial whistle-blowing Anti-Fraud and Corruption Hotline: National Hotline on 0800 701 701 or Eastern cape provincial hotline on 0800 032 364 as the case may be.

The activities of the anti-fraud and corruption were monitored and reported upon on quarterly basis to the Risk Management Committee and Audit Committee. The Anti-Fraud and Corruption Policy, Strategy and Plan with Whistleblowing Policy were implemented and monitored through sourcing relevant information in line with applicable laws and regulations. A system of reporting and safeguarding / protecting whistle-blowers was established, and lines of reporting as outlined in the whistle-blowing policy, Anti-Fraud and Corruption Policy.

T 2.7.1

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

3.1 COMPONENT A: BASIC SERVICES

3.1.1 Electricity

INTRODUCTION TO ELECTRICITY

The Enoch Mgijima Local Municipality primarily supplies electricity to Komani and surroundings, Molteno, Tarkastard,Sterkstroom and Hofmeyer. The main primary and only supplier of electricity to the Enoch Mgijima Local Municipality is ESKOM. It is the aim of the Electricity Department to supply good reliable and uninterrupted power supply to the consumers.

Level and standards in Electricity Services

The electricity supply is according to the National Electricity Regulator's guidelines, policies and Act for both low and high level electricity services to all the consumers. To briefly summarize this section, the municipalities country wide are governed by a national standard for low and high level access to electricity as well as the quality of the electricity supply applied in the Electricity Supply Industry. These standards are set out in the NRS 048-1:1996/047-2:1996/047-3:1996 (Quality of Supply) and NRS 047:1996 (Quality of Service) and NRS 047-1:1999/047-1:1999 (Quality of Service). Unfortunately, these documents are too much to be included in this report, (6 booklets in all), but can be viewed at the Electricity Department Offices. It is thus according to these standards that the department gauges the reporting that is done and the standards, goals and targets that are annually set.

Major challenges in electricity services and remedial actions

The issue of staff is still a problem, together with the lack of skills and experience in certain fields of expertise. A huge problem faced by the Electricity Section, is, the fact that it does not have suitably equipped vehicles, e.g. LDV's (ladder rack, canopy and country box) with which to perform its day to day tasks. There is a need for an additional Crane truck for the lifting of Transformers, Mini-subs, planting of poles and erecting structures for the pole mounted transformers in all areas under Enoch Mgijima Local Municipality areas of supply. The loss of revenue due to network losses and illegal bypasses. The municipality has in the past experienced a number of illegal connections.

The municipality supplies, upgrades, and maintains electricity to formal townships in terms of the license agreement from NERSA. The municipality currently distributes electricity through an agreement between NERSA and the municipality.

Households by Type of Electricity

Households by type of electricity

Households are distributed into 3 electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Households using solar power are included as part of households with an electrical connection. This time series categorizes households in a region according to their access to electricity (electrical connection).

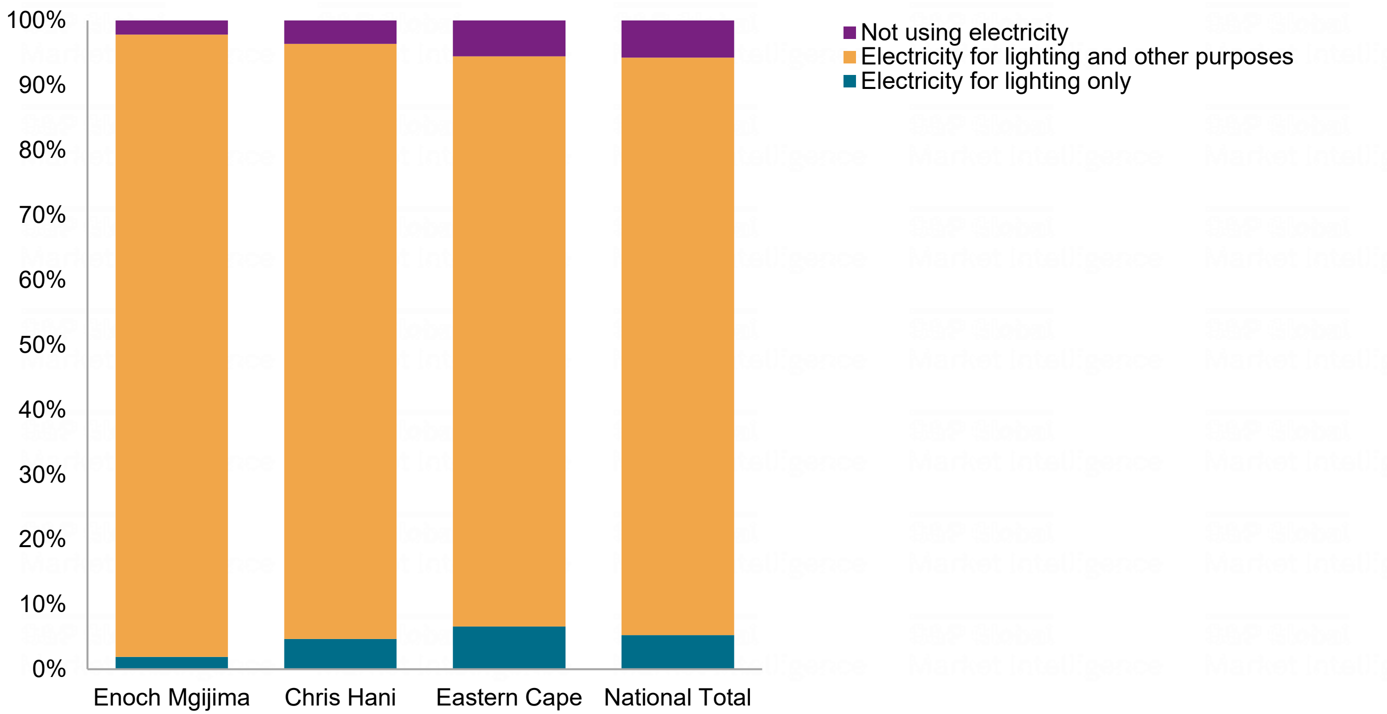


CHART 1. Households by type of electrical connection - Enoch Mgijima, Chris Hani, Eastern Cape and National Total, 2022 [Percentage]

Source: *SouthAfricaRegionaleXplorerv2443*.

Datacompiledon15Jan2024.

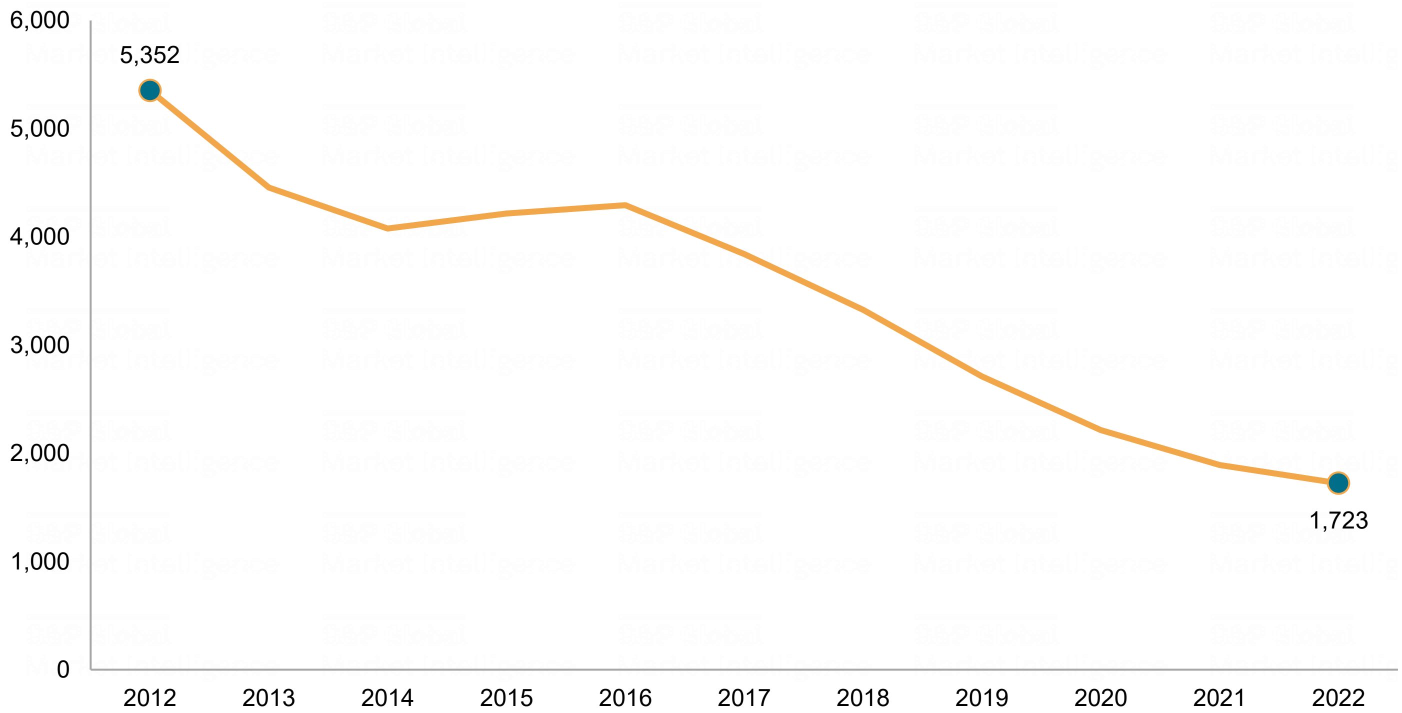
Graph 4: Households by type of electrical connection - Enoch Mgijima, Chris Hani, Eastern Cape and National total, 2022 [percentage]

Enoch Mgijima Local Municipality had a total number of 1 520 (1.91%) households with electricity for lighting only, a total of 76 000 (95.92%) households had electricity for lighting and other purposes, and a total number of 1 720 (2.17%) households did not use electricity.

	Electricity for lighting only	Electricity for lighting and other purposes	Not using electricity	Total
Enoch Mgijima	1,515	76,042	1,723	79,280
Inxuba Yethemba	224	21,767	213	22,203
Intsika Yethu	3,094	39,470	2,428	44,992
Emalahleni	1,242	33,495	1,023	35,760
Dr. Ab Xuba	4,492	34,538	2,809	41,839
Sakhisizwe	721	16,771	508	18,000
Total Chris Hani	11,288	222,083	8,704	242,075
Source: South Africa Regional eXplorer compiled on 15 Jan 2024				

Table 5: Households by type of electrical connection - Enoch Mgijima and the rest of Chris Hani, 2022 [Number]

The region within Chris Hani with the highest number of households with electricity for lighting and other purposes is Enoch Mgijima Local Municipality with 76 000 or a share of 34.24% of the households with electricity for lighting and other purposes within Chris Hani District Municipality. The region with the lowest number of households with electricity for lighting and other purposes is Sakhisizwe Local Municipality with a total of 16 800 or a share of 7.55% of the total households with electricity for lighting and other purposes within Chris Hani District Municipality.



Graph 5: Electricity connection - EMLM 2012-2022 [No of households with no electrical connection]

When looking at the number of households with no electrical connection over time, it can be seen that in 2012 the households without an electrical connection in Enoch Mgijima Local Municipality was 5 350, this decreased annually at -10.72% per annum to 1 720 in 2022.

Electricity projects implemented during the period under review

Replacement of 50mm PILC with 70mm of XLPE Cable at Livingstone Street for 250 meters.

Replacement of 50mm PILC Cable with of 70mm XLPE Cable between Bachelor and Balmoral Substation for 900meter.

Replacement of 50mm PILC Cable with of 70mm XLPE cable between van Riebeek mini substation towards frost street for 110 meters in length.

Replacement of 50mm PILC with 70mm XLPE Corner Frost and Berry street towards water works for 60 meters.

Replacement of 50mm PILC with 70mm XLPE cable from Ksm to St Catherine mini substation for about 300meters.

Replacement of 50mmx3 core PILC cable with 70mm XLPE from St Catherine to Reservoir mini-sub for about 210 meters XLPE cable.

Replacement of 50mmx3 core PILC with 70mm XLPE from St Catherine mini to Blue-rise mini substation for about 700 meters of XLPE cable.

Replacement of 50mm x3core cable with 70mmx 3 core of 120 meters of XLPE cable from Bluerise to Water works.

Replacement of 100 meters of 120mmx 3core cable to 150mmx3core cable from Western substation to Alexander substation.

Replacement of 120mmx 3core PILC cable by 150mmx 3core XLPE of about 100 meters between Ebden substation and KSM mini substation.

Replacement of PILC (Paper cable) with XLPE (about 250m) from WSU to Beswick minisub.

Replacement of Cable from Beswick minisub to Chadwick and to Bachelor Mini-substation.

The Municipality has replaced the cable from Allexander substation to Sards substations.

Replacement of 50mm Cable with 70mm cable from Balmoral to Hillside Substation.

Maintenance of street lights in various wards.

Installation of smart metering system to monitor the consumption of electricity in Municipal supply area.

The refurbishment of Sterkstroom substation was at 62% at year end and that of Mlungisi substation was at 9% at year end. There were delays in the delivery of material by the suppliers, this affected progress on site.

Human resources in the electricity management unit

Three electricians were employed during the period under review.
Training gaps were identified and there is planning to send staff for training on First Aid Level 2, Cable termination, Equipotential Earthing, Maintain structures, cross arms (wooden and steel), High Voltage Environment and regulations awareness, Line Inspection, ORHVS Level 4, Basic Power System Protection (11kV-22kV) and Construction Regulations.

<u>Vehicles:</u> The purchase of LDV'S has been done to assist in the collection of revenue. Three vehicles were purchased for the period under review.

Infrastructure Development:

- To upgrade and replace the old and or/ ageing infrastructure to ensure sufficient and sustainable electricity supply. The Department of Energy to allocate funding for this project
- To implement an Electrical Meter audit, Council has to budget for this project in the next financial year.
- To upgrade the existing MV & LV network, substations and also additional substations in areas where the demand has increased.
- To focus more on repairs and maintenance of area lighting in the existing residential areas and main roads.

Repairs and Maintenance

The municipality needs to utilise 6% of the budget for repairs and maintenance from collected revenue as it is a requirement by NERSA.

Electricity Backlog within EMLM:

Infrastructure Services Categories	Municipal Baseline (Total HH)	Access to Date	Access to Date (%)	Backlog to Date	Backlog to Date (%)
Electricity	66718	62942	94,34	3776	6%

Table 6: Electricity Backlog

The State of Electricity Distribution

The municipality encounters several electricity problems, particularly in Komani. These problems are characterised by old electricity infrastructure, regular electricity outages which affect businesses and households alike. The municipality is losing a lot of revenue on electricity due to theft, tempering and state of the infrastructure. Council adopted business plan for funding needs to be considered and implemented in order to source funding.

The current infrastructure, which incorporates substations, overhead lines and underground cables (bulk and reticulation infrastructure) in the entire Enoch Mgijima LM has reached its life cycle period and needs urgent upgrade.

The state of the electricity infrastructure is as summarised below: -

a) Western substation the 20MVA transformer was replaced and new Neutral earth compensator was connected and the new 66KV board and relay was installed.

b) At Ebden substation there is a project to connect to a new 20MVA 66/11Kv transformer, 66Kv current transformers, Voltage transformers and 66Kv breakers were changed from oil to SF6.

c) Bachelor substation: two 11Kv/400V were replaced with the new one that are 300KVA, the low voltage panels and the old types fuses were placed with breakers.

d) Ebden substation via Douglas mini substation to Top town the paper insulated lead cable was upgraded from 70x 3 mm core XLPE cable about 200 meters in length.

e) At Ezibeleni Zone D more that is 200 medium and low voltage poles that were rotten were replaced also an old steel pillar box was replaced with Mosdoffer fuse carriers.

f) At Carthcart main road all the streetlights were maintained and the vandalized fittings were changed to energy efficient one.

g) Mlungisi substation new 700A ring main unit was installed to replace the board that got burnt, also two papers insulated lead cables were replaced with XLPE cable and the new line was built from Mlungisi substation to Polar Park and Nkululekweni area.

h) At Newvale area: two by 100KVA transformer were upgraded by 2 x 200 KVA due to overload.

i) At Ezibeleni : 22KV substation the 5MVA transformer, a new 11KV breaker and protection operating panels were installed to upgrade the substation.

j) Two by 315KVA mini-substation were changed from old magnifix fused to new SF6 gas mini-substation at Victoria and Silver Street

k) The low voltage copper lines were stolen at Prince Alfred, Joubert, Factory Road, Green, Reizt, Livingston, Warner, and Bull street and was upgraded to 70mm x 4 core bundle conductor about 4 drums of 500 meters each.

l) At Unathi Mkefa are 100KVA transformer was upgraded to 200KVA due to overload.

m) Amberdale area has a 16KVA transformer was replaced by 100KVA at Linga Long area

n) A fault 100KVA transformer was replaced in Molteno replacing a faulty one.

o) A new mini was installed at Klipaat road replacing an old magnifix one.

p) A new 200KVA transformer was replaced at Nomzamo area after the old one with same size blew due to overload.

q) A new 200KVA transformer was replaced by another 200KVA at Unifound area near KwaNobuzwe.

r) A 200KVA transformer was replaced with a new one of the same size at Ezibeleni in Unathi Mkefa.

s) Two 200KVA were replaced by new one after the old one blew up at Honey Street in Newvale area.
t) A faulty 315KVA Mini substation was replaced with a new one at Ultra Shell Garage in Carthcart Road

In Tarkastad the municipality receives supply from Eskom substation and the point of control is a 11kv section breaker and then the line to the transformers, there was lack maintenance and the whole network needs to be maintained and some parts need refurbishment on both Medium voltage and low voltage.

Hofmeyer Area: The substation feeding the municipality belongs to Eskom, the municipality has on 11KV line links and the 11kv line and low voltage lines and transformers that needs to be maintained because there was lack of maintenance before.

<u>11KV Reticulation Substations</u>.

The Queenstown area also has the following substations: -

1) Ezibeleni S/S
2) Komani S/S
3) Connaught S/S
4) Library S/S

5) Victoria Road S/S

6) Central S/S

7) Spargs S/S

8) Alexandria S/S

9) Madeira Park S/S

10) Bridge Street S/S

11) Nonesi Mall S/S

12) Amatola S/S

13) Bachelor S/S

14) Balmoral S/S

15) Pambo Central S/S

The Ezibeleni Substation and Alexandria Substation are considered High Risk due to defective equipment.

(x) Small Towns and the 22KV Substations.

The following is the status of the substations in the surrounding towns: -

1) Tarkastad 22 kV

2) Hofmeyer 22 kV

3) Molteno 22 kV to 11 kV Sub- Station

General Electricity Challenges

Network has not been maintained. The available resources allow staff to only do fault repairs instead of maintenance. The municipality is currently at a very high risk as the electricity infrastructure is deteriorating very fast. The municipality is required to allocate 6% from the generated revenue for maintenance.
Electricity Supply Capacity in MVA's.

Calculated as follows: -

Electricity Supply Capacity in MVA's	
Queenstown and surrounding areas	48
Tarkastad/Hofmeyr and surrounding areas	5
Molteno/Sterkstroom and surrounding areas	3

Source: EMLM, Technical Services

Human Risks Relating to Electricity

a) There is a high risk of human beings including municipal staff being electrocuted because of many open pillar boxes and faulty substations.
b) There is a high prevalence of illegal connections and low rate of arrests and convictions.

Financial Risks Relating to Electricity

a) Financial losses due to electricity theft and tempering.

b) The Eskom debt is escalating. A payment plan was agreed upon with ESKOM, but the municipality struggles to keep up with the payments.

Revenue enhancement team was enhanced to include other departments to collect revenue due to the municipality. Physical verifications for tempering were conducted by the teams. In cases where tempering was identified, electricity supply was cut off from both businesses and households.

Installation of smart meters

The Department of Energy had in 2008 published a regulation 773 of the Energy Regulation Act for electricity reticulation services in the Government Gazette of 18 July 2008 which promoted the use of smart meters for electricity for various purposes including management of customer usage amongst other issues. This was to be implemented no later than 2012, however this has not been implemented by municipalities due to lack of funding.

The National Treasury has introduced a R2 billion grant for municipalities to install smart meters. This grant is aimed at rehabilitating ageing infrastructure, reducing theft of electricity for non-technical losses which in turn will improve service delivery, address financial pressures in the municipalities. EMLM had seen an opportunity to benefit from this grant to improve its operations.

All electricity distributors internationally experience non-technical losses. However, there is very little information in the available literature, even that which is available is inconsistent and unreliable. The management of these losses is essential due to the amount of revenue lost by the municipality and thus service providers are working tirelessly introducing technologies that may reduce these to an acceptable norm. The use of smart meters is fundamental is curtailing these losses.

Enoch Mgijima Local Municipality ageing electricity infrastructure requires modernization to meet growing demand and integrate renewable energy sources. Smart meters are pivotal in transitioning to a smarter, more efficient, and sustainable energy system.
The project scope will include:

- Smart meter deployment for all existing customers in the next 3 years
- Installation of Meter data Management System (MDMS) & AMI
- Establishment of a functional customer care center
- Expand customer education and outreach as well as direct customer communications center.
- Refurbishment of existing infrastructure to accommodate the smart meters.

Effect on the Budget

The Smart electricity meter installation project will boost collection of revenue from electricity sales as highlighted in the municipality's "Turn – around Plan" and the Financial Recovery Plan (FRP). The municipality believes that the smart meter will start yielding the much-needed revenue in the second half of the 2024/25 financial year with the installation of the smart electricity meters. The attached pie graph

shows that electricity revenue accounts for 40.0 % of the total revenue budget. The municipality collects only 65% of this budget due to the low collection for the prepaid customers.
The municipality receives an average of R17.8 million out of a monthly budget of R19.0 million from Conventional meter (postpaid meters) customers. This figure includes large power users.

Currently the municipality is losing between R21.0 million to R23.5 million monthly in electricity revenue. This loss is attributed to the municipality's prepaid customers who account for 95.0% of the municipality's electricity customers. The municipality collects on average only R7.4 million from its prepaid budget of R28.0 million monthly. This is where the smart meter installation will assist the municipality to get an additional electricity revenue of about R22.0 million each month.

The two main cost drivers of the electricity function are Eskom Bulk purchases, maintenance of the ageing electricity infrastructure and the electricity department staff salaries. The municipality needs to collect about R43.0 monthly on average to break even. Currently, the average monthly collection of electricity sales is at about R23.0 million. T 3.3.1

Key Functional Area : Electricity Management Services Objectives from the IDP							
PPROJECT ID	**WARD**	**PERFOMANCE OBJECTIVE**	**STRATEGIES**	**BASELINE 2023/24**	**KEY PERFOMANCE INDICATOR**	**BUDGET 2024/25**	**ANNUAL TARGET ANNUAL TARGET 2024/25**
ES 11		To provide and maintain municipal electricity infrastructure network and services by 30/06/2024	By Conducting a municipal wide electricity infrastructure audit in substations	35% Completion of Upgrading and Refurbishment of Sterkstroom Substation: 23/24	% Completion of Upgrading and Refurbishment of Sterkstroom Substation	R 9 806 000	100% of Sterkstroom Substation Upgraded and Refurbished by 30 June 2025
ES 12		To provide and maintain municipal electricity infrastructure network and services by 30/06/2025	By upgrading Electricity infrastructure	Appointment of the Contractor for Upgrading and Refurbishment of Mlungisi Substation	% Completion of Upgrading and Refurbishment of Mlungisi Substation	R14221 000	100% of Mlungisi Substation upgraded and refurbished by 30 June 2025
ES 13		To provide and maintain municipal electricity infrastructure	By facilitating provision of access to electricity for the	2023/24 reports on the number of maintenance jobs for	Percentage of maintenance jobs for planned or preventative maintenance conducted	OPEX	50% of maintenance jobs for planned or preventative maintenance

		network and services by 30 June 2025	communities of EMLM	planned or preventative maintenance			conducted by 30 June 2025
ES 14		To to facilitate the provision and access of electricity to the communities by 30 June 2025	By facilitating provision of access to electricity for the communities of EMLM	2023/24 lists submitted to Eskom	Number of lists submitted to Eskom for electricity provision	OPEX	1 Signed list for electricity provision submitted to Eskom by 30 June 2025

T 3.3.5

Employees: Electricity					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Task 3 Grade 6	0	0	0	0	0
Task 5 Grade 6	45	4	439-450	41	2
Task 6 Grade 6	0	0	0	0	0
Task 7 Grade 6	0	0	0	0	0
Task 9 Grade 6	15	4	451-470	11	1
Task 11 Grade 6	0	0	0	0	0

Task 12 Grade 6	0	0	0	0	0
Task 13 Grade 4	0	0	0	0	0
Task 9 Grade 4	0	0	0	0	0
Task 16 Grade 6	0	1	471	0	0
Total					

T 3.3.6

COMMENT ON ELECTRICITY SERVICES OVERALL PERFORMANCE

Alternative Sources of Energy

The area of Molteno /Sterkstroom within the municipality has "Good" opportunities for Wind and Solar Energy Generation. It can therefore be expected that the municipality will be subject to new applications for such facilities. Wind Energy (Dorper Wind Farm) mean wind speeds in the vicinity of 6 – 7.5 meters per second at the 60m above ground level.

Tarkastad is one of the first towns in the Eastern Cape to provide the communities with the system of SOLAR GEYSERS, a number of households in the area of Tarkastad were provided with the Solar Geysers. The initiative of Solar Geysers is also assisting in terms of reducing the pressure on the current demand of Electricity. Statistics South Africa 2011 as well as the latest community surveys 2016 show that a large percentage of electricity is used for lighting.

The municipality is currently looking at energy saving technology.

Financial Performance Year '2024/25: Electricity Services R'000					
Details	**2023/24**	**2024/25**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	374 488 920	487 504 225	494 504 225	348 429 515	-40%
Expenditure:					
Employees	20 843 680	21 670 764	21 670 764	21 612 763	0%
Repairs and Maintenance	23 939 009	20 150 000	36 524 000	39 810 211	49%
Other	349 983 499	338 104 856	345 952 307	489 058 329	31%
Total Operational Expenditure	394 766 188	424 479 505	546 579 505	550 481 303	23%
Net Operational Expenditure	-20 277 268	63 024 720	-52 075 280	-202 051 788	131%
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*

3.1.2 Waste Management

INTRODUCTION TO WASTE MANAGEMENT

The Community Services Directorate is responsible for the refuse collection within the Towns and households of Enoch Mgijima Local Municipality. Households receive a weekly refuse collection and in instances where there are breakdowns on refuse collection trucks, refuse is either collected late and during weekends within that week. The towns also receive collection on daily basis and businesses as per agreed collection schedule with that business. The following areas received weekly refuse collection as per the report of the 2024/25 Service Delivery and Budget Implementation Plan:

1. CBD Streets, Bins and Containers, Top Town West, Top Town East, Central (Queens drive to PowerStation), Livingstone & Blue Rise, Businesses in Factory Road and CBD, Maderia Park,
Westborne & Westborne Park, Aloevalle, Parkvalle, New Rest, Victoria Park, Sabata Dalindyebo, Newvalle, Nkululekweni, Komani Heights, Komani Park, Queensview Park, Lauriedashwood Park, Sandringham, Mlungisi (White City, S & T Sections), Mlungisi (Bongweni & Q Section), Mlungisi (Bede), Mlungisi (Unifound), Nomzamo, Zakhele, Railway 1 & 2,
Magxaki, Eskom, Komani Heights, Khayelitsha, Nkululekweni, Ezibeleni Zone 1 & Phakamisa, Ezibeleni Zone 1 & Phakamisa, Ezibeleni Zone 2, Ezibeleni Zone 3, Unathi Mkefa, Mabuyaze and Bhekela, Cancele, Kwa-Themba, Whittlesea Town, Businesses, Clinic and Hospital, Molteno Town, Businesses and Households, Sterkstroom Town, Businesses and Businesses, Takarstad Town, Businesses, Households and Businesses, Hofmeyer Town, Businesses and Households.

Waste disposal was centralized, and all waste collected in the various centers (including garden waste) is transported to the licensed landfill sites in Queenstown, Tarkastad, Whittlesea, Hofmeyer, Molteno and Sterkstroom for disposal.

The promulgation of the Waste Act (Act No. 59 of 2008), shifts the approach to waste management hence municipalities must embrace the principles of waste minimisation, reuse, recycling and energy recovery as the preferred options to waste management over treatment and disposal to landfill. The municipality will ensure the introduction of waste minimisation projects and encourage separation of waste at source and recycling where possible.

There are a number of cooperatives on waste management across the municipality that assist the municipality on waste management.

T 3.4.1

Description	Households			
	2021/2022	**2022/2023**	**2023/2024**	**2024/2025**
	Actual No.	**Actual No.**	**Actual No.**	**Actual No**
Solid Waste Removal: (Minimum level)				
Removed at least once a week		41 500	41 500	29 535
Minimum Service Level and Above sub-total				
Minimum Service Level and Above percentage				
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week				
Using communal refuse dump				
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level sub-total				
Below Minimum Service Level percentage				
Total number of households				

Key Functional Area : Solid Waste Management Objectives from the IDP

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
CS 02		To implement solid waste programs to promote clean, safe and healthy environment by June 2025	By providing citizens with access to clean, safe and healthy environment by collecting waste from households and businesses	Reports on the households and businesses serviced with refuse removal 2023/2024	Number of households provided with refuse removal services	OPEX	29535 households provided with refuse removal services weekly by 30 June 2025

			in urban area				
CS 03		To implement solid waste management programs to promote clean, safe and healthy environment by 30 June 2025	By providing citizens with access to clean, safe and healthy environment by collecting waste from households and businesses in urban area	2023/24 Reports on 8 Environmental awareness campaigns in communities & schools	Number of environmental awareness campaigns for schools and communities conducted	OPEX	4 Environmental awareness campaigns conducted in schools by 30 June 2025
CS 06		To implement solid waste management programs to promote clean, safe and healthy	By providing citizens with access to clean, safe and	2023/24 Reports on 8 Environmental awareness campaigns	Number of environmental awareness campaigns for schools and communities conducted	OPEX	4 Environmental awareness campaigns conducted in communities by 30 June 2025

		environment by 30 June 2025	healthy environment by collecting waste from households and businesses in urban area	in communities & schools			

T 3.4.4

Employees: Solid Waste Management					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Task 3 Grade 6					
Task 5 Grade 6	114	136	563-677	49	2
Task 6 Grade 6	0	0	0	0	0
Task 7 Grade 6	11	15	552-563	3	
Task 8 Grade 6	3	3	550-552	0	0
Task 16 Grade 6	1	1	549	0	0
Task 3 Grade 4	0	0	0	0	0
Task 7 Grade 4	0	0	0	0	0
Task 10 Grade 4	0	0	0	0	0
Total	129	155		52	2
T 3.4.5					

Financial Performance Year '2024/25: Solid Waste Management Services R'000					
Details	**2023/24**	**2024/25**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	244 533 268	116 751 294	155 405 813	158 227 930	26%
Expenditure:					
Employees	43 931 768	43 068 384	43 068 384	43 544 284	1%
Repairs and Maintenance	813 227	978 000	838 000	970 791	-1%
Other	8 058 210	31 230 136	38 609 906	13 220 586	-136%
Total Operational Expenditure	52 803 205	75 949 506	74 849 506	57 735 661	-32%
Net Operational Expenditure	-191 730 063	-40 801 788	-80 556 307	-100 492 269	59%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference					*T 3.4.7*

COMMENT ON WASTE MANAGEMENT SERVICE OVERALL PERFORMANCE

The municipality planned to provide refuse collection services to 29 535 households once on a weekly basis. However, due to shortage of plant and breakdown in the available plant, the target was not met. Plans were devised to share the available plant among all the areas serviced.

Refuse removal services were provided to businesses daily.

T3.4.10

3.1.3 Housing

INTRODUCTION TO HOUSING

Human Settlements is not a core mandate of the Enoch Mgijima Local Municipality, the Housing Unit provides support to both the Chris Hani District Municipality and the Department of Human Settlements with regards to beneficiary administration, such as, emergency housing programs, destitute programs, disaster housing programs,collecting data for inclusion in the national housing register, completing housing applications, allocation of approved beneficiaries to completed houses, all other housing related matters.

The Housing Unit reports quarterly to the Chris Hani District Municipality and the Department of Human Settlements.

Status of Housing Projects within Enoch Mgijima Local Municipality

1. STATUS ON UPGRADING OF INFORMAL SETTLEMENTS

The Upgrading Informal Settlements Programme (UISP) is a programme of the NDoHS that is outlined in Part 3 of the National Housing Code 2009. It is envisaged as an incremental process culminating in the full upgrading of settlements over time.

PROJECTS WITH CONTRACTORS ON SITE (23/24)

PROJECT	UNITS	DELIVERED	BUDGET	EXPENDITURE	STAUS QUO
Queenstown – Ilinge-1012 (690)	690	596	R 27,585,157	R 49 656 516	Contractor is on site and finalising the remaining 94 units
Lesseyton 752	752	717	R 2,767,000	R 0	Busy with balance of 15 units @ various stages and to be completed in 2023/24 financial year. 22 Beneficiaries sold their sites therefore the Department will reduce the project to 732
Chris Hani Destitute 800 - 119	0	0	R 250,000	R 0	Contractor is on site, started construction in two wards already as the project is too scattered

PROJECTS WITH CONTRACTORS ON SITE (23/24)

PROJECT	UNITS	DELIVERED	BUDGET	EXPENDITURE	STAUS QUO
Tarkastad – Tendergate 1000 (15)	15	0	R 250,000	R 0	Home enrolment for additional 15 units is on process through NHBRC. Contractor Anticipated start of construction by May 2024. There are delays faced by the contractor in enrolling the project
Chris Hani Emergency 427 (143)	143	0	R 250,000	R 0	Professional Service Provider has been appointed and introduced for planning & designs, on procurement process for appointment of a contractor for construction of 143 units allocated to EMLM that will be finalised in current financial year.

Cofimvaba Rural voucher 170 (52)	52	30	R 250,000	R 670 000	Contractor is on site to construct 30 new houses and 14 houses at various stages of construction in Ward 1. The contractor started on site in May 2023, and they have constructed to date, 30 finishes. These houses have not yet handed over officially, but beneficiaries were asked to occupy them to avoid vandalism

PROJECTS AT PLANNING STAGE (23/24)

PROJECT	UNITS	DELIVERED	BUDGET	EXPENDITURE	STATUS QUO
Lukhanji 200	14	0	R 1,390,000	R 0	14 new approvals. Forceful occupation of houses to be resolved by the Municipality before next phase.
Tarkastad – Baccels Farm 300	0	0	R 250,000	R 0	Department to appoint contractor from the Framework
New Rathwick 3000	0	0	R 480,000	R 0	A Lead Consultant for Planning and Designs has been appointed. Municipality to provide the department with the list from the needs register, verification will be done by the department and the municipality officials then application process can start
Whittlesea – Sada Wooden/ Zinc 1000 (300)	0	0	R 500,000	R 0	HDA has recently appointed a Lead Consultant for Planning and Designs. A list of 300 beneficiaries from the needs register is needed, then a process of verification can start

Sterkstroom Masakhe 164	0	0	R 250,000	R 0	HDA has recently appointed a Lead Consultant for Planning and Designs. A verification of beneficiaries was done, filling of applications to start, we request the municipality officials to assist in this process
Queenstown – Phola Park 143	0	0	R 4,357,500	R 0	An Engineer appointed by HAD in a process to appoint the contractor
Tarkastad-Thornhill-1500(300)	0	0		0	Contractor to be appointed from the framework

PROJECTS AT PLANNING STAGE (23/24)

PROJECT	UNITS	DELIVERED	BUDGET	EXPENDITURE	STATUS QUO
Whittlesea – Mcheula 400	-	-	R 100,000	R 0	CDC has been appointed to conduct feasibility studies
Ezibeleni 1421 - rectification	-	-	R 105,000	R 0	CDC has been appointed to conduct feasibility studies
Hofmeyer Twinsville 500 (301) rectification	-	-	R 250,000	R 0	Planning stage / additional funding
Tarkastad 671 rectification	-	-	R 250,000	R 0	Planning Stage / additional funding
Tarkastad 1000 rectification	-	-	R 250,000	R 0	Planning Stage / additional funding
Queenstown – Unifound 521 rectification	-	-	R 105,000	R 0	CDC has been appointed to conduct feasibility studies
Lukhanji 200 Phase2	-	-	R 1,390,000	R 0	There is pending eviction of illegal occupants in the project which prohibits the procurement of Pghase2 construction of the project. The request has been made to EMLM to assist on the matter and its work in progress at present.
Queenstown – Nomzamo 559 (58)	-	-	R 3,062,200	R 232 728	The plan is to extend CDC scope to implement the project and beneficiary verification will precede the undertaking.

RECTIFICATION PROJECTS (23/24)

PROJECT	UNITS	BUDGET	EXPENDITURE	STATUS QUO
Molteno 907 (114)	-	R 250,000	R 0	On procurement process for appointment of a contractor for rectification of 114 defective units. Planned to commence of 2023/24.
Sterkstroom 1214 (500)	-	R 250, 000	R 0	PSP has already been appointed by CDC, Department will appoint contractor from the framework

BLOCKED PROJECTS

PROJECT	UNITS	DELIV ERED	BUDGET	EXPENDITURE	STAUS QUO
Queenstown – Xuma 126 (27)	0	0	R 150,000	R 0	Department is in a process to unblock this project by appointing a contractor from the framework
Queenstown – Zola 225 (16)	0	0	R 250,000	R 0	Department is in a process to unblock this project by appointing a contractor from the framework
Queenstown – Toisekraal 364 (32)	0	0	R 250,000	R 0	Department is in a process to unblock this project by appointing a contractor from the framework

DETAILED INFORMATION PIPELINE PROJECTS NOT YET APPROVED FOR IMPLEMENTATION AT ENOCH MGIJIMA

NO.	PROGRAMME/ PROJECT NAME	UNITS	WARD NO.	STATUS
1	Whittle Sea 1000	1000	26	We received applications through council resolution on the 23rd March 2015 comprising project names and council resolution without any project information details. The Department sent a letter requesting information in November 2015 namely; whether or not these project forming part of the IDP, Beneficiary list endorsed by the council, Confirmation of land availability for the development, Whether the Need Register updated pertaining these projects, Confirmation of Bulk Infrastructure (water and sewer); Confirm if the Municipality has budgeted for bulk electricity and connections thereof, Confirmation of existing social amenities within 5km radius of the project. Since, there was no response on the above requirements by the Department. Urban projects don't have bulk infrastructure and Municipalities were advised to engage D.M for planning process through MIG. Municipality has been advised on recent IGR to have master plan that must have priority list endorsed by Council which will guide implementation as to avoid any Social Issues. Beneficiary list are currently being resolved by Municipality including alignment to Housing Needs Register which is a tool for planning of Human Settlements projects.
2	Ekuphumleni	250	26	
3	Tilden 300 rural	300	1	
4	Ezibeleni 500	500	8	
5	Ezibeleni 200	200	8	
6	Uni-found Rectification	750	18	
7	Ilinge 300	300	2	
8	Old Mlungisi 3090 (Rectification/upgrading)	3090	14,15&16	
9	Zola 700	700	30	
10	Zingqutu 440 rural	440	18	
11	Machibini Village 1500	1500	3	
12	Gwatyu Farms (Thembani & Nonibe)	500	1	
13	Mchewula Village 400	400	20	
14	Yonda Village 300	300	20	
15	Kamastone Village 600	600	20	
16	Whittle Sea -Madakeni 1000	1000	24	

Key Functional Area : Human Settlement

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
SP & HS 01	Municipal Wide	To facilitate provision of sustainable human settlements for all income categories by 30 June 2025	By conducting a housing demand analysis	Applications registered to NHNR in 2023/24	Number of Applications registered on housing needs Register	OPEX	2410 Applications on National Housing Needs Register captured (NHNR) by 30 June 2025

T 3.5.3

COMMENTS ON THE OVERALL PERFORMANCE ON HOUSING SERVICES

The challenges facing housing are:

- Disaster and emergency housing is not allocated within the municipality but with Chris Hani District Municipality which slows down the time to react to emergencies
- There is a high demand for middle income housing within the municipality.

T 3.5.7

3.1.4 Free Basic Services

INTRODUCTION TO FREE BASIC SERVICES

The Finance Directorate provides support to indigents through an Indigent Management Policy.
Indigents are those people that, due to many factors, are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be. Any household, earning less than the R 4 680 per month qualifies to be registered as indigents.

An Indigent Register was reviewed and updated in 2024/2025 financial year. Ward based awareness and mobilisation was done in all the 34 wards, where eligible beneficiaries are encouraged to apply. During the awareness campaigns beneficiaries are assisted to apply and provide documentation with indigent people from within Enoch Mgijima Local Municipality.

In areas where we don’t provide electricity
Alternative energy is provided, inn the form gel stoves and gel fuel in areas not provided with FBE based on eligibility and application received.

The indigent register is reviewed every year to ensure that all eligible indigents are catered for. It is also to ensure the credibility of the indigents register. The municipality has established an indigent steering committee which is headed by the Portfolio Head of Budget and Treasury and officials with ward councillors, ward committees and traditional leaders forming part of the steering committee.

The below tables indicate the number of indigents and beneficiaries

Free Basic Services To Low Income Households										
	Number of households									
	Total	**Households earning less than R3500.00 per month**								
			Free Basic Water		**Free Basic Sanitation**		**Free Basic Electricity**		**Free Basic Refuse**	
		Total	**Access**	**%**	**Access**	**%**	**Access**	**%**	**Access**	**%**
2016/2017	66 895						8 328	12%	5 099	8%
2017/2018	12049						12049		4397	
2018/2019	11901						11901		2156	
2019/2020	32543						11114		7461	
2020/2021	6640						6640		3425	
2021/2022	7742						7742		4112	
T 3.6.3										

Table 7.1 : Free Basic Services to low-income households

Free Basic Services To Low Income Household							
	Number of households						
	Total: STATSSA	Households earning less that R 4 680					
		Total Registered Indigents	Free Basic Electricity		Total	Free Basic Refuse	
			Access	%		Access	%
2024/25	66637	4956	3280	66%	4956	3280	66%
2023/24	66637	5485	3880	70%	5485	3880	70%
2022/23	66637	5989	3893	65%	5989	3893	65%

Table 8.2 : Free Basic Services to low-income households

The budget allocated and actual spent on indigents is indicated .

Financial Performance : Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2023/24	2024/25			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Electricity	3 736 035,23	18 144 375,00	18 144 375,00	3 572 022,06	14 572 352,94
Waste Management	811 075,20	14 144 375,00	14 201 242,00	726 749,60	13 474 492,40
Total	4 547 110,43	32 288 750,00	32 345 617,00	4 298 771,66	28 046 845,34

Table 9.3 : Free Basic Services to low-income households

3.2 COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

The Roads & Storm water section is responsible for the maintenance of all municipal roads. The majority of urban and township roads are tarred and paved, with gravel roads, mainly in the rural areas requiring attention. Enoch Mgijima Local Municipality does not execute a transport function.

Due to the dilapidating conditions of the roads, the municipality prioritised basic service delivery and infrastructure development KPA as the first priority and bulk budget is allocated to the upgrading od roads and stormawater and the rehabilitation of bridges.

3.2.1 Roads

EXECUTIVE SUMMARY

Introduction.

The South African Constitution assigns municipalities the duty of ensuring the provision of municipal infrastructure services. This chapter outlines EMLM's municipal infrastructure and Services. The directorate renders the following services to the broader EMLM community: -

Roads Infrastructure and stormwater.

The transportation infrastructure data is an indication of the Enoch Mgijima Municipality's connection to other local economic centres and rural nodes. It also indicates how connected the efficiency of transportation of goods and people to and from various economies surrounding Enoch Mgijima Municipality.

It is crucial for the municipality to develop a Comprehensive Infrastructure Master Plan. The major barrier towards the development of the said plan is funding.

The Roads & Storm water section is responsible for the maintenance of all municipal roads. Most urban and township roads are tarred and paved, with gravel roads, mainly in the rural areas requiring attention.

The roads section covers a wide range of rural areas across the entire boundaries of the municipality.
The current existing arrangement is 3 teams ideally with full kit of blading and re-gravelling of access roads within the Enoch Mgijima Local Municipality. The focus is to maintain all municipal roads which are critical and used by the community (taxi routes) daily, such access roads to Health care centres, schools, church, community centres and halls etc.
Stormwater has become a problem in the Enoch Mgijima Municipality. Particularly when it is raining, in some areas the stormwater pipes are blocked and cause flooding.

Increasing heavy traffic volumes using municipal roads, high cost of bitumen is a real threat to the sustainability of the road network. The municipality is committed in sourcing funding for the development of a Roads Master Plan to address some of the identified future needs and challenges.

Challenges
Road infrastructure is a challenge in the municipality. Basic Service Delivery and infrastructure Development KPA was identified as a key priority by the municipality during the IDP outreach. As a result the major budget was allocated to roads infrastructure.
Projects implemented included upgrading and refurbishment. Upgrading of gravel roads to paved roads was implemented in various wards. Furthermore a number of low level bridges were rehabilitated during the period under review.

Transport

Enoch Mgijima Municipality considers the issue of transport as a serious matter for consideration during planning. It is not only important for the development of the areas but for the entire Eastern Cape province and the country. There are two national roads and two railway lines linking Port Elizabeth and East London to the area around Komani.
CHDM has developed a Transport Master Plan to cater for the transport needs (services, infrastructure) of different local municipalities in the area. The CHDM master plan is going to be implemented at Enoch Mgijima through a combined effort between the district municipality and the local municipality as well as all key and relevant stakeholders in the sector.

Critical Infrastructure.

Below is a list of important and critical transport infrastructure close by the economic hub of the area within Enoch Mgijima Municipality, Komani

Access to Railroad Infrastructure.

The railroad infrastructure connection runs parallel to the N6 from Johannesburg via Bloemfontein, Aliwal North, Komani, Cathcart, Stutterheim (**Amabele Station**) to East London. The Eastern Cape Department of Roads and Transport launched a Kei Rail Project to enable the movement of people and goods from Amabele Station, the surrounding sidings to East London.

Access to Commercial Airports.

The town of Komani is located less than 250km from **East London Airport**. There is a possibility of establishing an aerodrome in future from the Komani Military Airstrip.

Access to Ports.

Two fully developed ports close to Komani area within Enoch Mgijima Municipality based in Port Elizabeth (Port of Ngqurha) and the other one in East London. The two ports are vertically and horizontally integrated with fully developed industrial development zones ("**IDZ**") in the form of **Coega IDZ** in Port Elizabeth and **East London IDZ** in East London.

Public Transport Facilities

The Department of Transport (DOT) funded an Intermodal Transport facility based in Komani. The facility accommodates public modes of transport such as taxis and busses and integrate informal trade sector (hawkers), buildings that address public needs, such as, Rank offices, Security office, Cooking stalls, General stalls, Vehicle repair stalls and Waiting Areas.
Phase two plan for the bus terminal was approved but the major barrier to construction is land availability. Existence and mushrooming of informal settlements in the identified land is also a contributing factor.

Some of the towns within Enoch Mgijima Municipality do not have bus/taxi ranks, those in the transport sector operate their businesses in informal ranks. Planning should take cognizance of the transport needs of different communities within the municipality.
A transport Forum was established by the municipality. It is chaired by the member of the mayoral committee for public safety and its main purpose is to discuss issues pertaining to transport around the municipality such as

transport infrastructure, bus/taxi services, rail and scholar transport. The establishment and functionality of the forum will depend on concerted effort with relevant key stakeholders in the sector.

- **Earth tracks** are the simplest "low volume roads" and generally consist of parallel ruts separated by vegetation, delineating a rural access route. These tracks are not engineered and are often impassable during or after wet weather conditions. Civil Engineering section is not paying much attention to these types of roads as they are mainly used by farmers privately.
- **Earth roads** are classified as those on which no imported gravel is used, but the road is cleared of vegetation and lightly compacted (usually by traffic only). The roads are often shaped to some extent with the material which is removed from the side of the road to form side-drains. This is used to form a small embankment and raise the road slightly. These roads are usually constructed by a road authority or regional development institution and are important for the economic or social advancement of the area. Unlike earth tracks, periodic maintenance should be applied to earth roads.

Gravel roads have a designed layer of imported material which is typically constructed to a specified standard and width and provides an all-weather surface. The vertical and horizontal alignment is generally upgraded to appropriate standards. Maintenance of gravel roads is carried out on a more regular and systematic basis and a higher level of service is obtained, although the roughness varies considerably with time and depends significantly on the maintenance activity.

In terms of the section 152 (1b) of the Constitution, 1996 (Chapter 7), the objects of the local government are to ensure the provision of services to communities in a sustainable manner.

The Directorate execute the following priority area:

- Electricity – Distribution and revenue sections
- Infrastructure Development (PMU);
- Civil Engineering – Building control, Civil, Roads sections
- Workshop – Fleet maintenance

Storm-water has become a problem in the Queenstown area and its surroundings, tarkastad and its surroundings, Sterkstroom and its surroundings. Particularly when it rains, in some areas the storm-water pipes block and cause flooding, The condition assessment of the open channels and catch pits was done in Queenstown and its surroundings with a plan to do assessment in Tarkastad with its surroundings, the storm water is blocked during heavy rainfall and the water is flowing over the road and create ponding areas that eventually become potholes. The catch pits need to be cleaned time and again and also to be jet cleaned so that all the debris cannot block the flow of storm water and avoid flooding.

The stormwater network of Enoch Mgijima need to be upgraded to be able to accommodate the stormwater within its catchment areas. The municipality is currently faced with a huge backlog in maintenance of the storm water pipes and associated repairs. The condition of the roads of Enoch Mgijima Municipality is very bad.

Stormwater Strategy: The Municipality plans to develop a Stormwater Master Plan to assist with addressing issues pertaining to the stormwater drainage within the municipality. The stormwater water masterplan will be used to prioritise project proposals for solving the stormwater problem in each area of concern.

Scope of Work for the Stormwater Team

The unit has teams in storm water management and, these teams are responsible for cleaning catch pits, and jetting of clean the storm water pipes.

BLADING	RE-GRAVELLING	STORMWATER DRAINAGE
Dry blading Wet blading Reshaping Patching	Regravelling Gravel patching Heavy maintenance Reconstruction	Cleaning of culverts and water ways Removing & relaying existing pipes Cutting of side drains and meters Clearing open drains Soil erosion control measures Stone pitching Cleaning of kerbs and catch pits. Earth wall and concrete channels

Key Functional Area: Roads and Transport Planning

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
ES 07		To provide and maintain municipal roads and Storm water infrastructure by 30 June 2025	By maintaining municipal gravel roads	20km of re-gravelling of roads in wards 4,5,6,7,8,9,14,16 ,11,34,24 & 22 by end 2023/24 FY	Number of kilometres of gravel roads maintained as per the project list	OPEX	20 km of -gravel of roads (in wards 1, 4,5,6,7,8,9,14,16,11 ,34,24, 22 & 31)

							regravelled by 30 June 2025.
ES 08		To provide and maintain municipal roads and Storm water infrastructure by 30 June 2025	Through upgrading of the gravel and surfaced roads into concrete block paving	60km of roads bladed in wards 15,18,7,11,8,10, 9,24,25,19,26,13 ,2,3,12,22,20,17, 14,4,32,27,6,34, 30 and 16 by end 2023/24 FY	Number of kilometres of gravel roads bladed	OPEX	60km of gravel roads in wards 15,18,7,11,8, 10,9,2 4,25,19,26,1 3,2,3,1 2,22,20,17,1 4,4,32, 27,6,34,30 and 16 bladed by 30 June 2025
ES 10		To provide and maintain municipal roads and Storm water infrastructure by 30 June 2025	By responding to the complaints laid by residents on potholes	New	% complaints on potholes resolved within (30 working days) standard time	OPEX	100% complaints on potholes resolved within (30 working days) standard time by 30 June 2025.
ES		To upgrade and maintain existing low-level bridges by 30 June 2025	Rehabilitation of existing low- level bridge by replacing damaged box culverts in identified areas	Designs	Percentage construction and rehabilitation of Low level bridges (Merino walk, Zingqthu - Lavelilanga, Nometyu and Koppies Low level bridges	R3,109,716	100% rehabilitation of Merino Walk Low-Level Bridge completed by 30 June 2025.
ES				Contractor appointed		R3,984,688	100% rehabilitation of Zingquthu – Lavelilanga Low- Level Bridge constructed by 30 June 2025
				Designs		R3 066 806	100% rehabilitation of Nometyu

							Low- Level Bridge constructed by 30 June 2025
				Contractor appointed		R 2 400 000	100% rehabilitation of Nometyu Low- Level Bridge constructed by 30 June 2025

Employees: Roads and Storm water					
Job Level	**2021/2022**	**2024/2025**			
	Employees	**Employees**	**Posts**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
Task 3 Grade 6		733-746	18	5	1
Task 3 Grade 8		0	0	0	
Task 5 Grade 6	13	722-733	11	0	0
Task 6 Grade 6	0				
Task 7 Grade 6	11	717-722	6	0	0
Task 7 Grade 4					
Task 8 Grade 6	6				
Task 8 Grade 8		714-717	3	0	0
Task 10 Grade 6	0				
Task 11 Grade 6	3				
Task 13 Grade 6	0				
Task 13 Grade 11					
Task 3 Grade 4					
Task 9 Grade 4		714	1	0	0

Task 12 Grade 4					
Task 12 Grade 6	1		18		
Task 16 Grade 6	1	733-746	0	5	1
Total	86	0	11	0	

COMMENT ON OVERALL PERFORMANCE ON ROADS

In the roads management unit, regravelling and blading of gravel roads was done during the period under review.

Pothole patching and cleaning of catch pits project was also done.

Upgrading of roads from gravel to paved roads was done in various wards in the municipality.

T 3.7.9

Financial Performance Year '2024/25 Road Services R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	108 307 007	167 832 103	75 557 345	23 109 647	-6
Expenditure:					
Employees	21 861 461	26 139 214	26 139 214	20 381 100	0
Repairs and Maintenance	5 914 906	4 300 000	7 385 000	1 468 605	-2
Other	3 800 040	33 286 891	35 024 891	42 509 129	0
Total Operational Expenditure	31 576 407	64 844 662	66 374 662	63 358 229	0
Net Operational Expenditure	76 730 600	102 987 441	9 182 683	-40 248 583	4
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*

3.2.2 Waste Water (Stormwater Drainage)

INTRODUCTION TO STORMWATER DRAINAGE

The municipality is responsible for the repairing of potholes on the existing surfaced road, cleaning of Stormwater drainage system to maintain free flow Stormwater, upgrading of gravel roads to surfaced roads, installation of new storm water drainage systems, rehabilitation of existing roads, and re-gravelling and blading of gravel roads in rural and urban areas an on regular basis

3.3 COMPONENT C: PLANNING AND DEVELOPMENT

3.3.1 Planning

INTRODUCTION TO PLANNING

The Planning Section made the following progress during the period under review.

The municipality established a Municipal Planning Tribunal as per the SPLUMA regulation. The purpose of the Municipal Planning Tribunal is to consider land applications for: Rezoning, subdivision, departures, consent use, removal of title deed restrictions. The MPT processed as received on a quarterly basis.

Geographic Information System

The Enoch Mgijima Municipality makes use of a GIS programme called OVVIO. The program holds all the property data of the Municipality. It contains all data obtained from the Deeds Office. The programme is updated on request from the owners. The program was extended to include Molteno/Sterkstroom and Tarkastad/Hofmeyr areas.

T 3.10.1

Key Functional Area: Spatial Planning and Land Use

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
SP & HS	Municipal Wide	To implement SPLUMA legislation by 30 June 2025	By processing SPLUMA Compliant land use applications	2023/ 24 Number of applications processed	Percentage of Land use applications processed within 90 Days	OPEX	100% Land use applications processed within 90 Days by 30 June 2025
SP & HS	Municipal Wide	To implement SPLUMA Legislation by 30 June 2025	By reviewing Spatial Development Framework	2019 Adopted SDF	Number of SDFs reviewed	OPEX	1 SDF reviewed by 30 June 2025

Key Functional Area: Land Administration

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
SP & HS	Municipal Wide	To facilitate land administration, acquisition and disposal by 30 June 2025	By disposing identified residential sites	12 disposed sites	Number of residential sites disposed	OPEX	50 sites disposed by 30 June 2025

T 3.10.3

COMMENT ON PERFORMANCE OF PHYSICAL PLANNING OVERALL PERFORMANCE

The Municipal Planning Tribunal was functional and land use applications were presented and considered by the tribunal in the meetings convened quarterly. T 3.10.7

3.3.2 Local Economic Development

INTRODUCTION TO ECONOMIC DEVELOPMENT

Enoch Mgijima Local Municipality is one of six local municipalities within the Chris Hani District Municipality. It is situated in the center of the Chris Hani District Municipality. Enoch Mgijima LM is an economic hub of the district and a gateway to Gauteng and the Western Cape Province. The municipality has various competitive advantages in that it's not only an economic hub but also an industrial hub with manufacturing firms Twizza Factory, Fischer's Dairy, Crickely Dairy and other manufacturing concerns based at the Queendustria. The municipality is also home to three (3) shopping centers such Nonesi Mall, Lukhanji Mall and Pick' n Pay Mall.

The municipality is also endowed with a considerable industrial inventory based in Whittlesea, Queenstown and Queendustria near Ezibeleni.

There is also an airstrip in Komani and was also considered for a Special Economic Zone. The towns of Komani and Whittlesea are university towns with the Walter Sisulu University having campuses on both towns whilst the main campus of Ikhala TVET College is in Komani.

Molteno, Sterkstroom, Tarkastad and Hofmeyer are renowned for their agricultural potential with some of the region's stud breeders for cattle and sheep found in these towns.

The municipality will achieve the goal of economic development and job creation, whose outcome will be sustainable growth, poverty alleviation and better life for all by coordinating sustainable social and economic developmental initiatives. It will also do so by creating a conducive environment for business investment and growth for job creation.

The municipality's focus areas on local economic development are the following: -

a) SMME and Cooperatives Development.
b) Agriculture and rural development.
c) Tourism and heritage development.

d) Industrial development.

e) Local economic development.

Historical economic growth

For the period 2022 and 2012, the GVA in the finance sector had the highest average annual growth rate in Enoch Mgijima at 2.60%. The industry with the second highest average annual growth rate is the agriculture sector averaging at 2.37% per year. The electricity sector had an average annual growth rate of -2.67%, while the construction sector had the lowest average annual growth of -3.11%. Overall a positive growth existed for all the industries in 2022 with an annual growth rate of 2.04% since 2021.

Gross value added (GVA) by broad economic sector - Enoch Mgijima Local Municipality, 2012, 2017 and 2022 [R millions, 2010 constant prices]

	2012	2017	2022	Average Annual growth
Agriculture	228.8	260.6	289.2	***2.37***%
Mining	7.9	10.7	9.0	***1.23***%
Manufacturing	722.3	716.8	688.8	***-0.47***%
Electricity	196.7	165.3	150.1	***-2.67***%
Construction	398.6	395.1	290.7	***-3.11***%
Trade	2,081.1	2,138.8	2,064.5	***-0.08***%
Transport	577.6	633.1	664.0	***1.40***%
Finance	1,676.9	1,906.2	2,168.0	***2.60***%
Community services	5,493.4	5,726.8	5,860.0	***0.65***%
Total Industries	11,383.3	11,953.3	12,184.4	*0.68*%

TABLE 3. Source: South Africa Regional eXplorer v2443.

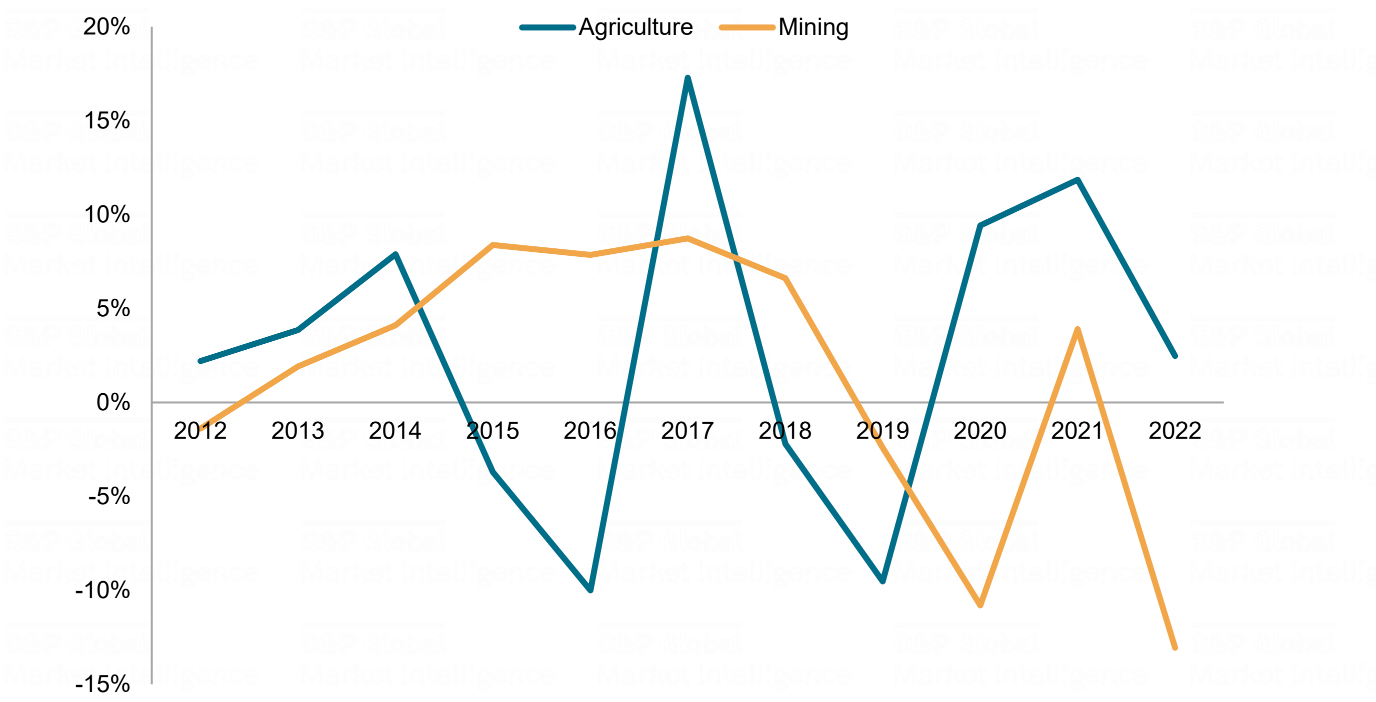
Data compiled on 15 Jan 2024.

The tertiary sector contributes the most to the Gross Value Added within the Enoch Mgijima Local Municipality at 86.5%. This is significantly higher than the national economy (69.4%). The secondary sector contributed a total of 10.7% (ranking second), while the primary sector contributed the least at 2.9%.

The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

PRIMARY SECTOR

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. The following chart represents the average growth rate in the GVA for both of these sectors in Enoch Mgijima Local Municipality from 2012 to 2022.



Graph 6: Gross Value Added (GVA) by aggregate economic sector – Enoch Mgijima Local Municipality, 2022 [percentage]

Total employment

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

Definition: Total employment consists of two parts: employment in the formal sector, and employment in the informal sector

TABLE 1. Total employment - Enoch Mgijima, Chris Hani, Eastern Cape and National Total, 2012-2022 [numbers]

Enoch Mgijima		Chris Hani	Eastern Cape	National Total
2012	53,200	113,000	1,240,000	14,000,000
2013	55,000	117,000	1,270,000	14,400,000
2014	58,800	126,000	1,340,000	15,000,000
2015	61,800	133,000	1,400,000	15,500,000
2016	63,600	137,000	1,430,000	15,800,000
2017	63,700	138,000	1,440,000	16,000,000
2018	62,600	136,000	1,440,000	16,200,000
2019	61,200	133,000	1,430,000	16,200,000
2020	56,000	122,000	1,350,000	15,400,000
2021	52,900	116,000	1,300,000	14,800,000

2022	56,800	124,000	1,370,000	15,300,000
Average Annual growth				
2012-2022	***0.65***%	***0.98***%	***1.05***%	***0.92***%

Table 10: Total employment – Enoch Mgijima, Chris Hani, Eastern Cape and National Total, 2006-2016 [numbers]

In 2022, Enoch Mgijima employed 56 800 people which is 45.60% of the total employment in Chris Hani District Municipality (124 000), 4.13% of total employment in Eastern Cape Province (1.37 million), and 0.37% of the total employment of 15.3 million in South Africa. Employment within Enoch Mgijima increased annually at an average rate of 0.65% from 2012 to 2022.

Between 2012 and 2022, the agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 17.3%. It is evident for the mining sector that the highest positive growth rate also existed in 2017 and it experienced a growth rate of 8.7% which is lower than that of the agricultural sector. The agricultural sector experienced the lowest growth for the period during 2016 at -10.0%, while the mining sector reaching its lowest point of growth in 2022 at -13.1%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

SECONDARY SECTOR

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. The following chart represents the average growth rates in the GVA for these sectors in Enoch Mgijima Local Municipality from 2012 to 2022.

TABLE 2. Total employment per broad economic sector - Enoch Mgijima and the rest of Chris Hani, 2022 [Numbers]

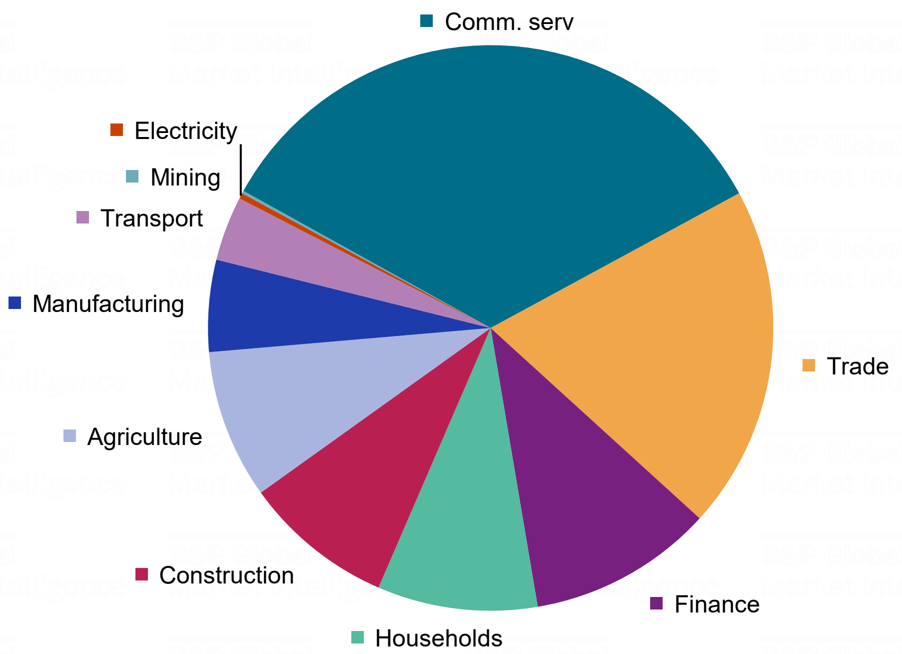
	Enoch Mgijima	Inxuba Yethemba	Intsika Yethu	Emalahleni	Dr AB Xuma	Sakhisizwe	Total Chris Hani
Agriculture	4,840	3,520	1,040	760	417	1,440	12,013
Mining	86	7	6	8	12	9	129
Manufacturing	2,980	1,110	680	379	599	229	5,984
Electricity	185	51	36	37	34	65	408
Construction	4,890	2,090	1,790	1,140	1,550	1,530	12,983
Trade	11,200	3,150	2,650	1,680	2,810	1,960	23,406
Transport	2,090	1,330	582	289	446	241	4,985

Finance	6,010	2,000	1,180	725	1,230	794	11,927
Community services	19,300	6,640	5,120	3,010	5,370	3,370	42,828
Households	5,200	1,660	937	663	637	712	9,802
Total	56,800	21,600	14,000	8,690	13,100	10,300	124,465

Table 11: Total employment per broad economic sector – Enoch Mgijima and the rest of Chris Hani, 2022 [Numbers]

Enoch Mgijima Local Municipality employs a total number of 56 800 people within its local municipality. Enoch Mgijima Local Municipality also employs the highest number of people within Chris Hani District Municipality. The local municipality that employs the lowest number of people relative to the other regions within Chris Hani District Municipality is Emalahleni local municipality with a total number of 8 690 employed people.

In Enoch Mgijima Local Municipality the economic sectors that recorded the largest number of employment in 2022 were the community services sector with a total of 19 300 employed people or 34.0% of total employment in the local municipality. The trade sector with a total of 11 200 (19.7%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 85.9 (0.2%) is the sector that employs the least number of people in Enoch Mgijima Local Municipality, followed by the electricity sector with 185 (0.3%) people employed.



Graph 7: Total Employment Per Broad Economic Sector – EMLM, 2022 [%]

The LED department is currently a section in IPED headed by the Director, who is assisted by one Manager. The current staffing of the department, is a far cry from the organisational structure, and poses the most serious risk to the implementation of the strategy. At the current moment, the LED department is understaffed and therefore the function is not optimally performed. The LED function also received the lowest in terms of budget allocation, further hampering the municipality's efforts to contribute to job creation and poverty eradication.

The unit was capacitated with the employment of 2 officials to coordinate the SME and Tourism development respectively.

ECONOMIC ENVIRONMENT

STRENGTHS	**WEAKNESSES**
Young Population	High Unemployment
Established Industries	Poor state of Bulk infrastructure.
Position of the Municipality along development corridors	Inadequate ICT infrastructure
Bulk infrastructure to meet growth demand. Growth of renewable energy industry Choice of Institutions of higher learning located within the Municipality	Unstable Electricity
Bulk infrastructure to meet growth demand.	Skills Mismatch and low skills base
Growth of renewable energy industry	Impact of Covid-19 and HIV/Aids
Choice of Institutions of higher learning located within the Municipality	

OPPORTUNITIES	**THREATS**
Growth potential of renewable energy industry	Crime
Opportunities for technology driven transport businesses, e.g. Uber, etc.	Climate Change
Globalization	Decreased public spending on infrastructure
Public spending on social services	Worsening race relations
Public & private support to social and development services	Growing Community impatience

T 3.11.2

TABLE 3. Formal and informal employment by broad economic sector - Enoch Mgijima Local Municipality, 2022 [numbers]

	Formal employment	Informal employment
Agriculture	4,840	N/A
Mining	86	N/A
Manufacturing	2,230	748
Electricity	185	N/A
Construction	2,330	2,560
Trade	5,730	5,430
Transport	778	1,320
Finance	4,880	1,120
Community services	17,000	2,310
Households	5,200	N/A

TABLE 4. Source: South Africa Regional eXplorer v2443.

Data compiled on 15 Jan 2024.

T 3.11.3

Engagements with Business Formations.

The Directorate engages local businesses through the following organized structures, -

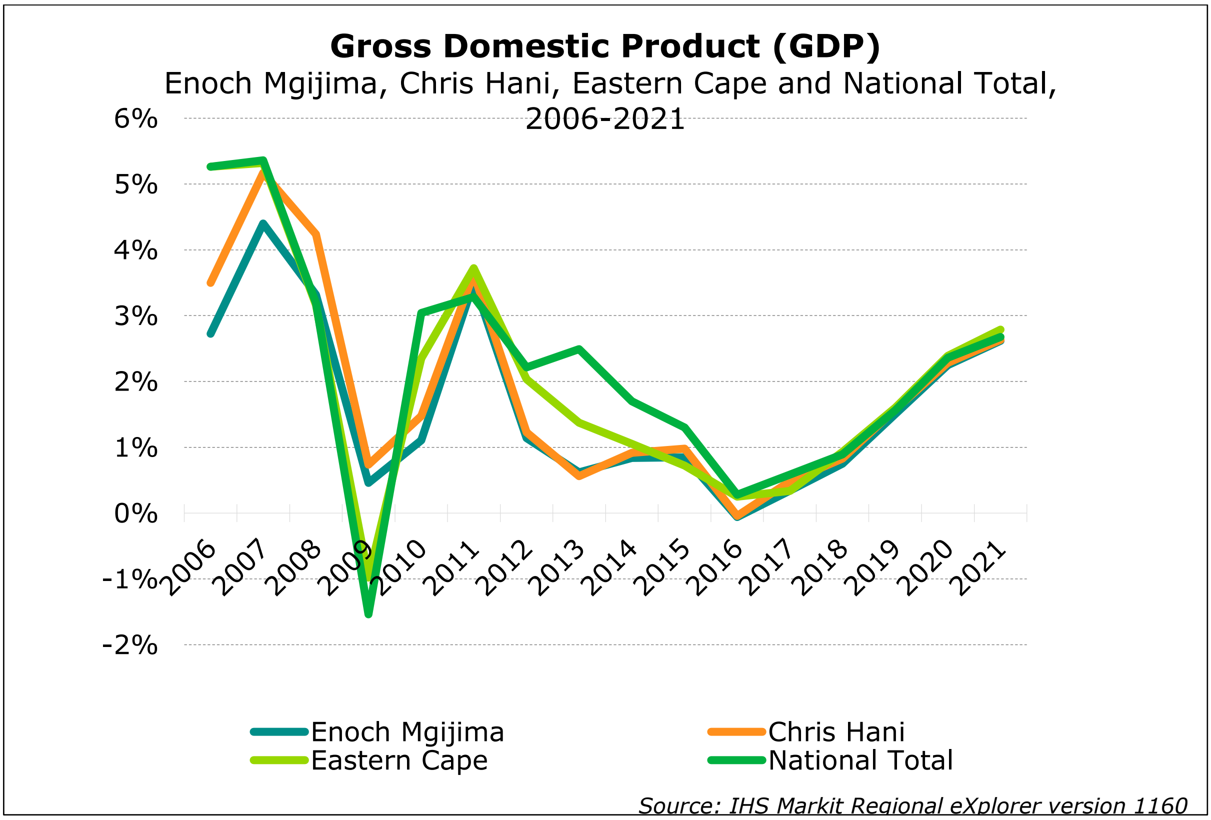
(a) Border Kei Chamber of Business.
(b) Enoch Mgijima Business Forum
(c) Enoch Mgijima wool growers Association
(d) Enoch Mgijima Hawkers Association
(e) Enoch Mgijima Farmers Association
(f) Enoch Mgijima Contractors Forum

Enoch Mgijima LM's Economic Profile

Enoch Mgijima LM is an economic hub of the Chris Hani Region in the Eastern Cape with the higher household income compared to other municipalities. Its local economy is the largest economy in the district context and is dominated by the wholesale and retail sector, followed by manufacturing, services and agricultural sectors in terms of GDP contribution.

The GDP Contribution.

Gross Domestic Product (GDP) – Enoch Mgijima, Chris Hani, Eastern Cape and National Total, 2006-2021 [Average annual growth rate, constant 2010 prices]



Graph 8: GDP – EMLM, Chris Hani, Eastern Cape and National Total, 2006-2021

[Average annual growth rate, constant 2010 prices]

In 2021, Enoch Mgijima's forecasted GDP will be an estimated R 9.32 billion (constant 2010 prices) or 47.7% of the total GDP of Chris Hani District Municipality. The ranking in terms of size of the Enoch Mgijima Local Municipality will remain the same between 2016 and 2021, with a contribution to the Chris Hani District Municipality GDP of 47.7% in 2021 compared to the 47.9% in 2016. At a 1.49% average annual GDP growth rate between 2016 and 2021, Enoch Mgijima ranked the fifth compared to the other regional economies.

Key Functional Area : Local Economic Development (LED)

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25

LED 01	Municipal Wide	To promote local economic development and ramp up economic growth by 30 June 2025	Through development of investment booklet	New	Number of investment booklets developed	OPEX	1 investment booklet developed by 30 June 2025
LED 02	Municipal Wide	To improve livelihoods by 30 June 2025	By facilitating creation of job opportunities through municipal initiatives/ interventions	2023/24 reports on jobs opportunity created	Number of reports on job opportunities created through municipal initiatives/interventions	OPEX	4 reports on job opportunities created through municipal initiatives/ interventions by 30 June 2025

Key Functional Area : SMME Support

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
IPED 02	Municipal Wide	To mobilize and provide support to SMME's & Cooperatives by 30 June 2025	By giving direct financial support to identified SMME's and Cooperatives (in the form of start-up capital).	14 SMMEs supported in 2023/24	Number of SMME's/ Cooperatives supported	R400 000	20 SMME /Cooperatives supported by 30 June 2025
IPED 03	Municipal Wide	To mobilize and provide support to SMME's & Cooperatives by 30 June 2025	By facilitating capacity building programs for identified SMME's and Coops	2023/24 Reports on trainings/ workshops facilitated	Number of trainings/ workshops facilitated for SMME's and Coops	OPEX	4 trainings/ workshops facilitated for SMME's and Coops by 30 June 2025
IPED 04	Municipal Wide	To mobilize and provide support to SMME's & Cooperatives by 30 June 2025	By regulating business trading in EMLM	2023/24 Database (Inventory) of business across all sectors developed	Number of Database (Inventories) of business across all sectors developed	OPEX	1 Updated Database (Inventory) of businesses across all sectors developed by 30 June 2025
IPED 05	Municipal Wide	To mobilize and provide support to SMME's &	By regulating business	IPED -5 2023 24 reports on the average time taken	Number of reports on average time taken (60 days)	OPEX	4 Reports on average time taken (60 days) to finalise

		Cooperatives by 30 June 2025	trading in EMLM	(60days) to finalise business licence applications	to finalise business licence applications		business licence applications by 30 June 2025
IPED 06		To mobilize and provide support to SMME's & Cooperatives by 30 June 2025	By regulating business trading in EMLM	5,2 671 Business licences issued	Number of business licences issued/renewed	OPEX	400 Business licences issued / renewed by 30 June 2025

Key Functional Area : Agricultural Development

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25
IPED	Municipal Wide	To develop and enhance agricultural potential by 30 June 2025	By supporting emerging small-scale farmers	90% completion of the livestock handling facility constructed	Percentage completion of Livestock handling facility constructed		100% completion of Livestock Handling facility constructed by 30 June 2025
		To develop and enhance agricultural potential of EMLM by 30 June 2025.	By supporting emerging small-scale farmers	New	Number of poverty alleviation projects/cooperatives supported	R100 000	5 poverty alleviation projects supported (poultry, piggery, back yard gardening) by 30 June 2025
				NEW	Number of shearing sheds supported with medicine and equipment	R200 000	2 shearing sheds supported with medicine and equipment by 30 June 2025

IPED	Municipal wide	To develop and enhance agricultural potential by 30 June 2025	By supporting emerging small-scale farmers	NEW	Number of dry land cropping projects implemented/ supported	R100 000	2 dry land cropping projects supported with mechanisation (plough h, disc, plant) by 30 June 2025
IPED	Municipal Wide	To develop and enhance agricultural potential o by 30 June 2025	By facilitating capacity building programmes.	New	Number of workshops provided on commercialisati on	OPEX	2 agricultural workshops on commercialisa tion workshops provided by 30 June 2025
IPED	Municipal Wide		By facilitating, coordination and resuscitation of Agricultural structures	New	Established and functionality of farmers forum		EMLM farmers forum established and reports by 30 June 2024
				New	Number of Agricultural walk-ins serviced		4 register reports for agricultural walk-ins by 30 June 2024

Employees: LED					
Job Level	2022/2023	2024/2025			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Task Grade 16	1	1			
Task Grade 12	3	3			
Task Grade 6	1	1			
Total	5	5			

T 3.11.8

Financial Performance Year '2024/25: Local Economic Development Services R'000					
Details	**2023/24**	**2024/25**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	31 898 279	16 203 000	16 203 000	1 195 220	0%
Expenditure:					
Employees	12 502 488	10 080 374	10 080 374	13 908 567	28%
Repairs and Maintenance	0	0	0	0	
Other	811 076	551 785	551 785	868 159	36%
Total Operational Expenditure	13 170 526	14 126 695	14 126 695	14 776 726	4%
Net Operational Expenditure	18 727 753	2 076 305	2 076 305	-13 581 506	115%
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*

3.4 COMPONENT D: COMMUNITY SERVICES

3.4.1 Libraries; Archives; Museums; Galleries; Community Facilities; Other (Theatres, Zoos, Etc)

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

LIBRARIES

Library services is a Provincial function, under the Department of Sport, Arts & Culture. The service is implemented by the Municipality. The service should be fully funded by DSRAC but continues to be partially funded. An annual subsidy of R5 250 000-00 was transferred to the Municipality. A Memorandum of Agreement was entered into by Enoch Mgijima Municipality and Department of Sport Recreation, Arts & Culture. The subsidy falls far short of the expenditure of the Library Services, for which the Municipality has to bear the cost. This situation is a challenge throughout the country, not only for Enoch Mgijima Municipality.

The Enoch Mgijima Library Services consists of eleven libraries, viz. Komani, Barrington Mndi (Ezib), Mlungisi, Ashley Wyngaardt (Parkvale), Whittlesea, Molteno, Sterkstroom, Tarkastad, Hofmeyr, Tentergate and Mceula.

PERFORMANCE REPORT ON WORK PLAN FOR LIBRARIES: 2024/2025									
STRATEGY (KPA)	**KPI**	**ANNUAL TARGET**	**Q1 JUL-AUG-SEP 2024**	**Q2 OCT-NOV-DEC 2024**	**Q3 JAN-FEB-MAR 2025**	**Q4 APR-MAY-JUN 2025**	**PROOF OF EVIDENCE**	**PERFORMANCE/ PROGRESS**	**CHALLENGES & COMMENTS**
Implementation of Performance Work Plan 2025/2024: **World/National Library & Awareness Days**	Number of Awareness/Promotional Day events	Four Promotional/ Awareness events	International **Literacy Day** (September 2024)	n/a	World **Read-Aloud Day** (Feb 2025) SA **Library Week** (Feb & Mar 2025)	**World Book Day** (Apr 2025)	1) Attendance Registers 2) Report	A number people attended the events for Literacy Day, World Read-Aloud Day, SA Library Week and World Book Day. Stats provided below	Additional funds were required for all the events and activities at the libraries. Requests were submitted for funds but were not approved due to the financial constraints of the Municipality. It is recommended that, in the next financial year, procurements for promotional and awareness programmes be done through the Supply Chain Unit, instead of issuing cash to the librarians.

Implementation of Performance Work Plan 2024/2025: **Holiday Programmes**	Number of Holiday Programmes	Three Holiday Programmes	**July** Holiday Programme (July 2025)	**September** Holiday Programme (Sept)) *(No December Holiday Programme due to schools closing late this year)*	**March** Holiday Programme (March 2025)	*(Holiday Programme will be in July 2025)*	1) Attendance Registers 2) Report	A number of learners attended the Holiday Programmes at the libraries. The Holiday Programmes included activities such as Board games, Outdoor games, competitions, etc. Stats provided below	See above. Holiday programmes need to also include handwork and also outings to the Game Reserve, factories and places of interest to broaden children's interest and knowledge. Due to the lack of funds and transport these outings cannot take place.
Implementation of Performance Work Plan 2024/2025: **Book Clubs**	Number of Book Club sessions convened	Twelve Book Club Sessions	Three Book Club sessions	Three Book Club sessions *(DSRAC at Mlungisi -Oct)*	Three Book Club sessions	Three Book Club sessions	1) Attendance Registers 2) Report	Each library has a book club/s. Small groups of children gather on a regular basis to discuss books and reading. A total of 1827 people attended the Book Club Sessions at the libraries.	See above.

Implementation of Performance Work Plan 2024/2025: **Story Times**	Number of Story Times convened	Twelve Story Times	Three Story Times	Three Story Times	Three Story Times	Three Story Times	1) Attendance Register *(list of names signed by Librarian)* 2) Report	Story Times are aimed at younger children. A total of 2395 children attended the sessions at the libraries.	
Implementation of Performance Work Plan 2024/2025: **Library Committees**	Number of Invitation Letters sent (Notice, Distribution List and Agenda)	Four Invitation Letters (Notice, Distribution List and Agenda)	One Invitation Letter (Notice, Distribution List and Agenda)	One Invitation Letter (Notice, Distribution List and Agenda)	One Invitation Letter (Notice Distribution List and Agenda)	One Invitation Letter (Notice, Distribution List and Agenda)	1) Notice & Distribution List 2) Agenda 3)Report	Library Committees meetings were held.	Most of the libraries have a challenge with attendance of meetings. Librarians continue to canvas willing and supportive members.
Implementation of Performance Work Plan 2024/2025: **Monthly Safety Report**	Safety Reports for Library	Twelve Monthly Safety Reports	Jul Safety Report Aug Safety Report Sep Safety Report	Oct Safety Report Nov Safety Report Dec Safety Report	Jan Safety Report Feb Safety Report Mar Safety Report	Apr Safety Report May Safety Report Jun Safety Report	1) Safety Report	Monthly Safety Reports were received from the libraries. Issues are highlighted and reported to the Safety Officer.	Some issues are not attended to by the Municipality due to financial constraints.
Implementation of Performance Work Plan 2024/2025: **Maintenance Report**	Monthly Maintenance Report	Twelve Monthly Maintenance Reports	Jul Maint Report Aug Maint Report Sep Maint Report	Oct Maint Report Nov Maint Report Dec Maint Report	Jan Maint Report Feb Maint Report Mar Maint Report	Apr Maint Report May Maint Report Jun Maint Report	1) Maintenance section in monthly Report	Maintenance issues at the libraries were reported in the monthly reports by the librarians. Internal Works Orders were submitted to the Technical Department by the Chief Librarian.	Maintenance of Library buildings remains an area of great concern. Staff and members of the public are prone to health hazards due to the lack of maintenance.

LIBRARY COMMITTEES

Most of the libraries have a committee, however the attendance of members remains a challenge. Library Committees are necessary for community representation, to have input in the library services.

MUSEUM (MOLTENO):

A small museum is in the same building as the library and a curator oversees the function. Museums usually are the mandate of the Department of Sport, Recreations, Arts & Culture. T3.12.1

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

ENOCH MGIJIMA MUNICIPALITY - LIBRARY SERVICES ANNUAL STATISTICS FOR 2024/2025														
	BARRINGTON MNDI	MLUNGISI	ASHLEY WYNGAARD	KOMANI	WHITTLESEA	MOLTENO	STERKSTROOM	TARKASTAD	HOFMEYR	TENTERGATE	MCEULA	TOTAL	PREVIOUS YEAR	DIFFERENCE
LIBRARY STATISTICS														
WALK-INS	6578	3234	6756	23261	5189	8689	5901	1202	1459	2928	2242	**67439**	73043	-5604
MEMBERSHIP	3302	86	459	3999	2370	1000	1343	373	232	727	1417	**15308**	16995	-1687
BLIND MEMBERSHIP	19	0	7	0	11	0	11	0	0	0	0	**48**	51	-3
NEW E-BOOK REGISTRATIONS	42	0	7	106	0	0	0	0	0	0	0	**155**	N/A	N/A
CIRCULATION	2407	285	2953	5440	4000	1393	4337	752	1762	1318	411	**25058**	25295	-237
SA BLIND CIRCULATION	198	0	0	0	15	0	54	0	0	0	0	**267**	198	69
PHOTOCOPIES	12444	7439	10650	45229	2110	28913	24571	152	2150	1830	0	**135488**	137259	-1771
COMPUTER USAGE	549	330	87	2782	194	0	2305	155	6	0	142	**6550**	9055	-2505
LIBRARY COMMITTEE MEETINGS	6	3	4	4	3	0	4	5	2	5	0	**36**	294	-258
NUMBER OF DISPLAYS	11	5	9	17	2	9	16	9	10	17	26	**131**	N/A	N/A
NUMBER OF AWARENESS PROGRAMMES														
LIBRARY AWARENESS DAYS	5	5	4	9	6	7	4	9	8	5	7	**69**	N/A	N/A
HOLIDAY PROGRAMMES	5	1	8	4	5	4	6	4	5	4	2	**48**	N/A	N/A
BOOK CLUBS	10	30	12	48	9	16	16	15	8	11	16	**191**	N/A	N/A
STORY TIMES	11	101	6	14	8	25	33	29	13	12	11	**263**	N/A	N/A
SA BLIND SESSIONS	6	0	1	0	6	0	3	0	0	0	0	**16**	N/A	N/A
ORIENTATION SESSIONS	7	74	17	15	5	9	8	3	7	8	2	**155**	N/A	N/A
TOTAL	44	211	48	90	39	61	70	60	41	40	38	**742**	N/A	N/A
ATTENDANCE OF PROGRAMMES														
AWARENESS DAYS	286	259	1405	527	130	504	188	211	198	132	208	**4048**	4768	-720
HOLIDAY PROGRAMMES	369	239	209	158	292	178	571	199	202	171	109	**2697**	1679	1018
BOOK CLUBS ATTENDANCE	145	79	66	1213	404	292	83	37	42	155	76	**2592**	1827	765
STORY TIME SESSIONS	233	57	132	253	223	384	148	144	120	189	128	**2011**	2395	-384
SA BLIND SESSIONS	109	0	0	0	36	0	8	0	0	0	0	**153**	128	25
ORIENTATION SESSIONS	262	147	471	676	191	351	248	42	164	154	33	**2739**	4768	-2029
TOTAL ATTENDANCE OF PROGRAMMES	1404	781	2283	2827	1276	1709	1246	633	726	801	554	**14240**	**15565**	-1325

T 3.12.2

Key Functional Area: Library Services

PROJECT ID	WARD	PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET ANNUAL TARGET 2024/25

CS 07		To provide access to library services by 30 June 2025	By providing communities with access to library services	2023/24 library business plan developed	Number of library business plan for 2025/2026 developed	OPEX	1 2025/26 library business plan developed by 30 June 2025

EMPLOYEES LIBRARIES						
	TASK GRADE	21/22	22/23			
TITLE OF POST		EMPLOYEES NO.	POSTS NO.	EMPLOYEES NO.	VAVANCIES NO.	% VACANCIES (OF TOTAL POSTS)
CHIEF LIBRARIAN	13	1	1	1	0	0%
SENIOR LIBRARIAN	13	1	1	1	0	0%
LIBRARIANS	12	11	11	6	5	45%
MUSEUM CURATOR	10	1	1	1	0	0%
LIBRARY ASSISTANTS	9	10	16	10	6	38%
CLEANERS		10	12	10	2	17%
TOTAL		34	42	29	13	31%

Financial Performance Year '2024/25: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 250 771	6 200 800	6 200 800	6 200 164	0%
Expenditure:					
Employees	11 174 148	10 815 201	10 815 201	11 122 229	3%
Repairs and Maintenance	10 233	11 151	11 151	95	-11638%
Other	163 456	312 805	312 805	196 753	-59%
Total Operational Expenditure	11 347 837	13 016 817	13 016 817	11 311 801	-15%
Net Operational Expenditure	-16 598 608	-6 816 017	-6 816 017	-5 111 638	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*

3.4.2 Cemeteries and Crematoriums

3.4.3 Community Facilities

INTRODUCTION TO CEMETERIES & CREMATORIUMS

SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS

Through the Community Services Directorate, the Municipality is responsible for the provision of grave sites for burials, for the digging of the graves and maintenance of the cemeteries. Municipal workers and contract workers funded from the Expanded Public Works Program work in the cemeteries for both grave digging and maintenance of the cemeteries.

In Komani the municipality only deals with the Funeral Undertakers regarding funerals. The funeral undertakers apply to the municipality for a grave for a funeral and then provide the municipality with the necessary burial order and death certificate together with the rate approved by Council.

Support is also given to those community members who cannot afford a costly funeral, through providing an indigent burial.

The Municipality has formal and semi-formal cemeteries. Informal cemeteries are found in the villages. The municipality does not have control in such informal cemeteries.
The municipality has 9 (nine) functional cemeteries and they are almost full with the exception of Ilinge cemetery whose capacity was still on 20% during the period under review.

The construction of new cemeteries in Molteno, Tarkastad and Sterkstroom cemeteries was done during the period under review. It is only the Molteno cemetery that was not completed at more than 90% completion at year end.

Cemetery	Condition	Estimated Graves 24/25	Grave Digging Done By	Remarks
Queenstown	Almost full	350	Municipality	
Lukhanji	Almost full	300	Municipality	
Ezibeleni (Old & New)	Almost full	400	Municipality	
Mlungisi	Almost full	380	Municipality	
Sada	Full	0	Municipality charges only	Requires extension
Ekuphumleni	Almost full	250	Municipality	
Whittlesea Old	Almost full	200	Municipality	
Ilinge	New	500	Municipality	
Lesseyton	New	450	Municipality	
Masakhane	Almost full	180	Municipality	
Malambile	Almost full	200	Municipality	
Dennekruin	Almost full	150	Municipality	
Tarkastad	Almost full	160	Municipality	
Zola Township	Full	0	Municipality charges only	No burial space
Hofmeyr/Eluxolweni	Full	0	Municipality charges only	
Molteno x4	2 full, 2 almost full	120	Municipality	
Sterkstroom x2	1 full, 1 almost full	100	Municipality	

CHALLENGES

Majority of cemeteries are almost full.

Lack of marked and indexed graves in some areas.

Limited land availability for cemetery expansion.

3.4.4 Community Facilities

CONDITIONS OF THE COMMUNITY HALLS AND INTERVETIONS REQUIRED

Ward	Community Halls	Status/Condition	Intervention Required
1	Thembani Community Hall	New & Awaiting handover and furniture.	N/A
2	Ilinge support centre	Condition not satisfactory	Renovation
3	1]Tele-Centre Hall 2]Mtebhele Hall	Both are not in good condition for use by the community	Both community halls need renovations
4	1]Ilinge Community Hall 2] Unathi Mkhefa Hall	1]Ilinge Community Hall condition is not satisfactory 2]New and still in good condition	Ilinge Community Hall needs renovations
5	Zone 3 Community Hall	Outside lights and toilets faulty	Renovation of toilets and maintenance of lights
6	Unathi Mkhefa Community Hall	Satisfactory	It needs minor renovation.
7	Zone 1 Community Hall	The yard is not satisfactory	Need resurfacing in the yard
8	Komani Town Hall	Komani Townhall was burnt in 2021/22 financial year ,	The municipality is required budget to reconstruct a new townhall in Komani
9	Indoor Sport Center	Satisfactory	It needs minor renovation.
10	Ashely Wyngaardt	Ashley Wyngaardt is maintained	Needs renovation.
12	Sintu Pika Support Center	Capacity is not satisfactory	Need to be extended to increase its capacity
13	1.Enkululekweni Support Center 2.Sikweyiya Hall	1. Too small, capacity is not enough 2. Vandalized the municipality needs to budget for renovations.	The facility must be extended. Skweyiya needs major rennovations
14	1.Sikweyiya Hall	Satisfactory	It requires renovation.
15	Ndlovukazi Community Hall	Satisfactory	It requires renovation
16	1.Tambo Hall & Support Centres in	1.In good condition 2.All support centers	They need to be extended

	MC Bride; Who Can Tell ,7Poplar Groove	need is very small	
17	Lower Hukuwa	Recently built & in good condition	N/A
18	Shiloh Community Hall	In good condition	N/A
19	Lower Hukuwa Hall	Recently built in good condition	N/A
20	Ekuphumleni Hall	In good condition	N/A
21	SADA Community Hall	Good condition	N/A
22	SADA Community Hall	Good Condition	N/A
23	1]Ekuphumleni Hall	Good Condition	N/A
24	Sterkstroom Townhall	Condition not satisfactory	Needs major renovations
25	Molteno community hall	Condition not satisfactory	Hall closed
26	1. Molteno Town Hall	Condition not satisfactory	Hall completely vandalised and not in use
27	1.Thornihill Community Hall 2. Zola Village Community Hall	Both condition is not satisfary	Both need maintenances
28	04 Community Halls (Khayalethu; Rocklands; Mitford; Phakamisa Community Halls)	Mitford- Condition not satisfactory, no toilets, no furnirtute, Phakamisa-(Construction incomplete with no toilets) Rock lands – Needs renovation and furniture. Khayalethu- New and no electricity	Khayalethu- Electrification is needed. Rocklands and Mitford - (Renovation, toilets and furniture Phakamisa- Complete construction and provide toilets.
29	Tendergate Community Hall,	Condition of the community hall is not satisfactory needs renovation	Community hall needs renovation
30	03 Community Halls -Tarkastad Townhall, Ivanlew Township Community Hall, Zola Township Community Hall- They all need renovation	Condition of All community halls is not satisfactory	All community halls need renovation
31	02 Community Halls -Hofmeyr Town Hall,	Town Hall condition is satisfactory.	Luxolweni and Twinsville

	Luxolweni and Twinsville Community Hall – Needs renovation	Luxolweni and Twinsville Community Hall condition not satisfactory	Community Halls need major renovations

Community hall hire is another revenue stream. Halls in other wards need major renovations and were not in use. This deprives the municipality od benefitting from that revenue stream.

CHALLENGES
Shortage of Caretakers to supervise General Workers.
Shortage of Budget

PERFOMANCE OBJECTIVE	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET 2024/25
To maintain all public amenities by 30 June 2025	By maintaining Public amenities	9 cemeteries maintained in 2023/24	Number of Cemeteries maintained	OPEX	9 cemeteries maintained through by 30 June 2025

Employees: Cemeteries					
Job Level	2023/2024	2024/2025			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Task 3 Grade 6					
Task 6 Grade 6					
Total					
T 3.13.4					

Financial Performance Year 2024/25: Cemeteries and Crematoriums R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 727 762	2 103 580	5 880 180	1 635 546	-29%
Expenditure:					
Employees	1 565 313	2 049 474	2 049 474	1 611 162	-27%
Repairs and Maintenance	12 843	15 600	10 679	0	#DIV/0!

Other	38 110	32 924	273 498	29 000	-14%
Total Operational Expenditure	1 616 266	2 101 771	2 078 771	1 640 162	-28%
Net Operational Expenditure	111 496	1 809	3 801 409	-4 616	139%
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*

COMMENT ON THE OVERALL PERFORMANCE ON CEMETERIES AND CREMATORIUMS

Cemeteries is a function of the local municipality. EMLM performs the function in accordance with the prescribed legislation.

T 3.13.7

3.4.5 Child Care; Aged Care Social Programmes

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The functions of the Enoch Mgijima Special Programmes Unit are as follows:

a) Strengthen good governance for the Special Programmes Unit to deliver on its mandate.
b) Promote inter-sectoral collaboration through War Rooms.
c) Promote, advocate and monitor women's empowerment and gender equality.
d) Promote, advocate and monitor men's rights and responsibilities.
e) Promote, advocate and monitor children's rights and responsibilities.
f) Promote, advocate and monitor senior citizen's rights and responsibilities.
g) Promote, advocate and monitor the youth's rights and responsibilities
h) Promote, advocate and monitor the rights of people living with disabilities
i) Promote, advocate and monitor the rights of people infected and affected with HIV/AIDS
j) Promote, advocate and monitor community sport

The stakeholders of the SPU Unit are as follows:

a) All Government Departments
b) NGOs
c) Business Sector
d) Traditional Leaders
e) Traditional Healers
f) Council of Churches

Programmes implemented by the SPU during the period under review include:

PERFORMANCE OBJECTIVES	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET 2024/2025
To promote ,advocate and monitor the mainstreaming of designated groups in socio-economic opportunities by 30 June 2025	By implementing SPU strategy	2023 /2024 adopted SPU strategy	Number of programs implemented from the SPU strategy	OPEX	16 programs implemented from the SPU strategy by 30 June 2025

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

The Special Programmes Unit facilitated the establishment and resuscitation of the SPU council and supported their programmes. 16 programs were conducted from the SPU strategy during the period under review.

T 3.14.7

3.5 COMPONENT E: ENVIRONMENTAL PROTECTION

3.5.1 Bio-Diversity; Landscape (Including Open Spaces); And Other (Eg. Coastal Protection)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Parks and Open Spaces:

Komani, Whittlesea, Tarkastad, Hofmeyer, Molteno and Sterkstroom have various parks and open spaces which are maintained by Community Services. The parks are mainly used for passive recreation and students use the park (Public Gardens) in Komani to do their studies during the day at exam times. The Public gardens is also where we have glasshouses and do plant propagation. Komani also have a nursery where trees were propagated and were planted on pavements, open spaces and other municipal buildings and properties. There is a number of smaller parks and islands in the Komani CBD area that were also maintained.

Nature Reserve:

The Lawrence de Lange and Longhill reserves are adjacent to Komani and are stocked with approximately 700 head of game of 17 different species including Rhino and Giraffe. The counting and verification of game was done almost daily during the period under review.

There are Bushman paintings and fossil remains in the reserves. There is a Lapa and Sunnyside picnic area for public use.

An entrance fee is charged to visit the game reserve and the picnic areas. Schools and church organisations use the facilities free of charge.

The game reserves were maintained by the municipal employees, the Department of Environmental Affairs deployed rangers.

Game Reserves

Asset Description	Opening Balance July 2024	Total Births	Total Mortalities	Total Hunted	Closin Balance June 2025
Black Wildebeest	85	41	01	09	**116**
Blesbuck	48	17	08	02	**55**

Zebra	64	08	02	14	**56**
Springbok	31	18	00	07	**42**
Red Hartebeest	94	00	01	07	**86**
Impala	141	21	03	16	**143**
Lechwe	54	07	01	06	**54**
Eland	62	12	03	05	**66**
Gemsbok	37	08	02	05	**38**
Nyala	12	00	09	01	**02**
Kudu	29	19	00	05	**43**
Fallow Deer	20	01	02	03	**16**
Mountain Buck	11	02	00	00	**13**
Giraffe	23	06	01	03	**25**
Ostrich	09	03	01	00	**11**
Rhino	08	01	00	00	**09**
Buffalo	10	00	00	00	**00**

HUNTING SEASON (2024/2025)

The annual hunting season commences after the completion of the official game count between June and August. Hunting packages are compiled annually based on species, population numbers and ecological sustainability. Trophy hunts are also made available by application.

To participate in hunting activities, the following requirements must be met:

- Completion of the municipal hunting application process.
- Possession of a valid hunting permit from the provincial environmental authority.
  Compliance with the Firearms Control Act for firearm licensing.
  Adherence to species limits and quotas outlined in official hunting packages.
  Participation only in designated hunting zones under ranger supervision.

GAME SALES

When excess wildlife populations are recorded, the municipality conducts Game Sales, usually once every three years. Wildlife is valued based on national auction averages, and buyers are responsible for the capture and transport of purchased animals.

Bonkolo dam and other dams.

The municipality has a number of dams used as picnic areas and for recreational activities. However, most of those dams are not used as major maintenance work needs to be done.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

No data provided

T 3.16.2

Biodiversity Services Policy Objectives Taken From IDP					
PERFOMANCE OBJECTIVE	**STRATEGIES**	**BASELINE 2023 24**	**KEY PERFOMANCE INDICATOR**	**BUDGET 2024-25**	**ANNUAL TARGET 2024-25**
To maintain all public amenities by 30 June 2025	By maintaining Public amenities	10 parks and public garden maintained in 2023/2024	Number of Public amenities plan implemented		1 public amenities plan implemented (dams, parks, public garden,) by 30 June 2025
T 3.16.3					

Employees: Biodiversity (Parks)					
Job Level	**2021/2022**	**2024/2025**			
	Employees	**Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
Task 3 Grade 6	59	70	300-359	11	1
Task 7 Grade 6	7	10	360-367	3	0.5
Task 8 Grade 6	2	2	368-369	0	0
Task 12 Grade 6	2	2	370-371	0	0
Task 16 Grade 6	1	1	372	0	0
Task 7 Grade 4	1	1	373	0	0
Task 10 Grade 4	0	0	0	0	0
Total	72	86		14	1.5

Financial Performance Year '2024/25: Bio-Diversity; Landscape and Other (Parks) R'000					
Details	;2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	565	45 482	45 482	320	-14106%
Expenditure:					
Employees	27 227 012	20 855 535	20 855 535	29 890 880	30%
Repairs and Maintenance	20 360	23 000	23 000	20 360	0%
Other	519 613	300 756	392 084	888 017	66%
Total Operational Expenditure	27 766 985	21 395 026	21 486 354	30 799 577	31%
Net Operational Expenditure	-27 766 420	-21 349 544	-21 440 872	-30 799 257	31%
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*

COMMENT ON THE OVERALL PERFORMANCE ON BIO-DIVERSITY; LANDSCAPE AND OTHER (PARKS)

The municipality provided the services for leisure and recreational activities. Recreational facilities that were operational were maintained in accordance with the maintenance plans developed.

T 3.16.7

3.6 COMPONENT F: LARGE PROJECTS

The following projects are some of the projects that were implemented in the 2024/2025 financial year:

TARGET	PROGRESS AS AT YEAR END
960m (0.960km) construction of Bells Road :(500m asphalt surfacing and 460m paving) by 30 June 2025	Achieved Project completed 0.960km of asphalt surfacing Bells Road
3.97km of paving of Ezibeleni Streets in ward 4 (Nxiweni Street, Jaxa Avenue, Nonyamezelo Mxenge Street, Malcomes Street and Mathews Street) constructed by 30 June 2025	Not Achieved 1,7 km completion of paving of Ezibeleni Streets
1,3km of paving of Sterkstroom internal street (new street): ward 27 constructed by 30 June 2025	Not Achieved 0,65km of paving of Sterkstroom internal street (new street) constructed
1,46km of paving of Molteno internal street: ward 28 constructed by 30 June 2025	Not Achieved 1,46 km base course constructed

1,2km of paving of Hofmeyr internal street : ward 34 constructed by 30 June 2025	Not Achieved, 1,2km roadbed constructed
2,4km of paving of Mlungisi internal street constructed by 30 June 2025	Not Achieved 1,74km of paving of Mlungisi internal street constructed progress r
Appointment of the contractor for the paving of Tarkastad internal street constructed by 30 June 2025	Not Achieved Procurement processes were started but the project was deferred for 2025/2026
Completion of the construction of Molteno cemetery by 30 June 2025	Project completed
100% completion of the land fill site constructed in ward 9 by 30 June 2025	Project completed
construction and rehabilitation of Low level bridges (Merino walk, Zingquthu-Lavelilanga, Nometyu and Koppies Low level bridges	Projects completed
100% of Sterkstroom Substation Upgraded and Refurbished by 30 June 2025	69,2 % work done towards the Sterkstroom Substation Upgrading and and Refurbishment
100% of Mlungisi Substation Upgraded and Refurbished by 30 June 2025	9% work done towards the Mlungisi Substation Upgrading and and Refurbishment

OTHER PROJECTS IMPLEMENTED

TARGET	PROGRESS AS AT YEAR END
60km of bladed gravel roads in various wards 30 June 2025	Over Achieved 291.52 km of roads bladed in various wards
20km of gravel gravel roads regravelled in various wards 30 June 2025	Not Achieved 39.58 km of regravelled roads in various wards

3.7 COMPONENT F: CLINICS, AMBULANCE SERVICES AND HEALTH INSPECTION

In terms of the powers and functions clinics and ambulances fall within the department of Health. The offices of the Emergency medical services are in Komani. Ambulances are dispatched from Komani to the surrounding towns and villages.

Health related issues raised by community members during outreach programs are referred to the Department of Health. Further engagements and follow up on the issues raised are dealt with in the IGR sessions with sector departments.

Health inspections are conducted by Chris Hani District Municipality. Joint inspection sessions are conducted by Fire services unit and CHDM officials. Inspections are conducted in business to ensure adherence with health and safety protocols.

3.8 F(I): SECURITY AND SAFETY

INTRODUCTION TO SECURITY AND SAFETY

The Enoch Mgijima Local Municipality has a Traffic Service, licensing, security as well as a Fire Services

3.8.1 Traffic Service

INTRODUCTION TO TRAFFIC SERVICE

The core function of the Traffic Services is to make the roads safe for all users within the municipal area whereas Security Services deals with safeguarding of the municipal property, personnel and its residents. This is done through visible law enforcement, road safety campaigns and awareness programmes.

The Security Services is responsible for the safeguarding of Council's assets and employees.

Enoch Mgijima Local Municipality is an agent of the Eastern Cape Provincial Department of Transport in the administration of driver's and vehicle licenses. The municipality is also responsible for the issuing of licenses for business premises. The licensing services have improved since the introduction of e-Natis system. The system has proven to be effective and quick in that the licensing transactions are mainly computerised which minimises the prolonged processes that were susceptible to corruption.

T 3.20.1

Traffic Police Service Data				
Details	**2022/2023**	**2023/2024**		**2024/2025**
	Actual No.	**Estimate No.**	**Actual No.**	**Actual No.**
Number of road traffic accidents during the year	869	700	619	651
Number of by-law infringements attended	12	24	26	96
Number of police officers in the field on an average day	8	10	8	12
Number of police officers on duty on an average day	8	10	8	12
T 3.20.2				

PERFORMANCE OBJECTIVES	STRATEGIES	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET 2024/25
To ensure safe, secure and responsible use of roads by 30 June 2025rvice Indicators	By conducting traffic operations to ensure community safety.	2023/24 reports on 12 massive traffic operations	Number of traffic operations conducted	N/A	12 traffic operations conducted by 30 June 2025

Employees: Traffic

Job Level	2023/2024	2024/2025			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Task 3 Grade 6					
Task 5 Grade 6					
Task 6 Grade 6					
Task 7 Grade 6					
Task 8 Grade 6					
Task 9 Grade 6					
Task 10 Grade 6	15 (Including units)			10(Including units)	
Task 11 Grade 6					
Task 13 Grade 6					
Task 5 Grade 4					
Task 9 Grade 4					
Task 10 Grade 4					
Task 11 Grade 4	1		1		1
Task 12 Grade 4	1		1		1
Total	17		2	10	17

T 3.20.4

Financial Performance Year '2024/25: Police R'000					
Details	**2023/24, Actual**	**2024/25**			
		Original Budget	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	10 626 428	11 329 731	14 169 565	10 100 094	-12%
Expenditure:					
Police Officers					
Other employees	23 917 903	25 596 235	25 596 235	23 195 250	-10%
Repairs and Maintenance	25 721	40 000	40 000	0	#DIV/0!
Other	1 079 484	1 301 531	1 522 531	3 750 717	65%
Total Operational Expenditure	25 023 108	31 971 489	34 153 489	26 945 967	-19%
Net Operational Expenditure	-14 396 681	-20 641 758	-19 983 924	-16 845 872	-23%
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*

COMMENT ON OVERALL PERFORMANCE OF TRAFFIC POLICE

The Traffic Department of the municipality is responsible for the following services:

- Traffic administration and vehicle registration
- Traffic control
- Security at municipal property
- Recording of complaints and emergency calls at a Control Room
- Driving licence testing
- Vehicle testing

The following have been identified as risks:

<u>Traffic Administration and vehicle registration:</u>

- No proper system (only capturing on notices) to follow up on fines payments and summonses
- Insufficient capacity
- Insufficient office space for key personnel.
- Insufficient budget allocation for key project

<u>Traffic Control:</u>

- Insufficient staffing for traffic control
- Shortage of patrol vehicles for new appointments

- Salary disparities among ranks of traffic officers Security:
- Security services are now provided at in the form of in-house security guards in Tarkastad, Molteno, Hofmeyer and Sterkstroom
- Ad-hoc requests for security where no provision has been made

Control Room:

- No computerized system to record complaints and emergency calls
- Insufficient tools of trade
- Shortage of Staff

Driving licence testing center:

- Long queues for eye test center

Vehicle testing center:

- Outdated equipment

T 3.20.7

3.8.2 Fire Services

INTRODUCTION TO FIRE SERVICES

To provide fire service to the community of Enoch Mgijima according to the fire brigade service Act 99 of 1987.

TOP THREE SERVICE DELIVERY PRIORITIES

1. To prevent the outbreak and spread of fires (impact medium).
2. The protection of human life and property from fire or any other danger (impact medium).
3. The rescue of human life and property from any other danger (impact medium).

MEASURES TAKEN

1. Conducting fire safety awareness campaigns in Enoch Mgijima Local Municipality.
2. Conducting fire safety building inspections in Enoch Mgijima Local Municipality.
3. Providing basic firefighting training in Enoch Mgijima Local Municipality.

The Municipality has an established Emergency Services for Fire, Rescue and Disaster Management. Additional equipment and resources are required to optimise the functioning of this centre. The main station is in Komani.

Additional fire stations are envisaged to be established which will serve the Tarkastad/Hofmeyer area as well as Molteno/Sterkstroom area to comply with the Regulations of South African National Standards, which require arrival at the scene of an emergency within at most 15 minutes.
Medical Emergency Services which handle ambulances is a function of the Department of Health. There are ambulances servicing the Municipal area stationed in Komani.

SECURITY AND SAFETY

Safety and Security means the protection and securing of residents and their property, preventing of anything that may threaten them, investigation of crimes and community participation in efforts to address causes of crime. Safety refers to accidents, stated differently. It also refers to the protection of workers from the danger of accidents. Employee safety and security refers to the protection of workers from the dangers of industrial accidents. An accident is an uncontrolled event, which can be major or minor, partial or total.

T 3.20

INTRODUCTION TO POLICE

Police are a group of people whose job is to enforce laws, help with emergencies, solve crimes and protect property. The three top 3 service delivery priorities; to prevent com-bat and investigate crime, to maintain public order, to protect and secure the inhabitants of the community and their property whilst uphold and enforce the law.

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.

T3.20.2.1

Services Rendered/Incidents attended to

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	84	28	127	103
2	Total of other incidents attended in the year	20	6	0	0
3	Average turnout time – urban areas	3	1	3	1
4	Average turnout time – rural areas	6	2	8	3
5	Fire fighters in post at year end	5	27	27	27

6	Total fire appliances at year end	1	1	1	1
7	Average number of appliances off the road during the year	1	1	1	1
					T 3.21.2

Fire Service Data					
	Details	2021/2022	2022/2023		2023/2024
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year				
2	Total of other incidents attended in the year				
3	Average turnout time - urban areas				
4	Average turnout time - rural areas				
5	Fire fighters in post at year end				
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				
					T 3.21.2

Fire Services Policy Objectives Taken From IDP					
PERFORMANCE OBJECTIVES	**STRATEGIES**	**BASELINE 2023/24**	**KEY PERFOMANCE INDICATOR**	**BUDGET 2024/25**	**ANNUAL TARGET 2024/25**
To provide fire and rescue emergency services by 30 June 2025	By conducting fire safety awareness campaigns	2023/24 fire safety awareness campaigns conducted	Number of fire safety awareness campaigns conducted		12 fire safety awareness campaigns conducted in schools, government departments, businesses and informal settlements by 30 June 2025
					T 3.21.3

Employees: Fire					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Task 3 Grade 6					
Task 9 Grade 6					
Total					
T 3.21.4					

COMMENT ON THE FIRE SERVICES OVERALL PERFORMANCE

The Fire Services require additional fire stations, equipment and resources for the Tarkastad/Hofmeyer area as well as the Molteno/Sterkstroom area to comply with the national standards of a reaction time to an incident of 15 minutes.

Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record.

PROGRESS REPORT: MUNICIPAL DISASTER RESPONSE GRANT

PROJECT NAMES:
1. Paving of Pelem Street (1.1KM),
2. Paving Of Dahlia-Western Road (1.2KM),
3. Paving Of Phalo Road (0.6KM),
4. Paving Of Matanzima Grave Yard (1KM) and
5. Paving Of Sada Internal Roads (1.3KM).

FUNDING ALLOCATION FOR DISASTER RESPONSE AND INTERVENTION MEASURES WITHIN MUNICIPALITIES

TYPE OF DISASTER/ HAZARD: FLOODS

INTRODUCTION

Enoch Mgijima Local Municipality was affected by floods which occurred around the month of February 2024. The Municipality therefore made an application for funding assistance to rehabilitate and refurbish the washed away roads, low level bridges and hydraulic control structures.Enoch Mgijima Local Municipality application was approved and received third allocation of **R 32 028 000.00** to implement disaster approved projects and the funding has been transferred in tranches. The first tranche of **R 6 406 000.00** was transferred in August 2024 and the second trench of **R 25 622 000.00** of the allocation was transferred to the municipality in March 2025.

The following projects will be implemented accordingly:

a) Paving Of Pelem Street (1.1KM):	**R 6 500 000.00**
b) Paving Of Dahlia-Western Road (1.2KM):	**R 6 028 000.00**
c) Paving Of Phalo Road (0.6KM):	**R 4 500 000.00**
d) Paving Of Matanzima Grave Yard (1KM):	**R 6 000 000.00**
e) Paving Of Sada Internal Roads (1.3KM):	**R 9 000 000.00**
f) Progress on the implementation of funded projects	

These projects were not included in the 2024/2025 Service Delivery and Budget Implementation as the funds were still to be confirmed.

After the funds for the disaster projects were confirmed and transferred to the municipality, Council took a resolution to implement the projects.

IMPLEMENTATION OF FUNDED PROJECTS (PROGRESS FOR THE MONTH OF JUNE 2025)

No.	**Project Name**	**Implementation funded projects (Districts & LMs)**	***Budget Allocated R'000***	***Expenditure incurred during the reporting month (Excl. Retention) R'000***	***Cumulative Expenditure incurred. (Excl. Retention) R'000***	***Cumulative Retention Amount***	***Balance (Incl. Retention) R'000***	***Project Progress and status in %***	**Planned completion date for each project**	***Narrative/ Summary on progress for the month of reporting***
3.1.1.	Paving Of Pelem Street (1.1KM)	Enoch Mgjima Local Municipality (a) Type of infrastructure/project: Roads & Stormwater	*R6 500 000,00*	R1 584 898,04	R2 053 011,96	R17 766,93	R4 446 988,05	31,58%	November 2025	The contractor has established and has started with traffic accommodation including cleaning of drains. Project expenditure is inclusive of material cessions. **Progress to date 5%**

No.	**Project Name**	**Implementation funded projects (Districts & LMs)**	***Budget Allocated R'000***	***Expenditure incurred during the reporting month (Excl. Retention) R'000***	***Cumulative Expenditure incurred. (Excl. Retention) R'000***	***Cumulative Retention Amount***	***Balance (Incl. Retention) R'000***	***Project Progress and status in %***	**Planned completion date for each project**	***Narrative/ Summary on progress for the month of reporting***
3.1.2.	Paving Of Dahlia-Western Road (1.2KM)	Enoch Mgjima Local Municipality (a) Type of infrastructure/project: Roads & Stormwater	*R6 028 000,00*	R213 693,73	R1 711 477,92	R50 150,51	R4 316 522,08	28,39%	November 2025	The contractor has established site and has started with some excavation works, and layer works for channels. Project expenditure is inclusive of material cessions. **Progress to date 15%**
3.1.3.	Paving Of Phalo Road (0.6KM)	Enoch Mgjima Local	*R4 500 000,00*	R590 066,82	R2 104 996,76	R160 989,86	R2 395 003,24	46,78%	November 2025	The contractor has established site, started with the preparation and

No.	Project Name	Implementation funded projects (Districts & LMs)	Budget Allocated R'000	Expenditure incurred during the reporting month (Excl. Retention) R'000	Cumulative Expenditure incurred. (Excl. Retention) R'000	Cumulative Retention Amount	Balance (Incl. Retention) R'000	Project Progress and status in %	Planned completion date for each project	Narrative/ Summary on progress for the month of reporting
		Municipality (a) Type of infrastructure/project : Roads & Stormwater								currently busy with box-cutting of layer works. The contractor has established site, start
3.1.4.	Paving Of Matanzima Graveyard (1KM)	Enoch Mgjima Local Municipality	R6 000 000,00	R631 055,18	R2 614 905,93	R114 891,29	R3 385 094,07	43,58%	November 2025	The contractor has established site and has started with the box-cutting works and currently doing

		(a) Type of infrastructure/project: Roads & Stormwater								roadbed preparation. Lab results for G7 has been submitted and approved. Project expenditure is inclusive of material cessions. **Progress to date 20%**
3.1.5.	Paving Of Sada Internal Roads (1.3KM)	Enoch Mgjima Local Municipality (a) Type of infrastructure/project: Roads & Stormwater	*R9 000 000,00*	R746 739,20	R2 814 382,76	R107 302,72	R6 185 617,24	31,27%	November 2025	The contractor has established site and has completed both box-cutting and roadbed preparation and is currently tipping subbase layer material. Project expenditure is

										inclusive of material cessions. **Progress to date 33%**
	TOTAL	**ALLOCATION**	**R32 028 000,00**	**R3 766 452,97**	**R10 847 674,02**	**R451 101,30**	**R20 729 224,68**	**35,28%**		

2.3. Note that additional resource/ financial contribution by communities, private sector, NGOs, local, provincial, and national spheres should be included, however should be accommodated separately within this report.

(a)

2. Progress on the implementation of funded projects

3.1. Table on the implementation of funded projects (progress for the month of June 2025)

No.	**Project Name**	**Implementation funded projects (Districts & LMs)**	***Budget Allocated R'000***	***Expenditure incurred during the reporting month R'000***	***Balance R'000***	***Project Progress and status in %***	**Planned completion date for each project**	***Narrative/ Summary on progress for the month of reporting***
3.1.1.	Rehabilitation of Merino Walk Low Level Bridge	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R3,109,716.83*	*R271,972.37*	*R2,837,744.46*	100%	Project completed	Project completed
3.1.2.	Rehabilitation of Zingquthu –	Enoch Mgjima Local Municipality	*R3,984,688.81*	*R124,565.74*	*R3,860,123.07*	100%	Project completed	Project completed

	Lavelilanga Low Level Bridge	(a) Type of infrastructure/project : Drainage						
3.1.3.	Rehabilitation of Nometyu Walk Low Level Bridge	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R3,066,806.25*	*R85,364.82*	*R2,981,441.43*	100%	Project completed	Project completed
3.1.4.	Construction of Machibini – Mamfeneni Low Level Bridge	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R1,163,845.26*	*R224,419.76*	*R939,425.50*	100%	Project completed	Project completed
3.1.5.	Rehabilitation of Koppies Low Level Bridge	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R2,400,000.00*	*R64,281.30*	*R2,335,718.70*	100%	Project completed	Project completed
3.1.6.	Re-gravelling of washed away roads in Gwatyu –	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R5,373,959.13*	*R200,009.44*	*R5,173,949.69*			

	Nonibe Access Road							
3.1.7.	Re-gravelling of washed away roads in Bolotwa – Mthwaku Access Road	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R4,165,497.49*	*R314,528.42*	*R3,850,969.07*			
3.1.8.	Re-gravelling of washed away roads in Baka – Stratfontein Access Road	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R5,503,860.67*	*R415,720.93*	*R5,088,139.74*			
3.1.9.	Construction of Mkhonjana – Mthwaku Low Level Bridge	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R1,577,787.12*	*R804,792.82*	*R772,994.30*	51%		EIA sub consultant has been appointed and currently conducting EIA studies
3.1.10.	Rehabilitation of Kliplaat, Owen-Pelem	Enoch Mgjima Local Municipality	*R8,163,528.12*	*R440,240.89*	*R7,723,287.23*	5,39%		Panel of Contractors has been finalized, tender documents are ready, and the municipality is

	and Griffiths Roads	(a) Type of infrastructure/project : Drainage						in a process of allocating contractors to various projects.
3.1.11.	Re-gravelling of washed away roads in Phakamisa Access Roads	Enoch Mgjima Local Municipality (a) Type of infrastructure/project : Drainage	*R4,150,310.32*	*R295,893.84*	*R3,854,416.48*	7,13%		The plant hire service providers are on site and currently doing site clearance and skimming.
		TOTALS	**R42,660,000.00**	**R3,241,790.33**	**R39,418,209.67**	**7.60%**		

Annual performance as per key performance indicators in electricity services

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

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of households/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual KMs)	Kms achieved during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads					
2	Percentage of road infrastructure requiring upgrade					
3	Percentage of planned new road infrastructure actually constructed	0	0			
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of households/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services					
2	Existence of waste management plan	The municipality developed the waste management plan with the support solicited from Chris Hani District Municipality				

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

	Indicator name	Total number of households/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements					
2	Percentage of informal settlements that have been provided with basic services					
3	Existence of an effective indigent policy	The municipality developed and approved the indigent policy. It was approved with other finance related policies. A unit was dedicated for the implementation of the indigent policy. The indigent register was also developed. It was monitored to ensure that all the intended beneficiaries were in the register				
4	Existence of an approved SDF	The SDF was developed and approved by Council				
5	Existence of Land Use Management System (LUMS)					

3.9 COMPONENT H: SPORTS AND RECREATION

INTRODUCTION OF SPORT AND RECREATION

Enoch Mgijima Municipality provides facilities to the community of Enoch Mgijima. There is 1 Indoor Sport Centre, called Thobi Kula Indoor Sports Centre located in Komani and 14 Sport stadiums and 1 Public swimming pool.

The stadiums are functional and are used for recreational activities. In areas where there are no stadiums, sports fields are available. These facilities are maintained regularly by the municipality.

Challenges

Infrastructure in most sports fields and stadium needs major renovation. Access control is not possible as there is no fencing. Community members get easy access to most facilities.

The number of bookings of these facilities has decreased due to easy access. This affects the municipality's revenue as bookings of recreational facilities is another revenue stream for the municipality.

Public amenities plan was developed by the municipality. It provides the kind of maintenance that has to be done in each facility and the frequency.

Security services are provided in public amenities.

The swimming pool is not operational, major renovations are needed before it can be re-opened for public use.

Bookings to use these facilities are done at Community Services Administration office and paid at Budget and Treasury offices.

T 3.23

SERVICE STATISTICS FOR SPORT AND RECREATION

Due to easy access of the facilities the statistics are not available. Community members have free access to the facilities as the fencing is not in good condition in most facilities.

T 3.23.1

Financial Performance Year '2024/25: Sport and Recreation R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	94 007	45 000	45 000	181 869	75%

Expenditure:					
Employees	27 227 012	2 358 683	2 358 683	32 245 210	93%
Repairs and Maintenance	0	23 000	23 000	0	0%
Other	3 219 489	3 360 867	3 427 195	928 593	-262%
Total Operational Expenditure	30 446 501	4 289 918	3 169 918	33 173 803	87%
Net Operational Expenditure	-30 352 495	-4 244 918	-3 124 918	-32 991 934	87%
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*

COMMENT ON THE OVERALL PERFORMANCE ON SPORT AND RECREATION

EMLM provided sports and recreational facilities to promote sports development to the communities and youth.

Major renovations are needed to most of these facilities to control access and proper management of the facilities

T 3.23.6

3.10 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.10.1 Executive and Council

The Directorate Corporate Services is a pivotal part of the Enoch Mgijima Municipality.

Support services is being provided to the different directorates and offices within the Municipality in accordance to relevant

legislation, collective agreements and internal policies to enable the Municipality to deliver quality

services to our communities.

3.10.2 Human Resources management (HRM)

The HRM function is a staff function aimed at providing the organization with labour and giving it

specialized human resources services to help it achieve its goals.

The Human Resources Management Services branch provides the following functions:

• **HR Administration and Skills Development:** To provide effective and efficient human resources

administration, organisational development, job profile procedures, coordinate training, skills

development and employment equity

• **Labour Relations**: To render labour relations services and manage labour relations function to ensure

compliance with relevant legislation, collective agreements and council policy

• **Health & Safety & Employee Wellness:** To render occupational health and safety and employee

wellness services T 3 .24.1

Staff establishment

The municipality developed its organogram. Internal stakeholders, including staff, councillors and labour unions were consulted on the organogram. The organogram was adopted by Council

Staff selection and recruitment during the period under review was done using the approved organogram.

T 3.24.1

Service Statistics for Human Resources

Enoch Mgijima has a staff compliment of more than 834 employees and 68 Councillors.

T 3.24.2

Labour Relations

Local Labour Forums

The LLF is comprised of the following members:

- Directors, Corporate Services, Community Services and Technical Services and supported by the Human Resources Manager, committee clerks provide Secretarial duties.

The political leadership was represented by the following MMCs:

- Corporate Services, Budget and Treasury and 3 ward councilors, the ward councilors and both labor unions were members of the LLF.

There were 4 Local Labor Forum meetings planned for the period under review.

Executive and Council Services Policy Objectives Taken From IDP					
PERFOMANCE OBJECTIVE	**STRATEGIES**	**BASELINE 2023 /24**	**KEY PERFOMANCE INDICATOR 2024/2025**	**BUDGET 2024-25 2024/2025**	**ANNUAL TARGET 2024-25**
To develop review institutional policies in line with legislation And other prescripts by 30 June 2025	By facilitating the development and review of institutional policies	2023/2024 policies developed/ reviewed	Number of policies developed/ reviewed	OPEX	35 policies developed/ reviewed by 30 June 2025
					• Special Council Meeting-27 June 2025 30 May 2025 • Ordinary Mayoral Meeting- 25 October 2024 • Ordinary Council Meeting-31 October 2024
					T 3.24.3

3.10.3 Administration

The Administration branch provides the following functions:

• **Committee (secretariat) services to the institution**

Provide committee services to support appropriate decision-making processes: meeting planning and organising services, logistics, agendas and minutes, liaise with various directorates to facilitate the implementation of resolutions and resolution tracking,

• **Provide sound record keeping, record management practices, resolution tracking, drafting and distribution of documentation service**

Provide sound record keeping and record management practices, capture and keep general records and information provisioning, provide messaging services, development, implementation, maintenance, and support of the document management system.

• **To provide and coordinate office auxiliary services to the institution**

Provide departmental support services with regard to the municipality's switchboard, telephone management system and document reproduction, monitor office cleaning services.

Highlights

- Filling of vacant budgeted positions
- 90% of senior management posts are filled

Challenges: Administration Services

- Centralisation of records - space constraints prohibit the organisation from centralising the safekeeping of all records.
- The registry section is in the process of assessing the volumes of records stored at each office with the aim of developing a program that will ensure that all records are stored in a centralised location, provide administrative support services to the municipality's administration. T 3.24.4

Employees: Human Resources					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Task 3 Grade 6	3	3	374-376	0	0
Task 4 Grade 6	2	2	377-378	0	0
Task 7 Grade 6	6	6	379-385	0	0
Task 9 Grade 6	1	1	386	0	0
Task 11 Grade 6	4	4	387-390	0	0
Task 12 Grade 6	1	1	400	0	0
Task 13 Grade 6	10	13	401-410	3	0.5
Task 16 Grade 6	3	5	411-413	2	0.5
Task 3 Grade 4	7	7	414-420	0	0
Task 6 Grade 4	2	2	421-422	0	0
Task 9 Grade 4	1	1	423	0	0
Task 7 Grade 4	2	2	424-426	0	0

Task 10 Grade 4	6	6	427-433	0	0
Task 12 Grade 4	4	4	434-438	0	0
Total	54			5	0.5
					T 3.24.5

5-YEAR SECTOR NUMERICALTARGETS AND NUMERICAL GOALS

The Department of Labour requires that all municipalities report submit their Employment Equity Plans to the department. A prescribed format is provided by the department.

The municipality developed and submitted its EEP to the Department of Labour and the plan was approved.

The below tables document the EEP and its implementation as submitted to the department as per the regulated 5-year sector targets including the numerical goals for the semi-skilled and unskilled level.

5-YEAR SECTOR TARGETS AND NUMERICAL GOALS FOR SEMI-SKILLED AND UNSKILLED LEVEL (2025-2030)		
OCCUPATIONAL LEVELS AND DISABILITY	GENDER	DESIGNATED GROUPS SECTOR TARGET ⁰/0
TOP MANAGEMENT	Male	33.2
	Female	36.7
	TOTAL	69.9
SENIOR MANAGEMENT	Male	42.3
	Female	43.5
	TOTAL	85.8
PROFESSIONALLY QUALIFIED	Male	49.2
	Female	46.1
	TOTAL	95.3
SKILLED TECHNICAL	Male	49.8
	Female	46.1
	TOTAL	95.9
		EMPLOYER'S NUMERICAL GOAL
SE I-SKILLED	Male	
	Female	
	TOTAL	0.0
UNSKILLED	Male	
	Female	
	TOTAL	0.0

5-YEAR NUMERICAL TARGET FOR EMPLOYEES WITH DISABILITIES	
5-Year Sector Target for Employees with disabilities (⁰/0)	3

WORKFORCE PROFILE, NUMERICAL GOALS AND TARGETS

SNAPSHOT OF THE CURRENT WORKFORCE PROFILE

The workforce profile snapshot tables used for the conducting of the analysis to inform this plan are used below as a baseline for the setting of numerical goals and targets for each year of the plan.

Table 1: Snapshot of workforce profile for all employees, including employees with disabilities

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	3	1	0	0	2	0	0	0	0	0	6
	%	50.0	16.7	0.0	0.0	33.3	0.0	0	0.0	0.0	0.0	100
Senior management	value	13	2	0	0	18	0	0	1	1	0	36
	%	37.1	5.7	0.0	0.0	51.4	0.0	0.0	2.9	2.9	0.0	100
Professionally qualified and experienced specialists and mid-management	value	12	3	0	0	15	2	0	0	0	0	32
	%	37.5	9.4	0.0	0.0	46.9	0	0.0	0.0	0.0	0.0	100
Skilled technical and academically qualified workers: junior management, supervisors, foremen, and superintendents	value	12	4	0	2	13	2	0	1	0	0	34
	%	35.3	11.8	0.0	5.9	38.2	5.9	0.0	2.9	0.0	0.0	100
Semi-skilled and discretionary decision making	value	52	8	0	0	96	22	0	5	0	0	183
	%	28.4	4.4	0.0	0.0	52.2	12.0	00.0	2.7	0.0	0.0	100
Unskilled and defined decision making	value	230	4	0	0	300	2	0	0	0	0	536
	%	42.9	0.7	0.0	0.0	56.0	0.4	0.0	0.0	0.0	0.0	100
TOTAL PERMANENT	value	322	22	0	2	444	28	0	7	1	0	826
	%	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	value	322	22	0	2	444	28	0	7	1	0	826
	%	0	0	0	0	0	0	0	0	0	0	0

Table 2: Snapshot for workforce profile for employees with disabilities ONLY

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Senior management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and super intendents	value	2	0	0	0	2	0	0	0	0	0	4
	%	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	value	1	0	0	0	1	0	0	0	0	0	2
		0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	value	3	0	0	0	3	0	0	0	0	0	6
		0	0	0	0	0	0	0	0	0	0	0
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	value	3	0	0	0	3	0	0	0	0	0	6
		0	0	0	0	0	0	0	0	0	0	0

5-YEAR SECTOR NUMERICAL TARGETS, NUMERICAL GOALS AND ANNUAL TARGETS

5-year Sector Numerical targets and Numerical goals must include the entire workforce profile, and **NOT** the difference that is projected to be achieved by the end of this EE Plan. Below are two tables on numerical goals, one covering all employees, including employees with disabilities, and the other covering employees with disabilities **ONLY.**

Table 3: Numerical goals and 5-year Sector Targets for all employees, including employees with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	

Top management	value	3	1	0	0	2	0	0	0	0	0	6
	%	50.0	16.7	0.0	0.0	33.3	0.0	0	0.0	0.0	0.0	100
Senior management	value	13	2	0	0	18	0	0	1	1	0	35
	%	37.1	5.7	0.0	0.0	51.4	0.0	0.0	2.9	2.9	0.0	100
Professionally qualified and experienced specialists and mid management	value	12	3	0	0	15	2	0	0	0	0	32
	%	37.5	9.4	0.0	0.0	46,9	6.3	0.0	0.0	0.0	0.0	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and super intendents	value	12	4	0	2	13	2	0	1	0	0	34
	%	35.3	11.8	0.0	5.9	38.2	5.9	0.0	2.9	0.0	0.0	100
Semi-skilled and discretionary decision making	value	52	8	0	0	96	22	0	5	0	0	183
	%	28.4	4.4	0.0	0.0	52.5	12.0	0.0	2.7	0.0	0.0	100
Unskilled and defined decision making	value	230	4	0	0	300	2	0	0	0	0	536
	%	42.9	0.7	0.0	0.0	56.0	0.4	0.0	0.0	0.0	0.0	100
TOTAL PERMANENT	value	322	22	0	2	444	28	0	7	1	0	826
	%	0	0	0	0	0	0	0	0	0	0	
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0.0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0												
GRAND TOTAL	value	322	22	0	2	444	28	0	7	1	0	826
	%	0	0	0	0	0	0	0	0	0	0	0

Table 4: Numerical goals and targets for employees with disabilities ONLY

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	w	A	C	I	w	Male	Female	
Top management	value	0	0	0	0	0	0	0	0	0	0	0
	%											
Senior management	value	2	2	0	0	3	3	0	3	0	0	13
	%											
Professionally qualified and experienced specialists and mid management	value	2	2	0	0	3	3	0	3	2	2	13
	%											
Skilled technical and academically qualified	value	3	3	0	0	5	5	0	5	0	0	21

workers, junior management, supervisors, foremen, and super intendents	%											
Semi-skilled and discretionary decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%											
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%											
TOTAL PERMANENT	value	7	7	0	0	11	11	0	11	0	0	47
	%											
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
	%											
GRAND TOTAL	value	3	3	0	0	6	6	0	6	0	0	24

5.3 NUMERICAL TARGETS

Numerical targets must include the entire workforce profile, and NOT the difference that is projected to be achieved by the next reporting period. Below are two tables on numerical targets, one covering all employees, including employees with disabilities, and the other only covers employees with disabilities

Table 5: Numerical targets for all employees, including employees with disabilities

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Senior management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and super intendents	value	2	0	0		2	0	0	0	0	0	4
	%	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	value	1	0	0	0	1	0	0	0	0	0	2
		0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	value	0	0	0	0	0	0	0	0	0	0	0

		0	0	0	0	0	0	0	0	0	0	0
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	value	3	0	0	0	3	0	0	0	0	0	6
		0	0	0	0	0	0	0	0	0	0	0

Table 6: Numerical targets for employees with disabilities ONLY

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Senior management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid management	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen: and superintendents	value	2	0	0	0	2	0	0	0	0	0	4
	%	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	value	1	0	0	0	1	0	0	0	0	0	2
	%	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	value	3	0	0	0	3	0	0	0	0	0	6
	%	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	value	3	0	0	0	3	0	0	0	0	0	6
	%	0	0	0	0	0	0	0	0	0	0	0

Table 7: Numerical targets, including employees with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	

Top management	value	1	0	0	0	0	0	0	0	0	0	1
	%	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100
Senior management	value	2	2	0	1	3	3	0	2	0	0	13
	%	15.4	15.4	0.0	7.7	23.1	23.1	0.0	15.4	0.0	0.0	100
Professionally qualified and experienced specialists and mid management	value	2	2	0	1	2	2	0	2	0	0	11
	%	18.2	18.2	0.0		18.2	18.2	0.0	18.2	0.0	0.0	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	value	4	4	0	4	5	5	0	5	0	0	27
	%	14.8	14.8	0.0	14.8	18.5	18.5	0.0	18.5	0.0	0.0	100
Semi-skilled and discretionary decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	IOO
TOTAL PERMANENT	value	9	8	0	6	10	10	0	9	0	0	52
	%	17.3	154		11.5	19.2		0.0	17.3	0.0	0.0	100
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0.0
	%	0.0	0 0	0 0	0.0	0.0	0.0	0.0	0.0	0.0	0;0	0.0
GRAND TOTAL	value	9	8	0	6	10	10	0	9	0	0	52
	%	17.3	15. 4	0.0	11 .5	19.2	19.2	0.0	17.3	0.0	0.0	100

Table 8: Numerical targets for employees with disabilities ONLY

Occupational Levels		Male				Female				Forei n Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	1	0	0	0	0	0	0	0	0	0	1
	%	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100
Senior management	value	2	2	0	1	3	3	0	2	0	0	13
	%	15.4	15.4	0.0	7.7	23.1	23.1	0.0	15.4	0.0	0.0	100
Professionally qualified and experienced specialists and mid management	value	2	2	0	1	2	2	0	2	0	0	1 1
	%	18.2	18.2	0.0	9.1	18.2	18.2	0.0	18.2	0.0	0.0	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and super intendents	value	4	4	0	4	5	5	0	5	0	0	27
	%	14.8	14.8	0.0	14.8	18.5	18.5	0.0	18.5	0.0	0.0	100
Semi-skilled and discretionary decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100
TOTAL PERMANENT	value	9	8	0	6	10	10	0	9	0	0	52
	%	17,3	15.4		1 1.5	19.2	19,2		17.3	0.0	0.0	100
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0 0	0.0	0.0	0.0	0.0	0.0
GRAND TOTAL	value	9	8	0	6	10	10	0	9	0	0	52
	%	17.3	15.4	0.0	1 1.5	19.2	19.2	0.0	17.3	0.0	0.0	100

Table 9: Numerical targets, including employees with disabilities

Occupational Levels		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
Top management	value	1	0	0	0	0	0	0	0	0	0	1

	%	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100
Senior management	value	2	2	0	1	3	3	0	2	0	0	13
	%	15.4	15.4	0.0	0.0	23,1	23.1	0.0	15.4	0.0	0.0	100
Professionally qualified and experienced specialists and mid management	value	2	2	0	1	2	2	0	2	0	0	11
	%	18.2	18.2	0.0	0.0	18.2	18.2	0.0	18.2	0.0	0.0	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and super %intendents	value	4	4	0	4	5	5	0	5	0	0	27
	%	14.8	14.8	0.0	14.8	18.5	18.5	0.0	18.5	0.0	0.0	100
Semi-skilled and discretionary decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unskilled and defined decision making	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100
TOTAL PERMANENT	value	9	8	0	6	10	10	0	9	0	0	52
	%	17,3	15.4	0.0	11.5	19.2	19:2	0.0	17.3	0.0	0.0	100
Temporary employees	value	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GRAND TOTAL	value	9	8	0	6	10	10	0	9	0	0	52
	%	17.3	15.4	0.0	1 1.5	19.2	19.2	0.0	17.3	0.0	0.0	100

Financial Performance Year '2024/25: The Executive and Council R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	98 258 663	218 492 092	218 492 092	203 168 760	-8%
Expenditure:					
Employees	58 796 545	54 541 503	54 541 503	62 144 548	12%
Repairs and Maintenance	3 059 260	2 450 000	2 450 000	2 785 200	12%
Other	31 361 746	41 696 359	40 719 259	42 415 714	2%
Total Operational Expenditure	93 217 551	101 599 487	115 191 891	107 345 462	5%
Net Operational Expenditure	5 041 112	116 892 605	103 300 201	95 823 298	-22%

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 3.24.6*

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

During the period under review the Council ensured that all strategic documents were developed and adopted within the legislated time frames. Council , MAYCO and section 80 committee meetings were convened as per the approved Council diary of engagements.

T 3.24.7

3.10.4 Financial Services

INTRODUCTION TO FINANCIAL SERVICES

The Financial Services Department plays a critical role in the municipal planning process and support to
various departments in the Municipality. The department is led by the Chief Financial Officer.
The municipality contracted RECVO company for debt collection and to revenue enhancement for all overdue municipal accounts.

Arrangements for repayments were entered into between the municipality and its debtors.

The following actions were undertaken:

- Communication with customers prior to debt collection
- Telephonic reminders and pre-termination notices
- Disconnection and blocking of electricity
- Legal action commencing with a letter of demand

Highlights

- Compilation of a General valuation roll to be implemented in the next financial year.
- Installation of smart meters (phase 1). This will assist in the reduction of electricity distribution losses and enhance revenue collection.

Procurement Services

1 Supply Chain Management (SCM) Policy

The Council of Enoch Mgijima Municipality adopted the municipality's Supply Chain Management Policy in adherence to the Supply Chain Management Regulations, and in line with the model policy issued by National Treasury (NT).
The SCM policy was approved in May 2024. The Supply Chain Management Policy has focused on the procurement of goods and services.

The Eastern Cape Provincial Treasury regularly reviews the supply chain management policies of municipalities within the province in order to ensure compliance with all relevant amendments to legislation.

Delegation of SCM Powers and Duties

Council has delegated the SCM powers and duties to the Municipal Manager in order to ensure that the Municipal Manager adheres to Section 115 of the MFMA to:

• discharge the responsibilities conferred by the SCM Policy
• maximise the administrative and operational efficiency in the implementation of the policy
• enforce reasonable cost-effective measures to prevent fraud, corruption, favouritism and unfair and irregular practices

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing. However, sub-delegations have also been conferred in writing to the members of bid committees, and financial delegations were issued to all Heads of Directorates, as well as the divisional Managers for the procurement of goods and services.
In terms of the SCM Policy , the Municipality must establish a Supply Chain Management Unit (SCMU) to implement its SCM Policy.
The SCM Unit must operate under the direct supervision of the Chief Financial Officer (CFO) and may be delegated to an official reporting to the CFO, in terms of Section 82 of the MFMA, viz, the Manager: SCM. SCM officials are continuously developed through regular training opportunities, with specialized SCM training by the Provincial Treasury.

Demand Management

The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality to support its operational commitments, and its strategic goals outlined in the IDP, are delivered at the right time, place and price.
The demand management system must –

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

Acquisition Management

The Municipality's system of acquisition management must ensure:
(i) That goods and services are procured in accordance with authorized processes only
(ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA
(iii) That the threshold values for different procurement processes are complied with
(iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation

(v) That any Treasury guidelines on acquisition management are properly taken into account
Goods and service are procured in accordance with authorized processes and approved delegations.
Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry
Development Board Act (Act 38 of 2000).

Accredited Prospective Providers

The Accounting Officer must keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations.

The Municipality must at least once a year through newspapers circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers.
That National Treasury Circular 81 requires that municipalities can only do business with suppliers registered on Central Supplier Database.
The list was updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers are allowed to apply at any time and the list is updated on daily basis.

Formal Quotations valued less than R30 000

The SCM Unit has progressively ensured that the procurement of formal quotations is centralized and procurement on formal quotations is in accordance SCM Policy. SCM has ensured that SCM Policy is safeguarded to ensure reduction of irregular expenditure during the 2024/25 financial year. That no irregular expenditure to be incurred in the future.

Formal Written Price Quotations for R30 001 up to R300 000

The procurement of formal written price quotations have been streamlined by obviating the need for Bid Specification and Evaluation Committees before a Director could make an award.

Competitive Bidding for Contracts valued more than R300 001

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

• That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
• To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
• To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy. T 3.25.

Financial Services Policy Objectives Taken From IDP					
PERFOMANCE OBJECTIVE	**STRATERGY**	**BASELINE 2023 /24**	**KEY PERFOMANCE INDICATOR**	**BUDGET**	**ANNUAL TARGET 2024-25**

			2024/2025		
To ensure effective and compliant financial budgeting and reporting by 30 June 2025	Prepare GRAP compliant AFS and submit to the office of AG by 31 August yearly	GRAP compliant AFS 2023/24	Number of GRAP compliant AFSs	OPEX	1 GRAP compliant AFSs prepared of 2023/24 by 30 June 2025
To ensure effective and compliant financial budgeting and reporting by 30 June 2025	Prepare and submit to the MM section 72 report	Section 72 reports 2023/24	Number of Section 72 reports prepared and submitted	OPEX	1 Sec 72 Mid year budget assessment report prepared and submitted by 30 June 2025
To ensure effective and compliant financial budgeting and reporting by 30 June 2025	Prepare and submit to the MM section 52 d reports	2023/2024 section 52 d reports	Number of section 52 d reports prepared and submitted to MM	OPEX	4 section 52 d reports prepared and submitted to MM by 30 June 2025
To ensure effective control of municipality	Implement controls and procedures to	2023/2024 reports on unauthorized	Percentage reduction of unauthorized	OPEX	40% reduction of unauthorized expenditure reports by 30 June 2025
To ensure completeness of municipality revenue by 30 June 2025	By preparing the General Valuation	2023/24 General Valuation Reports	Number of valuation rolls compiled	OPEX	1 General valuations roll compiled by 30 June 2025
To ensure completeness of municipality revenue by 30 June 2025	By preparing the Quarterly General Valuation reconciliations	2023/24 General Valuation Reports	Number of general valuations roll reconciliation prepared	OPEX	1 general valuation roll reconciliation prepared by 30 June 2025

To enhance accessibility of electricity to the communities by 30 June 2025	By monitoring electricity usage communities of EMLM	34536 households with access to electricity	Number of households with access to electricity	OPEX	34536 households with access to electricity by 30 June 2025
To provide support to indigents by 30 June 2025	By providing social support to indigents	2023-24 households registered as indigents	Number of Updated indigent registers	OPEX	1 indigent register compiled by 30 June 2025
To ensure effective control of municipality expenditure by 30 June 2025	By implementing a revenue enhancement credit control policy	2023/24 debtors and reconciliation reports	Number of debtors paid within 30 days period	OPEX	4 lists of debtors paid within 30 days by 30 June 2025
To ensure effective control of municipality expenditure by 30 June 2024	By enhancing the controls and procedures thought paying service providers within 30 days on services rendered	2023-24 reports on service providers paid within a period of 30 days	Number of reports on service providers paid within a period of 30 days	OPEX	4 Reports on number of service providers paid within a period of 30 days by 30 June 2025
Ensure efficient and effective procurement of goods and services by 30 June 2025	Monitoring and reporting on contractual commitments and performance of service providers	2023-24 performance report of service providers	Number of reports on the performance of service providers	OPEX	4 reports on the performance of service providers by 30 June 2025
Ensure efficient and effective procurement of goods and services by 30 June 2025	Facilitate the consolidation and monitoring of annual procurement plan for all goods and service	2023/24 annual procurement plan	Number of Consolidated and monitored annual procurement plans	OPEX	1 procurement plan developed and implemented 4 Reports on the consolidated and implemented annual procurement plan for operational and capital projects by 30 June 2025
Ensure efficient and effective procurement of goods and services by 30	By capacitating BID committee	2023/24 BID Committee training conducted	Number of BID committee trainings	OPEX	1 BID committee training conducted by 30 June 2025

June 2025				conducted			
Ensure efficient and effective procurement of goods and services by 30 June 2025	By ensuring implementation of SCM policy and procedure manual	2023-24 reports of days from the point of advertising to the letter of award		Number of reports on the period (120 days) from the point of advertising to the letter of award per 80/20 procurement process developed	OPEX		4 Reports on the period (120 days) from the point of advertising to the letter of award per 80/20 procurement process developed by 30 June 2025
To provide support to indigents by 30 June 2025	By providing social support to indigents	2023-24 households registered as indigents		Number of Updated indigent registers	Number		Provide free basic services to households that are unable to afford basic services
To ensure effective control of municipality expenditure by 30 June 2025	By implementing a revenue enhancement credit control policy	2023/24 debtors and reconciliation reports		Number of debtors paid within 30 days period	Number		Full adherence
MFMA Compliant tender processes		Update process		Update process			Update process
Ensure service providers comply with service levels	Monthly reporting	SCM Policy		Monthly reporting			Monthly reporting
Ensure bid committees meet regularly	Schedule	SCM Policy		Meet in terms of schedule			Meet in terms of schedule
Develop an annual procurement Plan		SCM Policy		Award Annual Contracts			Award Annual Contracts
Comply with accounting standards		Implement standards		Implement standards			Implement Standards
Align policies and procedures		Develop Implementation Plan		Develop Implementation Plan			Review Implementation Plan
Monitor internal controls	Unqualified audit opinion	Monitor		Monitor			Monitor
Complete audit action plan	Clean audit Findings	Complete plan and implement		Complete plan and implement			Review and implement

Monitor risks		Identify and prioritise risks		Identify and prioritise risks			Identify and prioritise risks
Complete Risk Register		Complete Register		Complete Register			Review register
Implement internal control procedures		Review policies/procedures		Review policies/procedures			Review policies/procedures
							T 3.25.3

Financial Performance Year '2024/25: Financial Services R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	250 819 804	211 854 356	274 079 985	338 984 935	38%
Expenditure:					
Employees	44 501 010	47 935 542	47 935 542	46 132 325	-4%
Repairs and Maintenance	54 394	65 000	65 000	79 450	18%
Other	79 394 965	88 804 267	88 804 267	65 674 539	-35%
Total Operational Expenditure	123 950 369	164 934 998	182 018 634	111 886 314	-47%
Net Operational Expenditure	126 869 436	46 919 358	92 061 351	227 098 621	79%
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.*

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES

Human Resources Services Policy Objectives Taken From IDP							
Service Objectives	**Outline Service Targets**	**2021/2022**		**2022/2023**			**2023/2024**
		Target	**Actual**	**Target**		**Actual**	**Target**
Service Indicators		***Previous Year**		***Previous Year**	***Current Year**		***Current Year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**
Service Objective xxx							
Develop HR Strategy		Nil		Develop and Implement			Review and Implement
Develop Municipal Organogram		Placement Organogram		Develop and Implement			Review and Implement
Develop job descriptions		Nil		Develop job			Update job

				descriptions			descriptions
Ensure transformation		Nil		Implement EEA			Implement EEA
Develop HR Policies		Nil		Develop and Implement			Review and Implement
Fill vacant and critical positions		Nil		Recruit and Fill			Recruit and fill
Develop WSP and ATR		Nil		Develop and Implement			Review and Implement
Develop employee Code of Conduct		Nil		Develop and Implement			Review and Implement
Provide fringe benefits		Nil		Provide all subsidies			Provide all subsidies
Implement wellness programme		Nil		Develop and Implement			Review and Implement
Electronic employee attendance/leave system		Nil		Develop and implement			Review and Implement
Develop OHS Plan		Nil		Develop and Implement			Review and Implement
Monitor S&T Claims		Nil		Monitor			Monitor
Provide tools of trade		Nil		Provide			Provide
Implement EEP		Nil		Monitor recruitment			Monitor recruitment
Implement EE Committee		Nil		Hold meetings			Hold meetings
Maintain workplace relations		Monthly LLF Meetings		Meetings/training			Meetings/training
							T 3.26.3

Financial Performance Year '2024/25: Human Resource Services R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 848 363	0	0	583 484	0%
Expenditure:					
Employees	26 035 653	29 697 120	29 697 120	24 188 241	-23%
Repairs and Maintenance	0	0	0	0	
Other	3 641 961	1 977 485	1 977 485	2 088 630	5%
Total Operational Expenditure	29 677 614	31 575 364	31 585 364	26 276 871	-20%

Net Operational Expenditure	-27 829 252	-31 575 364	-31 585 364	-25 693 387	-23%
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*

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

During the 2024/2025 financial year a number of policies and strategies relating to Human Resources were developed, and others reviewed and approved by Council.

T 3.26.7

3.10.5 ICT Services

INTRODUCTION TO ICT SERVICES

The ICT Strategy was developed in the last financial year. It was implemented during the period under review.
The following services were rendered during the period under review:

- Wireless Connections to Departments and VPN extensions to Satellite Offices was completed
- Installation of Telephone systems at the new traffic Testing station in Tarkastad was completed.
- Network Infrastructure installation in Tarkastad New Office Building was done.

The following statuary uploads to the Enoch Mgijima Local Municipality website were concluded:

1. Adjustment budget
2. Mid-Year and Performance Reports
3. MTREF Budget
4. Final IDP
5. All budget related policies
6. Annual Report
7. Monthly Data Strings Uploaded to National Treasury Database

ICT Services Policy Objectives Taken From IDP							
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2021/2022 Target *Previous Year (iii)	Actual (iv)	2022/2023 Target *Previous Year (v)	 *Current Year (vi)	Actual (vii)	2023/2024 Target *Current Year (viii)
Service Objective xxx							
Develop integrated ICT Strategy		Develop and Implement		Develop and Implement			Review and Implement
Develop ICT processes and procedures		Develop and implement		Develop and implement			Review and Implement
Maintain and upgrade ICT Systems		Maintain and upgrade		Maintain and upgrade			Maintain and upgrade
Provision of ICT services to the municipality		Reports on the provision of ICT Services		Reports on the provision of ICT Services			Reports on the provision of ICT Services
							T 3.27.3

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The ICT Strategy and Framework for Enoch Mgijima Local Municipalityiwas developed and approved by Council during the period under review.

One of the department's goals is to ensure that all municipal offices are connected to the internet. As a support department, it further ensures that all IT related challenges experienced by other departments are solved within reasonable time.

T 3.27.7

3.10.6 Property; Legal; Risk Management and Procurement Services

INTRODUCTION TO PROPERTY LEGAL SERVICE AND RISK MANAGEMENT

Municipal Properties

Property falls under the Housing Section. The unit is responsible for the provision of new buildings and the maintenance of existing buildings. The Health and Safety Act requires that all buildings be audited annually for compliance in order to guarantee the safety of users. Most community halls in the municipality needs maintenance and some were closed as they are a health risk and could not be used until major renovations are done.

Lease agreements were entered into between the municipality and the tenants. As part of the municipality's financial recovery plan, market related rates were levied on all leased properties.

Legal Services

The Legal Services Unit ensures council's compliance with legislation through provision of credible legal advice and opinion.

The Unit's core functions include:

- To facilitate the development of by-laws and policies
- To develop and maintain council's litigation register
- To liaise with council attorneys on legal matters
- To analyse and provide opinion on agreements entered into by the municipality and other parties

Progress made with Legal Services during the period under review

- Provided guidance with SLA's
- Provided guidance with contracts
- Provided advice to council on litigations
- Compliance register was developed and updated.

Risk Management

Risk management is one of the key pillars for good governance practices. It is a continuous process that enables constant improvements in strategy design and strategy implementation as well as the improvement of the municipality's systems and operations.

Both strategic and operational risks were developed and monitored on a quarterly basis.

The Risk Management policy was developed and implemented during the period under review.

Quarterly reports were developed to provide progress on the mitigation of the identified risks.

The reports were presented in the Risk Management Committee meetings.

WARD	PERFORMANCE OBJECTIVE	STRATEGY	BASELINE 2023/24	KEY PERFOMANCE INDICATOR	BUDGET 2024/25	ANNUAL TARGET 2024/25
Municipal Wide	To facilitate provision of legal services to Enoch Mgijima Municipality by 30 June 2025	Through provision of effective legal services and implementation of litigation management strategy	2023/24 Litigation cases instituted by the municipality	Number of Litigation cases instituted by/ against the municipality		4 Reports on Litigation cases instituted by/against the municipality by 30 June 2025
			2023-24 Litigation register	Number of updated litigation registers	OPEX	1 Updated litigation register developed by 30 June 2025

Key Functional Area : Risk Management

PROJECT ID	WARD	PERFORMANCE OBJECTIVE	STRATEGY	BASELINE 2023/24	KPI	BUDGET 2024/25	ANNUAL 2024/25
GG 15	Municipal Wide	To maintain an effective, efficient and transparent system of risk by 30 June 2025	By reviewing and implementing risk management charter.	Approved risk management charter 2023/2024	Number of risk management charter reviewed and approved	OPEX	1 risk management charter reviewed and approved for 2025/2026 by 30 June 2025
				2023/24 Annual risk assessment conducted	Number of Annual risk assessments conducted	OPEX	1 Annual risk assessment conducted by 30 June 2025
			By monitoring the MFMA Compliance register	2023/24 reports on the monitoring of the MFMA Compliance register	Number of reports on the monitoring of the MFMA Compliance register	OPEX	3 reports on the monitoring of the MFMA Compliance register by 30 June 2025
GG 17	Municipal Wide	To maintain an effective, efficient and transparent system of risk by 30 June 2024	By monitoring implementation of risk register	2023/2024 Risk register	Number of Risk management reports developed	OPEX	4 Quarterly Risk management reports developed by 30 June 2025

T 3.28.3

Employees: Property					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies	Vacancies

	No.	No.	No.	No.	%
Task 3 Grade 6					
Task 5 Grade 6					
Task 6 Grade 6					
Task 7 Grade 6					
Task 8 Grade 6					
Task 9 Grade 6					
Task 10 Grade 6					
Task 11 Grade 6					
Task 12 Grade 6					
Total					
					T 3.28.4

Financial Performance Year '2024/25: ICT Services					
					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	1 699 520	1 752 234	1 752 234	1 702 500	-3%
Repairs and Maintenance	6 885 225	3 306 636	3 306 636	5 054 200	35%
Other	177 520	30 210	30 210	775 350	96%
Total Operational Expenditure	8 762 265	5 089 000	5 089 000	7 532 050	32%
Net Operational Expenditure	8 762 265	5 089 000	5 089 000	7 532 050	32%

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*

Financial Performance Year '2024/25: Property Services R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 011 512	4 359 078	4 359 078	4 312 055	-1%
Expenditure:					
Employees	11 398 887	11 730 776	11 730 776	13 398 293	12%
Repairs and Maintenance	1 188 103	1 655 270	1 655 270	788 042	-110%
Other	298 375	1 203 438	2 393 438	2 699 310	55%
Total Operational Expenditure	12 885 365	14 649 484	15 749 484	16 805 645	13%
Net Operational Expenditure	9 873 853	10 290 406	11 390 406	12 493 590	18%
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*

COMMENT ON THE OVERALL PERFORMANCE ON PROPERTY, LEGAL AND RISK MANAGEMENT

Municipal Properties

The municipality has many properties around the Komani area and few in Tarkstad and in Whittle sea.

These include the industrial properties/ factories located at Ezibeleni and Whittle sea and residential properties.

The challenges

- Low maintenance
- High rate of vandalism
- Slow payment of rentals by tenants.
- The municipality have community halls in all the towns and in some rural areas.

Challenges

- There was no budget allocated for maintenance of the halls.
- The Komani town hall which is a heritage site caught fire in the third quarter of the financial year.

Legal Services Performance

The unit is headed by the General Manager and has 1 support staff official.

A compliance register was developed and updated during the period under review.

The purpose of the compliance register was :

- To outline its position and approach to management of compliance
- To outline the roles and responsibilities of key role players and stakeholders in the management of compliance,
- To facilitate detection and prevention of non – compliance with regulatory requirements.

3.11 COMPONENT K: ORGANISATION PERFORMANCE SCORECARD EXECUTIVE OFFICES AND OTHER SERVICES

3.11.1 EXECUTIVE SUMMARY

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.
At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

3.11.2 LEGISLATIVE REQUIREMENTS

3.11.3

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

• the promotion of efficient, economic and effective use of resources

• accountable public administration

• to be transparent by providing information

• to be responsive to the needs of the community

• to facilitate a culture of public service and accountability amongst staff

The Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

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

3.11.4 ORGANISATION PERFORMANCE

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

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP, performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services

3.11.5 INDIVIDUAL PERFORMANCE

Senior Management

The MSA prescribes that the municipality must enter into performance-based agreements with all S57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (Regulation 805, August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2024/25 financial year were signed on the following dates:

• Municipal Manager : July 2024

• Acing Director Engineering Services :July 2024

• Acting Director Community Services : July 2024

• Acting Chief Financial Officer : July 2024

• Director Corporate Services: July 2024

• Director Integrated Planning and Economic Development: July 2024

Acting Director: Human Settlement and Land Development

The formal evaluations for the 2023/2024 financial year were conducted in April 2025.

Managers and other staff

The Municipal Staff Regulations (Regulation 890) and Guidelines (Regulation 891) promulgated on 20 September 2021 Chapter 4, Performance Management and Development System Section 32 (1) states that the Performance Management and Development System (PMDS) applies to all staff members of a municipality with the exclusion of certain staff members as stated by the subsections (a) – (d).

The Municipality has developed the following process in order to ensure implementation:

Awareness

During the awareness session, personnel (middle management and supervisors)were provided with an overview of the Regulation, specifically focusing on Chapter 4, which addresses Individual Performance and the requirements for a compliant performance agreement.

Challenges

During the year under review the Municipality experienced several challenges with the implementation of Individual Performance to all levels of staff. The challenges ranged from capacity constraints, change management process, lack of communication and budget constraints ..

The Municipality is committed to further consultation processes with staff and to ensure assistance is provided to departments where required

Performance management is only limited to the accounting officer and to the managers that are directly accountable to the municipal manager. It is not yet cascaded to positions below that level.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION TO ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality developed its Performance Management Framework and Policy. It was implemented during the period under review. Its implementation was monitored through the quarterly performance reports that were submitted to Council.

Performance reporting is specifically addressed in Section 46.

Section 46 of the Municipal Systems Act:

(1) A municipality must prepare for each financial year a performance report reflecting-

(a) The performance of the municipality and of each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

The schedule of performance of the municipal performance regulation 2006, section 28(1) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) requires that quarterly performance reports must be produced.

QUARTER	PERIOD
First quarter	July – September
Second quarter	October – December
Third quarter	January – March
Fourth quarter	April – June

The municipality developed performance reports for all quarters during the period under review.

The annual performance report for 2023/2024 financial year was developed and will be tabled to Council for approval in the first quarter of the next financial year.

Key Highlights on performance management

- The establishment of the Performance management committee with its terms of reference.
- Mid year performance evaluations were conducted.
- Discussions were initiated with managers below section 56 managers and trade unions on cascading PMS to a level below that of senior management.

4.2 OVERALL MUNICIPAL PERFORMANCE FOR THE 2024/2025 FINANCIAL YEAR

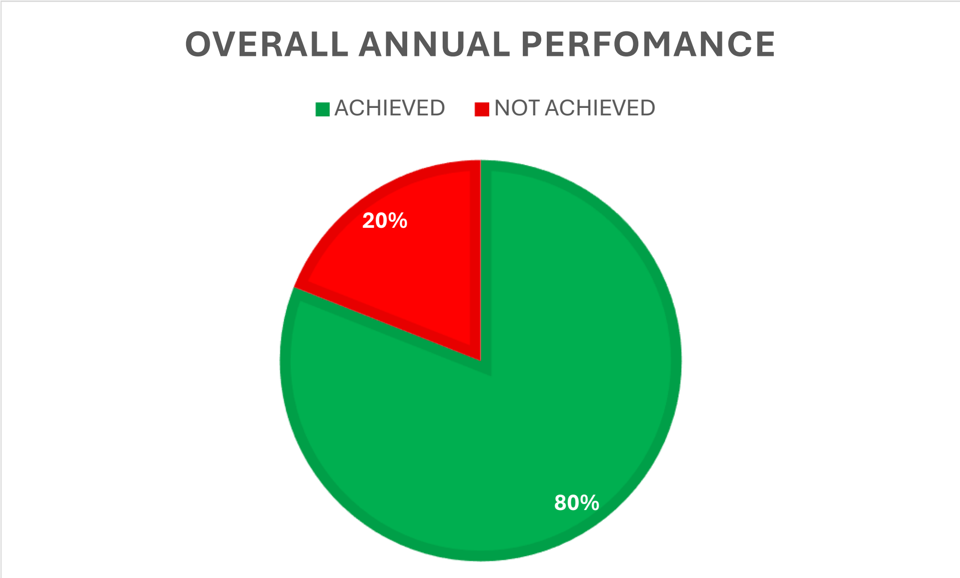
The table below shows the summary of the achievements of targets per directorate during the period under review (2024/2025 financial year):

NAME OF THE DIRECTORATE	TOTAL TARGETS	NO. OF TARGETS ACHIEVED	NO. OF TARGETS NOT ACHIEVED	% ACHIEVEMENT	% NOT ACHIEVEMENT
Municipal Managers Office	25	19	6	76%	24%
Integrated Planning & Economic Dev (IPED)	23	21	2	91%	9%
Budget and Treasury Office	19	18	1	94%	6%
Community Services	16	15	1	94%	6%
Corporate Services	17	13	4	76%	24%
Engineering Services	25	16	9	64%	36%
Human Settlement	9	5	4	56%	44%
Institutional performance	134	108	24	80%	20%

Management has identified corrective measures to be put in place to address areas of underperformance noted in the annual performance for the 2024/25 financial year.

During the mid-year performance evaluations, it was recommended that the total of performance indicators has to be reduced. Focus should be on indicators that are strategic and have an impact on service delivery in the next financial year. The municipality further resolved that a second layer of the SDBIP should be developed for operational indicators in the 2025/2026 financial year.

Summary of the annual performance assessment for the period under review:



4.3 COMPARISON BETWEEN 2023/2024 AND 2024/2025MUNICIPAL PERFORMANCE

Section 46 (1)(b) (a) a municipality must prepare for each financial year a performance report reflecting a comparison of the performances with targets set for and performances in the previous financial year.

For some of the projects that were not achieved in the previous financial year, were carried over to the period under review as resolved by the Council.

The table below depicts a comparison of the municipality's performance in the previous financial year and the period under review.

Comparison of municipal performance of 2024/2025 financial year with prior years

The performance results for the organizational priorities can be summarized as follows:

KPA PERFORMANCE	2024/2025	2023/24	2022/23	2021/22	2020/21	2019/20
Human Settlement and Land Development	56%	93%				
Good Governance and Public Participation	76%	72%	70%	61%	53%	49%
Basic Service Delivery and Infrastructure Provision	78%	77%	65%	64%	59%	69%
Local Economic Development	91%	82%	55%	63%	43%	17%
Institutional Transformation and Organizational Development	76%	76%	64%	56%	67%	82%
Financial Viability and management	100%	97%	71%	78%	90%	78%

It is worth noting the impact of factors such as budget and staff retention whilst continuously increased demand for services putting pressure on achievement of challenging targets

4.4 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The strategic objective of the department is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies.

Description	2022/2023	20223/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Electricity					
Waste Management					
Housing					
Waste Water					
Roads					
Planning					
Local Economic Development					
Planning (Strategic and Regulatory)					
Local Economic Development					
Community & Social Services					
Security and Safety					
Sport and Recreation					
Totals					

Vacancy Rate: 2024/2025			
Designations	*Total Approved Posts No.	*Vacancies No.	*Vacancies %
Other S57 Managers (excluding Finance Posts)	5	0	
Other S57 Managers (Finance posts)	1		
Fire fighters			
Senior management: Levels 13-15 (excluding Finance Posts)			
Senior management: Levels 13-15 (Finance posts)	4	4	100%
Highly skilled supervision: levels 9-12 (excluding Finance posts)			
Highly skilled supervision: levels 9-12 (Finance posts)			
Total			

4.5 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE MANAGEMENT

4.5.1 Introduction to Municipal Workforce Management

Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters.

4.5.2 Employment Equity

MANEGEMENT LEVEL	Race and Males	Race and Females
Senior management	5x African males, 0 x coloureds, 0 x Indians	2x Africans No Coloureds, Indicans and Whites
Middle management	16 Africans 3 Coloureds No Indians and no Whites	8 Africans 1x Whites No coloureds and no Indians

To this end, the municipal council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality.

Tabulated below are the policies that are in place:

4.5.3 Policies

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	50%	0	N/A
2	Attraction and Retention	100%	50%	30 September 2021
3	Code of Conduct for employees	100%	100%	30 April 2024
4	Delegations, Authorization & Responsibility	100%	100%	
5	Disciplinary Code and Procedures	100%	100%	Nationally adopted

6	Essential Services	100%	50%	July 2021
7	Employee Assistance / Wellness	100	50%	30 April 2024
8	Employment Equity	50%	0%	
9	Exit Management	50%	0%	30 April 2024
10	Grievance Procedures	100%	100%	Nationally adopted
11	HIV/Aids	100%	100%	Nationally adopted
12	Human Resource and Development	100	100	30 April 2024
13	Information Technology	100%	50%	
14	Job Evaluation	100%	100%	Nationally adopted
15	Leave	100%	50%	30 April 2024
16	Occupational Health and Safety	100%	50%	30 April 2024
17	Official Housing	0%	0%	
18	Official Journeys	100%	50%	0
19	Official transport to attend Funerals	100%	50%	
20	Official Working Hours and Overtime	100%	100%	30 April 2024
21	Organisational Rights	100%	100%	Nationally adopted
22	Payroll Deductions	100%	100%	Nationally adopted
23	Performance Management and Development	100%	100%	May 2022
24	Recruitment, Selection and Appointments	100%	50%	30 April 2024
25	Remuneration Scales and Allowances	100%	100%	Nationally adopted
26	Resettlement	100	50%	
27	Sexual Harassment	100	50%	
28	Skills Development	100	50%	
29	Smoking	100%	50%	
30	Special Skills	0%	0%	
31	Work Organisation	0%	%	
32	Uniforms and Protective Clothing	100%	100%	Legislation
33	Acting Allowance Policy			
34	Demotion and Promotion Policy			
35	Internship Policy			
36	Placement Policy			30 April 2024
37	Health Risk Assessment Policy			30 April 2024

38	Training and Development Policy			30 April 2024
39	ICT Data Backup and Recovery Policy			30 April 2024
40	ICT User Account Management Policy			30 April 2024
41	ICT Risk Strategy Management Framework			30 April 2024
42	ICT Governance Framework			30 April 2024
43	ICT Strategy			30 April 2024
44	ICT Security Policy			30 April 2024
45	ICT Change Management Policy and Procedure			30 April 2024
46	ICT Disaster Recovery Plan			30 April 2024
47	Patch Management Policy			30 April 2024
48	ICT Credit Control Policy			30 April 2024
49	ICT Arrangement Policy			30 April 2024
50	Attendance and Panctuality Policy			30 April 2024
51	Standby NightWork and Shift Allowance Policy			30 April 2024
52	Draft Human Resource Plan			30 April 2024
53	Labour Relation Policy			30 April 2024
54	Draft Social Media Policy			30 April 2024
55	Communication Strategy 2022-2027			30 April 2024
56	Communication Policy			30 April 2024
57	Customer Care Policy			30 April 2024
58	SPU Strategy			30 April 2024
59	ISD Policy			30 April 2024
60	SSEG Policy			30 April 2024
61	EMLM Password Policy			30 April 2024
62	EMLM Patch Policy			30 April 2024
63	Petition Policy			30 April 2024
64	Public Participation Strategy			30 April 2024
65	Fraud Prevention Policy			30 April 2024
66	Internal Audit Policy			30 April 2024
67	Draft Business Licensing Policy			30 April 2024
68	Draft Information Trading Policy			30 April 2024

69	Land Invasion Policy			30 April 2024
70	Petty Cah Management Policy			30 April 2024
71	Virement Policy (Transfer of Funds)			30 April 2024
72	Cash Management and Investment Policy			30 April 2024
73	Contract Management Policy			30 April 2024
74	Account Payable Policy			30 April 2024
75	Indigent Policy			30 April 2024
76	Supply Chain Management Policy			30 April 2024
77	Budget Policy			30 April 2024
78	Tariffs Policy			30 April 2024
79	Cost Containment Policy			30 April 2024
80	Asset Management Policy			30 April 2024
81	Creditor Control Policy			30 April 2024
82	Rates Policy			30 April 2024
83	Succession Policy			30 April 2024

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Council reviewed and developed other policies. The policies were adopted by Council in April 2024.

4.5.4 Injuries and Sickness

NUMBER AND COST OF INJURIES ON DUTY

TYPE OF INJURY	INJURY LEAVE TAKEN DAYS	Employees using injury leave	Proportion Employees using sick leave	Average injury leave	Total estimated cost
Required basic medical attention only					
Temporary total disablement					
Permanent disablement					
Fatal					
Total					

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY

Salary band	Total sick leave	Proportion sick leave without medical conditions	Employees using sick leaves	Total employees in post	Average sick leave per employees	Estimated cost
Lower skilled (level 1-2)	35	25%	20	80	0.3	40
Skilled (level 3-5)	25	15%	15	30	0.35	40
Highly skilled production (6-7)	60	35%	60	75	0.4	55
Highly skilled supervision (level 9-12)	6	9%	6	26	0.4	35
Senior management (level 13-15)	30	5%	30	45	1.48	60
MM and S57	8	0%	8	8	0.1	60
Total	164	89%	139	264	3.03	290

COMMENT ON INJURY AND SICK LEAVE

One employee passed away due to injury on duty and another employee is permanently disabled.

Month and Year	Total IODs
JUL 23	2
SEP 23	2
APR 24	1
MAY 24	2
JUN 24	2
Total	9

T 4.3.2

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

The aim of a disciplinary procedure is to encourage and maintain standards of conduct and ensure consistent and fair treatment for all within the employ. It should allow the employer to seek an informal resolution, where appropriate, but allow for more formal proceedings should the circumstances justify disciplinary action. The disciplinary hearing purpose is to ensure that alleged or accused employees are afforded an opportunity to lead evidence in rebuttal of the charge and challenge the assertions of the employer before an adverse determination can be made. This is in line with employee's right to be heard and to present his/her defence.

Labour relations cases attended to during the period under review included:

- Dereliction of duty, fraud, gross insubordination, abseentism from work, without leave and disrespectful conduct towards the supervisor.
- Unauthorised lending of the municipal grass cutter, assault,
- Unfair dismissal,
- Unfair labour practice.

EMPLOYEES ON SUSPENSION:

4.5.5 Performance Rewards

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
Skilled (Levels 3-5)	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
Highly skilled production (levels 6-8)	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
Highly skilled supervision (levels 9-12)	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
Senior management (Levels 13-15)	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
MM and S57	Female		0	R0,00	R0,00
	Male		0	R0,00	R0,00
Total			**0**	**R0,00**	**R0,00**
Has the statutory municipal calculator been used as part of the evaluation process ?					**N/A**

COMMENT ON PERFORMANCE REWARDS

Performance bonuses were paid to all managers that are directly accountable to the municipal manager and to the municipal manager during the period under review.

4.5.6 Workforce Capacity Development

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Skills development is aimed at benefiting all employees but, must at the same time, ensure that significant progress is made in advancing the development interests of designated groups in line with Employment Equity targets.

1. THE STATUS OF THE TRAINING COMMITTEE

The training committee was established by the municipality.

The WSP and Training report was developed and submitted to LGSETA.

2. REGULATED TRAINING PROGRAMMES FOR COUNCILLORS

A number of councillors and officials were enrolled for CPMD towards the end of the financial year.

3. WORKPLACE SKILLS PLAN PROGRESS

						SKILLS DEVELOPMENT EXPENDITURE						
Management Level		Gender	Employees			Original Budget and Actual Expenditure on Skills Development Year1						
			as at the			Learnerships		Skills Programmes		Other forms of		Total
			beginning					& Other Short		Training		
			of the					courses				
			financial									
			year									
			No.		Original Budget		Actual	Original	Actual	Original	Original	Actual
								Budget	Budget	Budget	Budget	Budget
MM & S57		Female										
		Male	1					0	0			
Legislators, Senior		Female	3					7807,88	8 807,88		7807,88	8 807,88
Officials & Manager		Male	6					15 615,76	16 615,76		15 615,76	16 615,76
		Female										
Professionals		Male										
Technicians and		Female										
Associate		Male	1					2 602,62	2 702,62		2 602,62	2 702,62
Professionals												
		Females	4					10 410,50	11 410,50		10 410,50	11 410,50
Clerk		Males	2					5 205,25	6 205,25		5 205,25	6 205,25
Service and Sales		Females										
Workers		Males										
Plant and Machine												
Operators and		Females										
Assemblers		Males										
Elementary		Females										
Occupations		Males										
Sub Total		Females						18 218.38	100 118,38		18 218.38	100 118,38
		Males						23 423,63	25 523,63		23 423,63	23 423,63
Total								41 642,01	125642,01			

4. IMPLEMENTATION OF TRAINING

5. COMPETENCY PROGRAMME FOR SENIOR MANAGERS AND SUPPLY CHAIN MANAGEMENT OFFICIALS

6. NEW APPOINTMENTS

7. TERMINATIONS

4.5.7 Employee Expenditure

INTRODUCTION TO WORKFORCE EXPENDITURE

Number of Employees Whose Salaries Were Increased Due to their Positions Being upgraded		
Beneficiaries	**Gender**	**Total**
Lower Skilled (Levels 1-2)	Females	0
	Males	0
Skilled (Level 3 -5)	Females	3
	Males	4
Highly Skilled Production (Levels 6 – 8))	Females	0
	Males	0
Highly Skilled Supervision (Levels 9 – 12)	Females	03
	Males	0
Senior Management (Levels 13 – 16)	Females	03
	Males	06
MM and S 57	Females	0
	Males	1
Total		19

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	**No. of Employees**	**Job Evaluation Level**	**Remuneration Level**	**Reasons for deviation**
0	0	0	0	0

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Department	**Level**	**Date of Appointment**	**No. Appointed**	**Reasons for Appointment when no Established Post exist**
0	0	0	0	0

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

No posts were upgraded during the period under review.

DISCLOSURES OF FINANCIAL INTEREST

Disclosures of financial interest are included in **Appendix J**

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 the Capital Budget
- Component C: Other Financial Matters

5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services R '000					
Description	20242025			Variance	
	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost					
Governance and administration					
Executive and council	120 009 891	115 191 891	107 345 462	-0,12	-0,07
Budget and treasury office	212 710 594	201 450 594	147 167 224	-0,45	-0,37
Corporate services	31 575 364	31 585 364	67 939 405	0,54	0,54
Governance and administration: sub- total	**364 295 849**	**348 227 849**	**322 452 091**	-0,13	-0,08
Community and public safety					
Community and social services	50 338 144	18 317 144	15 753 685	-2,20	-0,16
Sport and recreation	24 908 771	23 190 371	33 173 803	0,25	0,30
Public safety	43 506 265	44 850 265	37 509 213	-0,16	-0,20
Community and public safety: sub-total	**118 753 180**	**86 357 780**	**86 436 701**	-0,37	0,00
Economic and environmental services					
Planning and development	14 126 695	14 126 695	14 776 726	0,04	0,04
Road transport	64 844 662	68 764 662	63 358 229	-0,02	-0,09
Environmental protection	1 162 316	1 067 316	768 715		
Economic and environmental services: sub-total	**80 133 673**	**83 958 673**	**78 903 670**	-0,02	-0,06
Trading services					
Electricity	424 479 505	544 209 505	550 481 303	0,23	0,01
Waste management	75 949 506	76 029 906	57 735 661	-0,32	-0,32
Trading services: sub-total	**500 429 011**	**620 239 411**	**608 216 964**	0,18	-0,02

Other			0	#DIV/0!	#DIV/0!
Total Expenditure	**1 063 611 713**	**1 138 783 713**	**1 096 009 426**	2,96%	-3,90%

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality

5.1.1 Statements of Financial Performance

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality

A Statement of previous financial year's audit opinion

- The municipality achieved a qualified audit opinion in the 2023/24 audit.

The 3 paragraphs that formed the basis for the auditor's opinion are:

- Impairment of non – cash generating assets
- Leave provision, and
- Cash flow statement, where the AG found errors in the calculation of Cash flow from operating activities
- In 2022/23 audit, there were 11 paragraphs affecting the audit outcome. Eight (8) of these findings were resolved in 2023/24
- The remaining 3 findings will be resolved in 2024/25 audit

Information related to revenue trend by Source

Summary 3: Operating Cash Income by Source

Source	Original Cash Budget (R000)	Revised Cash Budget (R000)	Planned YTD (SDBIP) (R000)	Actual YTD (R000)	JUNE 2025 Variance (R000)	Variance (%)
Property Rates	136 494	136 494	136 494	93 877	-42 617	-31
Electricity Tariffs	401 241	401 241	401 241	312 922	-88 319	-22
Refuse Tariffs	74 579	74 579	74 579	22 621	-51 958	-70
Equitable Share Grant	243 341	243 341	243 341	243 341	-	-
Interest & Investments	5 094	5 094	5 094	8 413	3 318	65
Rentals	4 904	4 904	4 904	4 214	-690	-14
Interest from Debtors	4 205	4 205	4 205	3 069	-1 136	-27
Fines	4 597	4 597	4 597	4 509	-88	-2
Licenses & Permits	4 695	4 695	4 695	5312	617	13
Agency Income	4 582	4 582	4 582	6 050	1 468	32
Other	6 734	6 734	6 734	4 050	-2 684	-40
Conditional Grant Funding Released	61 902	61 902	61 903	11703	-50 200	-81
TOTAL	**952 368**	**952 368**	**952 369**	**720 081**	**-232 289**	**-24**

COMMENT ON FINANCIAL PERFORMANCE

The revenue trend of the municipality over the past 12 months shows that, the 3 largest source of revenue namely, Property rates, electricity service charges and the refuse tariffs are under collected. The under collection in these revenue sources is affecting the municipality's financial viability.

It is anticipated that revenue collection from property rates will improve in 2025/26 as the municipality implement the second general valuation roll on the 1st of July 2025. Revenue from electricity service charges will improve with the implementation of the smart electricity meters. The first phase of the smart meter installation project will be completed in the first half of 2025/26

Capital Spending of 5 large projects in 2025

Name of Project	Capital Expenditure (R)
Construction of Molteno Internal roads	R4.1 million
Construction of Sterkstroom Internal roads	R8.5 million
Construction of Hofmeyer internal roads	R10.2 million
Construction of Mlungisi internal roads	R9.3 million
Construction of Ezibeleni internal roads	R13.5 million

5.1.2 Grants

Description	2024/2025			Variance	
	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants					
National Government:	**252 015 200**	**252 015 200**	**252 015 200**	0	0
Equitable share	243 341 000	243 341 000	243 341 000	0	0
Municipal Systems Improvement	0	0	0		0
Municipal Disaster Relief Grant	0	0	0	0	0
Municipal Infrastructure Grant (PMU fees)	3 171 200	3 171 200	3 171 200	0	0
Financial Management Grant	3 000 000	3 000 000	3 000 000	0	0
Expanded Public Works Programme Grant	2 503 000	2 503 000	2 503 000	0	0
Provincial Government:	**6 200 000**	**6 200 000**	**11 305 974**	82	82
Library subsidy	6 200 000	6 200 000	11 305 974	82	82
District Municipality:	–			0	0
[insert description]				0	0
Other grant providers:	–			0	0
DEDEAT	0	0	0	0	0
Disaster Relief Grant (DRG)	0	0	0	0	0
Total Operating Transfers and Grants	**258 215 200**	**258 215 200**	**263 321 174**	-5 105 974	-5105974

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

The Enoch Mgijima Local Municipality received all the gazzeted grants and subsidies for the 2024/2025 financial year.

The municipality provides free basic services to the poor from the equitable share in the form free refuse removal once per week, 50 klw of electricity, alternative energy in the form of gel fuel and stove. Eligible beneficiaries household incomen per month should be R 4680 or less.

5.1.3 Asset Management

INTRODUCTION TO ASSET MANAGEMENT

The municipality has a comprehensive Asset management plan. The electricity master plan and the Roads master plan are geared at providing municipal assets that can sustain the growing population in the foreseeable future. Enoch Mgijima municipality is the biggest local municipality in the Chris Hani District with Queenstown as the Economic hub.

The Enoch Mgijima Local Municipality inherited ageing infrastructure from the three erstwhile municipalities.The growth of the sub - region therefore depends on how the municipality maintains its strategic and economic Assets so as to attract both local and foreign investors to the area.

The 2024/2025 Capital Asset budget was mainly grant funded.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2024/2025

Capital Spending of 5 large projects in 2025

Name of Project	Capital Expenditure (R)
Construction of Molteno Internal roads	R4.1 million
Construction of Sterkstroom Internal roads	R8.5 million
Construction of Hofmeyer internal roads	R10.2 million
Construction of Mlungisi internal roads	R9.3 million
Construction of Ezibeleni internal roads	R13.5 million

T 5.3.2

COMMENT ON ASSET MANAGEMENT

The objectives of the asset management within Enoch Mgijima Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the Municipality's assets through:

- Proper recording of assets from authorisation to acquisition and to subsequent disposal
- Providing for safeguarding procedures
- Setting proper guidelines as to authorised utilisation
- Prescribing for proper maintenance

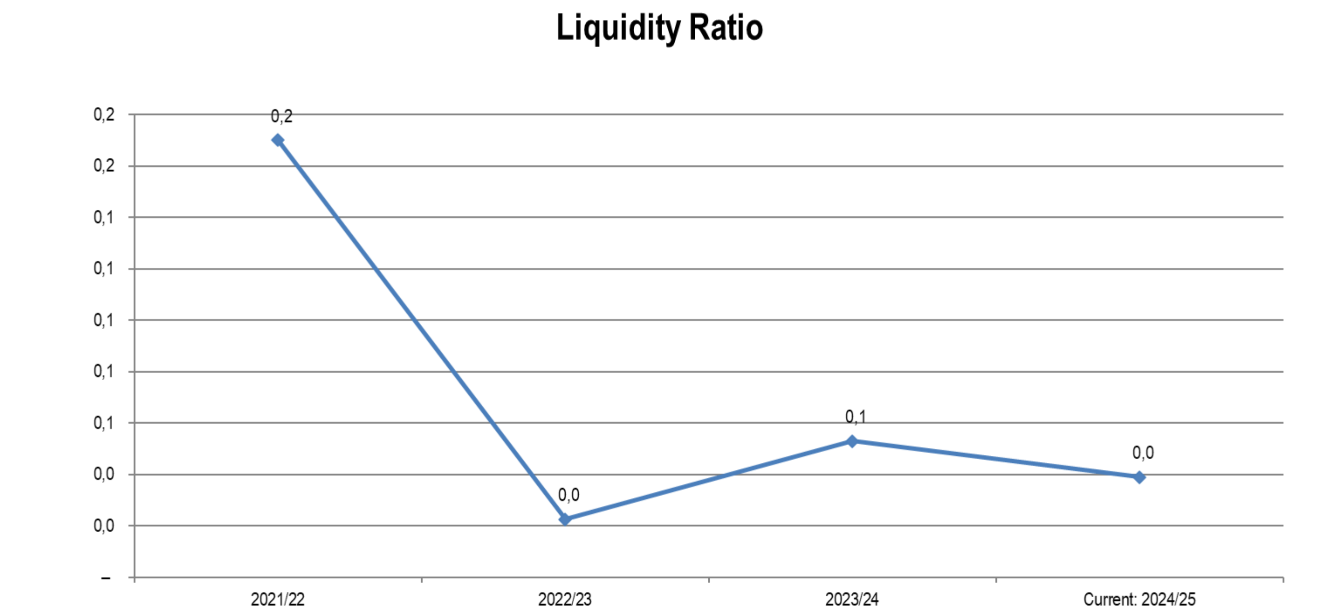
The key elements of the Asset Management Policy represent:

- Statutory and regulatory framework / responsibilities and accountabilities
- Financial management / internal controls / management of control items
- Management and operation of assets / classification & components
- Accounting for assets / financial disclosure

The asset management section consists of three staff members and forms part of the Expenditure & Asset Management Division within the finance directorate.

Regular asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding asset register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place. T 5.3.3

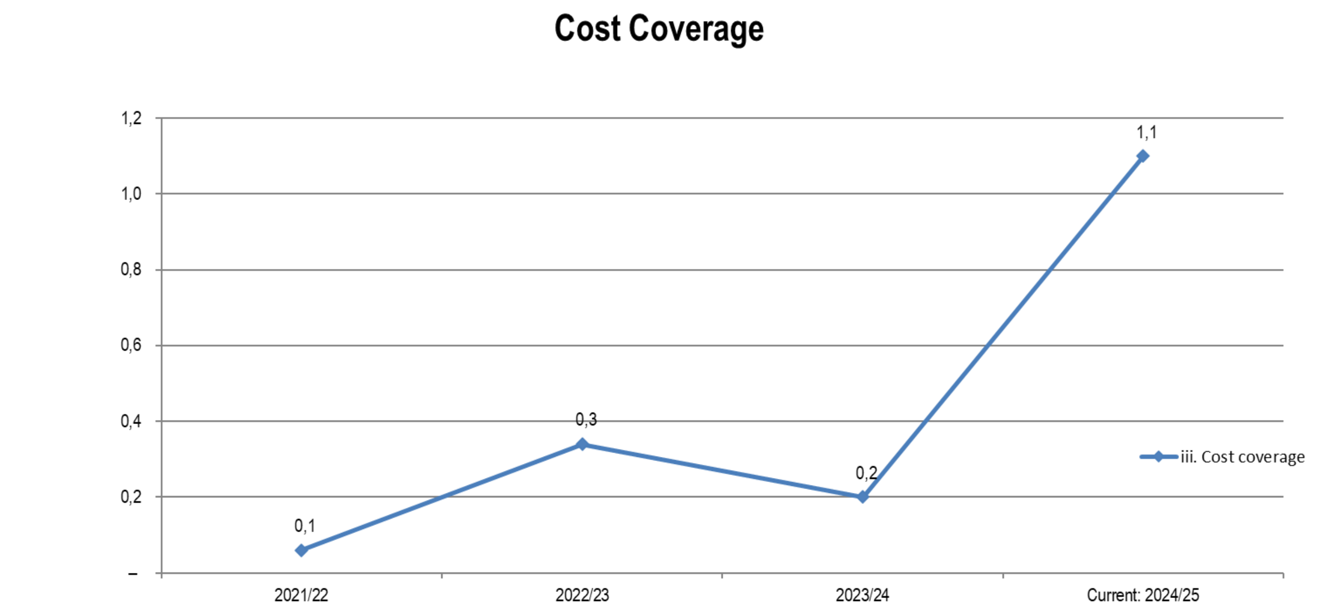
5.1.4 Financial Ratios Based on Key Performance Indicators



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

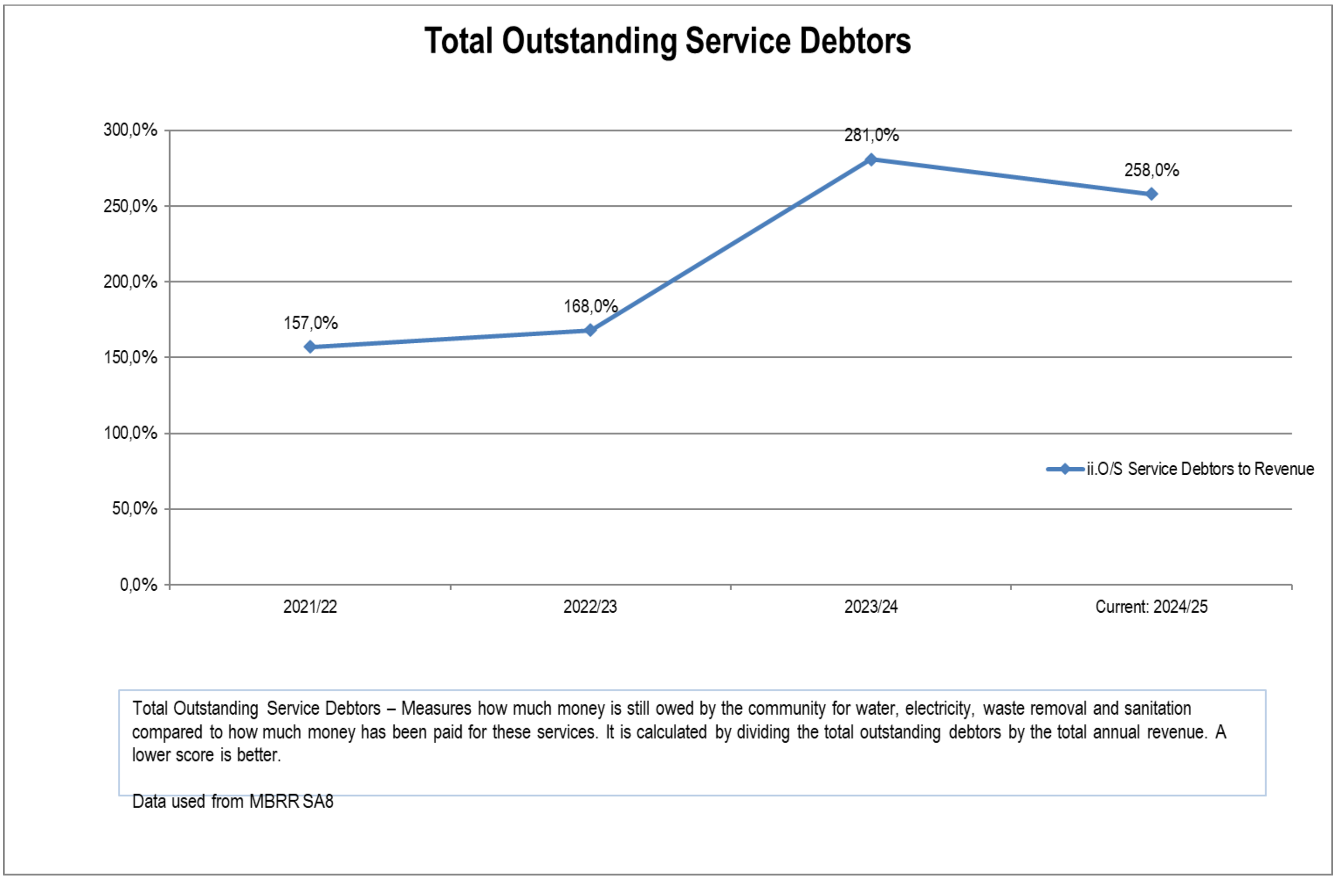
Graph 9: Liquidity Ratio



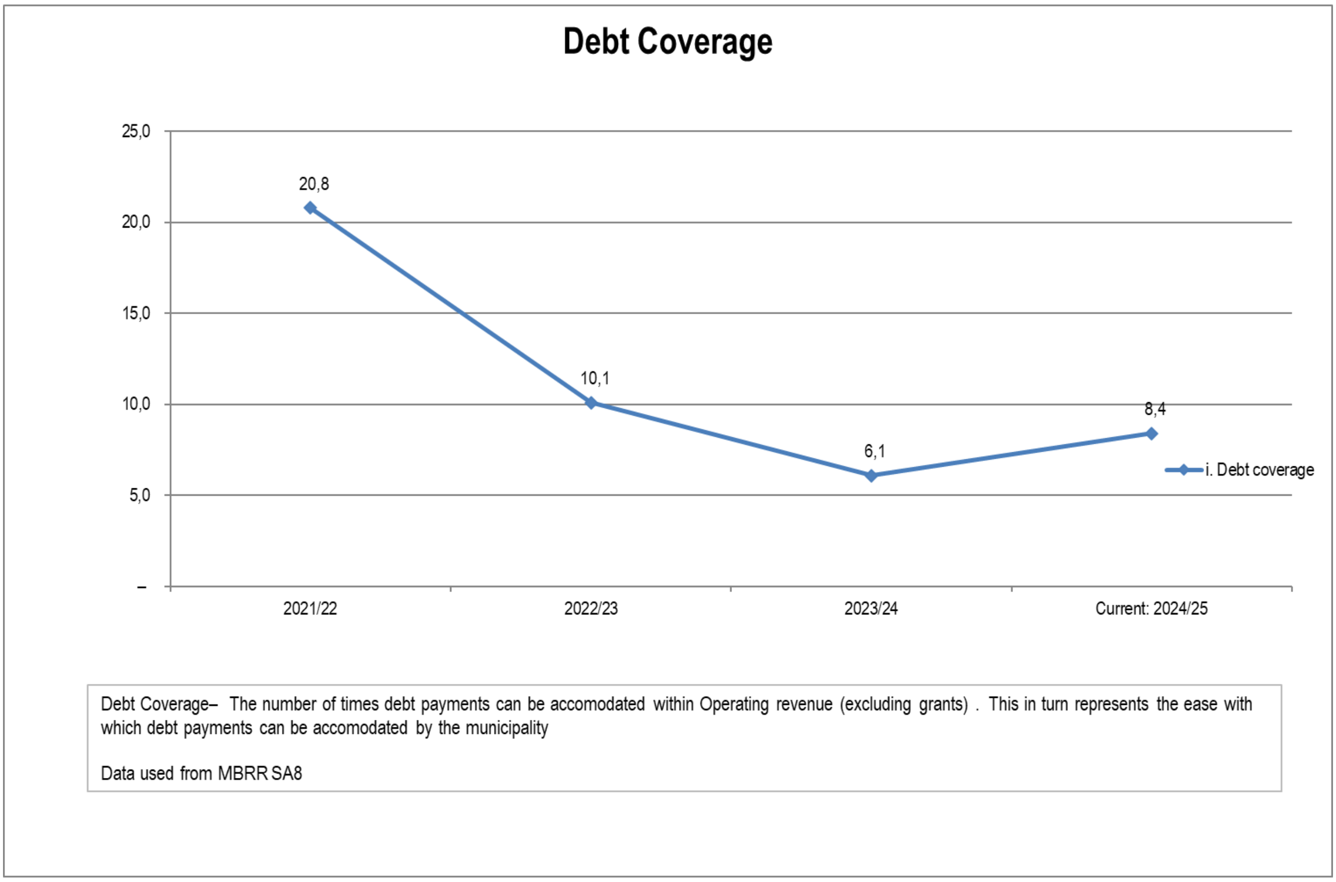
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

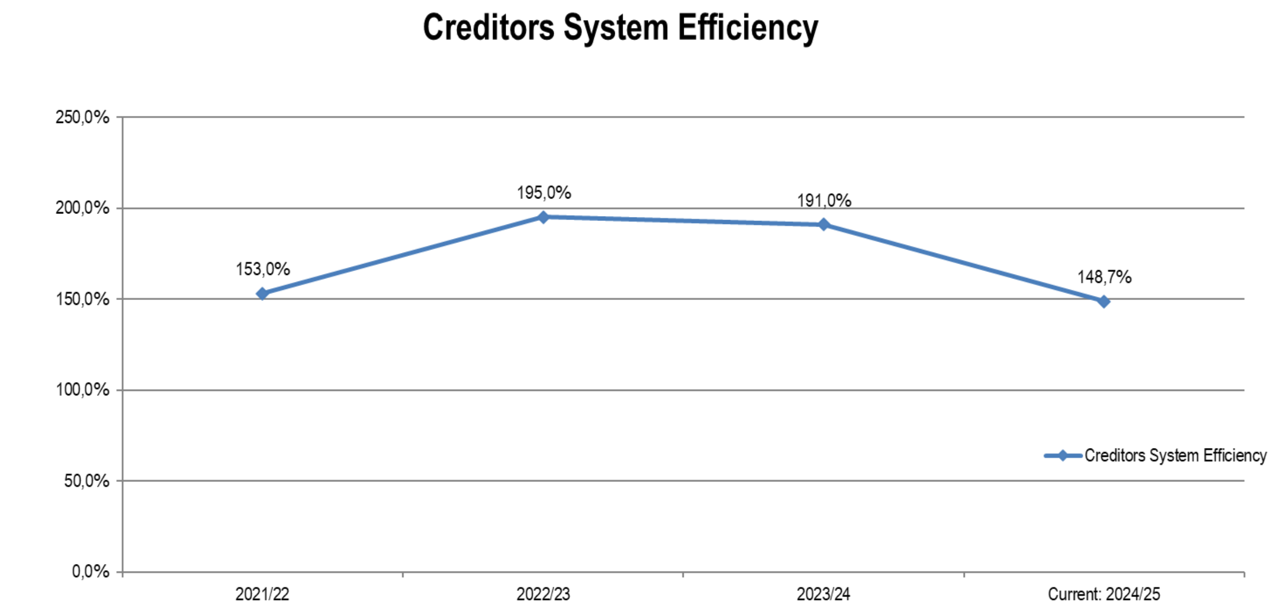
Graph 10: Cost Coverage



Graph 11: Total Outstanding Service Debtors



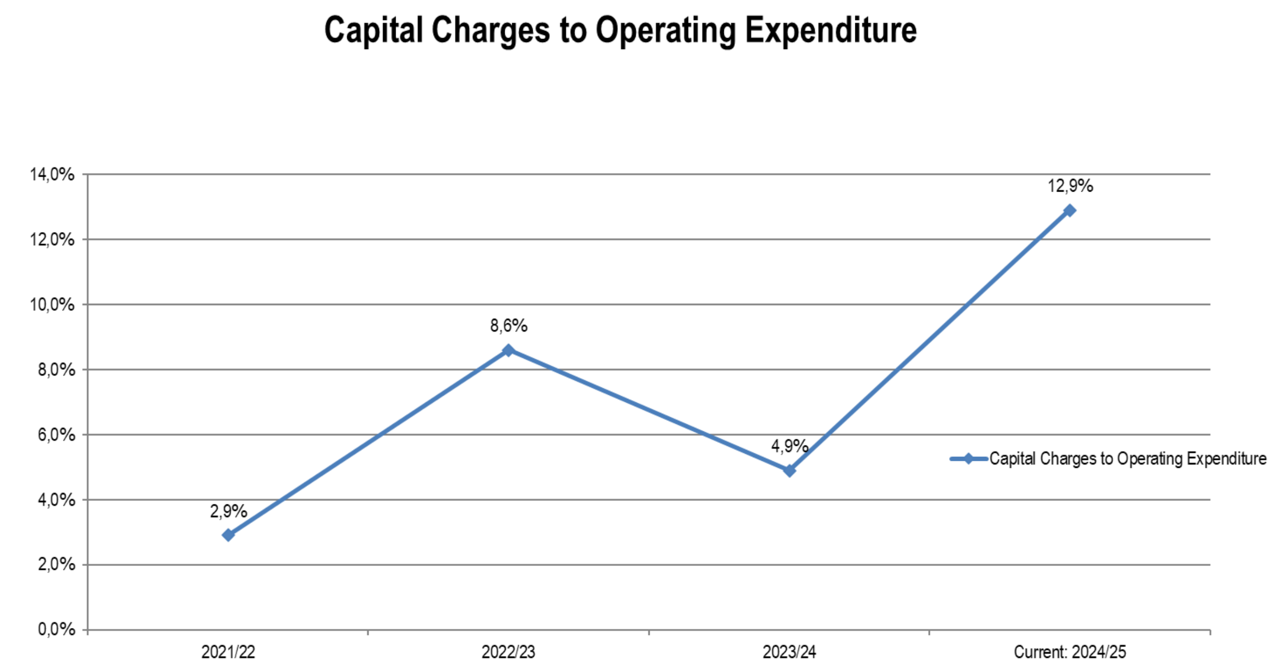
Graph 12: Debt Coverage



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

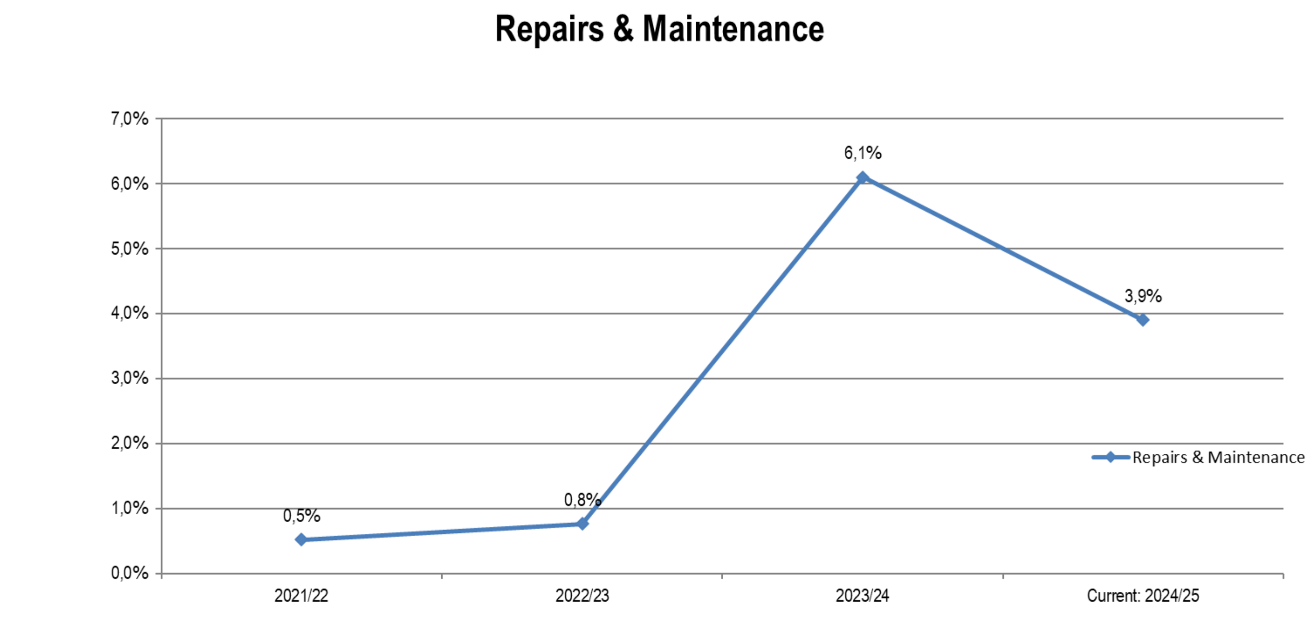
Graph 13: Creditors System Efficiency



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

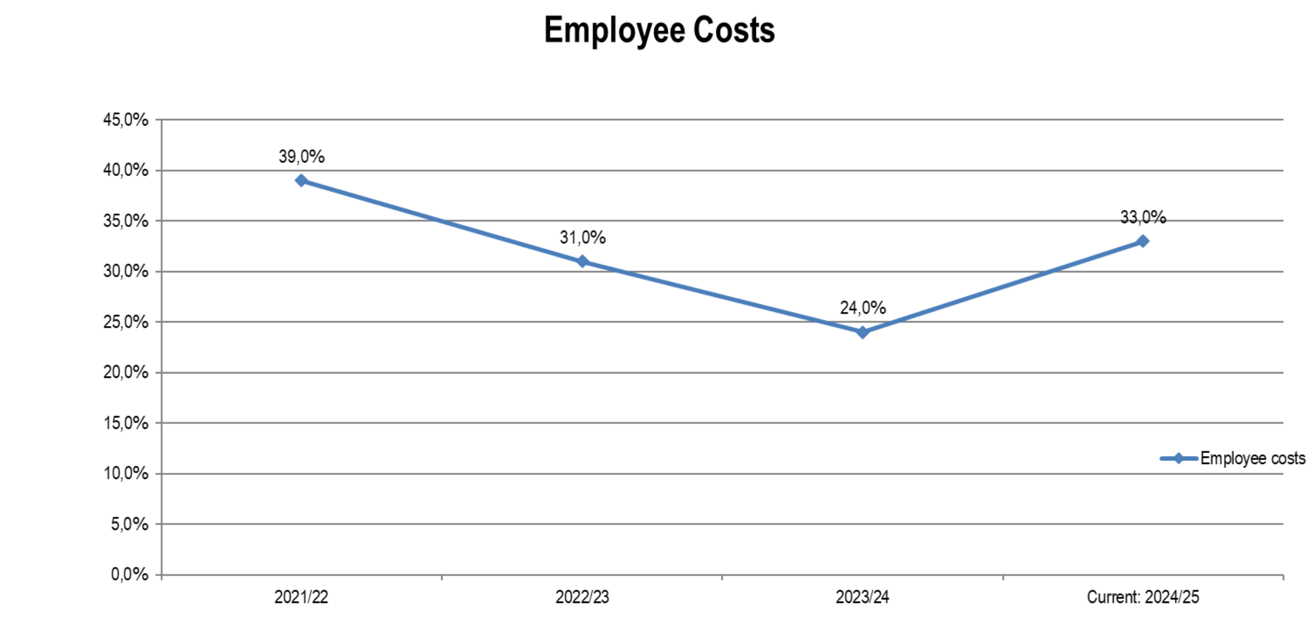
Graph 14: Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

Graph 15: Repairs & Maintenance



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Graph 16: Employee Costs

COMMENT ON FINANCIAL RATIOS

LIQUIDITY RATIO

COST COVERAGE

It explains how many months' expenditure can be covered by the cash and other liquid assets available to the Municipality

TOTAL OUTSTANDING SERVICE DEBTORS

This ratio measures how much money is still owed by the community for 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.

DEBT COVERAGE

The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality.

CREDITORS 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.

The lower the percentage the better.

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.

EMPLOYEE COST

Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

REPAIRS AND MAINTENANCE

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

5.1.5 Component A: Spending Against the Capital Budget

INTRODUCTION TO SPENDING AGAINST THE CAPITAL BUDGET

Capital projects are funded mainly on grants as the municipality was unable to collect enough revenue to implement projects from own funding.

Component B deals with capital spending indicating where the funding comes from and whether Enoch Mgijima was able to spend the available funding as planned for 2024/2025

Capital Expenditure - Funding Sources: 2024/2025 R' 000							
Details		2023/2024	2024/2025				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	–	–	–		
	Public contributions and donations	–	–	–	–		
	Grants and subsidies	170 657 709	207 762 103	197 376 074	139 949 558	5,00%	32,64%
	Other	1 332 485	1 000 000	7 000 000	1 177 512	-600,00%	-17,75%
Total		**171 990 194**	**208 762 103**	**204 376 074**	**141 127 070**		
Percentage of finance							
	External loans	0,00%	0,00%	0,00%	0,00%	#DIV/0!	
	Public contributions and donations	0,00%	0,00%	0,00%	0,00%		
	Grants and subsidies	99,23%	99,52%	96,57%	99,17%	2,96%	0,35%
	Other	0,77%	0,48%	3,43%	0,83%	-614,58%	-72,92%
Capital expenditure		100,00%	100,00%	100,00%	100,00%		
	Water and sanitation	–	–	–	–		
	Electricity	1 116 055	24 027 000	29 027 000	21 043 451	-20,81%	12,42%
	Housing	–	–	–	–		
	Roads and storm water	116 330 635	167 532 103	79 844 917	73 048 489	52,34%	56,40%
	Other	54 543 504	17 203 000	95 504 157	47 035 130	-455,16%	-173,41%
Total		**171 990 194**	**208 762 103**	**204 376 074**	**141 127 070**	2,10%	32,40%
Percentage of expenditure							
	Water and sanitation	0,00%	0,00%	0,00%	0,00%		
	Electricity	0,65%	11,51%	14,20%	14,90%	-23,37%	-29,45%
	Housing	0,00%	0,00%	0,00%	0,00%	#DIV/0!	
	Roads and storm water	67,64%	80,25%	39,07%	51,76%	51,31%	35,50%
	Other	31,71%	8,24%	46,73%	33,33%	-467,11%	-304,49%
							T 5.6.1

T 5.6.1

Description	Budget 2024/25				Budget 2025/26	Budget 2026/27
	Original Budget	Other Adjusts	Total Adjusts	Adjusted Budget	Adjusted Budget	Adjusted Budget
R '000	1	7	8	9		
Financial Performance						
Property rates	160 581 131	21 387 437	21 387 437	181 968 568	190 916 635	202 491 633
Service charges	512 996 574	5 154 519	5 154 519	518 151 093	511 223 534	538 397 081
Investment revenue	5 094 400	2 250 719	2 250 719	7 345 119	5 094 400	2 926 600
Transfers recognised - operational	273 215 200	0	0	273 215 200	289 324 000	253 959 350
Other own revenue	82 807 352	80 427 307	80 427 307	163 234 659	86 314 626	87 734 675
Total Revenue (excluding capital transfer	**1 034 694 657**	**109 219 982**	**109 219 982**	**1 143 914 639**	**1 082 873 195**	**1 085 509 339**
Employee costs	359 492 099	0	0	359 492 099	367 912 763	386 270 635
Remuneration of councillors	27 744 292	2 200 000	2 200 000	29 944 292	27 975 577	28 276 357
Depreciation & asset impairment	112 248 451	23 000 000	23 000 000	135 248 451	103 307 051	102 948 335
Finance charges	10 195 367	15 000 000	15 000 000	25 195 367	14 200 950	15 600 410
Materials and bulk purchases	388 935 434	36 959 000	36 959 000	425 894 434	401 484 503	427 843 927
Transfers and grants	2 200 000	0	0	2 200 000	2 200 000	2 200 000
Other expenditure	128 798 070	32 011 000	32 011 000	160 809 070	144 906 214	108 716 480
Total Expenditure	**1 029 613 713**	**109 170 000**	**109 170 000**	**1 138 783 713**	**1 061 987 058**	**1 071 856 144**
Surplus/(Deficit)	5 080 944	49 982	49 982	5 130 926	15 791 737	10 726 595
Transfers recognised - capital	279 786 660	-86 998 158	-86 998 158	192 788 502	82 420 000	76 558 650
Contributions recognised - capital & contr	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & (	284 867 604	-86 948 176	-86 948 176	197 919 428	98 211 737	87 285 245
Share of surplus/ (deficit) of associate	0	0	0	0	0	0
Surplus/ (Deficit) for the year	**284 867 604**	**-86 948 176**	**-86 948 176**	**197 919 428**	**98 211 737**	**87 285 245**
Capital expenditure & funds sources						
Capital expenditure	282 786 660	-78 410 586	-78 410 586	204 376 074	83 420 000	77 558 650
Transfers recognised - capital	279 786 660	-82 410 586	-82 410 586	197 376 074	82 420 000	76 558 650
Public contributions & donations						
Borrowing	0	0	0	0	0	0
Internally generated funds	3 000 000	4 000 000	4 000 000	7 000 000	1 000 000	1 000 000
Total sources of capital funds	**282 786 660**	**-78 410 586**	**-78 410 586**	**204 376 074**	**83 420 000**	**77 558 650**
Financial position						
Total current assets	547 342 649	21 331 161	21 331 161	568 673 810	537 730 229	539 033 898
Total non current assets	2 464 095 434	-78 410 586	-78 410 586	2 385 684 848	2 292 765 374	2 308 591 516
Total current liabilities	1 406 099 483	0	0	1 406 099 483	943 874 461	56 460 658
Total non current liabilities	324 158 652	0	0	324 158 652	285 978 195	273 835 554
Community wealth/Equity	**1 293 228 539**	**-69 128 016**	**-69 128 016**	**1 224 100 523**	**1 612 878 715**	**2 527 366 634**
Cash flows						
Net cash from (used) operating	239 825 446	-10 140 667	-10 140 667	229 684 779	100 634 568	77 561 049
Net cash from (used) investing	-208 762 103	4 386 029	4 386 029	-204 376 074	-83 420 000	-77 558 650
Net cash from (used) financing	0	0	0	0	0	0
Cash/cash equivalents at the year end	**47 870 431**	**-5 754 638**	**-5 754 638**	**42 115 793**	**38 540 199**	**38 544 999**
Cash backing/surplus reconciliation						
Cash and investments available	122 715 477	20 790 161	20 790 161	143 505 638	140 947 903	140 572 228
Application of cash and investments	1 069 879 021	-2 520 361	-2 520 361	1 067 358 660	625 647 984	-307 542 522
Balance - surplus (shortfall)	**-947 163 544**	23 310 522	**23 310 522**	**-923 853 022**	**-484 700 081**	**448 114 750**
Asset Management						
Asset register summary (WDV)	2 062 214 144	8 864 172	8 864 172	2 071 078 316	2 088 183 954	2 109 837 396
Depreciation & asset impairment	54 678 008	23 000 000	23 000 000	77 678 008	55 736 608	56 377 892
Renewal of Existing Assets	279 786 660	-78 910 586	-78 910 586	200 876 074	76 920 000	76 558 650
Repairs and Maintenance	38 873 012	47 514 000	47 514 000	86 387 012	26 381 416	28 330 413
Free services						
Cost of Free Basic Services provided	32 345 617	0	0	32 345 617	32 345 617	32 345 617
Revenue cost of free services provided	9 642 783	0	0	9 642 783	9 642 783	7 036 485
Households below minimum service level						
Water:	0	0	0	0	0	0
Sanitation/sewerage:	0	0	0	0	0	0
Energy:	25 373	0	0	25 373	25 633	26 004
Refuse:	8 011	0	0	8 011	8 011	8 011

5.1.6 Sources Of Finance

Capital Expenditure - Funding Sources: 2024/2025 R' 000							
		2023/2024	2024/2025				
Details		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	–	–	–		
	Public contributions and donations	–	–	–	–		
	Grants and subsidies	170 657 709	207 762 103	197 376 074	139 949 558	5,00%	32,64%
	Other	1 332 485	1 000 000	7 000 000	1 177 512	-600,00%	-17,75%
Total		**171 990 194**	**208 762 103**	**204 376 074**	**141 127 070**		
Percentage of finance							
	External loans	0,00%	0,00%	0,00%	0,00%	#DIV/0!	
	Public contributions and donations	0,00%	0,00%	0,00%	0,00%		
	Grants and subsidies	99,23%	99,52%	96,57%	99,17%	2,96%	0,35%
	Other	0,77%	0,48%	3,43%	0,83%	-614,58%	-72,92%
Capital expenditure		100,00%	100,00%	100,00%	100,00%		
	Water and sanitation	–	–	–	–		
	Electricity	1 116 055	24 027 000	29 027 000	21 043 451	-20,81%	12,42%
	Housing	–	–	–	–		
	Roads and storm water	116 330 635	167 532 103	79 844 917	73 048 489	52,34%	56,40%
	Other	54 543 504	17 203 000	95 504 157	47 035 130	-455,16%	-173,41%
Total		**171 990 194**	**208 762 103**	**204 376 074**	**141 127 070**	2,10%	32,40%
Percentage of expenditure							
	Water and sanitation	0,00%	0,00%	0,00%	0,00%		
	Electricity	0,65%	11,51%	14,20%	14,90%	-23,37%	-29,45%
	Housing	0,00%	0,00%	0,00%	0,00%	#DIV/0!	
	Roads and storm water	67,64%	80,25%	39,07%	51,76%	51,31%	35,50%
	Other	31,71%	8,24%	46,73%	33,33%	-467,11%	-304,49%
							T 5.6.1

COMMENT ON SOURCES OF FUNDING

The municipality managed to achieve 100% expenditure of the MIG funds allocated for the period under review.

5.2 COMPONENT A: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow and investments of Enoch Mgijima Local Municipality is set out below

5.2.1 Cash Flow

5.9 CASH FLOW 2024/25

Cash Flow Outcomes				
R'000				
Description	2023/24	2024/25		2024/25
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	86 957 924	136 493 961	146 493 961	85 021 722
Service charges	247 381 603	435 966 508	470 413 171	328 469 907
Other revenue	142 335 136	36 617 862	28 412 608	415 887 399
Government - operating	289 579 996	289 293 200	273 215 200	287 072 000
Government - capital	102 942 721	100 482 800	197 376 074	87 451 000
Interest	4 691 474	48 907 874	51 158 593	8 412 580
Payments				
Suppliers and employees	-805 910 639	-927 365 495	-926 886 215	-1 098 256 384
Finance charges	-49 832 391	-12 195 367	-20 195 367	-37 585 025
Transfers and Grants	-1 629 816	-2 200 000	-2 200 000	-1 690 817
NET CASH FROM/(USED) OPERATING ACTIVITIES	16 516 008	**106 001 343**	**217 788 025**	**74 782 381**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				0
Proceeds on disposal of PPE		0	0	0
Decrease (Increase) in non-current debtors			–	–
Decrease (increase) other non-current receivables			–	–
Decrease (increase) in non-current investments			–	
Payments				
Capital assets	-95 677 708	-101 482 800	-204 376 074	-141 127 070
NET CASH FROM/(USED) INVESTING ACTIVITIES	**-95 606 775**	**-101 482 800**	**-204 376 074**	**-141 127 070**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		–		–
Borrowing long term/refinancing		–		
Increase (decrease) in consumer deposits				–
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES				
NET INCREASE/ (DECREASE) IN CASH HELD	35 558 393	4 518 543	25 308 705	-806 775
Cash/cash equivalents at the year begin:	37 197 521	16 807 088	16 807 088	72 755 914
Cash/cash equivalents at the year end:	72 755 914	21 325 631	42 115 793	71 949 139
Source: MBRR A7 T 5.9.1				

5.2.2 Borrowing And Investments

COMMENT ON BORROWING AND INVESTMENTS

Enoch Mgijima Local Municipality did not have any borrowings in the 2023/2024 financial year. The municipality did not have any investments either.

T 5.10.5

5.3 COMPONENT D: OTHER FINANCIAL MATTERS

5.3.1 Supply Chain Management

Enoch Mgijima Local Municipality developed the SCM policy. It was adopted by Council in May 2023. The policy was implemented in accordance with the procurement plan.

T 5.12.1

5.3.2 GRAP Compliance

Enoch Mgijima Local Municipality compiles its Annual Financial Statements (AFS) in line with all relevant GRAP standards. The draft annual Financial Statements will be presented separately in the Council meeting to be held before the end of August 2024.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

6.1 COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENTS 2024/2025

6.1.1 Auditor General Report 2024/2025

The Audit Report issued by the Auditor-General on the audited financial statements of the Enoch Mgijima Local Municipality is presented from page 224 below. It includes the Statement of Financial Position as at 30 June 2025, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement, and the Statement of Budget and Actual Amounts for the year ended 30 June 2025, together with the accompanying notes to the financial statements, including a summary of significant accounting policies. These audited financial statements will be incorporated into the final draft of the Annual Report upon receipt of the Auditor-General's formal opinion on the Annual Financial Statements (AFS) and the Annual Performance Report (APR)

ENOCH MGIJIMA 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 Eastern Cape Provincial Legislature and the council of Enoch Mgijima Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Enoch Mgijima Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Enoch Mgijima Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Employee benefit obligations

3. The municipality did not have adequate systems to monitor and report on the provision for leave. In these circumstances, I was unable to obtain sufficient appropriate evidence to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to the provision for leave, stated at R37,9 million (2024: R39,2 million) disclosed in note 17 to the financial statements

Irregular expenditure

4. Not all irregular expenditure incurred was included in note 55 to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. I could not determine the full extent of irregular expenditure incurred stated at R135,9 million in note 55 to the financial statements as it was impractically to do so.

Prior period error note

5. Not all prior period errors were disclosed in note 49 to the financial statements, as required by GRAP 3, Accounting policies, estimates and errors. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. It was impracticable to determine the value of the misstatement due to multiple errors.

Corresponding figures

Property, plant and equipment

6. The municipality did not impair buildings and infrastructure assets that were impaired at the 2023-24 reporting date in accordance with GRAP 21, Impairment of non-cash generating assets. As a result, the comparative amount of the impairment loss disclosed in property, plant, and equipment stated at R34,6 million in note 11 to the financial statement was understated, and the property plant and equipment was overstated. I was unable to determine the full extent of the misstatement on impairment loss and the consequent impact on property, plant and equipment comparative amounts as it was impracticable to do so.

Cash flow statement

7. During 2023-24 the municipality did not correctly prepare the cash flow statement as required by GRAP 2 due to multiple errors identified in the net cash flows from operating, investing and financing activities. I was not able to determine the full extent of the errors in the net cash flows from operating as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were required to the corresponding cash flows from operating activities as stated at R131,4 million in the financial statements were necessary.

Context for opinion

8. 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.

9. 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.

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

Emphasis of matters

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

12. I draw attention to note 51 in the financial statements, which deals with the possible effects of the municipality currently operating in a very severe fiscal environment requiring a number of austerity measures to be implemented as it currently cannot service its short term-debt and financial commitments from its current available cash resources and allocated government grants.

13. As disclosed in note 38 to the financial statements, material electricity losses of R173,7 million (2024: R113,5 million) was incurred, which represents 53% (2024: 45%) of total electricity purchased.

Other matters

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

15. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards GRAP 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.

17. 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

18. 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.

19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx the annexure to the auditor's report, forms part of my auditor's report.

Report on the audit of the annual performance report

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. The municipality is responsible for the preparation of the annual performance report.

21. I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measure the

municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery and infrastructure development	XX	To ensure provision of Municipal Health, environmental management and basic services in a well-structured, efficient and integrated manner

22. I evaluated the reported performance information for the selected programmes 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 department's planning and delivery on its mandate and objectives.

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

25. The material findings on the performance information of the selected programmes are as follows:

Basic service delivery and infrastructure development

Various indicators

26. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the

actions taken by the Municipality to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

27. Furthermore, I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
% Completion of Upgrading and Refurbishment of Sterkstroom Substation	100%	70%
% Completion of Upgrading and Refurbishment of Mlungisi Substation	100%	9%

% of unplanned electricity outages restored within 24 hours

28. An achievement of 92% of unplanned electricity outages (as they occur) restored within 24 hours by 30 June 2025 was reported against a target of 50%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Percentage of maintenance jobs for planned or preventative maintenance conducted

29. An achievement of 100% of maintenance jobs for planned or preventative maintenance conducted by 30 June 2025 was reported against a target of 50%. I could not determine whether the reported achievement was correct, as the indicator was not well defined and adequate supporting evidence to clarify the methods and processes for measuring achievement were not provided. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Number of households provided with refuse removal services

30. Adequate supporting evidence to clarify the methods and processes for measuring achievement of this indicator and its target were not provided. The source of evidence refers to the number of areas serviced and not the number of households provided with refuse removal services, rendering it unhelpful for measuring progress against the Municipality's planned objectives. Furthermore, the achievements that have been reported might not have taken place at all or were less or more than what was actually achieved, as the audited evidence did not agree to the reported achievements for the targets.

31. Moreover, Avail budget for the procurement of additional refuse removal trucks was reported as a measure aimed at improving performance against the target of 41 500 households provided with refuse removal services weekly by 30 June 2025. However, I could not determine if the measure was implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Number of work opportunities created through EPWP for all sectors

32. An achievement of 872 work opportunities created for all sectors by 30 June 2025 was reported against a target of 687. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Number of Kms of roads surfaced and or paved (Tarkastad Streets)

33. Measures taken to improve performance against the underachieved target of appointment of the contractor for the paving of 1,1km of Tarkastad streets and stormwater: Ward 33 by 30 June 2025 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the Municipality to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

Other matters

34. I draw attention to the matters below.

Achievement of planned targets

35. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

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

Basic Service Delivery and Infrastructure Development

Targets achieved: 78% *Budget spent: 123%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Number of Kms of roads surfaced and or paved	3.97km of paving of Ezibeleni Streets in ward 4 (Nxiweni Street, Jaxa Avenue. Nonyamezelo Mxenge Street, Malcomes Street and Mathews Street) constructed by 30 June 2025	1km
	1,46km of paving of Molteno streets (Nkululeko and Hospital streets): ward 28 constructed by 30 June 2025	0km
	1,2km of paving of Hofmeyer Streets, Ward 34 constructed by 30 June 2025	0km
	2,4 km of paving of Mlungisi Streets (Business Road, Dalamba street, Western Street,	1.63km

Targets achieved: 78% Budget spent: 123%		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
	Bonnievale Street, AllenRidge, Hopefield and Knysna street: constructed by 30 June 2025	
	Appointment of the contractor for the paving 1,1km of Tarkastad streets and stormwater: ward 33 by 30 June 2025	No appointment
% Completion of Upgrading and Refurbishment of Sterkstroom Substation	100% of Sterkstroom Substation Upgraded and Refurbished by 30 June 2025	70% of Sterkstroom Substation Upgraded and Refurbished by 30 June 2025
% Completion of Upgrading and Refurbishment of Mlungisi Substation	100% of Mlungisii Substation upgraded and refurbished by 30 June 2025	9% of Mlungisii Substation upgraded and refurbished by 30 June 2025
Number of households provided with refuse removal services	41500 households provided with refuse removal services weekly by 30 June 2025	21849 households provided with refuse removal services weekly by 30 June 2025

Material misstatements

37. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

38. 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.

39. 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.

40. 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.

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

Annual financial statements, performance and annual reports

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, non-current assets, current liabilities, revenue, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

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

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

45. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R485,79 million, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R R29,93 million, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Strategic planning

47. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and/or organised, as required by municipal planning and performance management regulation 7(1).

Human resource management

48. Appropriate systems and procedures to monitor, measure, and evaluate the performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

Procurement and contract management

49. Some of the contracts were awarded to bidders based on points given for legislative requirement that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the SCM 03/07/2024 Mlungisi Rehabilitation and Maintenance of Surface Roads.

50. Some of the tenders which failed to achieve the minimum qualifying score for functionality legislative requirement were not disqualified as unacceptable tender in accordance with 2017 Preferential Procurement Regulation 5(6). This non-compliance was identified in the procurement processes for the SCM 03/07/2024 Mlungisi Rehabilitation and Maintenance of Surface Roads Phase 2.

Other information in the annual report

51. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objective 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 material indicators in the scoped-in objective 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 qualified, and the material findings on compliance with legislation included in this report.

57. Leadership did not adequately perform their oversight responsibilities relating to the preparation and review of the financial statements as this is evident by a number of new and repeat material misstatements. The financial disciplines relating to the daily, weekly and monthly processing and reconciliation of transactions for revenue and receivables were not embedded as a culture in the control environment of the municipality.

58. Leadership's continuous tolerance of non-compliance with supply chain management prescripts hampers the efforts of complete disclosure of irregular expenditure was also evident. This related in material non-compliance with prescripts and material adjustment of irregular expenditure. In addition, the municipality is continuing to not comply with a number of legislative prescripts. This is due to inadequate monthly processes of monitoring compliance with legislation.

59. Risk management activities designed and implemented were not effective to mitigate the risks of material misstatements and non-compliance with the legislation at the municipality. Management did not give the internal audit unit adequate support to provide assurance on internal controls. Consequently, the adequacy of the work of the audit committee was negatively affected.

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

Material irregularities identified during the audit

61. The material irregularities identified are as follows:

Misuse of Sport Field (Lesseyton)

62. The municipality had spent R16,8m constructing Lesseyton sport field, which was completed in 2021. Ever since completion the field has not been fully utilised and it is in a poor state versus the amount spent on it and the lack of use thereof. On 14 August 2024, a site visit was conducted by auditors, and it was identified that the sport field is clearly not in use as it is in a dire state and would be dangerous to even use due to its poor state of the pitch. The goal posts are rusting on their own and falling apart. The sport field has been certified as complete but is not connected with electricity, and its water connection is not working. The water connection is supposed to use a borehole system, but due to a lack of electricity connection it has never been tested if it really works or not yet the project was certified as complete. The municipality maintain that the field was used when opened officially and from then had been used occasionally. The reason for that is the lack of electricity connection which affects the water supply.

63. The main identification from the site visit was that a significant amount of money was spent on a project that is not fully functional, not in a usable condition and is in a deteriorating state on its own.

64. I notified the accounting officer of the material irregularity due to the misuse of a material public resource on 22 May 2025 and invited her to make a written submission on the actions that had been or would be taken to address the matter. In an effort to expedite the restoration of the facility and ascertain the full extent of public fund losses, the municipal manager initiated parallel actions i.e. pursuing remedial measures concurrently with ongoing legal processes. Recognising limited in-house capacity and fiscal constraints, the municipality formally requested technical and financial assistance from the Eastern Cape Department of Cooperative Governance and Traditional Affairs (CoGTA) to support the assessment and potential rehabilitation of the facility. To date, consultation with CoGTA is ongoing. No consultant has yet been appointed due to pending confirmation of external support or alternative funding mechanisms.

65. I will follow up on the implementation of the planned actions during my next audit.

Material irregularity in progress

66. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Payment made to incorrect account

67. The municipality paid an amount of R1,5 million to an incorrect or fictitious Microsoft account in March and April 2023. The Microsoft invoice passed all the Municipality's internal control processes and was eventually paid to a fictitious account. This was in contravention of section 65(2)(a) of the MFMA, which requires the accounting officer to take all reasonable steps to ensure that the municipality has, and maintains, an effective system of expenditure control,

including procedures for the approval and payment of funds. The non-compliance resulted in a material financial loss of R1,5 million as at 30 June 2023.

68. I notified the accounting officer of the material irregularity on 18 August 2024 and invited her to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer reported the matter to the police and performed internal investigation. The ICT manager and ICT administrator responsible for amending the banking details were suspended. The matter has been concluded internally. An employee was served with a final written warning. HAWKS are still investigating criminal proceedings The investigation is due to be concluded by 15 December 2025.

69. I will follow up on the implementation of the planned actions during my next audit.

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 material performance indicators 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 statement. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation

#	Selected legislation and regulations	Consolidated firm level requirements
1	Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	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)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)
10	Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) **Parent municipality with ME:** Sections: 93B(a), 93B(b) **Parent municipality with shared control of ME:** Section: 93C(a)(iv), 93C(a)(v)
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

12	MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: 43
17	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
18	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
19	Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),11(1), 11(2)
20	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

Explanatory information and examples

General

6.1.2 2024/25 Audit Action Plan

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 48	AFS Disclosure Notes	1.Prior Period Error Note Does Not Agree to the Restated Comparative Figures- (ISS.49)	The review procedures for the annual financial statements were inadequate to detect and reconcile discrepancies between Note 49 – Prior Period Error and the financial statements' reported figures.	1, Draft AFS to be submitted on time as per the AFS preparation schedule. 2, Monitoring the implementation of the AFS plan to ensure that activities on the plan are implemented on time 3, Management to review the Draft AFS , checking the disclosure note with the restated comparatives on the face of the AFS. 4, Management to check all other disclosure notes to check if they cast correctly. 5. Management to strictly monitor the skills transfer clause in the consultants's terms of reference to enssure that skills are transfered in all aspects of the AFS preparation	01/02/2026	30/06/2026	Mr. T Abofra
COAF 70	Disclosure Cash Flow Statement differences 2024	1,Differences were identified between the auditor's recalculations and submitted cash flow statement 2024. 2,Further differences were identified between the auditor's recalculations and submitted annual financial statement Note 45 of Cash Flow Statement	1,Inadequate review processes in place to ensure that annual financial statement submitted for audit are accurate and fairly presented, 2,•The cash flow statement is materially misstated •The disagreement finding results to an understatement of R122 760 677,00 on cash generated from operating activities	1, the 2024 finding on the cash flow will fall off in 2026 audit 2, Nevertheless, management will continue to review the draft AFS as was done in the 2025 audit. 3, Calculations of the 3 aspects of the cash flow as they are shown in the disclosure note 45 will reviwed to ensure it aligns with the main cash flow figures. 4, The comparative figures of the prior year will be reviewed to ensure it aligns with the GRAP 3 methodology	01/02/2026	30/03/2026	Mr. T Abofra
			The inconsistency results in material non-compliance with section 122 of the MFMA, paragraph 17 of GRAP 1 and GRAP 3 disclosure requirements.		01/02/2027	30/03/2027	Mr. T Abofra
COAF 68	Budget Management	: Budget Management: Approved adjustment budget not made public within 10 working days -	Management did not exercise due care to ensure that the adjustment budget was made public within the specified period of time	1, The 2025/26 adjustment budget will be made public in line with municipal systems act and the MFMA. 2, The MFMA compliance register on budget submissions will be implemented and reported to the Risk section	01/02/2026	30/03/2026	Mr. T Abofra

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 72	Budget vs Actual Comparison	Inaccuracies in the Statement of Comparison of Budget and Actual Amounts	Inadequate review processes in place to ensure that annual financial statement submitted for audit are accurate and fairly presented	1, Management will encourage the Auditors to use GRAP 24 para 10 when auditing the Budget vs Actual comparison. 2, All council approved budgets including the final adjusted budget will be submitted to the AG. 3, The final budget will be reviewed by senior managers as per the functional departmental votes	01/02/2026	30/03/2026	Mr. T Abofra
COAF 06	AFS high level review	The following variances have been identified in comparing the AFS amount to the supporting schedules	The financial statement review processes were not adequate enough to identify and correct variances between AFS and supporting schedules	Management provided response to how these high level review findings will be resolve in the adjusted AFS, Corrections were made in the adjusted AFS, There was no Auditor conclusion on these,	01/02/2026	30/03/2026	Mr. T Abofra
COAF 64	Employee Benefits- Presentation and Disclosure	During the audit of employee benefits, it was noted that the amount of Non-Current Liability for Employee Benefits presented in the Statement of Financial Position differs from the amount disclosed in the related Notes to the Financial Statements	The deviation occurred because the appointment process was handled at the departmental level without obtaining final approval from the Municipal Manager, possibly due to oversight or a misunderstanding of the policy requirements	This finding was resolved in the adjusted AFS , but there are no auditors conclusion afeter the adjusted AFS was submitted	01/02/2026	30/03/2026	Mr. T Abofra
COAF 69	Disclosure: Cash Flow Statement differences 2025	The following differences were identified between the auditor's recalculations and submitted cash flow statement 2025: 2, Further differences were identified between the auditor's recalculations and submitted annual financial statement Note 45 of Cash Flow Statement as follows:	Inadequate review processes in place to ensure that annual financial statement submitted for audit are accurate and fairly presented	1, Management to check the calculations supporting the cash flow figures in the main statement, 2,The balances in the disclosure note will be checked against the cash flow staement 3, Calculations of the 3 aspects of the cash flow statement, as they are shown in the disclosure note 45 will be reviwed to ensure it aligns with the main cash flow figures. 4, The comparative figures of the prior year will be reviewed to ensure it aligns with the GRAP 3 methodology	01/02/2026	30/03/2026	Mr. T Abofra

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 75	Unfunded budgets	During the audit of Budgeting statement as per the financial statements and per inspection of LOCAL GOVERNMENT MUNICIPAL BUDGET AND BENCHMARK ENGAGEMENT 2024/25 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK ASSESSMENT and confirmed that EMLM is one of Seven municipalities' budgets that were assessed to be unfunded by Eastern cape provincial treasury.	The finding is due to lack of management's oversight responsibility to ensure that financial statements and performance reports are accurately prepared	1,Management will check which GRAP standard will be used to disclose this unfunded budget. 2, Unfunded budget position will be disclosed in the AFS in line with MFMA sec 122	01/02/2026	30/03/2026	Mr. T Abofra
COAF 16	Rental of facilities and equipment	On the rental agreements requested via RFI 46, management stated that they are not in possession of lease agreements (SLAs) for some of the rented properties and equipment including the selected items in the RFI. They are in the process of drafting the SLAs. As a result of this there is no alternative document available confirm the occupancy/rental and that the municipality is entitled to the rental income it has billed the customers for FY2425. Consequently, the entire amount of Rental of facilities and equipment cannot be confirmed by alternative means due to this limitation	Inadequate controls in monitoring properties and equipment held for rental by the municipality	To reconcile the municipal property listing(rental) against the existing SLAs in order to determine the SLAs which have not been drawn up yet, this currently taking place. To monitor the SLAs on a monthly basis in order to be able to make renewals on time. To request assistance from Legal to execute evictions on the non-paying tenants as the municipality could not enter into an SLA with tenants with outstanding rental.	01/02/2026	30/06/2026	Ms A. Mayeza
COAF 43	Provision for landfill site: Issues relating to licences of Landfill sites	Upon inspection of the landfill site licences, there is no evidence of the validity of the licences issued by the Department of Water and Sanitation and Eastern Cape Department of Economic Development, Environmental Affairs and Tourism for the following landfill sites:	Management did not exercise due care to ensure that the licences have been applied and renewed for all landfill sites		01/02/2026	31/03/2026	DIRECTOR COMMUNITY SERVICES

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		1. Whittlesea Landfill Site (HO/A/14/L044/14, Class G:C:B, dated 01 July 2014)		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) “NEMWA”. 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing the Whittlesea Landfill site which is licensed for closure and rehabilitation. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Whittlesea within a period of 6 month from the date of appointment.	01/02/2026	30/06/2026	DIRECTOR COMMUNITY SERVICES

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		2. Hofmeyer Landfill Site (HO/A/10/L023/14, Class G:S:B, dated 25 March 2015)		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) "NEMWA". 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing the Hofmeyer Landfill site which is licensed for closure and rehabilitation. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Hofmeyer within a period of 6 month from the date of appointment.	01/02/2026	30/06/2026	DIRECTOR COMMUNITY SERVICES

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		3. Tarkastad Landfill Site (HO/A/10/L019/14, Class G:S:B, dated 25 March 2015)		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) “NEMWA”. 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing the Takastad Landfill site which has an expired validity period. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Takastard within a period of 6 month from the date of appointment.	01/02/2026	31/03/2026	DIRECTOR COMMUNITY SERVICES

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		4. Lukhanji Landfill Site – (16/2/7/S302/D1/Z3, Class G:S:B, dated 06 July 2004)		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) "NEMWA". 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing of the Lukhanji Landfill site which has no validity period issued by DWS (Department of Water and Sanitation. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Lukhanji within a period of 6 month from the date of appointment.	01/02/2026	31/03/2026	DIRECTOR COMMUNITY SERVICES

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		5. Molteno Landfill Ste – (16/2/7/D142/D4/Z4, Class G:C:B, dated 24 October 2002)		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) "NEMWA". 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing the Molteno Landfill site which has no validity period issued by DWS (Department of Water and Sanitation. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Molteno within a period of 6 month from the date of appointment.			

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		6. Sterkstroom Landfill Site - not licenced		IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT 2008 (No. 59 of 2008) "NEMWA". 3. THE WASTE LICENSING APPLICATION STAGES: 3.1 Stage 1: Pre-application Before making an application: • The applicant (Municipality) must appoint an EAP in terms of EIA regulations • The EAP must comply with general requirements as given in EIA regulations, therefore the Municipality will appoint an independant Environmental Assessment Practitioner (EAP) to compile a detailed report with costing involved in licensing the Sterkstroom Landfill site which has no license at all. The Municpality will take the below steps: 1. Write a request memo with Terms of Reference for the appointment of EAP. 2. Present the Terms of Reference for the appointment of EAP to the Bid Specification Committee. 3. Advertise and appointment of the EAP. The appointed EAP to conduct EIA inclusive of all studies required (i.e. Geotechnical studies, Engineering Designs e.t.c) in the licensing process and compile the detailed Assesment Report for the landfill site with the costing for licensing of Sterkstroom within a period of 6 month from the date of appointment.			
COAF 04	Internal Auditing Unit under-resourced	During the review of the Internal audit function, it was noted that according to the audit plan for the internal auditor to perform its duties for the year, the staffing requirement was expected to be 9 personnel. However, throughout the year, the Internal audit function had	The cause of the above finding is a lack of management oversight in over the internal audit function and ensuring that the internal audit is adequately resourced relative to the size and complexity of the Municipality. In addition to ensure that the all the senior	1. The municipality will budget for the vacant internal auditor position for 2026/2027 financial year and the recruitment process will be followed.	01/02/2026	30/06/2026	Internal Audit Manager

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		only 5 positions filled, and 4 positions remained vacant.	positions of the internal audit function are filled				
COAF 46	Accounting for principals and agents: Issues relating to principals and agents	The following issues were identified on the accounting for principals and agents: 1.There is no evidence of an extension of contract as the contract expired at 31 August 2024 for Mussi Conlog. 2.The AFS incorrectly disclosed a commission rate of 9% instead of the approved 19% per the Department of Transport Service Level Agreement.3.The AFS incorrectly disclosed a commission rate of 1.7% instead of the approved 1.955% per the Ontech Systems (Pty) Ltd appointment letter.4.The AFS incorrectly disclosed an additional commission of 50% debt recovered from large power users instead of small power users per the Utilities World Service Level Agreement. 5.There is no evidence of the R399 900 relating to prior year that was outstanding at 30 June 2025 per the AFS. 6.For entity as agent and entity as principal disclosed in the AFS, the narrations were not updated to be in line with GRAP 109. 7.For fees paid disclosed in the AFS, the narrations were not updated to be in line with GRAP 109.	Management did not exercise due care to ensure that all contracts that have expired are reviewed timeously. Furthermore, management did not exercise due care to ensure that the accounting for principals and agents have been prepared according to GRAP 109	Managent will review the AFS and correct any identified errors. Management will appoint Service Provider before the contract expires to prevent the error to reoccur	01/02/2026	30/06/2026	REVENUE MANAGER

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 52	: Receivables	Upon testing impairment of debtors, it was identified that there is no debt impairment provision for government debtors. The impairment methodology states that government debtor is fully recoverable, and therefore no debt impairment needs to be provided. However, upon assessment of the actual payments received over FY2425, it was identified that majority of the government debtors have not made a single payment towards the amount owing to the municipality. This fact threatens the reasonability of the assessment applied that the government debtor is fully recoverable. Furthermore, the methodology is not fully compliant with GRAP 104 which requires all financial assets carried at amortised cost be assessed for expected credit losses. Please refer to the attached annexure for the affected accounts	Difference in interpretation of GRAP 104	Management will perform full assessment of the government debt and provide for impairement. As per GRAP 104.	01/02/2026	30/06/2026	REVENUE MANAGER

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 60	Write offs	1. Upon testing write offs, it has been identified that some accounts whose balances have been written off have been included in both the age analysis and debt impairment calculation. This overstates the gross debtor as well as debt impairment included in notes 4 and 5, and also affects the current year movement of debt impairment included in profit and loss. Please refer to the annexure attached for the accounts affected. 2. It was further identified in the age analysis that some accounts whose balances have been written off have negative balances at year end, which suggests that the write off amount is overstated. The write offs amount is overstated to the extent of amount recovered that creates a debtor with negative balance. The accounts affected are in the attached annexure. 3. One account has been identified in the write offs that does not appear in the approved list of indigents, nor in the list of accounts that received an indigent subsidy, which suggests the account is not an indigent account. 4. One account has been identified in the approved indigent register and but has not been included in the list of write offs.	Inadequate review of financial statements to ensure that all amounts presented therein are supported by reliable schedules	1.Management will review all write off journals processed and correct any variances identified 2.Management to process journals on to avoid timming differences 3. Management will review all qualifying beneficiaries and ensure proper recording of the list. 4.Management to investigate and correct the finding	01/02/2026	30/06/2026	REVENUE MANAGER

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 74	Revenue - conventional electricity	1. Upon testing revenue relating to billing of conventional electricity, it was identified that billing of electricity consumption, over and above availability/basic charge, has been applied on meters not in use for the periods billed. 2. It was further identified that, for some meters, estimated consumption of electricity is applied for a considerable period of time which is not in line with the policy of the municipality to conduct actual readings/consumption on a monthly basis.	Inadequate processes applied to detect the consumption of electricity or lack thereof and investigate in case of non-consumption detected. Lack of maintenance or replacement of infrastructure resulting in damaged infrastructure that fails to do meter readings.	1. Management to develop Standard Operating Procedure in handling access to readings and measurers to enfoce the customers to make provisions if they are not available to provide access. Failure to get access for prolonged period of 90 days the municipality will disconnect services.			
COAF 26	Payment within 30 days	We identified various invoices during expenditure testing that were not made within 30 days	Lack of monitoring of invoices due for payment	The municipality is working on its cashflow challenges to be able to pay creditors within 30 day as prescribed. The municipality will be implementing the Revenue Enhancement Strategy in order for to meet its short term commitments. Invoices received are paid with the 30 days of receipt. Invoices with larger amounts are paid as part payments. The invoices are delayed at the user departments. Proposal for centralisation of invoices is still being discussed as it requires more personnel and budget, so it will be implemented in the coming financial years.	01/02/2026	30/06/2026	Expenditure Manager
COAF 66	Fruitless & wasteful expenditure	During the audit, we noted that the municipality incurred and disclosed current-year fruitless and wasteful expenditure of R37 592 044, relating to interest charges on late payments. The nature of this expenditure is consistent with the prior year, indicating that effective measures were not implemented to prevent fruitless and wasteful expenditure. The funds that will be used to pay these interest	Inadequate oversight to ensure compliance with the laws and regulations	The majority of the fruitless incured is based on Eskom monthly bulk account. The municipality is working on its cashflow challenges to be able to pay creditors.	01/02/2026	30/06/2026	Expenditure Manager

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
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		charges did not contribute to achieving the municipality's mandate and objectives, providing no value for money, and highlighting that the municipality's resources were not used effectively, efficiently, or economically					
COAF 40	Compensation of Employees-Presentation and Disclosure	As per the narrations to the notes to of the annual Financial statements on Compensation of employees, the Director of Strategic Executive was reported as suspended since 2023, and the Risk Manager was indicated to be acting in that capacity. However, upon reviewing the acting appointment records, it was found that the Risk Manager was not officially appointed as Acting Director of Strategic Executive. Furthermore, there is no supporting documentation or confirmation that the Director of Strategic Executive was suspended during the year under review.	Management did not perform adequate reviews of the annual financial statements to ensure that accurate amounts are presented in the financial statements.	The finding was resolved	01/02/2026	30/06/2026	Expenditure Manager
COAF 15	: % of unplanned electricity outages restored within 24 hours	The complaints register used to support the reported achievement of 92% restoration within 24 hours was found to be unreliable due to the following: •Missing response dates: The register logs complaint dates but omits the date of resolution, making it impossible to verify whether restoration occurred within 24 hours. •No linkage to independent sources: There is no corroboration from system logs, job cards, or technician reports	Lack of adequate controls over the preparation and review of performance information and absence of integrated systems to track and verify restoration times.	Development of Complaints register to record all the faults reported, time recorded as well as time attended to, person reporting the fault and official attending to the matter.	01/02/2026	30/06/2026	Acting Director Tech Services

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 22	Pot Holes Register	During the audit of the indicator- Percentage of complaints on potholes resolved, on the Apr-June 2025 register, there was a date included of 18-25 June 2025 of the date the potholes were attended to at Kingsway street; however, the job cards indicate that the last day of attendance is 05 June 2025 which indicates the date of attendance as stipulated in the register is incorrect.	Indequate reviews on the components book register to ensure that accurate dates of attendance to resolve potholes are indicated	Development of Pothole register to record all the faults reported, time recorded as well as time attended to, person reporting the fault and official attending to the matter.	01/02/2026	30/06/2026	Acting Director Tech Services
COAF 07	: Distribution losses	Note 38 to the financial statements reflects that the municipality has incurred distribution losses amounting to 53% of units purchased. This increased from 45% in the FY2324. The rate of losses far surpasses the norm per MFMA Circular No. 71 of 7 to 10%.	Ineffective steps taken by the municipality to reduce electricity losses to an acceptable level	Development of the plan that will address both technical and non-technical losses in making sure that the distribution losses are minimized.	01/02/2026	30/06/2026	Acting Director Tech Services
COAF PA 01	: Non-compliance to National Environment Management Act and National Water Ac	During the site visit, it was observed that the existing 66/11 kV, 15 MVA transformer installed at the Mlungisi Substation is leaking oil. The oil leak could not be contained to prevent environmental contamination, because the existing transformer plinth does not have bund walls to contain the oil spillages. This condition presents a significant environmental and operational risk (which may result in financial loss due to environmental fines and penalties). The environmental risk posed by the spillage could result in leaked oil contaminating the surrounding soil or be washed away by stormwater runoff, thereby further contaminating the environment outside the substation including the household stands in the vicinity of the substation. It was further confirmed	The scope of works for phase 1A did not prioritise the construction of either the new plinth with a bund wall or a bunk wall around the existing plinth to ensure that the oil spillage is contained as quick as possible. This part of the scope of works could have been considered if there was adequate internal stakeholder engagement and leadership on project initiation particularly by technical services personnel responsible for maintenance and operation of electrical infrastructure when deciding on the scope of work. The scope definition and prioritisation was left to the Professional Service Provider who may not have the hands-on knowledge of the performance and critical issues affecting the performance of the electrical infrastructure and the conditions.	The Municipality has applied for funding for the overall refurbishment of Mlungisi Substation as part of Phase 2 of the Project that will address the issues raised by AG. Terms of reference and scope definition will be done by the Municipality and shared to all parties affected.	01/02/2026	30/06/2026	Acting Director Tech Services

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		that the Municipality has, for an extended period, been operating the Mlungisi Substation without a compliant oil containment structure suitable for a transformer of this size and capacity.					
COAF PA01	Non-compliance to the Safety, Health and Quality of supply	1. The substation's existing 11kV indoor panel switchgears comprise of twelve (12) cable feeders and one transformer incomer making up thirteen (13) 11kV Indoor panel switchgears. However, all the 13 x 11kV indoor panel switchgears have been decommissioned since the control room was gutted and damaged. These led to the substation being operated in an unsafe manner, putting municipal technical staff at risk for workplace occupational injuries/hazards	The management's failure to prioritise the repair of the fire-damaged substation control room and its associated switchgears. Furthermore, the phase 1A scope of work should have also prioritised the procuring and installation of the switchgears, as part of the repair work required in the control room. On approval of the scope of work the scope definition and prioritisation was left to the Professional Service Provider who may not have the hands-on knowledge of the performance and critical issues affecting the performance of the electrical infrastructure and the conditions.	The Municipality has applied for funding for the overall refurbishment of Mlungisi Substation as part of Phase 2 of the Project that will address the remaining scope of the that includes the installation of switchgrears and total refurbishment of the Control room.	01/02/2026	30/06/2026	Acting Director Tech Services

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COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF PA01	Failure to mitigate contract risk for delays and non-delivery of material ordered through advance payment to the Contractor	The outstanding construction and installation work at the Mlungisi substation, as of 04 November 2025, included the Supply and Installation of 6x 11kV Indoor panel Medium Voltage (MV) Switchgear Circuit Breakers in the existing Control Room. Aleng South Africa (Pty) Ltd, the Contractor, ceded the Supply and Installation of 6x 11kV Indoor panel Medium Voltage (MV) Switchgear Circuit Breakers to Actom (Pty) Ltd, the manufacturer of switchgears, through a cession agreement entered into with the Contractor. It was found that no Performance Bond or Guarantee is in place between the Municipality and the Actom (Pty) Ltd, who was appointed and paid R3,054,750.75 to supply and deliver the required 6 x 11kV MV Switchgear Circuit Breakers. The order for this material was made and paid for 13 May 2025 with a lead time of 22 - 24 weeks which have expired by end of October 2025.	Inadequate Contract risk management skills or capacity by the Project Management Unit of the Municipality, which has resulted in absence and/or non-request of the performance guarantee from the contractor before advance payment are made for the ordering of the switchgears This is part of the project contract management duties and responsibilities. Poor planning in the project scheduling as the Management failed to consider long lead time of required material when planning the duration of the project, avoiding unnecessary extension of times that have been approved	Inclusion of lead times in Project Planning will be prioritized and considered during project Planning.	01/02/2026	30/06/2026	Acting Director Tech Services
coaf 65	Irregular expenditure	During the audit of irregular expenditure, we identified discrepancies between the amounts recorded in the register and those reflected in the supporting schedule	1,The irregular expenditure register was not updated accurately and consistently, resulting in discrepancies between the register and the supporting schedule. 2,This indicates weaknesses in record-keeping and review controls over the capturing and reconciliation of irregular expenditure information	1. Payment listing of all payments made for the month will be collected and verified with Expenditure for their accuracy. 2. Irregular Expenditure Register will be updated using the confirmed payment listing monthly by Contracts Officer and reviewed by the SCM manager for completeness every month. 3. A Complete Irregular report will be presented and report under section 71 monthly	01/02/2026	30/06/2026	SCM Manager

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COAF 25	: Expired contracts	During the testing of expenditure, it was noted that the municipality continued to utilise services and make payments to service providers under contracts that had expired 2. Upon inspection of the irregular expenditure schedule it was noted that these payments made without contract cover have not been disclosed as irregular expenditure	Lack of contract management and monitoring 2,Absence of timely renewal or re-tendering processes. 3,Oversight in updating contract registers	1.All contracts will be monitored and evaluated on monthly basis. 2. Monthly progress reports will be prepared by project coordinators and submitted to Contracts management for assessment and filling 3. Contracts register will be monitored and updated monthly and measured against the submitted progress reports. 4. report will be compiled by Contracts management indicating commitments and the remiaining contract period as part of monitoring and be reviewed by SCM Manager. 5. Contracts management will on Quarterly basis issue out reminders of contracts that are nearing completion to project managers as a reminder.	01/02/2026	30/06/2026	SCM Manager
COAF 30	: Minimum functionality points not met	During the testing of competitive bidding process, the below listed contractors were identified to have not met the functionality minimum qualifying points to be appointed to the panel (SCM 10/03/2024. Panel of Contractors- for the Construction, Rehabilitation, Refurbishment, Repair Operation and Maintenance of Municipal Infrastructure within Enoch Mgijima for a Period of 36 Months – Electrical), however according to the SCM 10/03/2024 BEC and BAC reports, these contractors were appointed to the panel of contractors	Lack of management oversight over supply chain management internal controls processes	1. Tender documents will be reviewed and approved by SCM unit prior advertising. 2. Alignment of points in the functionality criteria will be checked and re-calculated for for the correctness. 3. Prepared Evaluation reports will be reviewed by SCM unit prior approval for their sound and completeness and functionality. 4. Training of Bid Committee members will be conducted and only memebrs that have attended training will be recommended for appointment in the Bid committees. 5. BEC will make use of a check list for compliance as a control tool to assists to verify all areas of concern are address during evaluation.	01/02/2026	30/06/2026	SCM Manager

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COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
COAF 33	: Applied evaluation criteria inconsistent with the criteria stated in bid document	following understatement of irregular expenditure was identified	Lack of management oversight	1.Tender Documents will be reviewed and approved by SCM unit prior advertising. 2. Evaluation criteria will be checked and confirmed for cmompliance and in line with applicable MFMA legislations by SCM unit and SCM manager. 3. Evaluation Reports will be reviewed by SCM unit for completeness and alignment with the conditions of the Bid. 4. Training of Bid Committee members will be conducted and only memebrs that have attended training will be recommended for appointment in the Bid committees 5. BEC will make use of a check list for compliance as a control tool to assists to verify all areas of concern are address during evaluation.	01/02/2026	30/06/2026	SCM Manager
COAF 36	SCM_Written price quotations were not obtained from at least 3 suppliers	During the audit of the quotation, three written quotations were not obtained for the following suppliers and no reasons on why it was impossible/impractical to obtain at least three quotations	Management did not implement sufficient internal controls in the SCM function to comply with the SCM regulations and the SCM policy.	1. A check List will be used when sourcing Quotation (3 quote system) 2. Check list will be reviewed by the SCM officer and approved by SCM manager.	01/02/2026	30/06/2026	SCM Manager
COAF 36	SCM - QUOTATIONS	_ Limitation of scope-Unable to confirm that the final decision on which quote to accept was made by an appropriate delegated official or committee	Management did not monitor and follow up on the submitted request to ensure that information was submitted to auditors within the prescribed period	1. All files will be filed appropriately and labelled with project description. 2. All files requested will be reviewed by SCM manager and SCM Officers prior submission to auditors. 3. Check list will be used for (3 quotes system) and reviewed by an officer and approved by SCM manager in order to verify	01/02/2026	30/06/2026	SCM Manager

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COAF 36	: SCM_Cover Quoting	during the audit of quotations, the following indicators of possible cover quoting were evident in the awarding of the below award, which were that the winning quotation was from a supplier falling within the same group as any of the companies from whom losing bids were received as follows. nspected the CSD Report, that the winning quotation is within the same group for any of the losing bids, and that it has the same directors as follows (i.e Siyakohluka and Osam Trading).	Lack of adequate controls and measures by Supply Chain Management to reject bidders of directors who have abused the supply chain management system of the municipality or municipal entity or have committed any improper conduct in relation to such system.	1. A check List will be used when sourcing Quotation (3 quote system) 2. Check list will be reviewed by the SCM officer and approved by SCM manager 3. CSD Director status of the sourced quotations will be verified and assessed to determine any abuse of SCM regulations and to enforce fair procurement.	01/02/2026	30/06/2026	SCM Manager
COAF 36	Submission of valid declaration of interest by the supplier order	During the audit of SCM it was noted that for the following awards, suppliers did not submit a declaration of interest	Management did not ensure that internal control/s are put in place that will ensure that MBD4 forms are completed.	1. For every procurement (not a contract) declaration of interest will accompany the sourced quotation for every company. 2. All sourced quotations will be filed with their declaration of the service providers attached in the same voucher for safe keeping. 3. Again a checklist will be used as a control tool and will be approved by the SCM manager. 4. A supplier day will be arranged in the 3rd Quarter as means to address other areas of corncern and for awarness of Service providers on SCM matters.	01/02/2026	30/06/2026	SCM Manager
COAF 36	SCM_Non-compliance PPR 2022	upon the Inspection of the following Quotations, it was noted the preference point system was not utilised to evaluate these quotations	Management did not consistently apply the PPR 2022 regulations in their quotations bidding processes	1. The Check list include a check box to indicate that received quotations are evaluated using the PPR2022 and is reviewed by SCM officer and approved by SCM manager. 2. All received quotations will be assessed and monitored by SCM Manager to ensure that Consistency is maintained and all quotations are evaluated in line with the PPR2022 prior approval.	01/02/2026	30/06/2026	SCM Manager

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COAF 13	The winning contractor's CIBD grading not suitable for the value of the contract	1.The following contractor was awarded a contract above the tender value limit of its contract grading in terms of the CIDB regulations. Refer to the table below. 2.The Bid Evaluation process of the municipality did not perform a risk assessment before awarding the contractor above the tender limit of the contractor in terms of the CIDB grading	The Bid Evaluation Committee and did not fully implement the requirements of the CIDB regulations.	1.Tender Documents will be reviewed and approved by SCM unit prior advertising. 2. Evaluation criteria will be checked and confirmed for compliance and in line with applicable MFMA and CIDB legislations by SCM unit and SCM Manager 3. Evaluation Reports will be reviewed by SCM unit for completeness and alignment with the conditions of the Bid. 4. Training of Bid Committee members will be conducted and only memebrs that have attended training will be recommended for appointment in the Bid committees 5.BEC will make use of a check list for compliance as a control tool to assists to verify all areas of concern are address during evaluation.	01/02/2026	30/06/2026	SCM Manager
COAF 57	Goods procured above contractual price	During the procurement testing the following bidder was identified to have charged the municipality above the contractually agreed prices as detailed in annexure B to the contract and the invoice was paid by the municipality	The invoice was prepared based on prevailing market prices	1. Market reseach will be done for all the (3 quotes system) prior sourcing and approval of quotations. 2. For contracted services providers their offers or quotations will be assess based on the contracted average prices and or market related rates for all those that are rate based. 3. Received quotation will be measured based on the related market prices or as per the Service level agreement rates of contract.	01/02/2026	30/06/2026	SCM Manager
COAF 27	Compliance SCM Regulations 13 and 43	It has been noted that the municipality engaged service providers whose invoices exceeded R1 million in a 12-month period. However, these providers were not VAT registered, and their invoices did not reflect VAT charges or VAT registration numbers	The municipality’s procurement process did not adequately verify the VAT status of these providers, which is a requirement under the Municipal Supply Chain Management Regulations	1. SCM will engage and write to all contracted service providers that are not VAT registered to upgrade their tax status especailly those that have high expenditures. 2. Every month Contract management together with SCM manager will review all contracted service providers and constantly monitor Expenditure patterns for all non vat vendors.	01/02/2026	30/06/2026	SCM Manager

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COAF 34	Inconsistency in evaluating bids	During the testing of competitive bidding process, the following bidders were disqualified based on the reasons detailed table below, however the same conditions applied to some bidders appointed to the panel of contractors and therefore the BEC is not consistent in its evaluation process resulting in a process that is not fair and equitable.	Lack of management oversight over supply chain management internal controls processes	1.Tender Documents will be reviewed and approved by SCM unit prior advertising. 2. Evaluation Reports will be reviewed by SCM unit for completeness and alignment with the conditions of the Bid. 3. Training of Bid Committee members will be conducted and only memebrs that have attended training will be recommended for appointment in the Bid committees 4.BEC will make use of a check list for compliance as a control tool to assists to verify all areas of concern are address during evaluation.			
COAF 67	AOPO: Number of work opportunities created through EPWP for all sectors	During the audit of the Number of work opportunities created through EPWP for all sectors, the following issues were noted: 1. There are contracts of employees which do not fall in the current financial year of the Municipality (24/25), which starts from 01 July 2024 to 30 June 2025. The following contract did not indicate on which date the employee and the employer signed the contract.	Management did not ensure that their reporting of the indicator 'Number of work opportunities created through EPWP for all sectors' only included work opportunities that relate to their financial period and relied only on the information as per the Department of Public Works, which has a different reporting period. Management did not ensure that all contracts had the signatures of the employees and the employer	EPWP only reports on validated work opportunities taken from the Expanded Public Works Programme Reporting System. The system belongs to Dept of Public Works and Infrastructure,and so is the programme, hence the reliance on them. Any reporting work opportunities outside the designated system is invalid. DPWI financial period runs from 01 April to 31 March. In future, EPWP will report on work opportunities after official Data Sign-off by DPWI, which takes place 15 days after the end of each quarter. To ensure all participamt contracts are signed by a;; signatories before capturing on the EPWP Reporting system	01/02/2026	30/06/2026	EPWP COORDINATOR
COAF 62	Leave accruals	1, Due to a limitation in the leave pay balance from the prior year and the mistreatment caused by inadequate systems and reports on leave provision by the Municipality , 2, It was also noted from the spreadsheet that the leave day balances for the following employees were not capped at 48 days, as required by the Leave Policy. The leave balances were calculated using leave days that exceeded the limit set	1,There is a lack of proper record-keeping over leave days to ensure that leave is accurately captured and that all leave forms are recorded and reconciled to the system.	1. Leave Forms are collected every friday 2. Attendance register are submitted to Corporate services by Leave Champions on the 7th day of every month. 3. An attendance list vs leave forms is reconciled every month 4. All leave forms are captured in the system once reconciled with the attendance register 5. All leave forms filed mannualy in empoyee files with the attendance register 6. A system report records all leave captured	01/02/2026	30/06/2026	HR DIRECTOR

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		by the policy. 3, The issues identified in the leave processes resulted in a limitation of scope on the leave provision amounting to R37 939 071 for the 2025 financial year and R39 192 214 for the 2024 financial year, as disclosed in the Annual Financial Statements		with balances will be drawn and reviewed to ensure leave provision and balances align to the policy 7. A report directly from the system will be available every month and drawn at year end to calculate leave provision in line with policy			
COAF 03	Performance Management - Performance Agreements and Assessment	As documented on the Business Process for Human Resource, Performance management and Payroll, we noted that only senior management of the municipality has entered into performance agreements as per the municipality's performance management policy. For the employees to sign performance helps them to know the performance objectives and targets the employee is expected to achieve during the performance cycle, and job-specific competencies to be assessed as per CHP4 paragraph 34(2	Lack of oversight from management regarding performance agreements to be entered by staff members.	1. A phase in approached is followed in cascading PMS where in only managers will be committed for the 2025/26FY and After which performance management will be further cascaded down to the level of clerks in the following financial years. 2. Each Direcotr will review and Sign Perfomance agreements with managers reporting to Him/Her quartely. 3. Completed agreements will be submitted to Corporate services before the end of the following month after the end of the quarter.	01/02/2026	30/06/2026	HR DIRECTOR
COAF 19	Compensation of Employees-Contracted, EPWP & Casual	During the testing of contracted, EPWP, and casual employees, the amounts paid for salaries and wages were recalculated using the contract rates, as well as the days or hours worked according to the timesheets. The recalculated amounts were then compared to the amounts paid per the payroll summary. The following differences were noted for the employees listed	The cause of the above finding is the lack of management oversight over the calculation of contract, EPWP and Casual employees' salaries/ wages, ensuring that the rate used is as per the contract and days/hours used are as per the approved timesheets or attendance registers.	1. A list of all contract workers will be request from all user departments in order to centralise appointment and, management and monitoring of contract workers. 2. All contracts for casual, epwp, and contract workers will be developed and recorded at Crporate services 4. All contractual workers will be paid with contract and attendance register 5. Acontract and attendance register of all contractual workers will be filled at Corporate Services and copies submitted to PAYROLL for payments.	01/02/2026	30/06/2026	HR DIRECTOR

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COAF 04	: ICT - Weak Control Environment	The following weaknesses were noted in the IT control environment The following weaknesses were noted in the IT control environment : •The ICT division does not perform the independent reviews to perform checks on the activities performed by the users with privileged access to the software of the municipality. · No evidence of the review of the system control activities was produced during the walk through in a form of the log reports/Audit trails or approved system administrator activity reviews.. · The ICT policies are not reviewed and approved. · The municipality does not have program change policy/procedures documented and approved	Lack of management oversight in ensuring that policies and procedures are approved and reviewed.	1. Management will implement a formal privileged user access review form. A register of all users with privileged access will be maintained and reviewed quarterly by the ICT Manager or system administration. 2.Management will introduce a documented control review process for key ICT systems. quarterly control checks will be performed and evidenced through system reports, review checklists, and management sign-off with the financial system generated audit trails.. All review records will be filed and made available for auditing. 3.Management oversight will be strengthened through periodic monitoring and reporting to ensure policies are reviewed and approved as required. Supporting evidence of reviews and approvals will be maintained for audit purposes. 4.Management will develop and implement a formal program change management procedure policy. All system changes will be requested, assessed, approved, tested, and implemented in accordance with the procedure. Change requests, approvals, testing evidence, and implementation records will be documented and retained.	01/02/2026	30/06/2026	ICT Manager

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COAF 44	PPE: Issues relating to Immovable Assets, Infrastructure Assets and Impairment Loss	The following immovable assets were assessed its condition and confirmed that they were not adequately maintained by the municipality. The following infrastructure assets were assessed its condition and confirmed that they were not adequately maintained by the municipality 3. Impairment Loss: Upon verification of the assets, the following assets did not agree with the condition of the asset:	Management did not exercise due care to ensure that the Property, Plant and Equipment are adequately maintained by the municipality and ensuring that all assets that require impairment are performed in accordance to GRAP 21 paragraph 23	The municipality to developing the following for all asset classes: 1. An Asset Management Strategy covering all classes of assets. 2. Asset Master Plans for all assets. 3. Asset Maintenance Plans for all assets. 4. Maintain proper records of maintenance activities performed. Given that it is not feasible to cater for all assets simultaneously, these documents will enable the municipality to identify critical assets and prioritise them for maintenance based on risk, condition, and service delivery impact. The municipalaity to do the follwing 1. Perform a full verification and condition assessment of all infrastructure, immovables and movable assets. 2. Identify assets that show indicators of impairment. 3. Calculate and record impairment losses in accordance with GRAP standards. 4. Update the Asset Register to reflect the correct condition and value of assets. 5. Train relevant officials on impairment assessment procedures.	01/02/2026	30/06/2026	X. Mabele
COAF 24	Issues relating to Landfill Sites and Moveable Assets	The following landfill site assets were assessed its condition and confirmed that they were not adequately maintained by the municipality. 2,	Management did not exercise due care to ensure that the Property, Plant and Equipment are adequately maintained by the municipality	The municipality to developing the following for all asset classes: 1. An Asset Management Strategy covering all classes of assets. 2. Asset Master Plans for all assets. 3. Asset Maintenance Plans for all assets. Given that it is not feasible to cater for all assets simultaneously, these documents will enable the municipality to identify critical assets and prioritise them for maintenance based on risk, condition, and service delivery impact.	01/02/2026	30/06/2026	X. Mabele

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COAF 11	: AOPO- Usefulness Misstatements	During the audit of performance information, the following indicators were noted that they are not well defined due to the following reasons: - it is not well defined, so that data will be collected consistently. - target is not specific in nature, and the required level of performance is not clearly identified. - the target is not measurable -	Lack of proper TIDs and SOP to guide the processes and systems of the municipality, and lack of adequate review of the annual performance report	a) PMS SOP have been developed. b)Departments to develop Technical Indicator descriptions aligned with the reviewed SDBIP to guide the processes and systems of the municipality. c) Performance reports to be aligned with the developed TIDs before submission to PMS for review. d) All performance reports not accompanied by SoPs be rejected or not to be considered e) Monthly performanc reports be submitted for the monitoring of the implementation of the audit action plan.	01/02/2026	30/06/2026	IPED DIRECTOR
COAF 11	Differences between APR and supporting information	During the audit work performed it was noted that the following indicators registers/list is different from the achievement reported in the annual performance report	Lack of proper reviews done by relevant managers between the listing and reported information	a)Performance information checklist has been developed b) Performance information checklist will be confirmed and signed by HODs before submission to PMS office	01/02/2026	30/06/2026	IPED DIRECTOR
COAF 15	AOPO- Number of km's of gravel roads bladed	During the audit of the indicator - Number of kilometers of gravel roads bladed, the following differences were noted between the supporting evidence and the reported achievement on the APR. The differences are mainly because the information submitted does not relate to the annual target and does not have confirmation letters from ward councilors to confirm validity	1,The PMS unit does not have adequate measures to ensure that the information received from other directorates is valid and accurate for the purposes of performance reporting in the APR, 2, Furthermore, the wards with roads reported to have gravel roads bladed did not have confirmation letters from the ward councilors as per the method of verification in the TID and POE, as stated in the APR, and the wards that were not part of the target were included to report on the achievement.	a)PMS office will monitor strict adherence/compliance by departments to set time frames on the PMSSOP. b) Intervention will be sought from the MM for compliance with the time frames.	01/02/2026	30/06/2026	IPED DIRECTOR
COAF 15	AOPO_ Number of kilometers of regravel roads maintained as per the project list - (ISS.17)	During the audit of the indicator - Number of kilometers of gravel roads maintained as per the project list, the following differences were noted between the supporting evidence and the reported achievement on the APR. The differences are mainly because the information submitted does not relate	The PMS unit lacks effective controls to validate data received from other directorates. Furthermore, the wards with roads reported to have been regraveled did not have confirmation letters from the ward councilors as per the method of verification in the TID and POE, as stated in the APR, and the	a) PMS office will validate data receive with other directorate and reject POE that is not relevant to the targets and POEs that are not signed by relevant person(s) b) Achievements on wards that were not part of the projects in the SDBIP will not be recognised.	01/02/2026	30/06/2026	IPED DIRECTOR

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		to the annual target and does not have confirmation letters from ward councilors to confirm validity.	wards that were not part of the target were included to report on the achievement.				
			Furthermore, the wards with roads reported to have been regraveled did not have confirmation letters from the ward councilors as per the method of verification in the TID and POE, as stated in the APR, and the wards that were not part of the target were included to report on the achievement.		01/02/2028	30/06/2028	COO/PMS
COAF 22	Limitation of scope Various indicators	. During the audit of the indicator '% completion of upgrading and refurbishment of Sterkstroom and Mlungisi Substation', the following issues were noted: • No calculation was made that would enable auditors to verify the reported actual achievement presented on the APR. 2. During the audit of the indicator 'Number of work opportunities created through EPWP for all sectors, the Municipality reported on the APR a total of 872 work opportunities created through the Expanded Public Works Programme (EPWP) across all sectors, which is different from the EPWP quarterly report, which indicated 859. Furthermore, supporting documentation to substantiate this figure was incomplete and inconsistent. Specifically:	Insufficient supporting information for reported performance and lack of integration between performance reporting and financial documentation.	a) Smart indicators will be developed that will enable AG to verify reported information. b) Consistency on the reported achievements from the system will be mantained. c) Clear TiDS will be developed by the heads of departments on all targets and reporting will be done in accordance with the developed TiDs	01/02/2026	30/06/2026	COO/PMS
COAF 45	Presentation and Disclosure	During the audit of Predetermined objectives, management did not provide corroborating evidence for the		a) PMS will coordinate sessions with departments to guide on the development of corrective measures that are relevant, aligned	01/02/2026	30/06/2026	

ENOCH MGIJIMA AUDIT ACTION PLAN FOR 2024/25							
COAF NO	**COMPONENT**	**AUDIT REPORT / FINDINGS**	**ROOT CAUSE/INTERNAL CONTROL SYSTEM LAPS (AUDIT REOPORT & MANAGEMENT REPORT)**	**ACTION PLAN DESCRIPTION**	**START DATE**	**COMPLETION DATE**	**PERSON RESPONSIBLE**
		corrective measures due to the non-achievement of indicators		to the target and backed by relevant POE. b)PMS SoPs will be sent to all departments with emphasis on reporting time frames			
COAF 67	AOPO - Emerging risk on consistency	During the audit of Predetermined objectives, the following indicators were in the initial SDBIP and were removed in the revised SDBIP which is contrary to MFMA circular 129 which states that Municipalities must reflect all KPI changes in their SDBIPs and APRs, with clear, justifiable reasons and documentation of the process followed and both the original and revised KPIs must continue to be reported on in the section 52(d) of the MFMA and the APR for accountability and transparency: 1. Number of sports fields maintained. 2. Appointed transaction advisor for the Public Private Partnership formation for the Top Town Swimming Pool and Bonkolo Dam	1. PMS Manager should ensure that any changes to Key Performance Indicators (KPIs) in the Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Report (APR) are: •Properly documented with clear, justifiable reasons. •Approved through the correct governance processes. •Reflected in both the original and revised KPI reporting in quarterly Section 52(d) reports and the APR for transparency and accountability. 2. PMS Manager should ensure both original and revised KPIs must continue to be reported on in all relevant reports, even after changes, to comply with MFMA requirements and avoid audit risks	a) Departments to provide proper supporting documentation for any proposed changes in the SDBIP. b)PMS manager to consolidate all the changes with supporting documentation and prepare an item to Council for the approval of the changes in the Key Performance Indicators. c) The original SDBIP will serve as an original source document which will allowor enable and comparisons for both SDBIPs.	01/02/2026	30/06/2026	

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION, COUNCIL ATTENDANCE

SURNAME	NAME	SP COUNCIL 10 JULY 2024	SP COUNCIL 30 JULY 2024	SP COUNCIL 16 AUG 2024	SP COUNCIL 29 AUG 2024	SP COUNCIL 26 SEPT 2024	SP COUNCI L 03 OCT 2024	ORDINARY COUNCIL 31 OCT 2024	SP COUNCIL 28 NOVEMBER 2024	SP COUNCIL 10 DEC 2024	ORDINARY COUNCIL 31 JANUARY 2025	SP COUNCIL 28 FEB 2025	SP COUNCIL 28 MARCH 2025	ORDINARY COUNCIL 29 APRIL 2025	SP COUNCIL 30 MAY 2025	SP COUNCIL 27 JUNE 2025
ADONISI	ONGAMA	P	A	P	P	P	P	P	P	A	A	A	P	AP	P	P
AMOS	LUTHANDO	STARTED IN 13 MAY 2025													P	A
BALENI	ZOLANI	P	P	A	P	P	AP	P	A	P	P	P	P	P	P	AP
BOMELA	VUYISEKA VOVO	P	P	P	P	AP	P	P	P	P	P	P	A	P	P	P
BOOI	WENDY	P	P	P	A	P	AP	P	P	P	P	P	P	P	AP	P
BUNU	THEMBEKA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
CETYWAYO	AMZISILE TITUS	P	P	P	A	AP	A	P	A	P	A	A	P	P	P	P
CLARK	KENNETH LISLE	A	A	A	A	A	A	A	A	P	AP	A	A	AP	P	A
DEYSEL	HERMANUS ALBERTUS	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
DUDA	FLORENCE	P	P	P	P	P	P	P	A	P	P	P	P	P	P	AP
DUKWE	SIMON	P	P	P	P	P	P	P	P	P	P	P	P	AP	P	P
EVERIT	CLAUDIA OLIVIA	P	P	P	P	A	A	P	P	P	P	P	P	P	P	P
GALADA	UNATHI	P	P	A	P	AP	P	P	P	P	P	P	P	P	P	P
GANCA	ANDILE AFRICA	P	P	P	P	P	A	A	AP	AP	P	A	A	P	P	A
GELD	BUYISWA	P	P	A	A	A	A	A	A	A	A	A	A	A	DECEASED 09 APRIL	
HAGGARD	LINDY ANN	P	P	P	P	AP	P	P	P	P	P	P	P	P	P	P
HENDRIEKS	ADELLE	P	P	P	P	P	P	P	P	P	A	A	P	AP	P	P
HOKOLO	MTUTUZELE SIDNEY	A	P	P	P	P	A	P	A	P	A	A	P	AP	AP	A
JACKOBS	MBULELO	A	P	P	P	P	P	A	P	P	AP	A	P	P	P	P
KEVA	ASANDA	P	P	A	A	P	P	P	P	A	P	P	P	P	P	P

KOMENI	LUCAS	P	P	P	A	P	A	P	A	P	A	A	P	P	A	P
KWEZA	NOMPUMELELO SHIRLEY	P	A	P	P	P	A	P	P	P	P	P	P	P	P	A
LALI	SONGESO SIPHENATHI	P	P	A	P	P	P	P	P	P	P	P	P	P	P	A
MAC TAGGART	DUNCAN DONALD	P	P	P	A	A	P	P	P	P	P	P	P	P	P	P
MADUBE DUBE	PAPAMA	P	P	P	P	P	P	P	P	P	P	P	P	AP	P	P
MAKASI	NOMBULELO	AP	P	P	P	AP	P	P	A	P	AP	A	P	AP	AP	P
MALATOE	FIDELIA	P	P	P	P	P	P	P	AP	AP	P	P	P	P	P	P
MANGCOTYWA	MHLANGABEZI	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
MANGCU	LUNGA CEBISA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
MANQAPHELA	ZIMKHITHA	P	P	P	P	P	P	P	P	P	P	P	A	P	AP	P
MARAWU	NTOMBIZODWA	P	P	P	A	P	P	A	A	A	P	P	P	P	P	P
MATSOLO	MANDILAKHE	P	P	P	A	P	P	A	P	A	A	A	P	P	P	P
MAVANGO	ERNERST	P	P	P	A	P	P	P	P	A	P	P	P	P	P	A
MBETE	AKHONA	STARTED IN DEC 2024								P	P	P	P	AP	P	P
MKEFA	SYBIL VUYISEKA	P	A	A	P	P	P	A	P	P	P	P	P	P	P	P
MKHUNQE	SAKHUMZI	P	P	P	P	AP	P	P	A	P	P	P	A	AP	P	P
MNYAKA	MBULELO	P	P	A	P	A	P	P	P	P	P	P	P	P	P	P
MXAKWE	MZWANELE	START16 AUG		P	P	A	P	A	P	P	P	P	A	P	P	P
NDARALA	SIPHELO CLIFFORD	P	P	P	P	P	P	P	A	A	P	P	P	P	P	P
NDLEBE	SELKA NOMBUYISELO	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
NDLEBE	LINDIWE LUCIA	P	P	P	A	P	P	A	P	P	P	A	P	P	P	A
NDYALIVANI	MTOTOSE	P	A	A	A	A	A	A	A	A	A	A	A	A	P	A
NDUKU	N	P	P	A	A	RESIGNED 30 SEPT 2024										
NELI	SIBONGILE	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
NGESI	MZIKABAWO	P	P	P	AP	AP	P	AP	P	AP	P	P	P	P	P	P
NGOMA-TABATA	AYANDA	P	P	A	A	P	A	A	A	A	A	A	A	P	AP	A
NGONYAMA	ANDISIWE	P	P	P	A	P	P	P	P	P	A	A	P	P	AP	P
NJIKELA	ANAM ALFRIEDATJIE	STARTED IN		P	P	A	P	P	P	P	P	P	A	P	A	P
NONYONGO	KHAYALETHU	P	A	A	A	A	A	A	A	A	A	A	A	P	A	P
NQABISA	NOLUTHANDO	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
NQAYI	VUYOLWETHU SAMANTHA	P	P	P	A	P	P	P	P	A	P	P	A	P	P	P

PAPIYANA	LAWRENCE MADODA	P	AP	P	AP	P	AP	P	P	P	AP	AP	P	AP	P	AP
PANYA	THEMBEKAZI MCDONALD	P	P	A	P	P	P	P	P	A	P	P	A	P	AP	P
PLAATJIE	SIVUYILE	P	P	P	P	P	P	P	P	A	P	P	P	AP	P	P
PUKWANA	LAZOLA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
QUQA	BUTI	P	P	A	P	P	P	P	A	P	P	P	P	P	P	A
QWALELA	SIYABULELA AVELA	A	P	A	P	A	A	A	P	P	A	P	P	P	AP	A
RALANE	ZUKISWA NOSISANA EUNICE	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
SIMINA	BUKIWE CYNTHIA	P	P	P	A	P	P	P	P	A	A	A	P	P	AP	A
SIZANI	ASANDA	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P
SOLANI	NTOMBOXOLO MAUREEN	P	A	P	A	P	A	AP	A	P	P	P	A	A	P	P
STELLENBERG	URSULA DEBORAH	P	P	P	P	A	A	P	P	P	P	P	P	P	P	P
TITUS	GARTH	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P
TOM	NTOZELIZWE XOLISILE	P	A	P	P	P	P	A	A	A	A	P	A	P	P	P
TUTWANA	ZOLEKA SYLVIA	P	P	A	P	P	P	P	P	P	A	A	P	P	P	P
TWALO	NOCAWE CHRISTINA	P	P	P	P	P	P	P	A	P	P	P	P	P	AP	P
VALI	THABO	P	P	P	P	P	P	P	P	P	P	AP	P	P	AP	A
WILLIAMS	XOLISWA	P	P	P	P	P	A	P	P	P	P	P	P	P	AP	P
YALIWE	NOMBULELO	P	P	P	P	P	P	AP	P	P	P	P	P	P	AP	P
ZONDI	ANDILE	P	A	A	P	P	P	P	P	P	P	P	A	P	P	P

APPENDIX B: COMMITTEE & COMMITTES' PURPOSE

Committees	Purposes of Committee
Municipal Public Accounts Committee	• Oversight over the executive functionaries of council • Ensure the effective and efficient use of municipal resources • Assist to increase awareness of council an public on the financial and performance issues of the municipality • Perform any other functions assigned to it by a council resolution
Audit and Risk Committee	• Advise the council , political office bearers, the accounting officer and the management of the municipality on matters relating to internal financial control, risk management, financial reporting, performance management, effective governance, compliance with MFMA, all applicable legislation • Review Annual Financial Statements • Respond to issues raised by the Auditor General • Carry out investigations into the financial affairs of the municipality as council may request • Perform any other functions as may be prescribed by Section 166(1) and (2)

1. THE EXECUTIVE MAYOR

The Executive Mayor is in general

(i) Responsible, in consultation with the Municipal Manager, for the formulation of policies, plans, strategies and programmes necessary to perform and exercise the municipality's constitutional functions and responsible;

(ii) Must in consultation with the Municipal Manager, identify those areas of the municipality's activities and responsibilities that need the assistance of a specific committee of Councillors to investigate, discuss, evaluate and report on to the Executive Mayor;

(iii) Must appoint a member of the mayoral committee as chairperson for each Section 80 committee

(iv) Must ensure, in consultation with the Municipal Manager, that a proper committee service responsible for the agenda and minutes is in place for each of the committees, that the committees meet on a regular basis and submit reports to him timely;

(v) Receives reports with recommendations from the Directors through the offices of the Municipal Manager, on all matters that must be handled by either the Executive Mayor himself or the Council

(vi) Receives reports with recommendation from the committees established for specific matters, considers the matters raised in this report, and must either dispose of them in terms of his delegated powers; or must forward them with his recommendation to the Council for consideration;

(vii) Is responsible for political supervision of, and in consultation with Municipal Manager, for the accountability of the administration;

(viii) Should be available on a regular basis to interview the public and visitors to the municipal offices, and to interact with prominent business people as well as developers

The duties and functions summarised above is further elaborated upon in the Municipal structures Act, the Municipal Finance Manager Act as well as well the Municipal Systems Act listed hereunder is a list of functions with relevant Sections of the said legislation:

SECTION IN ACT	POWER
56 MSTA	To receive reports from the committees of the Council and to forward these reports together with a recommendation to the Council when the matter cannot be disposed of by him in terms of his delegated powers
56 MSTA	To identity the needs of the municipality
56 MSTA	To review and evaluate those needs in order of priority
56 MSTA	To make recommendations to the Council regarding strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, considering any applicable National and Provincial development plans
56 MSTA	To make recommendations to the Council regarding the best way , including partnership and other approaches , to deliver those strategies , programmes and services to the maximum benefit of the community
56 MSTA	To identify and develop criteria in terms of which progress in the implementation of those strategies, programmes and services can be evaluated, including key performance indicators which are specific to the municipal and common to local government in general
56 MSTA	To evaluate progress against the above-mentioned key performance indicators
56 MSTA	To review the performance of the municipality in order to improve the economy, efficiency and effectiveness of the municipal, the effectiveness of the municipality, the efficiency of credit control and revenue debt collection services, and the implementation of the municipality’s by-laws
56 MSTA	To monitor the management of the municipality’s administration in accordance with the directions of the Council

56 MSTA	To oversee the provision of services to communities in the municipality in a sustainable manner
56 MSTA	To annually report on the involvement of communities and community organisation in the affairs of the municipality
56 MSTA	To ensure that regard is given to the public views and report on the effect of consultation on the decisions of the council
56 MSTA	To perform a ceremonial role as the Council may determine from time to time
56 MSTA	To report to the council on all decision taken by him
12 (1) MFMA	Deciding to set-up a relief, charitable, trust or other fund of whatever description
16(2) MFMA	Tabling the budget at a Council meeting
2 1(1)(a) MFMA	Co-ordinating the processes of preparing the annual budget and reviewing the Municipality's integrated development plan and budget-related policies.
2 1 (1) (b) MFMA	Tabling in the Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget, the annual review of the integrated development plan and the Municipality's budget-related policies, the tabling and adoption of any amendments to the integrated development plan and the budget related policies and any consultative processes forming part of the processes.
2 1 (2)(b) MFMA	Deciding the reasonable steps to be taken to review the Municipality's integrated development plan.
2 1 (2)(d) MFMA	Determining the manner and timing of consultation of the local municipalities within the municipal area, the provincial treasury and such other organs of state as may be prescribed with regards to the Municipality's annual budget.
2 1 (2)(e) MFMA	Providing information relating to the budget that may be requested to the National Treasury and any other organ of state.
2 5 (3) MFMA	Complying with section 55of the MFMA if the Municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by July of any year.
27(1) MFMA	Determining the likelihood of the Municipality not being able to comply with the MFMA or other legislation relating to the tabling or the approval of an annual budget or compulsory consultation processes.
27(1) MFMA	Informing the MEC responsible for finance of any impending non-compliance by the Municipality of any provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes.
27(2) MFMA	Deciding to apply to the MEC responsible for finance to extend any time limit or deadline with regards to the preparation and approval of the annual budget.
27(3) MFMA	Informing the Council, the MEC responsible for finance and the National Treasury, in writing of any actual non-compliance by the Municipality of a provision of Chapter 4 of the MFMA and any remedial corrective measures the Municipality tends to implement to avoid a recurrence of such non-compliance
28(4) MFMA	Tabling an adjustments budget In the Council.
29(1) MFMA	Deciding to authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget in emergency or other exceptional circumstances
29(2) (c)MFMA	Reporting to the Council regarding the authorisation of unforeseeable and unavoidable expenditure for which no provision was made in an approved budget in emergency or other exceptional circumstances
31(d) MFMA	Giving written approval for exceeding the amount appropriated in respect of capital programme
31(e) MFMA	Submitting the certificate specifying that the actual revenue for the financial year concerned is expected to exceed budgeted revenue and that sufficient funds are available for exceeding the amount appropriated for a specific capital programme without incurring further borrowing beyond the annual budget limit issued by the City

	Manager and the Executive Mayor's approval for exceeding the amount appropriated in respect of a capital programme to the provincial treasury and the Auditor-General.
52(a) MFMA	Deciding the nature and extent of, and manner in which political guidance over the fiscal and financial affairs of the Municipality will be provided
52(b) MFMA	Deciding the monitoring and oversight mechanism to be applied to the exercise by the City Manager and the Chief Financial Officer of their powers, functions and duties in terms of the MFMA.
52(C) MFMA	Deciding the reasonable steps to be taken to ensure that the Municipality performs its constitutional and statutory functions within the limits of the Municipality.
52(d) MFMA	Submitting to the Council, within 30 days of the end of each quarter, a report on the implementation of the budget and the financial state of affairs of the Municipality.
53(1)(a) MFMA	Deciding the nature and extent of, and manner in which political guidance is to be given over the budget process and the priorities that must guide the preparation of a budget.
53(1)(b) MFMA	Deciding the steps to be taken to co-ordinate the annual revision of the integrated development plan and the preparation of the annual budget.
53(1) (b)	Determining how the integrated development plant is to be taken into account or revised for the purposes of the budget.
53(1) (c) (i) MFMA	Determining the reasonable steps to be taken to ensure that the Municipality approves its annual budget before the start of the budget year.
53 (1)(c)(ii) MFMA	Determining the reasonable steps to be taken to ensure he/she approves the Municipality's service delivery and budget implementations plan
53(1)(c)(iii) MFMA	Determining the reasonable steps to be taken to ensure that the annual performance agreements for the City Manager and all Senior Managers comply with the MFMA, are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan and are concluded in accordance with section 57(2) of the Municipal systems Act.
53(2) MFMA	Reporting to the Council and the MEC responsible for finance any, delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the annual performance agreements.
53(3)(a) MFMA	Ensuring that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter , contained in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the services delivery and budget Implementation plan.
53(3)(b) MFMA	Submission of the annual performance agreements of the City Manager, senior managers and any categories of the officials as may be prescribed, to the Council and the MEC. Responsible for local government.
54 (1)(a)MFMA	Deciding for the receipt of a Monthly statement on the state of the Municipality's budget and mid-year corporate performance assessment report
54 (1) (b) MFMA	Determining the procedures including reports required to check whether the Municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan
54 (1) (c) MFMA	Determining whether it is necessary to make any revisions to the service delivery and budget implementation plan
54 (1) (c) MFMA	Determining the process of formulating revisions to the service delivery
54 (1) (d) MFMA	Determining the instructions to be given to City Manager to ensure that the budget is implemented in accordance with the service delivery and budget implementation and that spending of funds and revenue collection proceed in accordance with the budget
54 (1) (e) MFMA	Considering whether the Municipality faces any Financial problems including any emerging or impending financial problems
54 (3) MFMA	Making public any revisions of the service delivery and budget implementation plan

55 MFMA	Immediately report to the MEC for local government if the Municipality has not approved an annual budget by 1 July of any year or if the Municipality encounters a serious Financial problem
56 MFMA	Providing guidance to the Municipality to exercise its rights and powers over any Municipal entity in which the Municipality has sole or shared control
59 (1) (a) MFMA	Deciding to delegate the powers and duties assigned to the Executive Mayor in terms of the MFMA
59 (2) MFMA	Determining the Conditions and limitations of any delegation by Executive Mayor
59 (3) MFMA	Deciding to confirm, vary or revoke any decision taken consequence of a delegation by Executive Mayor
87 (3) MFMA	Tabling the proposed budget of a municipal entity of which the municipality is the parent municipality in the Council
87 (6) MFMA	Considering an application by the board of directors of a municipal entity of which the municipality is the parent municipality to revise the budget of the municipal entity
87 (9) MFMA	Tabling the budget or adjusted budget and any adjustments budget of a municipal entity of which the municipality is the parent municipality at the next Council meeting
1 0 2 (1) MFMA	Receiving a report of the board of the Municipal entity of which the Municipality is the parent municipality any irregular expenditure or any fruitless and wasteful expenditure incurred by, or on behalf of that municipal entity
127(2) MFMA	Tabling in the Council the Municipality's annual report and the annual report of any municipal entity under the Municipality's sole or shared control.
127(3)(a) MFMA	Submitting to the Council a written explanation setting out the reasons for any delay in tabling the Municipality's annual report of any municipal entity under the municipality's sole or shared control.
131(1) MFMA	Ensuring that the Municipality addresses all the issues raised in an audit report.
133(1)(a) MFMA	Tabling in the Council a written explanation setting out the reasons for the failure of the City Manager or of the accounting officer of a municipal entity under the Municipality's sole or shared control to submit annual financial statements to the Auditor-General or the Executive Mayor's failure to table the annual report of the Municipality or a municipal entity in the in the Council.
136(1)(a) MFMA	Participating in consultations with the MEC for local government regarding a serious financial problem in the municipality.
137(1)(d) MFMA	Participating in consultations with the MEC for local government regarding the municipality's co-operation in resolving any financial problem and if applicable, implementing the financial recovery plan.
139(1)(b) MFMA	Participating in consultations with the MEC for the local government regarding the Municipality's co-operation in implementing the recovery plan including the approval of a budget and legislative measures giving effect to the recovery plan
139(2) MFMA	Receiving a request made by the provincial executive to the Municipal Financial Recovery Service to determine the reasons for the crisis in the Municipality's financial affairs, to assess the Municipality's financial state and to prepare an appropriate recovery plan for the Municipality.

2. THE SPEAKER

The Constitution requires that every council elects a chairperson (s 160(1)).The Municipal Structures Act calls the chairperson the Speaker(s360).The aim of the office of the speaker at Enoch Mgijima is to structure the two functions of the Council viz, its legislative function and its executive function with the legislative function being that of the Speaker.

In general the duties of the Speaker include:

(a) Ensuring that the Council meetings as well as committee meetings are conducted in an orderly manner, and in this regard he must strictly apply Council's rules and orders and the code of conduct for Councillors.

(b) Liaising closely with the committee services responsible for the agenda and minutes of each meeting, in consultation with the Executive Mayor and Municipal Manager as when necessary.

(c) Coordinating the arrangements inter alia regarding venues, dates and the circulation of agenda and minutes of all the meetings of the Council and Council committees.

(d) Liaising with Councillors, as well as members of the public and media who attend Council meetings, regarding proper conduct during such meetings to ensure compliance with Council's rules and orders.

(e) Liaison with the community, ward committees , other committees and Councillors, and political office bearers in the different spheres of government.

(f) Overseeing the establishment and effective functioning of ward committees.

(g) Liaising with the community, ward committees and ward councillors.

(h) Assisting the Executive Mayor with interviewing the public and visitors to the officers of the municipality, as well as with ceremonial duties and functions.

(i) Chairing of the Rules Committees meetings of the council.

(j) Assist with drafting the rules and orders of the Council.

(k) In consultation with Council's legal advisors, ensuring that by-laws introduced in the Council comply with the Constitution, the structures Act and where applicable, national and provincial legislation.

(l) Monitoring whether the constitutional obligation of public participation and consultation with regard to proposed by-laws has been complied with.

(m) The Speaker is responsible for the political management of council activities.

(n) Managing Councillor support and community liaison functions.

(o) Responsible for supporting and building the capacity of councillors. This include holding training programmes and workshops.

(p) In order to ensure that all councillors are accountable to local communities, the Speakers is empowered to allocate proportional representation (PR) councillors to particular areas within the municipal.

(q) Ex-Officio sitting status (without voting rights) on all committees of the Council.

(r) Managing the complaints and petition register of the Council.

(s) Guards the integrity of Council and the privileges and interest of the Council.

(t) Facilitates implementation of section 20 of the Municipal Systems Act in as far as it deals with admission of the public to meetings of the Council.

(u) Monitor and manage the implementation of Council resolutions and administering appropriate action in cases of non-implementation.

(v) May perform ceremonial function if delegated by the Mayor.

In addition to the duties outlined above, the duties set out hereunder are assigned to the Speaker in terms of the legislation as indicated in column 1, and reserved for his execution in accordance with her decision in respect of these matters with or without consulting any person.

SECTION OF ACT	DUTIES
37 MSTA	Preside at meetings of the Council
37 MSTA	Ensuring that the Council meets at least quarterly
37 MSTA	Maintaining order during meetings of the Council
37 MSTA	Ensuring that Council meetings are conducted in accordance with the rules and orders of the Council
37 MSTA	Determine dates and venues of ordinary Council meetings
29(1) MSTA	Convening special Council meetings at a venue determined by her, and at the time set out in the request that such a meeting be convened
28 MSTA	To ensure that the provisions in respect of privileges and immunities of councillors are adhered to.
130(1)MFMA	Determining the reasonable time period to be allowed during a council meeting at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken for the discussion of any written submissions received from the local community or organs of state on the annual report and for members of the local community or any organs of state to address the Council.
133(1)((b) MFMA	Receiving information from the Auditor -General regarding the failure to submit annual financial statement.
133(1)(b) MFMA	Submitting information received from the Audit-General regarding the failure to submit annual financial statements to the Council.

3. MEMBERS OF THE MAYORAL COMMITTEE

Members of the Mayoral Committee are responsible for the portfolios and portfolio committees:

- Finance and LED
- Administration and Human Resources
- Estates, Planning and Housing
- Technical Services
- Community Services

3.1 In terms of section 80(1), these committees are established to assist the Executive Mayor.

3.2 The members of the Mayoral Committee make recommendations to the Executive Mayor and may be advised by his/her respective committee herein.

3.3 Generic powers and functions of the Members of the Mayoral Committee to make recommendations to the Executive Mayor.

- Develop and recommend policy within functional area of their respective portfolio.
- Develop and recommend on the content and drafting of by-laws within the functional area of their respective portfolio.
- Comment on and recommend the business plans within the function area of their respective area.
- Make recommendation in regard to the draft IDP and budget within the functional area of their respective portfolio.
- Make recommendation in regard to the setting or revision of tariffs, levies, taxes and duties within the functional area of their respective portfolio.
- Facilitate public participation in the development of policy, legislation, IDP's and budget within the functional area of their respective portfolio.
- Monitor the implementation of council's IDP, Business plans, strategic objectives, policies and programmes within the functional area of their respective portfolio.
- Assess the performance of services delivery generally within the functional area of their portfolio.
- Receive recommendations from the Section 80 Committees of which he/she is the Chairperson and make recommendations on any matter to the Executive Mayor.
- Recommend or determines the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.
- The identification of the needs of the Municipality in respect of his/her portfolio.
- The review and evaluation of those needs referred to in paragraph bullet point 11 above, in order of priority.
- The preparation of reports as required by Executive Mayor, on the involvement of communities and community organisations in respect of his/her portfolio.
- To ensure that regard is given to public views and report on the effect of consultation on the decisions of the Council.
- To recommend comments on National and Provincial legislation that affects their portfolios.

3.4 The following are the section 80(portfolio) COMMITTEES ESTABLISHED BY Council:

- Community Services
- Administration and Human Resources
- Finance and LED
- Estates, Planning and Housing
- Technical Services

TERMS OF REFERENCE SPECIFIC TO PORTFOLIOS AND PORTFOLIO COMMITTEES

3.4.1 Community Services

The Community Services function include but are not limited to:

- The Solid Waste Management function – including refuse removal, refuse disposal, illegal dumping and street sweeping.
- The health function – including primary health care and environmental health

The following Community facilities.

- Indoor Sports Centre
- Queenstown Arts Centre
- Bongolo and Berry Dam visitors facilities
- Public amenities
- 5 X Public Libraries
- Sports and Recreation including such facilities
    - Municipal Parks
    - Nature Conservation
    - Game Reserve
    - Cemeteries
- Social Development and Tourism
- Support and regulation of informal trading
- The Emergency Services and Disaster Management function-including disaster management, fire services, and the Emergency Control room.
- Traffic Control, Law Enforcement and Security
- Licensing Driver's and Learner's
- Road signalisation and management
- Regulatory and direction signage

3.4.2 Corporate Services

The Corporate Services function include but are not limited to:

- Corporate Administration
- Shared Services
- Strategic information
- Councillor Support
- Human Resources function

- Local Labour forum in respect of labour disputes (other than that related to salary and wage disputes)
- Employment Equity
- Collective Bargaining Strategy
- Institutional Restructuring
- Skills Development
- Organisational Health and Safety

3.4.3 Finance & LED

The Finance functional areas include but are not limited to:

- Revenue and Dept Management
- Procurement and stock Management
- Expenditure
- Budgets and Budgetary Control, Accounting,
- Finance, Financial Administration
- Insurance
- General and interim Valuations function
- The Economic Development function – including SMME, empowerment support and job creation, through Supply Chain Management Section,
- Municipal property Management function

3.4.4 Estates, Planning and Housing

The Estates, Planning and Housing Functional areas include but are not limited to:

- The planning function – including Spatial Planning and growth management, design services, land use management, land information and planning legislation and enforcement
- The Spatial Data Management
- The Housing Planning function including
    - The housing services function – including housing services
    - co – ordination
    - Existing housing
    - New housing and management of informal settlement
    - The provision of the housing information service
    - Facilitate the provision of housing for the homeless, and
    - The Housing plan function
- Municipal Buildings

- Retirement Centres
- Civil Centres' Management

3.4.5 Technical Services

The technical Services functions include but not limited to the following:

- The Electricity and Energy function – include network operations distribution and sales and customer services and street lighting.
- Transport, Roads and Stormwater
- Infrastructure construction and management
- Road traffic infrastructure management
- Building development management
- Fleet Management

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Directorate	Director/Manager
Municipal Manager's Office	Ms A. Ntengenyana: Municipal Manager
Strategic Services	Mr D van Wyk : Chief Operations Officer
Technical Services	Acting Director: Mr.T. Malingatshoni
Community Services	Mr. A Mkangelwa: Director
Budget and Treasury	Acting CFO: Ms E Mbele
Corporate Services	Ms. N. Mazwayi: Director
Integrated Planning and Economic Development	Mr. K. Maceba: Director

APPENDIX D: POWERS AND FUNCTIONS

Services	*CHDM powers*	EMLM powers	EMLM Status Quo
Part B of Schedule 4 of the Constitution of RSA			
Air Pollution	No	Yes	No
Building regulation	No	Yes	Yes
Child care facilities	No	Yes	Yes
Electricity and gas reticulation	Yes	No	No (Eskom)
Fire fighting	Yes	Yes	No
Local Tourism	Yes	Yes	Yes (Resolve w/ CHDM)
Municipal Airports	Yes	Yes	No
Municipal Health	Yes	Yes	No SLA
Municipal planning	Yes	Yes	Yes
Municipal Public Works	Yes	Yes	Yes
Pontoons and Ferries	No	Yes	Yes
Municipal public transport	Yes	Yes	Yes (only Infra. Provision)
Sanitation	Yes	No	No
Storm water	No	Yes	Yes
Trading regulation	No	Yes	Yes
Water	Yes	No	No
Part B of Schedule 5 of the Constitution of RSA			
Beaches & amusement facilities	No	Yes	No
Billboards & advertisements	No	Yes	Yes
Cemeteries, parlours & crematoria	No	Yes	Yes
Cleansing	No	Yes	Yes
Control of public nuisance	No	Yes	Yes
Control of undertakings that sell liquor	No	Yes	Yes
Facilities for accommodation, care & burial of animals	No	Yes	Yes
Fences & Fencing	No	Yes	Yes
Licensing and controlling of undertakings that sell food to the public	No	Yes	Yes
Licensing of dogs	No	Yes	No
Local amenities	No	Yes	Yes
Local Sports facilities	Yes	Yes	Yes
Markets	Yes	Yes	Yes
Municipal abattoirs	Yes	Yes	No
Municipal parks & recreational facilities	No	Yes	Yes
Municipal roads	Yes	Yes	Yes
Noise pollution	No	Yes	Yes
Pounds	No	Yes	Yes
Public places	No	Yes	Yes
Refuse removal dumps & solid waste disposal	Yes	Yes	Yes
Street lighting	No	Yes	Yes
Street trading	No	Yes	Yes

Services	*CHDM powers*	EMLM powers	EMLM Status Quo
Traffic and parking	No	Yes	Yes
From Section 84(1) of Municipal Structures Act of 1998			
Receipt, distribution and allocation of grants	Yes	No	No
Imposition and collection of taxes, levies, and duties	Yes	No	Yes

APPENDIX E: WARD REPORTING

Name and purpose of meeting	Date of events	Number of participating municipal councillors	Number of participating municipal administrators	Number of Community members attending	Issues addressed (Yes / No)	Dates and manner of feedback given to community
1. Ward Committee Meetings These meetings are a formal communication channel between the municipality and the municipal communities	The meetings are held monthly The due date is before the 20th of the month at the office of the Speaker.	340	02	It is determined by the number of residents in an area of the ward. As per submitted attendance registers they vary between 15 - 100	Yes	Monthly meetings are convened and feedback on the issues raised in the last meeting is also given.
Name and purpose of meeting	**Date of events**	**Number of participating**	**Number of participating**	**Number of Community**	**Issues addressed**	**Dates and manner of feedback given to community**

		municipal councillors	municipal administrators	members attending	(Yes / No)	
2. Ward Public Meetings In these meetings Councillors are made to account on the fulfilment of their duties	Meetings are held on a quarterly basis, every three months	34 councillors	02	50 - 200	Yes	In every Quarter Councillors are reporting to their ward by inviting the community to participate in a ward public meeting.

Name and purpose of meeting	Date of events	Number of participating municipal councillors	Number of participating municipal administrators	Number of Community members attending	Issues addressed (Yes / No)	Dates and manner of feedback given to community
3. Integrated Development Plan/ Budget Review Outreach A process and procedures for community participation and the key deadlines of the activities leading to the approval of the IDP and Budget.	From 21 October to 30 October 2025	Executive Mayor + 09 mayoral committees as delegated by Executive Mayor.	02	Between 50 - 150	YES	IDP road show are held as per the schedule in the IDP and PMS process plan.

Name and purpose of meeting	**Date of events**	**Number of participating municipal councillors**	**Number of participating municipal administrators**	**Number of Community members attending**	**Issues addressed (Yes / No)**	**Dates and manner of feedback given to community**
4. War Rooms These meetings are held on a quarterly basis in collaboration with sector departments.	Meetings are held on a quarterly basis, every three months public.	28 war rooms launched.	02	The number of community members attending is determined by the capacity of that ward. 15 - 30	Yes	Held quarterly Dates of the next meetings are usually decided in the war room meetings.

APPENDIX F: WARD INFORMATION (TOP PROJECTS PER WARD)

WARD NO	PROJECT	BUDGET	STATUS OF THE PROJECT	2023/24	2024/2025
3	Rehabilitation of low level bridges (Nometyu and Koppies low level bridges by 30 June 2025		Projects completed		
4	3.97km of Paving of Ezibeleni roads constructed by 30 June 2025	R 12 000 000	1km roads paved		
8	Rehabilitation of Zingquthu low level bridge by 30 June 2025	R3,984,688			
9.	1. Construction of the landfill site in Ezibeleni 0.46km Paving of Kliplaat road and stormwater by 30 June 2025	R 1 500 000	Completed		
9 and 11	960m of Surfacing and Paving of Bells road (500m surfaced and 400m paved) by 30 June 2025	R 3000 000	Completed		
	2,4km of paving of Mlungisi roads by 30 June 2025	R 9 790 000	1,63km of paving of Mlungisi internal street constructed		
	100% of Mlungisi Substation upgraded and refurbished by 30 June 2025	R 14 221 000			
19.					
27	1.3km of Paving of Sterkstroom internal roads	R 8 535 700	50% progress on site (0,65km paved)		
27	Upgrading and refurbishment of Sterkstroom substation	R 9 806 000	70% progress on site		

28	1.46km of Paving of Molteno internal roads	R 9 550 000	1.46km of base course completed for the Paving of Molteno internal roads		
33	1.2km of paving of Hofmeyer streets constructed by 30 June 2025	R 7 900 000	1.2km of roadbed constructed for the paving of Hofmeyer streets constructed		
	:				

APPENDIX G: MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

Municipal Audit Committee Recommendations		
Date of the Committee	Committee Recommendations 2024/25	Recommendations
	Recommendations made on: • AGSA Audit Strategy • The AGSA Scope Coverage • The AGSA Audit Fees • Reporting/Progress Update Intervals	Adopted
	Recommendations made on: • AGSA Audit Progress for the Annul Financial Year • Challenges affecting the AGSA Audit • Effectiveness of Audit working committee.	Adopted
	Recommendations made on: • Section 52(d) report 3rd Quarter • Performance report 3rd Quarter • Litigation Register • Financial Turnaround Plan • Draft Annual Budget for 2024/25 • Status of S56&57 Managers' performance assessment. • APR Preparation PlaN	Adopted
	Recommendations made on: • Audit Action Plan • AFS Preparation Plan • UIFWE (Unauthorised, Irregular, Fruitless and Wasteful Expenditure) • Risk Management Report • Combined Assurance Model • External Quality Assurance • ICT General Controls -Follow Up (Status of the implementation of internal audit recommendations)	Adopted

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of five independent members. Additionally, the Municipal Manager, Senior Managers, MPAC Chairperson, Provincial Treasury, SALGA, COGTA and the Auditor General have standing invitations to all Committee meetings. Internal Audit has unrestricted access to the Audit Committee.

Below is the number of meetings that they attended after their appointment during the period under review.

Names of members	**Total number of meetings 2024- 2025**	**Number of meetings attended 2024-2025**
Chairperson : Mr B. I. Dladla	5	5
Member: Mr. T. Sagela	5	5
Member: Mr C. Sparg	5	5
Member: Mr. W. S. Manthe	5	5

Table 12: Audit Committee members and attendance of meetings

REPORT OF THE AUDIT COMMITTEE TO COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025

This report is directed to the Honourable Executive Mayor and Members of Council of Enoch Mgijima Local Municipality (EMLM). The report relates to the work conducted by the Audit Committee for the period 2024/25 financial year.

1. BACKGROUND OF THE REPORT

1.1 The Audit Committee referred to as "the Committee" has pleasure in submitting its year-end report to Council. The report is submitted as part of compliance with the requirements of the provisions of sections 121 (3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA").

1.2 The legal responsibilities of the Committee are set in the Municipal Finance Management Act, No. 56 of 2003 (Section 166) read in conjunction with the National Treasury's MFMA Circular 65.

2. AUDIT COMMITTEE MEMBERS AND THEIR TENURE OF OFFICE

2.1 The Members of the Committee consist of the four Independent and external persons. The Committee is required to meet at least 4 times per annum in terms of the approved Council

Charter and other governing pieces of legislation. However, the same legal provisions allow for additional special meetings, based on the demand.

2.2 The table below represents details of Members of the Committee and the office tenure

Table 1

Name of Member	Designation	Membership status	Term of office
Mr. Bheki Dladla	Chairperson	Active	3 years
Mr Craig Sparg	Ordinary Member	Active	3 years
Mr Wyne Manthe	Ordinary Member	Active	3 years
Advocate Thulani Sagela	Ordinary Member	Active	3 years

2.3 The Audit Committee Members were appointed by the Municipality for the period of three (3) years, commencing from 01 April 2022 to 31 March 2025. However this contract expired and subsequently renewed for another three (3) years, commencing from 01 April 2025 to 31 March 2028.

3. MEETINGS OF THE COMMITTEE HELD DURING THE PERIOD UNDER REVIEW

3.1 During the period under review, the Committee conducted its business on the following dates -

a) 24 July 2024 – Ordinary Meeting
b) 28 August 2024 – Special Meeting
c) 25 October 2024 - Ordinary Meeting
d) 22 January 2025 - Ordinary Meeting
e) 25 April 2025 - Ordinary Meeting

3.2 No Member tendered an apology in all these Audit Committee meetings held

4. INVOLVEMENT OF OTHER STAKEHOLDERS IN ENHANCING THE AUDIT COMMITTEE MANDATE

Below is the list of stakeholders with standard invitation to all ordinary Audit Committee meetings

4.1 Representatives from the Eastern Cape Provincial Office of the Auditor-General (AG)
4.2 Representatives from the Eastern Cape Provincial COGTA
4.3 Representatives from the Eastern Cape Provincial Treasury
4.4 MPAC Chairperson
4.5 Municipal Manager (MM)
4.6 Internal Audit Manager and Risk Manager
4.7 All Heads of Departments, and
4.8 Any other official of the Municipality may attend the meeting on request by the committee to clarify any issue or matter/s of interest to the Committee.

5. AUDIT COMMITTEE RESPONSIBILITIES -

(i) The Audit Committee has been set up in accordance with the Municipal Finance Management Act, No. 56 of 2003 (Section 166) and operates within the provisions of the Audit Committee Charter which was approved by the Council of the Municipality.

(ii) Section 121(4) (g) of the Municipal Finance Management Act, No. 56 of 2003 also requires that the annual report must include any recommendations of the Municipality's Audit Committee.

(iii) The Committee adopted its terms of reference as embedded in the Audit Committee Charter which regulates the Committee's scope of work, which involves the following projects :-

5.2 REVIEW OFEFFICIENCY AND EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT

5.2.1 For the purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Charter, the Audit Committee relies on the work performed by the Internal Audit Unit.

5.2.2 The Internal Audit function is legislated as per S165 of the MFMA as such, it must be taken seriously by the Municipality. The Internal Audit function is there to assist the Municipality in strengthening processes and the internal control environment.

5.2.3 The Audit Committee reviewed and approved the Risk Based Internal Audit Plan for the financial year ending 30 June 2025 presented by the Internal Audit Unit. The Audit Committee at each meeting; assessed the actual performance against the plan and reviews the plan to ensure that critical risks relating to the administration and operations of the Municipality are indeed identified, monitored and that mitigation measures are implemented.

5.2.4 Findings from the reviews conducted by internal audit were presented in the reports that include recommendations to improve internal controls together with agreed management action plan to resolve the issues reported.

5.2.5 The Audit Committee assessed the effectiveness of the Municipality's internal control environment through a review of the reports presented throughout the reporting period.

5.2.6 The overall assessment indicates that the Municipality has internal control deficiencies due to inadequate controls in place.

5.2.7 The findings generally relate to, lack of or inadequate controls, capacity constraints, lack of co- ordinated efforts between departments, non-adherence to policies and in some areas, lack of willingness to abide by the existing controls.

The following internal audit projects were completed during the year under review:

- 2023/2024 Annual Performance Report review
- 2023/2024 Annual Financial Statements review and 2024/2025 Interim Financial Statements review

- 2024/2025 Quarters 1, mid-year and Quarter 3 Performance Report Review
- 2024/2025 Contracts Review
- 2024/2025 Asset Management Review
- 2024/2025 Revenue Management Review

5.3 REVIEW OF THE DRAFT ANNUAL FINANCIAL STATEMENTS (AFS) AND RELEVENT ACCOUNTING POLICIES.

5.3.1 The Audit Committee has an obligation to review the Municipality's Draft Annual Financial Statements and provide the Council with an authoritative and credible view of the Municipality's financial position, performance and cash flow position.

5.3.2 The Committee reviewed the Draft Annual Financial Statements, which focused on amongst other matters, on the following:

- Significant financial reporting judgements and estimates contained in the Annual Financial Statements.
- Completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of any changes in accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Asset valuations.
- Calculation and levels of general and specific provisions.
- Write-offs and impairments.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

5.3.3 The results of these reviews were shared with management and a commitment was made by management that these identified gaps would be implemented before submission to the office of the AG on the 31 August 2025.

5.3.4 The Committee commends the Municipality for submitting the annual financial statements within the legislated timeframes. The Committee is, however, concerned that most of the material misstatements raised on the annual financial statements were not addressed by management before submission to the auditor general.

5.3.5 Further to the above, the following key matters are being brought to the attention of Council:

- Management should resolve audit qualifications, address material audit findings, and adjust opening balances to ensure submission of quality, reliable and credible annual financial statements to the auditor general.
- Cash flow position of the Municipality remains a critical concern *and* this requires stringent Cash Flow and Expenditure Management Key Controls.
- ESKOM debt is still a matter of concern.
- Revenue collection rate is very low, and this requires aggressive Revenue Enhancement, Credit Control and Debt Collection measures.

5.3.6 The above-mentioned issues pose financial viability risk to the municipality.

5.4 ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL REPORTING

5.4.1 The Audit Committee is also required to advise Council on the adequacy, reliability and accuracy of financial reporting and information in accordance with S 166 of the MFMA.

5.4.2 The legal responsibilities of the Audit Committee in this regard is set out in terms of Section 71 Reports of the Municipal Finance Management Act which deals with Monthly Budget Statements of the Municipality.

5.4.3 The reviews of the S71 Reports presented to the Audit Committee revealed that the Municipality's cash flow position is in a downward spiral. Management has the responsibility to continue strengthen efforts to contain and collect revenue due to the Municipality in order to improve the financial position. During the deliberations, it became apparent that our debtors i.e. households, government departments and businesses owe the Municipality huge amounts of outstanding debt.

5.4.4 The Municipality was urged to enforce credit control policies and the Audit Committee made a recommendation that Councillors too, should play a role during community meetings to encourage households to pay their dues in order to ensure that the Municipality is financially sustainable.

5.5 DRAFT ANNUAL PEFORMANCE REPORT (APR)

5.5.1 The legal responsibilities of the Audit Committee in this regard is set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

5.5.2 The Draft Annual Performance Report was presented by the Municipality to the special meeting before the end of August 2025. This report was coupled with the reviews from the Internal Audit which highlighted issues of Poe's credibility, non-alignment of indicators and targets between the approved SDBIP and the APR, poor or nonexistence of sound narrative where targets are not met. Management agreed to these identified gaps and committed to rectify same.

5.5.3 To this effect, the Audit Committee agreed to recommend the Draft Annual Performance Report to Council on condition that issues raised by the Internal Audit and the Committee Members are addressed before the final submission to the Office AG on the 31 August 2025.

5.5.4 Summarily, the Municipality demonstrates commitment in the implementation of the SDBIP priorities, as such, about 80% of the annual targets are achieved during the period under review.

5.6 EFFECIVE GOVERNANCE

5.6.1 The Audit Committee fulfils an oversight role regarding the Municipality's reporting process, including the system of internal financial control environment. It is responsible for ensuring that the Municipality's internal audit function is independent and has necessary resources to discharge its duties. Furthermore, the Audit Committee oversees cooperation between the Internal and External Auditors, and serves as a link between the Council and these functions.

5.6.2 The Internal and External Auditors have unlimited direct access to the Audit Committee, primarily through its Chairperson.

5.6.3 Audit Committee meetings are also attended by COGTA representatives and Provincial Treasury respectively. Internally, Council deploys some of its members (MPAC Chairperson) to the Audit Committee meetings with an intention to strengthen oversight.

5.6.4 The Audit Committee conveys its appreciation on the finalisation of establishment of the Municipal Disciplinary Board. This will assist the Municipality in finalising financial discipline outstanding matters.

5.7 COMPLIANCE WITH LEGISLATION AND ETHICS

5.7.1 The Audit Committee has noted some instances of non-compliance with policies, procedures and the prescribed pieces of legislations that the Municipality subscribes to i.e. the Municipal Finance Management Act, National Treasury Regulations and other governing legislations.

5.7.2 The areas of non-compliance have been noted, mainly through the reports submitted by Internal Audit and the AG. In the internal audit reports, management have provided comments on the findings, recommendations and timing of the actions thereof. Management has to exercise stricter controls when it comes to overall compliance at the Municipality.

5.8 AUDITOR GENERAL’S REPORT

5.8.1 The Committee concurs with and accepts the conclusion and audit opinion of the Auditor General on the Annual Financial Statements, Compliance with legislation, and Performance Information.

5.8.2 The Committee is of the view that the Audited Financial Statements and Annual Performance Report be accepted and read together with the report of the external auditors. The committee confirms that it was apprised by the Auditor General of the issues giving rise to the audit opinion.

5.8.3 The Committee is comfortable that if the clean administration strategy and action plan, which includes the implementation of effective and efficient controls is developed, implemented, and monitored by senior management and the relevant oversight structures, these matters should be adequately dealt with in future periods.

5.8.4 The external audit function, performed by the Auditor General of South Africa is independent of the Municipality.

6. CONCLUDING REMARKS

6.1 Besides the challenges mentioned herein above, the Municipality is under stable leadership by the current Municipal Manager and her management team. To this effect, Council plays a significant role in supporting the Audit Committee to ensure accountability and good governance

6.2 The Audit Committee also conveys its appreciation on the support shown by the Provincial Treasury and COGTA during the period under review.

6.3 An audit action plan that addresses the root cause of the 2024-2025 audit findings and audit risks on the 2025-2026 financial year must be developed, implemented, and monitored by management and council.

6.4 The audit action plan must include as a minimum preventative, detective, and remedial action plans on the AGSA audit findings. Progress on the implementation of the AGSA audit action plan must be reported to Oversight Structures at least quarterly.

Prepared by:-

Bheki Dladla
Chairman of the Audit Committee
Enoch Mgijima Local Municipality (EMLM)

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC / PRIVATE PARTNERSHIPS

ENOCH MGIJIMA LOCAL MUNICIPALITY: LONG-TERM CONTRACTS : 2024/25 FINANCIAL YEAR											
No.	Contract Number	Appointment date	Service Provider/Supplier	Description of Services Rendered by the Service Provider	Start date	Expected Completion Date	Project Manager	Tender amount	Variation Order	Approved additional costs	Total Contract Value
1	SCM 07/02/2024	16 May 2024	Black Dot Property Consultants (Pty) Ltd	General Valuation and Preparation of the Valuation Roll for Implementation 1 July 2024 and Preparation and Updating of the Valuation Roll for the Period 1 July 2024 to 30 June 2030	Friday, 17 May 2024	Thursday, 16 May 2030	N. Yalezo	R3 890 000,00	R 164 565,00	R -	R4 054 565,00
2	SCM 02/01/2024	24 June 2024	First National Bank	Provision of Banking Services for a period of five (5) years	Monday, 22 July 2024	Friday, 20 July 2029	T. Abofra	Rate based	R -	R -	Rate based

9	SCM 02/08/2021	18 November 2021	Appointment of a proffesional service provider for data assessment, verification, and debt collection services and management for Enoch Mgijima Local Municipality for 3 years.		N. Ndevana		Budget & Treasury Office	Kumyolz Investments (Pty) Ltd				Tel: 043 054 0127 Cell: 076 512 4945
10	SCM 61/02/2019	10 October 2022	Provision of Proffessional Electrical Engineering Services for Underground and Overhead lines		Z. Nkosinkulu		Technical Services	Bokamoco Consulting Engineering Services				Tel: 043 740 2024 Cell: 082 467 4918
11	SCM 61/02/2019	10 October 2022	Provision of Proffessional Electrical Engineering Services for Ezibeleni Electricity Assessment Report		Z. Nkosinkulu		Technical Services	GIBB				Tel: 045 838 1147 Cell: 082 573 7440

12	SCM 61/02/2019	10 October 2022	Provision of Proffessional Electrical Engineering Services for Emergency Maintenance of Electricity Infrastructure in Komani, Ezibeleni, Sterkstroom, Mlungisi, and Tarkastad		Z. Nkosinkulu		Technical Services	GIBB				Tel: 045 838 1147 Cell: 082 573 7440
29	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Mbabane & Maswazi Inc				Tel: 043 726 0058 'Cell: 087 237 7573
30	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Madiba Motsai Masitenyane and Githiri Attorneys				Tel: 010 534 8321 'Cell: 086 618 8735
31	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality		E. Mani		Legal Services	N. Z Mtshabe Inc				Tel: 047 532 2454 'Cell: 072 068 7898

			for a Period of 3 Years									
32	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Peyper Attorneys				Tel: 087 073 9737 'Cell: 082 459 5185
33	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Philip and Mabona Attorneys Inc JV Benmazwi Inc Attorney				Tel: 043 722 1213 'Cell: 073 444 1310/ 078 500 3283
34	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Siyathemba Sokutu Attorneys Inc				Tel: 043 735 1213 'Cell: 079 393 5506
35	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Sonamzi Attorneys Inc				Tel: 047 491 0469 'Cell: 083 275 3548

36	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	Wesley Pretorious and Associates Inc				Tel: 043 721 1740 'Cell: 082 855 8452
37	SCM 09/02/2023	23 May 2023	Provision of Legal Services for Enoch Mgijima Local Municipality for a Period of 3 Years		E. Mani		Legal Services	PX Limba Attorneys				Tel: 045 050 1195 'Cell: 064 503 2527
38	SCM 06/01/2023	14 June 2023	Maintenance contract for fire equipment at enoch mgijima local municipality for a period of three (3) years		Werner		Corporate Services	Technofire Services				Tel: 043 004 0100 'Cell: 083 430 0134
39	SCM 25/07/2023	25 August 2023	Supply and Delivery of Construction Material for a period of 12 months as and when needed		M. Nkenke		Technical Services	Kani Infrastructure Group				Cell: 063 160 0701

40	SCM 25/07/2023	25 August 2023	Supply and Delivery of Construction Material for a period of 12 months as and when needed		M. Nkenke		Technical Services	RBV Trading Enterprise				Cell: 076 793 3226/ 079 909 0370
41	SCM 25/07/2023	25 August 2023	Supply and Delivery of Construction Material for a period of 12 months as and when needed		M. Nkenke		Technical Services	Goro Civil Projects				Cell: 074 732 3509
42	SCM 25/07/2023	25 August 2023	Supply and Delivery of Construction Material for a period of 12 months as and when needed		M. Nkenke		Technical Services	Matshatsha Civils				Cell: 061 091 6205
43	SCM 19/02/2023	07 July 2023	Hiring of Plant and Machinery for a period of 24 months on as and when required basis		M. Nkenke		Technical Services	Sweet Bean (Pty) Ltd				078 126 8835'

83	SCM 12/03/2024	28 May 2024	Appointment of a Panel of Service Providers to Supply and Deliver Cleaning Material for a Period of 12 Months		J. Magwentshu		Community Services	Yes We Can Suppliers & General Trading (Pty) Ltd				078 793 1123
83	SCM 12/03/2024	28 May 2024	Appointment of a Panel of Service Providers to Supply and Deliver Cleaning Material for a Period of 12 Months		J. Magwentshu		Community Services	Tivuko Enterprise (Pty) Ltd				074 480 2819
84	SCM 12/03/2024	28 May 2024	Appointment of a Panel of Service Providers to Supply and Deliver Cleaning Material for a Period of 12 Months		J. Magwentshu		Community Services	Take Pride Solutions (Pty) Ltd				081 467 4947

RECOMMENDATIONS

Some of the completed projects that still appear on contract register its either no completion certificates were received from Technical Services or payments were not made during the period under review.

APPENDIX I: SERVICE PROVIDER PERFORMANCE SCHEDULE

CAPITAL PROJECTS FOR THE 2024/2025 FY PERFORMANCE OF SERVICE PROVIDERS APPOINTED DURING THE YEAR: MEASURED IN TERMS OF THEIR PERCENTAGE EXPENDITURES AN THEIR PROJECT STATUS .						
Contract Number	**Appointment date**	**Project Name**	**Contractor**	**Consultant**	**% Expe**	**Project Status**
SCM 23/05/2023	26 April 2024	(Sourcing of Funds) Appointment as a Professional Service Provider for the Refurbishment and Upgrade of Mlungisi 66/11KV Substation	n/a	Bokamoco Consulting Engineering Services	52,19%	Ongoing
SCM 01/07/2024	28 August 2024	Upgrading of Internal Roads and Stormwater Phase 1A in Hofmeyr	Goro Civil Projects (Pty) Ltd	n/a	69,32%	Ongoing
SCM 06/07/2024	28 August 2024	Rehabilitation of Klipplaat Road in Queenstown	Lumilo Trading and Projects (Pty) Ltd	n/a	74,77%	Practically Completed

						on 25 June 2025
SCM 07/07/2024	28 August 2024	Refurbishment of Merino Culvert Bridge access to Angola Village and Sibuyele Senior Secondary School	Cool Makers Trading (Pty) Ltd	n/a	110,50%	Practically Completed on 31 May 2025
SCM 04/07/2024	10 September 2024	Upgrading of Internal Roads and Stormwater Phase 1A in Sterkstroom	Keep it Reactive Trading & Projects	n/a	70,22%	Ongoing
SCM 05/07/2024	10 September 2024	Upgrading of Internal Roads and Stormwater Phase 1 in Molteno	KMN Engineering	n/a	33,43%	Ongoing
SCM 08/07/2024	10 September 2024	Upgrading of Zingquthu River Crossing	Matshatsha Civils	n/a	74,09%	Practically Completed on 30 June 2025
SCM 10/07/2024	10 September 2024	Rehabilitation of Koppies River Crossing	Ikamva Ithala Trading	n/a	90,00%	Practically completed on 01 April 2025
SCM 09/07/2024	10 September 2024	Upgrading of Nometyu River Crossing	Ndima Kanoni Trading	n/a	89,48%	Practically Completed

						on 25 June 2025
SCM 03/07/2024	04 October 2024	Mlungisi Rehabilitation and Maintenance of Surface Roads Phase 2	Qumanco Trading cc	n/a	43,55%	Ongoing
SCM 07/01/2023	13 November 2024	Appointment as a Professional Service Provider for Paving of Phalo Road 0.6 km for a period of 12 months	n/a	Chuletho Consulting Engineers	79,89%	Ongoing
SCM 07/01/2023	13 November 2024	Appointment as a Professional Service Provider for Paving of Pelem street 1.1 Km for a period of 12 months	n/a	MBB Consulting Engineers	56,08%	Ongoing
SCM 07/01/2023	13 November 2024	Appointment as a Professional Service Provider for Paving Sada-Internal Road 1.3 Km for a period of 12 months	n/a	Scientific Roets Engineering	62,91%	Ongoing
SCM 07/01/2023	13 November 2024	Appointment as a Professional Service Provider for Paving Dahlia- Western Road 1.2 Km for a period of 12 months	n/a	SKC Masakhizwe Consulting (Pty) Ltd	45,17%	Ongoing

SCM 07/01/2023	13 November 2024	Appointment as a Professional Service Provider for Paving of Matanzima Graveyard Access Road 1km for a period of 12 months	n/a	Black Mountain Consulting Engineers (Pty) Ltd	54,57%	Ongoing
SCM 45/09/2024	06 December 2024	Server room revamping/ renovations for Enoch Mgijima Local Municipality for a period of 3 months	Eden Skye 14	n/a	46,81%	Ongoing
SCM 01/01/2025	30 January 2025	Appointment for Mlungisi 66/11KV 2X20 MVA Substation Maintenance (Phase 1A) for a period of 10 weeks	Aleng South Africa (Pty) Ltd	n/a	93,80%	WIP
SCM 23/05/2023	07 February 2025	APPOINTMENT AS A PROFESSIONAL SERVICE PROVIDER FOR UPGRADING OF DR08572 FROM N6 AND ILINGE TOWNSHIP MAIN ROAD	n/a	Buchule Engineers (Pty) Ltd	36,92%	Ongoing
SCM 23/05/2023	27 February 2025	Appointment for Provision of Proffesional Electrical Engineering Services for the Refurbishment and Upgrade of Switchgear &	n/a	Bokamoco Consulting Engineering Services cc	11,03%	Ongoing

		Associated Equipment including Major Maintenance on (EBDEN SS, BATCHELOR SS, AMATOLA SS, BALMORAL SS AND ALEXANDER SS)				
SCM 05/01/2025	27 February 2025	Appointment for Protection Services for EMLM Substations	n/a	Black Mountain Consulting Engineers (Pty) Ltd	106,17%	Ongoing
SCM 11/02/2025	27 February 2025	Paving of Palo Road for a Period of 8 Months	Alikho Group (Pty) Ltd	n/a	29,29%	Ongoing
SCM 12/02/2025	27 February 2025	Paving of Sada Internal Road 1.3KM in Whittlesea - Ward 24 for a Period of 6 Months	Lumilo Trading and Projects (Pty) Ltd	n/a	25,44%	Ongoing
SCM 13/02/2025	27 February 2025	Paving of Matanzima Graveyard Access Road for a Period of 6 Months	Alikho Group (Pty) Ltd	n/a	41,67%	Ongoing
SCM 14/02/2025	27 February 2025	Surfacing of Dahlia- Western Road in Komani for a Period of 6 Months	Liyema Civil Projects (Pty) Ltd	n/a	8,84%	Ongoing
SCM 15/02/2025	27 February 2025	Paving of Pelem Street 1.1KM for a period of 6 months	Anzet Trading (Pty) Ltd	n/a	23,48%	Ongoing

APPENDIX J : DISCLOSURE OF FINANCIAL INTEREST

Position	Name	Description of Interest
Executive Mayor	Clr. M. Papiyana	
IPED MMC	Clr T. Bunu	Member: Lukhanzela Co-op Member: Sixolisile Board member: Thornhill Development Trust Investments: ABSA, Nedbank, FNB Member: Piggery Project Mine Pension Fund: Pension of late husband
MMC: Human Settlement & Land Development	Clr. Adonisi	Nil
MMC: Technical Services	Cllr Mangcotywa	Member: Thornhill Communal Land and Property Trust
Council Speaker	Speaker: Nqabisa	Nil
BTO	Cllr Galada	Nil
MMC: Community Services	Cllr Lali	Nil
MMC: SPU	Cllr Simina	Nil
MMC: Public safety	Cllr Ralane	Nil
MMC: Corporate Services	Cllr Madubedube	Owner: Mpafia Trading and Projects Farmer
COUNCILLORS		
Clr	S Mkunqe	Employment: Africa's Best 360
Clr	A Batyi	Member: S A Council of Architects Self-employed architect
Clr	S X Msingqizane	Vukani Woolgrowers Co-op Employed by COGTA
Clr	L A Haggard	Owner of Corpelo 307 cc trading as Sterkstroom Filling Station Owner of 2 properties in Sterkstroom
Clr	C M Boast	Owner of a house
Clr	M J Qomoyi	Employed by Enoch Mgijima Local Municipality

APPENDIX J: DISCLOSURE OF SENIOR MANAGERS AND MANAGERS

Position	Name	Description of Interest
Municipal Manager	Ms. A Ntengenyana	Property: Komani: Valued at R 1,2 million Property: East London: valued at R 1,6 million Property: Pretoria valued at R 1,2 million
Acting Chief Financial Officer	Ms. E. Mbele	Nil
Chief Operations Officer	Mr A. Mkangelwa	MK Enterprise: Hospitality Business 2 bedroom house in Sandton valued at R 1 200 000
Acting Director: Engineering Services	Mr T. Malingatshoni	Nil
Director: Community Services	Mr. A. Mkangelwa	MK Enterprise: Hospitality Business
Director: Corporate Services	Ms. N. Mazwayi	Farming Properties in Sterkstroom area: Valued at R4 million Renting out properties: Rent amount per month: R15 000 per month Taxis x2 : monthly income R 5000 per month
Director: IPED	Mr. K. Maceba	Nil
Supply Chain Manager	Mr S. Hoko	House in Whittle sea valued at R 400 000
Chief Traffic Officer	S. H. Adolph	Komani Driving License and Testing Centre
PMU Manager	Mr. T Malingatshoni	Nil
Tarkastad/Hofmeyer Unit Manager	Mr. M. Ntloko	
Molteno/Sterkstroom Unit Manager	Mr. P. Parker	

APPENDIX K: REVENUE COLLECTION PERFORMANCE 2024/2025

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE 2024/2025

Revenue Collection Performance by Vote						
						R' 000
Vote Description	**Year 2023/24**	**Current: Year 2024/25**			**Year 0 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Vote 1 - EXECUTIVE AND COUNCIL	189 676 755	218 492 092	218 492 092	203 168 760	8%	8%
Vote 2 - FINANCE AND ADMINISTRATION	299 112 010	215 465 212	277 690 841	345 479 267	-38%	-20%
Vote 3 - PLANNING AND DEVELOPMENT	31 898 279	16 203 000	16 203 000	1 195 220	1256%	1256%
Vote 4 - HEALTH	0	0	0	0	0%	
Vote 5 - COMMUNITY AND SOCIAL SERVICES	17 078 122	40 522 201	84 295 358	44 570 390	-9%	89%
Vote 6 - COMMUNITY SAFETY	9 564 902	11 596 731	14 436 565	10 315 756	12%	40%
Vote 7 - SPORT AND RECREATION	94 007	47 420	47 420	181 869	-74%	-74%
Vote 8 - WASTE WATER MANAGEMENT	0	0	0	0	0%	

Vote 9 - WASTE MANAGEMENT	149 558 790	116 751 294	155 405 813	158 227 930	-26%	-2%
Vote 10 - ROADS TRANSPORT	108 497 732	167 832 103	75 557 345	23 109 647	626%	227%
Vote 11 - WATER	0	0	0	0	0%	
Vote 12 - ELECTRICTY	363 568 587	487 504 225	494 504 225	348 429 515	40%	42%
Vote 13 - OTHER	1 858 842	70 482	70 482	234 126	-70%	-70%
Vote 14 - HOUSING	0	0	0		0%	
Vote 15 - IPED	0	0	0	0	0%	0%
Total Revenue by Vote	**1 170 908**	**1 274 485**	**1 336 703**	**1 134 912**	**–**	**–**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						*T K.1*

APPENDIX K(II): REVENUE COLLECTION PERFORMANCE BY SOURCE 2024/2025

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	152 742	160 581	181 969	173 530	7%	-5%
Property rates - penalties & collection charges					0%	0%
Service Charges - electricity revenue	263 522	425 162	425 162	306 574	-39%	-39%
Service Charges - water revenue					0%	0%
Service Charges - sanitation revenue					0%	0%

Service Charges - refuse revenue	87 111	87 835	92 989	93 068	6%	0%
Service Charges - other				–	0%	0%
Rentals of facilities and equipment	3 674	4 904	4 904	4 214	-16%	-16%
Interest earned - external investments	6 806	5 094	7 345	8 413	39%	13%
Interest earned - outstanding debtors	67 571	36 927	114 514	130 930	72%	13%
Dividends received					0%	0%
Fines	3 257	4 597	4 597	4 509	-2%	-2%
Licences and permits	4 693	4 695	5 928	5 312	12%	-12%
Agency services	4 420	4 809	6 189	4 809	0%	-29%
Transfers recognised - operational	244 829	305 243	273 215	255 626	-19%	-7%
Other revenue	6 806	6 734	6 734	8 739	23%	23%
Gains on disposal of PPE	–			–	0%	0%
Environmental Protection					0%	0%
Total Revenue (excluding capital transfers and contributions)	**845 432**	**1 046 581**	**1 123 546**	**995 724**	**-5,11%**	**-12,84%**
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 EXCLUDING MIG

Grant Performance					
R' 000					
Description	2024/2025			Variance	
	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants					
National Government:	**252 015 200**	**252 015 200**	**252 015 200**	0	0
Equitable share	243 341 000	243 341 000	243 341 000	0	0
Municipal Systems Improvement	0	0	0		0
Municipal Disaster Relief Grant	0	0	0	0	0
Municipal Infrastructure Grant (PMU fees)	3 171 200	3 171 200	3 171 200	0	0
Financial Management Grant	3 000 000	3 000 000	3 000 000	0	0
Expanded Public Works Programme Grant	2 503 000	2 503 000	2 503 000	0	0
Provincial Government:	**6 200 000**	**6 200 000**	**11 305 974**	82	82
Library subsidy	6 200 000	6 200 000	11 305 974	82	82
District Municipality:	–			0	0
[insert description]				0	0
Other grant providers:	–			0	0
DEDEAT	0	0	0	0	0
Disaster Relief Grant (DRG)	0	0	0	0	0
Total Operating Transfers and Grants	**258 215 200**	**258 215 200**	**263 321 174**	-5 105 974	-5105974

APPENDIX M: CAPITAL EXPENDITURE: UPGRADE: NEW ASSESTS PROGRAMS

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
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			1 500 000	726 446			
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							

APPENDIX M(I): CAPITAL EXPENDITURE: NEW ASSESTS PROGRAMME

Capital Expenditure - New Assets Programme*			
R '000			
Description	**Year 2023/24**	**Year 2024/25**	**Planned Capital expenditure**

	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
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	875 043	1 000 000	2 000 000	1 177 512	1 000 000	1 000 000	1 000 000
Other *(list sub-class)*							
Total Capital Expenditure on new assets	**875**	**1 000**	**3 500**	**1 904**	**1 000**	**1 000**	**1 000**
Specialised vehicles							
Refuse							
Fire							
Conservancy							
Ambulances							
** Note: Information for this table may be sourced from MBRR (2009: Table SA34a)*							*T M.1*

APPENDIX M (II): CAPITAL EXPENDITURE: UPGRADE OR RENEWAL PROGRAMME INCLUDING MIG

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	**Year 2023/24**	**Year 2024/25**			**Planned Capital expenditure**		
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**FY 2025/26**	**FY 2026/27**	**FY 2027/28**
Capital expenditure by							

Asset Class							
Infrastructure - Total							
Infrastructure: Road transport -Total		148 679	103 120	70 749	96 665	60 961	63 115
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		16 203 000	16 203 000	1 882 124	11 600 000	0	0
Heritage assets							
Buildings							
Other							

APPENDIX M (2): CAPITAL EXPENDITURE PROJECTS: UPGRADE OR RENEWAL PROJECTS

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
Capital expenditure by Asset Class							
Investment properties	–	–		–	–	–	–
Housing development							
Other							
Other assets	**5 106**	–		–	**2 887**	–	–
General vehicles	5 105 739		4 587 572		2 886 660	0	0
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	**5 106**	**164 882**	**123 911**	**72 631**	**111 152**	**60 961**	**63 115**
Specialised vehicles	**–**	**–**		**–**	**–**	**–**	**–**
Refuse							
Fire							
Conservancy							
Ambulances							
** Note: Information for this table may be sourced from MBRR (2009: Table SA34b)*							*T M.2*

APPENDIX N: CAPITAL PROJECTS BY PROJECT CURRENT YEAR

APPENDIX O: CAPITAL PROJECTS BY PROJECT CURRENT YEAR BY WARD BY CURRENT YEAR

WARD NO	PROJECT	BUDGET	STATUS OF THE PROJECT
3	Rehabilitation of low level bridges (Nometyu and Koppies low level bridges by 30 June 2025		Projects completed
4	3.97km of Paving of Ezibeleni roads constructed by 30 June 2025	R 12 000 000	1km roads paved
8	Rehabilitation of Zingquthu low level bridge by 30 June 2025	R3,984,688	
9.	1. Construction of the landfill site in Ezibeleni 0.46km Paving of Kliplaat road and stormwater by 30 June 2025	R 1 500 000	Completed
9 and 11	960m of Surfacing and Paving of Bells road (500m surfaced and 400m paved) by 30 June 2025	R 3000 000	Completed
	2,4km of paving of Mlungisi roads by 30 June 2025	R 9 790 000	1,63km of paving of Mlungisi internal street constructed
	100% of Mlungisi Substation upgraded and refurbished by 30 June 2025	R 14 221 000	
27	1.3km of Paving of Sterkstroom internal roads	R 8 535 700	50% progress on site (0,65km paved)
27	Upgrading and refurbishment of Sterkstroom substation	R 9 806 000	70% progress on site
28	1.46km of Paving of Molteno internal roads	R 9 550 000	1.46km of base course completed for the Paving of Molteno internal roads
33	1.2km of paving of Hofmeyer streets constructed by 30 June 2025	R 7 900 000	1.2km of roadbed constructed for the paving of Hofmeyer streets constructed

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

APPENDIX Q: SECTOR DEPARTMENT PROJECTS IMPLEMENTED IN MUNICIPALITY

PROJECTS IMPLEMENTED BY CHRIS HANI DISTRICT MUNICIPALITYT AND AGRARIAN REFORM

GRANT	22/23	23/24	24/25
MIG			
Water	46,500,000	49,600,000	135,582,350
Sanitation	20,149,992	25,567,300	41,000,000
			RBIG
Water	78,907,000	20,000,000	20,000,000
WSIG			
Water	0	0	3,000,000
Sanitation	0	11,000,000	4,000,000

ENOCH MGIJIMA MUNICIPALITY –MIG – WATER BY CHDM

PROJECT NAME	2020/21	STATUS/PROGRESS	WARD NUMBER	VILLAGES TO BE SERVED
Ilinge Bulk Services	1,000,000	planning	ward 2,4	Illinge
Molteno Wtw	9.700,000	Construction	ward 28	Molteno Town and suburbs
Ra60 Hewu Blk Wtr Spply (Phase 8)	8,500,000	Construction	ward 23	Sada to Ekuphumeleni
Ra60 Hewu Blk Wtr Spply (Phase 9	7,600,000	Draft termination	Ward 21	sada
Ra60 Hewu Blk Wtr Spply (Phase 10	7,600,000	Site Establishment	Ward 26	Whittlesea dongwe
Ra60 Hewu Blk Wtr Spply (Phase 11	8,600,000	Site Establishment	Ward 24 25	sada
Esiqikini Dlakavu Water Supply	500,000	Planning	Ward 1	Bolotwa
Tarkastad Bulk Services	2,500,000	Registration Pre Dac Recommended	ward 31,33,34	Tarkstad town and suburbs

ENOCH MGIJIMA – RBIG BY CHDM

PROJECT NAME	20/21	STATUS/PROGRESS	WARD	VILLAGE
Augment Qstwn Wtr Spply P6 Macibini Pipeline	36,500,000	Ccontested legally	2,3,4	Bulk supply to Macibini & Illinge
Augment Qstwn Wtr Spply P6 Macibini Wtw	32,407,000	Adjudication	2,3,4	Bulk supply to Macibini & Illinge
Hofmeyer Water Supply	10,000,000	Planning	Ward 35	Hofmeyr town, Eluxolweni, Twinsiville
Total	78,907,000			

EQUITABLE PROJECTS – ENOCH MGIJIMA BY CHDM

• Irrigation Schemes R1 500 000 • Small Town Revitalisation Programme R3 000 000 • Special Programme Programmes R 1 300 000 • RAFI R1 000 000 • Livestock Programme R1 500 000 • SMME R1 000 000 • Poverty Alleviation R500 000	• Tourism Development R1 200 000 • Liberation Heritage R4 100 000 • Forestry R1 250 000 • Destitute Housing Development R2 000 000 • Environmental Management R1 000 000 • Municipal Health Programmes R1 000 000 • Disaster Management Programmes R2 500 000

ELECTRIFICATION – ESKOM

PROJECT NAME	GAZZETE AOUNT	PROJECT TYPE	NUMBER OF HOUSEHOLDS	BENEFICIARIES
Enoch Mgijima Rural Ex.	R7 200 00	Households	300	Asazani, Fransbury, Manuneni,Mtebele, Mthonjeni, Mthwaku,Siyanda
Enoch Mgijima Rural Link/ Line	R870 000	Infrastructure	3km	
Enoch Mgijima Type 2 infills	R1 440 000	Households	90	Qwebeqwebe,Spring View, Emdeni - Sobantu
Gwatyu Farms	R2 550 000	Households	75	
Gwatyu Farms Link Line	R870 000	Infrastructure	3	

- Gwatyu Farms Pre- engineering (2023/24 plan)- R397 000
- Gwatyu Farms Pre- engineering Ext .(2023/24 plan)- R497 000

Amount R13 834 000.00

DEPARTMENT OF TRANSPORT

PLANNEDPROJECTS 2022/23 – ALLOCATED BUDGET - R 19 900 000.00

ROAD NUMBER	AREA/WARD	ALLOCATED BUDGET	ROAD LENGTH (KM)	PROJECT DESCRIPTION
DR07460	Wittlesea/Ward 20	R 1 350 000,00	2,7km	Re-gravelling
DR07357	Whittlesea/Ward 22	R 4 050 00,00	9km	Re-gravelling
DR12729	Whocantell to Didimana/ Ward 20	R 4 500 000.00	10km	Re-gravelling
MR00660	Tarkastad to Hofmeyer/Ward 34	Not Yet Available	15km	Re-gravelling, Planned
DR07407	Heckney to Lahlangubo/Ward 22	R 3 200 000,00	35km	Re-gravelling, Reshaping and Wet Blading, Planned
DR02644	Molteno/Ward 28	Not Yet Available	10km	Re-gravelling, Planned

CONTINUED/PLANNED 2022/23 PROJECTS

MR00654	Hofmeyr/Ward 34	Not Yet Available	15km	Re-gravelling, Planned
MR00668	Molteno/Ward 28	Not Yet Available	12km	Re-gravelling, Planned
DR08609	Gwatyu/Ward 1	Not Yet Available	10km	Re-gravelling, Planned
MR00706	Gwatyu to Cathcart/Ward 1	Not Yet Available	15km	Re-gravelling, Planned
DR02583	Longhill Nature/Ward 10	Not Yet Available	10km	Re-gravelling, Planned
MR00650	Whittlesea/Ward 15	Not Yet Available	12km	Re-gravelling, Planned
DR02542	Ward 15	Not Yet Available	15km	Re-gravelling, Planned
	TOTAL ALLOCATED BUDGET	**R 19 900 000.00**		

DEPARTMENT OF AGRICULTURE LAND REFORM AND RURAL DEVELOPMENT

Indicator and Target	Activities Planned for 2022/23	Project Name	Targeted Quarter	Status	Budget Allocation for 2022/23
Number of farms supported through land development support programme	Enoch Mgijima LM Delivery of livestock, machinery, and infrastructure	Modderfontein Stimulus Project: Enoch Mgijima LM	Q 2	Approved	R 4 895 286,00
Number of farms supported through land development	Enoch Mgijima LM Delivery of livestock, machinery and infrastructure	Hughenden/ Kleinvley Stimulus Project: Enoch Mgijima	Q3	Approved	R 4 849 386,00

support programme					
Number of farms supported through land development support programme	Enoch Mgijima LM Delivery of livestock, machinery and infrastructure	Lusthof Stimulus Project: Enoch Mgijima LM	Q3	Approved	R 4 996 470,00
Number of farms supported through land development support programme	Enoch Mgijima LM Delivery of livestock, machinery and infrastructure	Klipkraal Stimulus Project : Enoch Mgijima LM	Q4	Approved	R 4 508 910,00

Projects by Department of Health

(Projects that are being implemented and those planned for implementation in the Chris Hani Health District) in Local Municipalities.

Project Name	Start Date	End Date	Sector	Local Municipality	District Municipality
Existing Hospitals Commissioning and Recommissioning - Chris Hani	01/04/2017	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
Radiology Equipment and Services - Chris Hani	01/04/2017	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
District Hospitals Medical Equipment Maintenance - Chris Hani	01/04/2017	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
Existing Clinics Commissioning and Recommissioning - Chris Hani	01/04/2017	31/03/2022	Community Health Facilities	Chris Hani	Chris Hani
Provincial Hospitals Medical Equipment Maintenance - Chris Hani	01/04/2017	31/03/2022	Provincial Hospital Services	Chris Hani	Chris Hani
Clinics Medical Equipment Maintenance - Chris Hani	01/04/2017	31/03/2022	Community Health Facilities	Chris Hani	Chris Hani

Clinical Engineering Management Services	01/04/2017	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
COE - Clinical Engineering Services	01/04/2017	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
Scheduled Maintenance to Generators Chris Hani	01/07/2018	31/03/2022	District Hospital Services	Chris Hani	Chris Hani
Scheduled Maintenance to Medium Voltage Facilities Cradock, Frontier, Komani, Burgersdorp, Victoria, Tower and All Saints Hospital	01/07/2018	31/03/2022	Provincial Hospital Services	Chris Hani/Joe Gqabi	Chris Hani/ Joe Gqabi
Scheduled Maintenance to Various Autoclave, Serilizer and Bed Pan Washer Equipment - Chris Hani DM	01/07/2018	31/03/2022	Provincial Hospital Services	Chris Hani	Chris Hani
District Health Facilties- Buildings Maintenance	01/04/2020	31/03/2022		Chris Hani	Chris Hani
Other Facilites- Buildings Maintenance	01/04/2020	31/03/2022	Other Facilities	Chris Hani	Chris Hani
Maintenance and repairs - Regional Hospitals Chris Hani	01/04/2020	31/03/2021	Regional Hospitals	Chris Hani	Chris Hani
Maintenance and repairs - District Hospitals Chris Hani	01/04/2018	31/03/2022	District Hospitals	Chris Hani	Chris Hani

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALILTY

The municipality did not make any loans nor grants for the period under review.

APPENDIX S : DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S 71

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT		
Outcome/Output	**Progress to date**	**Number/Percentage achieved**
Output: Improving access to basic services	Blading of internal of roads	
		Completed
	100% Construction of block paved roads in Ilinge	100% Construction of block paved roads completed
	100% Completion of surfacing of Pambo and Thabo Mbeki streets	
	Completion of surfacing of Fletcher Street	
Output: Implementation of Community Work Program	The program was implemented during the period under review	More than 3000 work opportunities were created on CWP 810 EPWP work opportunities created
Output: Deepen democracy and financial capability	Ward committees were established and function during the period under review. With the assistance of ward committees, communities were visited for application as indigents	Ward committees were established in almost all the wards. Indigent Register was developed

VOLUME II: ANNUAL FINANCIAL STATEMENTS

ATTACHED BELOW

Enoch Mgijima Local Municipality
(Registration number EC139)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no. 117 of 1998)
Nature of business and principal activities	Enoch Mgijima Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)
Mayoral committee	
Executive Mayor	Mayor M Papiyana
Executive Committee	Cllr N Nqabisa (Speaker)
	Cllr N S Ndlebe (Chief Whip)
	Cllr S S Lali (Community Services Portfolio Head)
	Cllr O Adonisi (Human Settlement and Land Portfolio Head)
	Cllr B C Simina (SPU Portfolio Head)
	Cllr P Madubedube (Corporate Services Portfolio Head)
	Cllr T Bunu (IPED Portfolio Head)
	Cllr U Galada (Budget and Treasury Portfolio Head)
	Cllr Z N E Ralane (Public Safety Portfolio Head)
	Cllr M Mangcotywa (Technical Services Portfolio Head) Cllr A N Hendrieks (MPAC)
	Cllr M Mnyaka
	Cllr L A Haggard
	Cllr D D MacTaggart
	Cllr D U Stellenberg
	Cllr K L Clark
	Cllr S C Ndarala
	Cllr A T Cetywayo
	Cllr N M Solani
	Cllr S V Mkefa
	Cllr V S Nqayi
	Cllr P P Z Mandile (Resigned 9 April 2024)
	Cllr N S Kweza
	Cllr A B Zondi
	Cllr F N Duda
	Cllr W Booi
	Cllr K Nonyongo
	Cllr E Mavango
	Cllr S Neli
	Cllr Z Baleni
	Cllr X Williams
	Cllr A Sizani
	Cllr M Ndyalivani
	Cllr N Nduku (Resigned 30 September 2024)
	Cllr L L Ndlebe
	Cllr Z S Manqaphela
	Cllr T M Panya
	Cllr T Vali
	Cllr N X Tom
	Cllr S Dukwe

General Information

	Cllr L Komeni Cllr S Plaatjie Cllr N Makasi Cllr A Keva Cllr N Yaliwe Cllr S A Qwalela Cllr L Pukwana Cllr N C Twalo Cllr Z S Tutwana Cllr M Ngesi Cllr S Mkhunqe Cllr V V Bomela Cllr M S Hokolo Cllr B Fingwana Geld (Deceased April 2025) Cllr E N Marawu Cllr G T Titus Cllr C O Everitt Cllr A T Ngoma Cllr M M Jacobs (Appointed 1 September 2023) Cllr A Ngonyama Cllr L C S Tokwe Cllr H A Deysel Cllr B Quqa Cllr M Matsolo Cllr A A Ganca Cllr L Amos (Appointed 13 May 2025) Cllr F Malatoe (Appointed 10 June 2024) Cllr A Mbete (Appointed 09 December 2024) Cllr M Mxakwe (Appointed 18 July 2024) Cllr A Njikela (Appointed 18 July 2024)
Jurisdiction	Molteno, Hofmeyer, Sterkstroom, Tarkastad, Whittlesea, Komani
Accounting Officer	A. Ntengenyane
Registered office	70 Cathcart Road Komani 5320
Postal address	Private Bag X7111 Komani 5320
Bankers	First National Bank
Auditors	Auditor-General of South Africa (AGSA)
Attorneys	Gray Burmeister Inc Jolwana Mgidlana Inc Joubert Galpin Searle Matiwane Attorneys Inc Matiwane Zukisani Attorneys Mbabane & Maswazi Inc

General Information

Peyper Attorneys
Philip & Mabona Attorneys Inc JV Benmazwi Inc Attorneys
PX Limba
Siyatemba Sokutu Attorneys Inc
Sonamzi Attorneys Inc
Wesley Pretorius and Associates Inc
Yandiswa Sonamzi Attorneys

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

DORA	Division of Revenue Act
DSRAC	Department of Sports, Recreation, Arts and Culture
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
INEG	Integrated National Electrification Programme Grant
IPSAS	International Public Sector Accounting Standards
ISDG	Integrated Skills Development Grant
MDTG	Municipal Demarcation Transition Grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSIG	Municipal Systems Improvement Grant
mSCOA	Municipal Standard Chart of Accounts
MDRG	Municipal Disaster Relief Grant
OTP	Office of the Premier
SALGA	South African Local Government Association

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places 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 30 June 2026 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 113, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed by her:

ANtengenyane

A Ntengenyane
Municipal Manager

Statement of Financial Position as at 30 June 2025

	Notes	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	1 491 252	3 180 236
Receivables from exchange transactions	4	53 704 287	74 700 739
Receivables from non-exchange transactions	5	28 642 969	60 418 227
VAT receivable	6	763 823	1 013 935
VAT accrual - input	7	213 222 228	164 127 641
Cash and cash equivalents	8	69 995 556	72 755 914
		367 820 115	**376 196 692**
Non-Current Assets			
Biological assets	9	9 557 731	7 120 557
Investment property	10	326 352 511	326 352 511
Property, plant and equipment	11	1 263 919 355	1 273 014 108
Heritage assets	12	2 820 600	2 820 600
		1 602 650 197	**1 609 307 776**
Total Assets		**1 970 470 312**	**1 985 504 468**
Liabilities			
Current Liabilities			
Finance lease obligation	13	583 958	621 154
Payables from exchange transactions	14	1 858 306 675	1 468 771 412
Payables from non-exchange transactions	15	941 862	941 862
Consumer deposits	16	11 806 385	11 272 521
Employee benefit obligation	17	50 262 861	51 314 958
Unspent conditional grants and receipts	18	21 664 997	40 068 185
VAT accrual - output	19	7 638 714	7 714 513
		1 951 205 452	**1 580 704 605**
Non-Current Liabilities			
Finance lease obligation	13	-	583 958
Employee benefit obligation	17	43 119 000	40 731 000
Provisions	20	133 818 855	105 117 248
		176 937 855	**146 432 206**
Total Liabilities		**2 128 143 307**	**1 727 136 811**
Net (Liabilities) / Assets		**(157 672 995)**	**258 367 657**
Accumulated (deficit) / surplus		(157 672 995)	258 367 657
Total Net (Liabilities) / Assets		**(157 672 995)**	**258 367 657**

* See Note 49

Statement of Financial Performance

	Notes	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	392 473 523	347 546 180
Rental of facilities and equipment	22	4 213 711	3 678 596
Interest earned on debtors		127 445 111	113 655 352
Income from agency services	23	4 809 132	4 420 273
Licences and permits	24	5 311 930	4 693 120
Movement in leave provision		-	7 931 547
Construction contract revenue	25	22 073 897	104 847 005
Other income	26	6 088 626	7 862 426
Interest received on investments	27	8 738 715	6 805 976
Total revenue from exchange transactions		**571 154 645**	**601 440 475**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	170 017 681	145 788 079
Transfer revenue			
Government grants and subsidies	29	394 704 893	349 820 158
Public contributions and donations	30	-	90 713
Fines	31	4 493 422	3 120 919
Total revenue from non-exchange transactions		**569 215 996**	**498 819 869**
Total revenue		**1 140 370 641**	**1 100 260 344**
Expenditure			
Employee related costs	32	(329 231 666)	(328 740 338)
Remuneration of councillors	33	(31 864 689)	(28 363 758)
Depreciation and amortisation	34	(61 626 519)	(77 671 577)
Finance costs	35	(40 111 098)	(72 806 209)
Debt Impairment	36	(326 911 824)	(275 068 947)
Repairs and maintenance	37	(57 772 048)	(25 703 003)
Bulk purchases	38	(463 020 407)	(377 658 224)
Contracted services	39	(49 363 824)	(52 857 668)
Transfers and Subsidies	40	(1 690 817)	(1 629 816)
General Expenses	41	(79 954 282)	(165 580 443)
Total expenditure		**(1 441 547 174)**	**(1 406 079 983)**
Operating deficit		**(301 176 533)**	**(305 819 639)**
Loss on disposal of assets and liabilities		(265 048)	(540 125)
Gain on foreign exchange		-	43 782
Actuarial gains / (losses)	17	(24 000)	3 296 000
Fair value adjustment on biological assets		2 437 174	1 412 490
Impairment loss	42	(117 011 890)	(34 621 369)
VAT provision write off		-	(1 367 688)
Eskom interest adjustment	43	-	64 692 243
		(114 863 764)	**32 915 333**
Deficit for the year		**(416 040 297)**	**(272 904 306)**

* See Note 49

Statement of Changes in Net Assets

	Accumulated (deficit) / surplus	Total net assets
Opening balance as previously reported	540 187 397	540 187 397
Adjustments		
Prior year adjustments	(8 915 434)	(8 915 434)
Balance at 01 July 2023 as restated*	**531 271 963**	**531 271 963**
Changes in net assets		
Restated* deficit for the year	(272 904 306)	(272 904 306)
Total changes	(272 904 306)	(272 904 306)
Restated* Balance at 01 July 2024	**258 367 302**	**258 367 302**
Changes in net assets		
Deficit for the year	(416 040 297)	(416 040 297)
Total changes	(416 040 297)	(416 040 297)
Balance at 30 June 2025	**(157 672 995)**	**(157 672 995)**
Note	49	

* See Note 49

Cash Flow Statement

	Notes	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Rates and services		283 282 308	275 658 437
Government grants and subsidies		376 301 705	392 462 117
Interest income		136 183 826	120 461 328
Other receipts		(326 147)	138 376 079
		795 441 692	926 957 961
Payments			
Employee costs		(359 847 266)	(356 801 209)
Suppliers		(261 380 556)	(387 180 488)
Finance costs		(29 192 371)	(49 839 376)
Other payments		(1 690 817)	(1 629 816)
		(652 111 010)	(795 450 889)
Net cash flows from operating activities	45	**143 330 682**	**131 507 072**
Cash flows from investing activities			
Purchase of movable and immovable assets	11	(145 469 886)	(95 183 776)
Proceeds from sale of property, plant and equipment	11	-	232 692
Net cash flows from investing activities		**(145 469 886)**	**(94 951 084)**
Cash flows from financing activities			
Movement in finance leases		(621 154)	(997 595)
Net increase/(decrease) in cash and cash equivalents		**(2 760 358)**	**35 558 393**
Cash and cash equivalents at the beginning of the year		72 755 914	37 197 521
Cash and cash equivalents at the end of the year	8	**69 995 556**	**72 755 914**

* See Note 49

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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	512 996 574	5 154 519	**518 151 093**	392 473 523	**(125 677 570)**	62.1
Rental of facilities and equipment	4 903 570	-	**4 903 570**	4 213 711	**(689 859)**	62.2
Interest received on debtors	57 295 205	77 587 473	**134 882 678**	127 445 111	**(7 437 567)**	
Income from agency services	4 582 200	1 607 198	**6 189 398**	4 809 132	**(1 380 266)**	62.3
Licences and permits	4 695 300	1 232 636	**5 927 936**	5 311 930	**(616 006)**	62.3
Miscellaneous other revenue	3 390 494	-	**3 390 494**	22 073 897	**18 683 403**	62.4
Other income	3 343 900	-	**3 343 900**	6 088 626	**2 744 726**	62.5
Interest received on investments	5 094 400	2 250 719	**7 345 119**	8 738 715	**1 393 596**	62.6
Total revenue from exchange transactions	**596 301 643**	**87 832 545**	**684 134 188**	**571 154 645**	**(112 979 543)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	160 581 131	21 387 437	**181 968 568**	170 017 681	**(11 950 887)**	
Transfer revenue						
Operating	305 243 200	(32 028 000)	**273 215 200**	255 626 381	**(17 588 819)**	62.7
Fines, Penalties and Forfeits	4 596 683	-	**4 596 683**	4 493 422	**(103 261)**	
Total revenue from non-exchange transactions	**470 421 014**	**(10 640 563)**	**459 780 451**	**430 137 484**	**(29 642 967)**	
Total revenue	**1 066 722 657**	**77 191 982**	**1 143 914 639**	**1 001 292 129**	**(142 622 510)**	
Expenditure						
Employee related costs	(359 492 099)	-	**(359 492 099)**	(329 231 666)	**30 260 433**	
Remuneration of councillors	(27 744 292)	(2 200 000)	**(29 944 292)**	(31 864 689)	**(1 920 397)**	62.8
Depreciation and amortisation	(54 678 008)	(23 000 000)	**(77 678 008)**	(61 626 519)	**16 051 489**	62.9
Impairment loss	-	-	**-**	(117 011 890)	**(117 011 890)**	62.10
Finance costs	(10 195 367)	(15 000 000)	**(25 195 367)**	(40 111 098)	**(14 915 731)**	62.11
Debt Impairment	(57 570 443)	-	**(57 570 443)**	(326 911 824)	**(269 341 381)**	62.12
Other materials / Repairs and maintenance	(25 990 200)	541 000	**(25 449 200)**	(57 772 048)	**(32 322 848)**	62.13
Bulk purchases	(362 945 234)	(37 500 000)	**(400 445 234)**	(463 020 407)	**(62 575 173)**	62.14
Contracted Services	(75 726 166)	(25 538 000)	**(101 264 166)**	(49 363 824)	**51 900 342**	62.15
Transfers and Subsidies	(2 200 000)	-	**(2 200 000)**	(1 690 817)	**509 183**	62.16
General Expenses	(87 069 904)	27 525 000	**(59 544 904)**	(79 954 282)	**(20 409 378)**	62.17
Total expenditure	**(1 063 611 713)**	**(75 172 000)**	**(1 138 783 713)**	**(1 558 559 064)**	**(419 775 351)**	
Operating deficit	**3 110 944**	**2 019 982**	**5 130 926**	**(557 266 935)**	**(562 397 861)**	
Loss on disposal of assets and liabilities	-	-	**-**	(265 048)	**(265 048)**	62.18
Actuarial gains/losses	-	-	**-**	(24 000)	**(24 000)**	62.19

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
Fair value adjustment on biological assets	-	-	-	2 437 174	**2 437 174**	62.20
	-	**-**	**-**	**2 148 126**	**2 148 126**	
Surplus	**3 110 944**	**2 019 982**	**5 130 926**	**(555 118 809)**	**(560 249 735)**	
Surplus / (deficit) for the year from continuing operations	**3 110 944**	**2 019 982**	**5 130 926**	**(555 118 809)**	**(560 249 735)**	
Transfers recognised - capital	207 762 103	(14 973 601)	**192 788 502**	139 078 512	**(53 709 990)**	62.22
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**210 873 047**	**(12 953 619)**	**197 919 428**	**(416 040 297)**	**(613 959 725)**	

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
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	541 000	**541 000**	1 491 252	**950 252**	62.23
Receivables from exchange transactions	364 854 754	-	**364 854 754**	53 704 287	**(311 150 467)**	62.24
Receivables from non-exchange transactions	101 389 845	-	**101 389 845**	28 642 969	**(72 746 876)**	62.25
VAT receivable	45 276 209	14 496 209	**59 772 418**	763 823	**(59 008 595)**	62.26
VAT accrual - input	-	-	**-**	213 222 228	**213 222 228**	62.27
Cash and cash equivalents	21 325 632	20 790 161	**42 115 793**	69 995 556	**27 879 763**	62.28
	532 846 440	**35 827 370**	**568 673 810**	**367 820 115**	**(200 853 695)**	
Non-Current Assets						
Biological assets	5 822 227	-	**5 822 227**	9 557 731	**3 735 504**	62.29
Investment property	326 352 511	-	**326 352 511**	326 352 511	**-**	
Property, plant and equipment	2 055 085 358	(4 386 029)	**2 050 699 329**	1 263 919 355	**(786 779 974)**	62.30
Intangible assets	299 861	-	**299 861**	-	**(299 861)**	62.31
Heritage assets	2 510 920	-	**2 510 920**	2 820 600	**309 680**	62.32
	2 390 070 877	**(4 386 029)**	**2 385 684 848**	**1 602 650 197**	**(783 034 651)**	
Total Assets	**2 922 917 317**	**31 441 341**	**2 954 358 658**	**1 970 470 312**	**(983 888 346)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	583 958	**583 958**	62.33
Payables from exchange transactions	1 326 500 200	-	**1 326 500 200**	1 858 306 675	**531 806 475**	62.34
Taxes and transfers payable (non-exchange)	941 862	-	**941 862**	941 862	**-**	
Consumer deposits	11 201 400	-	**11 201 400**	11 806 385	**604 985**	
Employee benefit obligation	-	-	**-**	50 262 861	**50 262 861**	62.35
Unspent conditional grants and receipts	-	-	**-**	21 664 997	**21 664 997**	62.36
Provisions	14 366 421	-	**14 366 421**	-	**(14 366 421)**	62.37
VAT accrual - output	26 544 800	26 544 800	**53 089 600**	7 638 714	**(45 450 886)**	62.38
	1 379 554 683	**26 544 800**	**1 406 099 483**	**1 951 205 452**	**545 105 969**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	43 119 000	**43 119 000**	62.35
Provisions	324 158 652	-	**324 158 652**	133 818 855	**(190 339 797)**	62.39
	324 158 652	**-**	**324 158 652**	**176 937 855**	**(147 220 797)**	
Total Liabilities	**1 703 713 335**	**26 544 800**	**1 730 258 135**	**2 128 143 307**	**397 885 172**	
Net (Liabilities) / Assets	**1 219 203 982**	**4 896 541**	**1 224 100 523**	**(157 672 995)**	**(1 381 773 518)**	

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
Net (Liabilities) / Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated (deficit) / surplus	1 219 203 982	4 896 541	**1 224 100 523**	(157 672 995)	**(1 381 773 518)**	

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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rates and Service charges	572 460 469	44 446 000	**616 906 469**	283 282 308	**(333 624 161)**	62.40
Transfers and subsidies - Operational and Capital	389 776 000	76 228 000	**466 004 000**	376 301 705	**(89 702 295)**	62.41
Interest	48 907 874	2 250 719	**51 158 593**	136 183 826	**85 025 233**	62.42
Other revenue	36 617 862	(8 266 000)	**28 351 862**	(326 147)	**(28 678 009)**	62.43
	1 047 762 205	**114 658 719**	**1 162 420 924**	**795 441 692**	**(366 979 232)**	
Payments						
Suppliers and employees	(927 365 495)	17 024 000	**(910 341 495)**	(621 227 822)	**289 113 673**	62.44
Finance costs	(12 195 367)	(8 000 000)	**(20 195 367)**	(29 192 371)	**(8 997 004)**	62.45
Transfers and subsidies	(2 200 000)	-	**(2 200 000)**	(1 690 817)	**509 183**	62.46
	(941 760 862)	**9 024 000**	**(932 736 862)**	**(652 111 010)**	**280 625 852**	
Net cash flows from operating activities	**106 001 343**	**123 682 719**	**229 684 062**	**143 330 682**	**(86 353 380)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(101 482 800)	(102 893 000)	**(204 375 800)**	(145 469 886)	**58 905 914**	62.47
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(621 154)	**(621 154)**	62.49
Net increase/(decrease) in cash and cash equivalents	4 518 543	20 789 719	**25 308 262**	(2 760 358)	**(28 068 620)**	
Cash and cash equivalents at the beginning of the year	16 807 088	-	**16 807 088**	72 755 914	**55 948 826**	
Cash and cash equivalents at the end of the year	**21 325 631**	**20 789 719**	**42 115 350**	**69 995 556**	**27 880 206**	

Accounting Policies

	Notes	2025	2024

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

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

These accounting policies are consistent with the previous year.

1.1 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.

1.2 Materiality

Material 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.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables and other receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on an individual debtor basis, based on historical loss ratios, debtor type and other indicators present at the reporting date that correlate with defaults.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of non-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 an assumption used may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including municipality specific variables and economic factors.

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 20 - Provisions.

Employee benefit obligation

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

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

The municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

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

1.4 Biological assets

A biological asset is a living animal or plant.

The entity recognises biological assets or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Accounting Policies

1.4 Biological assets (continued)

Biological assets are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets is included in surplus or deficit for the period in which it arises.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Biological assets are derecognised when disposed off. The gains or losses are then recognised through the Statement of Financial Performance.

1.5 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.

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.

The cost of self-constructed investment property is the cost at the date of completion.

Cost model

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 by equal instalments over the useful life of the property, which is as follows:

Item	**Useful life**
Property - land	indefinite

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.

The following criteria have been applied to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations:
- All properties held to earn market-related rentals or for capital appreciation, or for both, are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment property;
- Land held for currently undetermined future use. If the municipality has not determined that it will use the land as owner-occupied property, or for a short-term sale in the ordinary course of business, the land is regarded as being held for capital appreciation;

1.5 Investment property (continued)

- A building owned by the municipality (or held by the municipality under finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the housing board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held on to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall into the ambit of investment property, and shall be classified as Property, plant and equipment or Non-current assets held for sale (where appropriate):

- Property held for sale in the ordinary course of operations;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property;
- Property that is being constructed or developed for future use as investment property;
- Property that is being leased out under finance lease;
- Property that is held to provide a social service and which also generates cash flows; and
- Property held for strategic purposes and service delivery.

Property interest held under operating leases are classified and accounted for as investment property, if the property interest that is held by the lessee under an operating lease may be classified and accounted for as investment property, provided that the property would otherwise meet the definition of investment property and the lessee uses the fair value model.

When classification is difficult, the criteria used to distinguish investment properties from owner-occupied property held for sale is established by using criteria that it can utilise to exercise judgement consistently in accordance with the definition of investment property and with the related guidance.

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and impairment. No depreciation is recognised where the residual value of the property exceeds the historical cost of the investment property.

Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Impairment

Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.
An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.6 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 at acquisition date, or in the case of assets acquired by grant or donation, deemed cost being the fair value of the asset on initial recognition.

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.

1.6 Property, plant and equipment (continued)

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

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

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.

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset or that have different useful lives, are depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or service potential associated with the expenditure will flow to the municipality and the cost can be measured reliably. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity of future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset that is being replaced and capitalises the new component.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the surplus or deficit when the compensation becomes receivable.

The Economic Useful Life ("EUL") of an asset has been determined with reference to the Local Government Capital Asset Management Guidelines and the Guidelines for Infrastructure Asset Management in Local Government and tailored to the Municipalities specific requirements where applicable.

Impairment

Where the carrying amount of Property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

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

Accounting Policies

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Land		Indefinite years
Infrastructure		
• Roads	Straight line	5 - 80 years
• Buildings	Straight line	7 - 100 years
• Electricity	Straight line	15 - 60 years
• Landfill sites	Straight line	15 - 55 years
Other property, plant and equipment		
• Motor vehicles	Straight line	15 years
• Furniture and fittings	Straight line	10 years
• Machinery and equipment	Straight line	10 years
• Computer equipment	Straight line	7 years
Community	Straight line	7 - 100 years

The residual value, the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

Incomplete construction work

Incomplete construction work is stated at historical cost, depreciation only commences when the asset is available for use.

Finance leases

Assets capitalised under finance leases are depreciated over the expected useful lives on the same basis as property, plant and equipment controlled by the municipality, or where shorter the term of the relevant lease if there is no reasonable surety terms of the assets management policy.

Infrastructure assets

Infrastructure assets are any assets that are part of a network or similar assets. Infrastructure assets are shown at cost less accumulated depreciation and impairment. Infrastructure assets are treated similarly to all assets of the municipality in terms of the asset management policy.

Derecognition of property, plant and equipment assets

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.

1.7 Heritage assets

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.

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.

1.7 Heritage assets (continued)

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.

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.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a 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. The gain or loss is the difference between the proceeds and the carrying amount of the intangible asset.

1.8 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 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.

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another 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 liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the municipality designates at fair value at initial recognition; or
- are held for trading.

Accounting Policies

1.8 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

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

Impairment and uncollectibility of financial assets

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

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.

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

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

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.

Financial liabilities

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

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 municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.9 Statutory receivables

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.

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.

Accounting Policies

1.9 Statutory receivables (continued)

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 are recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the 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.

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

Accounting Policies

1.9 Statutory receivables (continued)

- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognises 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.

1.10 Leases

The Municipality as a lessee

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the asset or if lower the present value of the minimum lease payments determined at the inception of the lease. Corresponding liabilities are included as finance lease liabilities. The corresponding liabilities are initially recognised at the inception of the lease and measured at the sum of the minimum lease payments discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payment and unguaranteed residual values to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the capital and finance costs portions using the effective interest method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between finance costs and capital repayment using the effective interest method. Lease finance costs are expensed when incurred. The accounting policies relating to the derecognition of financial instruments are applied to lease payables. The leased asset is depreciated over the shorter of the useful life of the asset or the lease term.

The Municipality as a lessor

Operating lease rental income is recognised on a straight line over the term of the relevant lease.

Operating leases - lessor

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 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.

Accounting Policies

1.11 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.

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.

1.12 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.

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 surveys of work done.

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.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

1.13 Impairment of cash-generating assets (continued)

- 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.

Identification of a potential impairment

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (cash-generating units)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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.

Identification of a potential impairment

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.

Accounting Policies

1.14 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.

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.

1.14 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:
- the municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

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

1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

- the present value of the defined benefit obligation at the reporting date;
- plus any liability that may arise as a result of a minimum funding requirement

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

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

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

Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.16 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.

Accounting Policies

1.16 Provisions and contingencies (continued)

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Future events that may affect the amount required to settle the obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of an asset are taken into account in measuring a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

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 test 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 1.13 and 1.14.

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.

1.17 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of resources embodying economic benefits or service potential. A commitment is disclosed to the extent that it has not already been recognised anywhere else in the financial statements.

At the end of each financial period the municipality determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed on the commitment note to the financial statements.

Accounting Policies

1.18 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.

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 services performed to date as a percentage of total services to be performed.

Interest

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.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Revenue from exchange transactions (continued)

Service Charges

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue without being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. The tariffs are determined per category if property usage and levied monthly based on the number of refuse containers on each property, regardless of whether or not the containers are emptied during the month.

Finance Income

Interest earned on investment is recognised in the statement of financial performance on the time apportionment basis taking into account the effective yield on the investment.

Tariff Charges

Revenue arising from the application of the approved tariffs is recognised when the service is rendered by applying the relevant authorisation tariff. This includes the issue of licenses and permits.

Income from Agency Services

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

Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised over the term of the lease agreement, where such terms spans over more than one financial year a straight-line basis is used.

1.19 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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.

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.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

1.19 Revenue from non-exchange transactions (continued)

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

Donations are recognised on a cash receipts or where the donation is in the form of; property, plant and equipment, when such items are available for use.

Public contributions
Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such item of property, plant and equipment are brought into use.

Where contributions have been received, but the conditions have not been met, a liability is recognised.

Government Grants

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria or conditions attached, where conditions have not been met, a liability is raised.

Government grants that are received as compensation for expenses or losses incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the statement of financial performance in the year in which they have been received.

Interest earned on investment is treated in accordance with the grant conditions. If it is payable to the founder it is recorded as part of the creditor, and if it is the municipality's interest it is recognised as interest earned in the statement of financial performance in the period in which it is received.

Government grants are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of revenue can be measured reliably; and
- to the extent that the conditions have been discharged and there has been compliance with any restrictions associated with the grant.

Other grants and donations

The municipality transfers money to individuals or organisations and other sectors of government from time to time, when making these transfers the municipality does not:
- receive goods and services in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; and
- expect a financial return as would be expected from investment.

1.19 Revenue from non-exchange transactions (continued)

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

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 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.

1.22 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).

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 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.

Accounting Policies

1.22 Accounting by principals and agents (continued)

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of the total amount appropriated in the municipality’s approved budget; and
- 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Unauthorised expenditure is accounted for as an expense in the statement of financial performance. If the expenditure is not certified as irrecoverable by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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.

If the expenditure is not subsequently certified as irrecoverable by the council it is treated as an asset until it is recovered or written off as irrecoverable.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery from the responsible councilors or officials is virtually certain. Such revenue is based on legislated procedures.

1.28 Offsetting

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

1.29 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Accounting Policies

1.29 Segment information (continued)

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.

1.30 Budget information

Municipalities 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 the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on the accrual basis.

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.

1.31 Related parties

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

Related party transaction is a transfer of resources, services or obligations between the municipality and a related party.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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.

1.32 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

Accounting Policies

1.32 Events after reporting date (continued)

- 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.

1.33 Change in accounting policy, estimates and errors

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

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction if errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets and liabilities and net assets for the earliest period for which retrospective treatment is practicable. Details of the prior period errors are disclosed in the note to the financial statements where applicable.

1.34 Value Added Tax (VAT)

Output VAT is levied on taxable supplies in terms of the Value Added Tax Act.

Input VAT is claimed on those supplies allowed in terms of the Value Added Tax Act.

Where input VAT exceeds output VAT the municipality recognises a receivable for VAT. Where output VAT exceeds input VAT the municipality would recognise a payable for VAT.

The municipality accounts for VAT on a payment basis.

Notes to the Annual Financial Statements

	2025	2024

2. New standards and interpretations

2.1 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 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	No effective date	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	No effective date	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date	Impact is not yet assessed
• GRAP 103 (amended): Heritage Assets	No effective date	Impact is not yet assessed
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

	2025	2024
Prepaid electricity meters and accessories	1 491 252	3 180 236
Inventories recognised as an expense during the year	-	862 764

Inventory pledged as security

No inventory was pledged as security for any liability.

The municipality made a significant purchase of prepaid electricity meters for the electrification of houses and replacement of faulty meters during the 2024 financial year. A large number of the meters were still on hand at year end.

4. Receivables from exchange transactions

	2025	2024
Trade debtors	1 135 058 656	1 009 755 046
Other debtors	1 275 412	2 902 679
Prepaid electricity debtor	7 943 565	6 718 911
Prepaid expenses	74	46 929
Impairment of debtors	(1 090 573 420)	(944 722 826)
	53 704 287	**74 700 739**

4. Receivables from exchange transactions (continued)

Aging of receivables from exchange transactions by service type

Ageing of receivables from exchange transactions - 2025	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Deposits	376	-	1 590	795	182 927	185 688
Electricity	22 405 495	10 857 728	8 171 387	6 594 285	154 228 850	202 257 745
Interest	277 889	272 529	267 287	263 308	14 072 921	15 153 934
Refuse	13 119 240	12 219 617	11 964 566	11 670 681	749 859 277	798 833 381
Sundries	960 603	805 945	763 745	727 555	115 370 060	118 627 908
	36 763 603	**24 155 819**	**21 168 575**	**19 256 624**	**1 033 714 035**	**1 135 058 656**

Ageing of receivables from exchange transactions - 2024	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Deposits	750	-	-	750	209 289	210 789
Electricity	5 246	18 611 024	8 464 205	6 140 705	112 756 240	145 977 420
Refuse	176 219	7 703 099	7 086 838	6 796 642	474 755 991	496 518 789
Sundries	457	442 033	270 247	243 749	62 797 102	63 753 588
Interest	999	9 910 424	9 817 339	9 658 553	273 907 145	303 294 460
	183 671	**36 666 580**	**25 638 629**	**22 840 399**	**924 425 767**	**1 009 755 046**

Ageing of receivables from exchange transactions by type of debtor

Ageing by type of debtor - 2025	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	120+ days	Total
Agriculture	305 564	227 022	249 252	169 394	8 816 845	9 768 077
Business	16 571 883	5 979 378	3 886 595	3 202 015	77 609 262	107 249 133
Domestic	15 219 109	13 574 392	13 301 296	13 011 174	915 009 379	970 115 350
Government	4 580 887	4 289 272	3 646 008	2 788 454	25 628 377	40 932 998
Other	86 160	85 755	85 424	85 587	6 650 172	6 993 098
	36 763 603	**24 155 819**	**21 168 575**	**19 256 624**	**1 033 714 035**	**1 135 058 656**

Ageing by type of debtor - 2024	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Agriculture	17 865	314 665	217 529	211 361	11 754 154	12 515 574
Business	172 224	10 953 801	3 896 997	2 520 171	49 269 165	66 812 358
Domestic	(228 711)	13 104 071	11 661 258	11 604 949	829 968 960	866 110 527
Government	(1 587 469)	4 545 291	3 461 657	3 838 555	49 823 985	60 082 019
Other	-	64 508	62 700	62 700	4 044 660	4 234 568
	(1 626 091)	**28 982 336**	**19 300 141**	**18 237 736**	**944 860 924**	**1 009 755 046**

Receivables from exchange transactions pledged as security

No receivables from exchange transactions have been pledged as security for any liabilities.

Notes to the Annual Financial Statements

	2025	2024

4. Receivables from exchange transactions (continued)

Receivables from exchange past due but not impaired

At 30 June 2025, R 23 962 549 (2024: R 67 865 393) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 days	5 238 433	3 711
61 - 90 days	2 398 321	6 505 325
91 - 120 days	1 865 067	3 147 842
120+ days	14 460 728	58 208 515
	23 962 549	**67 865 393**

Receivables from exchange transactions impaired

As of 30 June 2025, trade and other receivables of R 1 090 573 420 (2024: R 944 722 826) were impaired and provided for.

0 - 30 days	19 787 545	179 960
31 - 60 days	18 917 386	30 161 255
61 - 90 days	18 770 254	22 491 147
90+ days	17 391 557	20 466 972
120+ days	1 015 706 678	871 423 492
	1 090 573 420	**944 722 826**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(944 722 826)	(775 404 203)
Provision for impairment	(180 457 579)	(186 270 677)
Amounts written off as uncollectible	34 606 984	16 952 054
	(1 090 573 421)	**(944 722 826)**

Debtors are required to settle within 30 days. Interest is charged after this date at prime + 1%. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Debtors are evaluated for impairment on an individual basis using their payment history and taking into consideration the nature of the debtor and the policies of the Municipality.

The fair value of trade and other receivables approximates their carrying value.

The amounts written off as uncollectible consists of the write off of amounts owed by Indigent debtors that was approved by Council.

5. Receivables from non-exchange transactions

Assessment rates	663 613 645	574 242 623
Impairment of debtors	(640 830 888)	(519 026 960)
Traffic fines	5 860 212	5 202 564
	28 642 969	**60 418 227**

5. Receivables from non-exchange transactions (continued)

Ageing by service type

Ageing of receivables from non-exchange transactions - 2025	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Assessment rates	16 225 406	11 670 345	39 412 130	10 748 830	585 556 934	663 613 645
	16 225 406	**11 670 345**	**39 412 130**	**10 748 830**	**585 556 934**	**663 613 645**

Ageing of receivables from non-exchange transactions - 2024	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Assessment rates	1 738	11 889 007	8 012 513	7 503 270	546 836 095	574 242 623
	1 738	**11 889 007**	**8 012 513**	**7 503 270**	**546 836 095**	**574 242 623**

Ageing by debtor type

Ageing of receivables from non-exchange transactions by debtor type - 2025	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Agricultural	346 531	325 580	1 675 519	323 100	31 258 049	33 928 779
Business	2 623 026	1 038 881	1 051 401	649 915	23 776 257	29 139 480
Domestic	12 899 139	10 057 120	34 884 831	9 534 453	505 956 770	573 332 313
Government	356 709	248 763	1 800 378	241 362	24 565 861	27 213 073
	16 225 405	**11 670 344**	**39 412 129**	**10 748 830**	**585 556 937**	**663 613 645**

Ageing of receivables from non-exchange transactions by debtor type - 2024	0 - 30 days	31 - 60 days	61 - 90 days	90+ days	120+ days	Total
Agricultural	1 068 712	136 502	114 105	112 722	16 650 296	18 082 337
Business	1 953 657	1 586 075	578 471	398 304	14 619 621	19 136 128
Domestic	2 967 891	6 066 841	5 355 626	4 919 125	506 316 365	525 625 848
Government	(6 355 004)	68 425	68 132	59 883	17 556 874	11 398 310
	(364 744)	**7 857 843**	**6 116 334**	**5 490 034**	**555 143 156**	**574 242 623**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

	2025	2024
Assessment rates	663 613 645	574 242 623
Traffic fines	5 860 212	5 202 564
	669 473 857	**579 445 187**

Statutory receivables general information

Section 229 of the Constitution entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation. Property rates are levied in accordance with the Municipal Property Rates Act (act 6 of 2004) and the municipality's bylaws and rates policy.

Traffic fines are imposed in accordance with the the National Road Traffic Act (act 93 of 1996) and the municipal bylaws.

Notes to the Annual Financial Statements

	2025	2024

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

At 30 June 2025, R 16 226 495 (2024: R 23 160 715) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 days	1 281 846	694 891
61 - 90 days	1 714 000	468 317
91 - 120 days	582 332	138 552
120+ days	12 648 317	21 858 955
	16 226 495	**23 160 715**

Receivables from non-exchange transactions impaired

As of 30 June 2025, other receivables from non-exchange transactions of R 640 830 888 (2024: R 519 026 960) were impaired and provided for.

0 - 30 days	12 289 593	6 393 568
31 - 60 days	10 388 500	7 222 994
61 - 90 days	37 698 130	5 622 185
91 - 120 days	10 165 997	5 046 485
120+ days	570 288 668	494 741 728
	640 830 888	**519 026 960**

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(519 026 960)	(434 416 124)
Provision for impairment	(150 931 768)	(101 623 654)
Amounts written off as uncollectible	29 127 840	17 012 818
	(640 830 888)	**(519 026 960)**

6. VAT receivable

VAT	763 823	1 013 935

7. VAT accrual - input

VAT accrual - input	213 222 228	164 127 641

Notes to the Annual Financial Statements

	2025	2024

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	58 114	53 175
Bank balances	8 002 766	6 075 564
Short-term deposits	61 934 676	66 627 175
	69 995 556	**72 755 914**

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
FNB BANK - Current Account - 624-38159-809	4 200 854	3 889 098	2 286 520	5 115 552	4 262 934	2 311 552
ABSA BANK - Current Account - 21-6014-3854	2 887 214	1 850 708	1 742 924	2 887 214	1 850 708	1 742 924
FNB BANK - Call Account - 624-59044-162	10 177 515	9 606 117	22 716 599	10 177 515	9 606 117	22 716 599
FNB BANK - Call Account - 624-96427-967	1 000	1 000	1 000	1 000	1 000	1 000
FNB BANK - Call Account - 624-96436-265	21 557 725	1 857 725	1 000	21 557 725	1 857 725	1 000
FNB BANK - Call Account - FMG - 624-96439-607	1 000	1 000	1 000	1 000	1 000	1 000
FNB BANK - Call Account - 625-99305-763	488	1 000	10 943	488	1 000	10 943
FNB BANK - Call Account - 628-97156-529	90 011	1 000	2 003 694	90 011	1 000	2 003 694
FNB BANK - Call Account - 624-96441-842	1 000	1 000	370 096	1 000	1 000	370 096
FNB BANK - Call Account - 628-52253-261	19 418	19 418	7 995 157	19 418	19 418	7 995 157
FNB BANK - Call Account - 628-52254-300	5 487 258	14 950 854	1 115	5 487 258	14 950 854	1 115
FNB BANK - Call Account - 630-58979-411	24 599 229	40 186 905	-	24 599 229	40 187 061	-
FNB BANK - Call Account - 630-58980-822	32	1 000	-	32	1 000	-
Total	**69 022 744**	**72 366 825**	**37 130 048**	**69 937 442**	**72 740 817**	**37 155 080**

9. Biological assets

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Game animals	9 557 731	-	9 557 731	7 120 557	-	7 120 557

Reconciliation of biological assets - 2025

	Opening balance	Fair value adjustment	Total
Game animals	7 120 557	2 437 174	9 557 731

Reconciliation of biological assets - 2024

	Opening balance	Fair value adjustment	Total
Game animals	5 708 067	1 412 490	7 120 557

Notes to the Annual Financial Statements

	2025	2024

9. Biological assets (continued)

Non-financial information

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.

No restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the acquisition of biological assets.

All biological assets are located in the nature reserve and spa. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the Municipality are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase of game, resulting in an inflow of economic resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

Methods and assumptions used in determining fair value

Game type	2025 Quantity	2025 Fair value	2024 Quantity	2024 Fair value
Rhino	9	3 003 750	8	1 280 000
Giraffe	25	527 325	23	391 000
Eland	66	862 422	62	1 395 000
Kudu	43	388 333	29	199 578
Zebra	56	505 120	64	556 736
Nyala	2	15 914	12	67 596
Lechwe	54	229 500	54	411 751
Blesbok	55	161 755	48	136 752
Impala	143	299 585	141	276 642
Springbok	42	95 130	31	131 750
Fallow Deer	16	104 000	20	180 000
Gemsbok	38	574 940	37	388 500
Black Wildebeest	116	663 404	85	390 150
Red Hartebeest	86	819 322	94	965 662
Ostrich	11	57 530	9	28 440
Mountain Reed Buck	13	73 671	11	66 000
Buffalo	10	1 176 030	10	255 000
	785	**9 557 731**	**738**	**7 120 557**

An active market exists for game therefore the fair value of the game was determined with reference to the price in the relevant market. The municipality used family groupings to value each type of game instead of the gender specific values.

In 2018 the Municipality exchanged three white rhinoceroses for 10 buffalo. The buffalo are being kept on a private game reserve until the Municipal game reserve has been made suitable.

10. Investment property

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	326 352 511	-	326 352 511	326 352 511	-	326 352 511

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	326 352 511	326 352 511

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	326 352 511	326 352 511

Pledged as security

No investment property has been pledged as security for any liability.

Details of investment property

The investment property consists of various land parcels within Komani and the surrounding areas.

Key judgements and assumptions regarding control over land

Property owned by the Municipality that has RDP houses built on it has not been included in Investment Property as the municipality does not control access to the land.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	197 438 917	-	197 438 917	197 438 917	-	197 438 917
Buildings	137 668 001	(102 641 556)	35 026 445	137 621 002	(94 592 114)	43 028 888
Furniture and fixtures	8 452 235	(5 864 906)	2 587 329	8 394 680	(5 392 186)	3 002 494
Motor vehicles	47 114 588	(19 761 952)	27 352 636	43 847 219	(16 458 610)	27 388 609
IT equipment	17 054 382	(8 284 071)	8 770 311	14 569 676	(6 384 825)	8 184 851
Electricity	380 315 368	(203 974 704)	176 340 664	369 986 614	(184 800 949)	185 185 665
Roads and storm water	1 063 129 183	(647 582 661)	415 546 522	1 000 074 642	(557 543 673)	442 530 969
Landfill sites	81 630 495	(37 280 169)	44 350 326	52 451 646	(35 091 817)	17 359 829
Work in progress	180 087 611	(19 150 922)	160 936 689	180 242 626	(68 188 662)	112 053 964
Community assets	448 122 946	(258 673 501)	189 449 445	436 497 106	(206 586 110)	229 910 996
Other equipment	12 122 522	(6 002 451)	6 120 071	11 901 090	(4 972 164)	6 928 926
Total	**2 573 136 248**	**(1 309 216 893)**	**1 263 919 355**	**2 453 025 218**	**(1 180 011 110)**	**1 273 014 108**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Fair value adjustment	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	197 438 917	-	-	-	-	-	-	197 438 917
Buildings	43 028 888	47 000	-	-	-	(3 590 209)	(4 459 234)	35 026 445
Furniture and fixtures	3 002 494	57 555	-	-	-	(496 735)	24 015	2 587 329
Motor vehicles	27 388 609	3 267 369	-	-	-	(2 354 815)	(948 527)	27 352 636
IT equipment	8 184 851	2 484 706	-	-	-	(1 853 082)	(46 164)	8 770 311
Electricity	185 185 665	-	-	-	10 328 755	(11 182 921)	(7 990 835)	176 340 664
Roads and storm water	442 530 969	-	-	(265 048)	63 714 474	(27 751 091)	(62 682 782)	415 546 522
Landfill sites	17 359 829	-	17 782 880	-	11 395 969	(1 778 009)	(410 343)	44 350 326
Work in progress	112 053 964	145 947 763	-	-	(97 065 038)	-	-	160 936 689
Community assets	229 910 996	-	-	-	11 625 840	(11 621 874)	(40 465 517)	189 449 445
Other equipment	6 928 926	221 431	-	-	-	(997 783)	(32 503)	6 120 071
	1 273 014 108	**152 025 824**	**17 782 880**	**(265 048)**	**-**	**(61 626 519)**	**(117 011 890)**	**1 263 919 355**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Fair value adjustment	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	197 438 917	-	-	-	-	-	-	197 438 917
Buildings	51 898 379	74 520	-	(535)	-	(4 333 870)	(4 609 606)	43 028 888
Furniture and fixtures	2 909 307	111 158	-	-	764 840	(758 172)	(24 639)	3 002 494
Motor vehicles	27 393 434	5 105 738	-	-	-	(2 653 270)	(2 457 293)	27 388 609
IT equipment	7 893 430	1 198 398	-	(246 180)	1 403 209	(2 010 271)	(53 735)	8 184 851
Electricity	190 210 099	-	-	-	9 848 210	(10 752 288)	(4 120 356)	185 185 665
Roads and storm water	411 632 469	-	-	(526 102)	65 496 192	(25 079 430)	(8 992 160)	442 530 969
Landfill sites	201 173 863	-	(164 804 774)	-	-	(19 009 260)	-	17 359 829
Work in progress	157 035 069	87 933 220	-	-	(132 914 325)	-	-	112 053 964
Community assets	203 811 462	-	-	-	51 666 245	(11 933 424)	(13 633 287)	229 910 996
Other equipment	4 146 756	918 427	-	-	3 735 629	(1 141 594)	(730 292)	6 928 926
	1 455 543 185	**95 341 461**	**(164 804 774)**	**(772 817)**	**-**	**(77 671 579)**	**(34 621 368)**	**1 273 014 108**

Notes to the Annual Financial Statements

	2025	2024

11. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment has been pledged as security for any liability.

Property, plant and equipment not found during asset verification to be further investigated		
Computer equipment	2 628 730	3 740 767
Furniture and office equipment	195 971	147 090
Machinery and equipment	556 915	261 259
Transport	77 338	592 448
	3 458 954	**4 741 564**

The property, plant and equipment that could not be found during the asset verification will be further investigated and disposed of after all processes have been followed. The cost of the assets amounts to R10 151 590 (2024: R9 925 285).

Property, plant and equipment in the process of being constructed or developed

Buildings	47 000	-
Electricity	89 079 328	21 833 700
Roads and stormwater	145 182 695	96 401 155
Community assets	295 250	5 058 737
Landfill sites	-	5 023 890
	234 604 273	**128 317 482**

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Roads and stormwater	85 600	1 886 013
Electricity	6 414 106	2 117 324
	6 499 706	**4 003 337**

Notes to the Annual Financial Statements

	2025	2024

11. Property, plant and equipment (continued)

Details of Projects that are taking a significantly longer period of time to complete than expected

	2025	2024
MV/LV Refurbishment of Mlungisi Phase 2 Queenstown The project is almost complete. The municipality is in the process of obtaining a completion certificate.	3 348 961	-
Ebden-N6 66KV Line The project has been halted at the planning stage due to unavailability of funding.	817 946	-
N6 Substation Phase 1 (Ndlovukazi) The project has been halted at the planning stage due to unavailability of funding.	2 247 199	-
11Kv Underground Cable Upgrade Network between Town Hall and Alexander As per the monthly progress report dated 24 March 2017 that could be retrieved, the 11kv Underground Cable Upgrade Network between Town Hall to Sanlam Switchgear project was 99% complete in terms of work performed and the only component left was to terminate the cables onto the switchgear that had to be installed by the other service provider.	-	2 117 324
Mlungisi Rehabilitation and Maintenance of Surfaced Roads Phase 1B The project was delayed by the completion of Phase 1A. The project is now progressing	-	941 755
Mlungisi Rehabilitation and Maintenance of Surfaced Roads Phase 1C The project was delayed by the completion of Phase 1A. The project is now progressing.	-	858 658
Birch Farm Low Level Bridge The work on the bridge is being done internally by the municipality	85 600	85 600
	6 499 706	**4 003 337**

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.

Impairment

An extensive impairment review was conducted in the 2024 and 2025 financial years and any assets with triggers for impairment were identified and impairments were raised for the reporting period.

12. Heritage assets

	2025			2024		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Art, antiquities, exhibits and war memorials	2 849 600	(29 000)	2 820 600	2 849 600	(29 000)	2 820 600

Reconciliation of heritage assets 2025

	Opening balance	Total
Art, antiquities, exhibits and war memorials	2 820 600	2 820 600

	2025	2024

12. Heritage assets (continued)

Reconciliation of heritage assets 2024

	Opening balance	Total
Art, antiquities, exhibits and war memorials	2 820 600	2 820 600

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.

Pledged as security

No heritage assets have been pledged as security.

13. Finance lease obligation

	2025	2024
Minimum lease payments due		
- within one year	620 005	744 006
- in second to fifth year inclusive	-	620 005
	620 005	1 364 011
less: future finance charges	(36 047)	(158 899)
Present value of minimum lease payments	**583 958**	**1 205 112**
Present value of minimum lease payments due		
- within one year	583 958	621 154
- in second to fifth year inclusive	-	583 958
	583 958	**1 205 112**
Non-current liabilities	-	583 958
Current liabilities	583 958	621 154
	583 958	**1 205 112**

The municipality entered into a finance lease for printing equipment.

The average lease term is 3 years and the average effective borrowing rate is 14%

14. Payables from exchange transactions

	2025	2024
Trade payables	1 740 945 849	1 340 307 908
Payments received in advance	60 248 921	65 076 044
Other payables	14 040 086	27 683 507
Unallocated deposits	24 295 691	24 404 340
Retention fees	18 586 573	11 047 244
Payroll control	189 555	252 369
	1 858 306 675	**1 468 771 412**

The majority of the Trade creditors balance consists of the debt owed to Eskom. The balance at 30 June 2025 is R1 718 201 260 (2024: R1 313 514 575).

15. Payables from non-exchange transactions

	2025	2024
Equitable share excess	941 862	941 862

In 2021 the municipality received more Equitable Share than was allocated in the Division of Revenue Act.

Notes to the Annual Financial Statements

	2025	2024

16. Consumer deposits

Electricity	11 806 385	11 272 521

17. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Non-current portion of Post Retirement Medical Aid	(28 497 000)	(24 681 000)
Non-current portion of Long Service Awards	(14 622 000)	(16 050 000)
Current portion of Post Retirement Medical Aid	(1 741 000)	(1 646 000)
Current portion of Long Service Awards	(3 546 000)	(2 929 000)
Accrual for bonuses	(7 036 790)	(7 547 744)
Provision for leave	(37 939 071)	(39 192 214)
	(93 381 861)	**(92 045 958)**

Non-current liabilities	43 119 000	40 731 000
Current liabilities	50 262 861	51 314 958
	93 381 861	**92 045 958**

Net expense recognised in the statement of financial performance

Current service cost	2 813 000	3 577 000
Interest cost	4 838 000	4 293 000
Actuarial (gains) losses	24 000	(3 296 000)
Benefits paid	(4 575 000)	(3 086 000)
	3 100 000	**1 488 000**

Key assumptions used

Assumptions used at the reporting date:

Medical health gross discount rate	10.60 %	11.56 %
Healthcare cost inflation rate	4.70 %	5.62 %
Medical aid contribution inflation rate	6.50	7.12 %
Medical healthcare net discount rate	3.80 %	4.14 %
Long service award gross discount rate	9.50 %	10.75 %
Long service award CPI rate	3.50 %	4.94 %
Long service award salary inflation rate	4.50 %	5.94 %
Long service award net discount rate	4.50 %	4.54 %

17. Employee benefit obligations (continued)

Other assumptions

• Pre retirement mortality	SA 85-90 light
• Post retirement mortality	PA (90)-1, with 1% p.a. mortality improvement from 2010
• Normal retirement age	62 years
• Spouse age differences (Male older than female)	3 years
• AIDS	No assumptions made
• Proportion with a spouse dependant at retirement	60%
• Continuation of membership at retirement	75%
• Proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at hand and after retirement	15%

The assumed general earnings, healthcare inflation rate and discount rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings would have the following effects:

	One percentage point increase	**One percentage point decrease**
General earnings		
Effect on the aggregate of the service cost and interest cost	211 000	(193 000)
Effect on defined benefit obligation	897 000	(826 000)
Discount rate		
Effect on the aggregate of the service cost and interest cost	(147 000)	167 000
Effect on defined benefit obligation	(3 474 000)	4 024 000
Medical aid contribution inflation rate		
Effect on the aggregate of the service cost and interest cost	9 000	(11 000)
Effect on defined benefit obligation	47 000	(111 000)

\Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Employee benefit obligation	48 406 000	45 306 000	44 904 000	48 857 000	46 967 000

Reconciliation of leave provision	Opening balance	Leave paid out	Decrease in provision	Total
Leave provision	39 192 214	-	(1 253 143)	37 939 071

A provision has been raised for the unused leave days held by employees. The provision is reduced as leave days are used or when the leave is paid out. Leave days are paid out when an employee leaves the employment of the Municipality. It is not possible to predict when the provision amounts will be used or paid out as employees are not restricted in when they are allowed to use the leave and leave days can be carried forward to future leave cycles, subject to limits.

The municipality experienced a fire in January 2022 that affected an area where leave forms and attendance registers were stored consequently there is no information available to support the leave balance at 30 June 2022.

Notes to the Annual Financial Statements

	2025	2024

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2025	2024
Unspent conditional grants and receipts		
Expanded Public Works Programme Grant	1 103	-
Municipal Disaster Relief Grant	21 663 894	40 068 185
	21 664 997	**40 068 185**

Movement during the year

	2025	2024
Balance at the beginning of the year	40 068 185	10 407 620
Additions during the year	131 182 000	113 397 000
Income recognition during the year	(149 585 188)	(83 736 435)
	21 664 997	**40 068 185**

19. VAT accrual - output

	2025	2024
VAT accrual - output	7 638 714	7 714 513

20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Fair value adjustment	Interest	Total
Landfill site	105 117 248	17 782 880	10 918 727	133 818 855

Reconciliation of provisions - 2024

	Opening Balance	Fair value adjustment	Interest	Total
Landfill site	246 955 189	(164 804 774)	22 966 833	105 117 248

Environmental rehabilitation provision

The operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof in terms of section 28 of the National Environmental Management Act, Act 107 of 1998, sections 3(14) – (16) and 4 (10) of Government Notice 718 of 3 July 2009, and the landfill permits issued under section 20 of the Environment Conservation Act, Act 73 of 1989, or the waste management licenses issued under section 50 of the National Environmental Management: Waste Act, Act 59 of 2008.

The expected future cost to rehabilitate the landfill site is the best estimate of the expenditure required to settle the present obligation. This is determined as the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known

21. Service charges

	2025	2024
Sale of electricity	306 573 647	262 469 728
Refuse removal	85 899 876	85 076 452
	392 473 523	**347 546 180**

Notes to the Annual Financial Statements

	2025	2024

22. Rental of facilities and equipment

Premises		
Rental of municipal properties	3 912 450	3 345 328
Garages and parking		
Rental of carports	11 835	1 966
Facilities and equipment		
Rental of container	20 578	20 578
Rental of street signs	268 848	310 724
	289 426	**331 302**
	4 213 711	**3 678 596**

23. Income from agency services

Vehicle Registration	4 809 132	4 420 273

The income from agency fees consists of commission received from the Department of Transport for the issuing of vehicle registrations. The municipality (agent) collects licencing fees for vehicles on behalf of the Department of Transport (principal).

24. Licences and permits

Drivers licences	3 952 445	4 112 077
Trading, transport and special	1 359 485	581 043
	5 311 930	**4 693 120**

25. Construction contract revenue

Department of Transport	22 073 897	104 847 005

The municipality received funds from the Department of Transport for projects involving the construction of provincial roads.

Contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by surveys of work done.

Notes to the Annual Financial Statements

	2025	2024

25. Construction contract revenue (continued)

Aggregate costs and surpluses		
Department of Transport Provincial Roads - costs	451 195 423	428 212 037
Department of Transport Provincial Roads - surplus	-	-
	451 195 423	**428 212 037**

Advances received		
Department of Transport Provincial Roads	29 040 799	97 019 389

The municipality received funding from the Department of Transport of R29 million in the current year in several tranches.

Gross amount due from customers for contract work as an asset		
Department of Transport Provincial Roads	-	-

The income claimed is equal to the costs incurred on the project. The municipality receives an administration fee for it's services.

Gross amount due to customers for contract work as a liability		
Department of Transport Provincial Roads	-	-

The income claimed is equal to the costs incurred on the project. The municipality receives an administration fee for it's services.

26. Other income

Advert costs	-	130
Building plan fees	1 090 481	576 987
Burial fees	1 635 546	1 727 762
Commission	841 342	3 392 993
Electricity reconnection fees	1 411 240	861 910
Gate Monies	86 006	36 739
Insurance claims	153 923	86 180
Miscellaneous income	610 276	699 167
Pound fees	72 486	145 960
Roadworthy certificates	30 819	19 409
Sale of tender documents	156 507	315 189
	6 088 626	**7 862 426**

27. Investment revenue

Interest revenue		
Bank	456 726	522 314
Investments	8 281 989	6 283 662
	8 738 715	**6 805 976**

Notes to the Annual Financial Statements

	2025	2024

28. Property rates

Rates received

	2025	2024
Property rates	170 017 681	145 788 079

Valuations

	2025	2024
Agricultural	4 692 890 567	4 694 584 567
Business	2 583 642 102	2 566 420 106
Church	224 271 010	211 475 010
Education	153 806 000	153 806 000
Government	932 336 030	906 810 031
Industrial	166 451 008	166 451 008
Municipal	1 276 771 133	1 323 742 134
Other	18 124 006	45 620 006
Public service infrastructure	563 537 024	553 697 024
Residential	8 925 520 503	8 822 453 593
Vacant land	355 161 928	358 233 931
	19 892 511 311	**19 803 293 410**

The last general valuation came into effect on 1 July 2019. The general valuation roll was compiled by Ndlala Mass Valuation Services.

The below rates are applied to property valuations to determine assessment rates:

Category	2025	2024
Domestic	0.01101750	0.01039390
Commercial / Industrial	0.01392780	0.01313940
Agriculture	0.00275440	0.00259850
Government	0.01101910	0.01039542
Public service infrastructure	0.00275440	0.00259850
Vacant land	0.05145850	0.04579790

29. Government grants and subsidies

Operating grants	2025	2024
Equitable share	243 341 000	229 921 000
Expanded Public Works Programme Grant	2 501 897	2 294 000
Finance Management Grant	3 000 000	3 100 000
Library Grant	6 200 000	5 250 000
DEDEAT	-	3 000 000
LGW&RSETA	583 484	581 943
SETA	-	682 500
	255 626 381	**244 829 443**

Notes to the Annual Financial Statements

	2025	2024

29. Government grants and subsidies (continued)

Capital grants

	2025	2024
Integrated National Electrification Programme Grant	24 027 001	-
Municipal Infrastructure Grant	63 424 000	63 163 621
Office of the Premier	1 195 220	31 898 279
Disaster Relief Grant	50 432 291	9 928 815
	139 078 512	**104 990 715**
	394 704 893	**349 820 158**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Financial Management Grant

	2025	2024
Balance unspent at beginning of year	-	-
Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	**-**

Expanded Public Works Programme Grant

	2025	2024
Balance unspent at beginning of year	-	-
Current-year receipts	2 503 000	2 294 000
Conditions met - transferred to revenue	(2 501 897)	(2 294 000)
	1 103	**-**

Municipal Infrastructure Grant

	2025	2024
Balance unspent at beginning of year	-	3 091 620
Current-year receipts	63 424 000	60 072 000
Conditions met - transferred to revenue	(63 424 000)	(63 163 620)
	-	**-**

Integrated National Electrification Programme Grant

	2025	2024
Current-year receipts	24 027 000	-
Conditions met - transferred to revenue	(24 027 000)	-
	-	**-**

Municipal Disaster Relief Grant

	2025	2024
Balance unspent at beginning of year	40 068 185	-
Current-year receipts	32 028 000	40 068 185
Conditions met - transferred to revenue	(50 432 291)	-
	21 663 894	**40 068 185**

Notes to the Annual Financial Statements

	2025	2024

30. Public contributions and donations

Donation of assets in kind	-	90 713

2024

The Department of Sports, Recreation, Arts and Culture donated computers to the value of R90 713 to the Ashley Wyngaard Library.

31. Fines, Penalties and Forfeits

Building Fines	15 312	-
Electricity	3 768 472	2 312 171
Traffic	709 638	808 748
	4 493 422	**3 120 919**

32. Employee related costs

Basic	198 945 083	205 571 611
Bonus	15 731 450	16 191 812
Bargaining council	102 137	101 034
Casual labour	9 637 678	7 039 382
Contract workers	19 504 214	16 715 456
EPWP	2 501 897	2 922 005
Group life insurance	670 813	821 857
Leave pay	1 356 148	-
Housing benefits and allowances	628 805	649 041
Long-service awards	2 241 391	2 464 773
Medical aid - company contributions	20 842 445	20 186 945
Night shift services	1 277 676	1 511 876
Overtime payments	7 519 604	5 460 997
Pension - company contributions	34 960 889	35 921 461
Skills development levy	2 354 505	2 392 857
Transport allowances	9 491 770	9 272 012
UIF	1 465 161	1 517 219
	329 231 666	**328 740 338**

Remuneration of Municipal Manager

Basic salary	1 202 998	1 228 646
Backpay	99 924	-
Bonus	16 618	-
Travel allowance	240 000	189 078
Remote Allowance	70 469	62 475
Other allowances	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	216 540	150 973
Skills development levy	14 972	13 687
	1 884 129	**1 647 121**

Remuneration of Chief Finance Officer (Acting)

Basic salary	802 278	802 278
Bonus	94 025	68 857
Acting allowance	20 057	11 700
Travel allowance	150 000	150 000

Notes to the Annual Financial Statements

	2025	2024

32. Employee related costs (continued)

Housing allowance	12 141	12 141
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	144 410	144 410
Contributions to medical fund	53 190	49 378
Skills development levy	10 367	10 067
Group life insurance	7 120	16 447
	1 295 856	**1 267 540**

Remuneration of the Chief Financial Officer

Basic salary	1 022 198	952 966
Back pay	81 700	-
Transport allowance	150 000	154 196
Remote allowance	57 607	51 070
Other allowance	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	183 996	171 534
Skills development levy	12 100	10 424
	1 530 209	**1 342 452**

The CFO was placed on suspension on precautionary suspension on 12 December 2023 and the Expenditure Manager is currently acting in the position.

Notes to the Annual Financial Statements

	2025	2024

32. Employee related costs (continued)

Remuneration of the Director: Technical Services (Acting)

	2025	2024
Basic salary	648 081	648 081
Bonus	67 590	54 007
Long service bonus	12 962	-
Acting Allowance	164 991	28 786
Travel allowance	150 000	150 000
Skills development levy	10 173	8 502
UIF	2 125	2 125
Bargaining council	143	137
Contributions to medical aid	59 803	57 550
Contributions to retirement fund	116 655	116 655
	1 232 523	**1 065 843**

Remuneration of the Director: Technical Services

	2025	2024
Basic salary	829 229	759 998
Backpay	81 700	-
Travel allowance	181 543	181 543
Housing allowance	136 076	136 076
Remote allowance	57 607	51 070
Other allowance	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	149 261	136 800
Contribution to medical fund	60 084	60 084
Skills development levy	12 558	10 842
	1 530 666	**1 338 675**

The Director of Technical Services was placed on precautionary suspension on 1 April 2024 and the PMU Manager is currently acting in the position.

Notes to the Annual Financial Statements

	2025	2024

32. Employee related costs (continued)

Remuneration of the Director: Community and Social Services

Basic salary	1 098 398	1 034 720
Backpay	81 700	-
Bonuses	27 169	-
Leave payout	162 798	-
Remote allowance	57 607	51 070
Other allowance	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	197 712	179 696
Contributions to medical aid	60 084	60 084
Skills development levy	14 094	10 562
	1 722 170	**1 338 394**

Remuneration of the Director: Corporate and Support Services

Basic salary	905 042	842 075
Backpay	81 700	-
Bonus	13 584	-
Transport allowance	240 000	240 000
Remote allowance	57 607	51 070
Other allowance	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to pension fund	162 908	148 355
Contributions to medical fund	48 244	44 071
Skills development levy	12 372	10 575
	1 544 065	**1 338 408**

Remuneration of the former Director: Corporate and Support Services (Backpay - prior year)

Remote allowance	-	692
Backpay	-	17 296
Contributions to pension fund	-	18 645
Skills development levy	-	366
	-	**36 999**

Notes to the Annual Financial Statements

	2025	2024

32. Employee related costs (continued)

Remuneration of the Director: Strategic Executive

Basic salary	685 406	946 416
Director backpay	81 700	-
Bonuses	116 667	100 000
Travel allowance	112 000	168 000
Remote allowance	39 494	51 070
Other allowance	20 340	-
Leave payout	60 207	-
UIF	1 417	2 125
Bargaining council	96	137
Contributions to medical fund	40 056	60 084
Skills development levy	11 336	12 921
	1 168 719	**1 340 753**

Remuneration of the Director: Strategic Executive (Acting)

Basic salary	618 066	618 066
Bonus	51 506	51 506
Acting allowance	7 880	5 920
Travel allowance	150 000	163 065
Bargaining council	143	137
Contributions to medical aid	59 803	57 550
Contributions to retirement fund	111 252	111 252
Skills development levy	8 081	8 095
UIF	2 125	2 125
	1 008 856	**1 017 716**

The Risk Manager was acting in the position while the Director was on leave.

Remuneration of the Director: Integrated Planning & Economic Development

Basic salary	838 512	1 214 416
Backpay	81 700	-
Bonus	40 754	-
Remote allowance	57 607	51 070
Travel allowance	325 000	7 086
Other allowance	20 340	-
UIF	2 125	2 125
Bargaining council	143	137
Contributions to medical aid	60 084	60 084
Contributions to retirement fund	132 598	-
Skills development levy	13 087	13 322
	1 571 950	**1 348 240**

33. Remuneration of councillors

Honourable Mayor	1 112 560	989 867
Chief Whip	845 876	772 092
Speaker	900 054	820 964
MPAC	823 555	723 862
Executive Committee Members	6 768 497	6 203 379
Councillors salaries	21 414 147	18 853 594
	31 864 689	**28 363 758**

Notes to the Annual Financial Statements

	2025	2024

34. Depreciation and amortisation

Property, plant and equipment	61 626 519	77 671 577

35. Finance costs

Finance leases	122 852	-
Interest on provision for rehabilitation of landfill	10 918 727	22 966 833
Other interest paid	29 069 519	49 839 376
	40 111 098	**72 806 209**

36. Debt impairment

Contributions to debt impairment provision	262 700 975	241 104 074
Bad debts written off	64 210 849	33 964 873
	326 911 824	**275 068 947**

37. Repairs and maintenance

Plant and machinery	4 018 945	1 431 037
Buildings and grounds	3 725 625	1 522 383
Roads and stormwater	4 842 882	5 779 577
Electrical infrastructure	44 425 701	15 917 460
ICT and other	427 927	-
	57 441 080	**24 650 457**

38. Bulk purchases

Electricity - Eskom	463 020 407	377 658 224

Electricity losses

	Number 2025	Number 2024		
Units purchased	226 613 138	211 239 909	463 020 407	377 658 224
Units sold	(106 785 153)	(116 497 689)	(289 329 184)	(264 179 185)
Total loss	**119 827 985**	**94 742 220**	**173 691 223**	**113 479 039**
Comprising of:				
Technical losses	-	-	-	-
Non-technical losses	119 827 985	94 742 220	173 691 223	113 479 039
Total	**119 827 985**	**94 742 220**	**173 691 223**	**113 479 039**
Percentage Loss:				
Technical losses	- %	- %	- %	- %
Non-technical losses	53 %	45 %	38 %	30 %
Total	**53 %**	**45 %**	**38 %**	**30 %**

The loss in electricity sales is due to the high instance of illegal connections and meter tampering.

	2025	2024

39. Contracted services

Legal fees	11 622 404	8 045 752
Maintenance	29 959 732	26 439 599
General valuation	143 100	-
Accounting and MSCOA	7 532 170	16 178 144
Fleet management	106 418	2 194 173
	49 363 824	**52 857 668**

40. Transfers and subsidies

SPCA	-	25 000
Free basic services	1 690 817	1 604 816
	1 690 817	**1 629 816**

Transfers and subsidies consist of financial support provided to the SPCA and the cost of free units of electricity provided to indigent consumers who are located in areas serviced directly by Eskom.

41. General expenses

Accommodation	1 083 450	829 314
Audit committee	253 554	296 664
Advertising	980 956	469 099
Alternative energy	295 000	1 733 831
Assets expensed	386 445	191 729
Auditors remuneration	7 889 771	7 113 972
Bank charges	1 343 193	1 758 155
Commission paid	8 639 429	7 747 105
Learnerships and internships	69 573	1 418 653
Consumables	2 090 231	4 431 959
Entertainment	883 784	771 933
Fuel and oil	4 913 635	5 676 934
Insurance	4 197 494	3 985 632
Medical expenses	11 561	438 097
Postage and courier	-	4 023
Printing and stationery	994 752	894 240
Project expenditure	22 140 684	93 238 230
Promotions	446 466	859 912
Protective clothing	2 181 693	1 665 690
Rentals	6 925 184	11 729 897
Subscriptions and membership fees	3 760 346	3 876 793
Telephone and fax	4 605 582	4 445 811
Training	710 236	190 202
Travel - local	12 438	41 736
Other committee fees	529 301	295 084
Utilities	1 500	1 400
Vehicle licenses	678 024	860 281
Ward committees	3 930 000	3 749 000
Workmen's compensation	-	6 865 067
	79 954 282	**165 580 443**

42. Impairment of assets

Impairments

Property, plant and equipment	117 011 890	34 621 369

Notes to the Annual Financial Statements

	2025	2024

43. Eskom interest waiver

Eskom interest waiver	-	64 692 243

Eskom has forgiven a portion of the interest on the municipality's debt.

44. Auditors' remuneration

Fees	7 889 771	7 113 972

45. Cash generated from operations

Deficit	(416 040 297)	(272 904 306)
Adjustments for:		
Depreciation and amortisation	61 626 519	77 671 577
Fair value adjustment	(2 437 174)	(872 365)
Eskom debt waiver	-	(64 692 243)
Loss on foreign exchange	265 048	-
Fair value adjustments	-	(43 782)
Impairment	117 011 890	34 621 369
Debt impairment	326 911 824	275 068 947
Movements in Employee benefit obligations	1 311 903	(7 509 836)
Public contributions and donations	-	(90 713)
Interest on landfill provision	10 918 727	22 966 833
VAT provision write off	-	1 367 688
Actuarial gains	24 000	(3 296 000)
Changes in working capital:		
Inventories	1 688 984	(3 180 236)
Decrease/(Increase) in Receivables from exchange transactions	(159 461 126)	(129 883 551)
Decrease/(Increase) in Receivables from non-exchange transactions	(119 156 510)	(71 032 829)
Increase/(Decrease) in Payables from exchange transactions	381 995 934	260 462 652
Increase/(Decrease) in VAT	(43 459 716)	(17 132 726)
Increase/(Decrease) in Unspent conditional grants and receipts	(18 403 188)	29 660 565
Increase/(Decrease) in Consumer deposits	533 864	326 028
	143 330 682	**131 507 072**

46. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	114 096 127	141 981 810
Total capital commitments		
Already contracted for but not provided for	114 096 127	141 981 810

Total commitments

Total commitments		
Authorised capital expenditure	114 096 127	141 981 810

This committed expenditure relates to property, plant and equipment and will be financed by retained surpluses, existing cash resources, and grant funding.

47. Contingencies

Notes to the Annual Financial Statements

	2025	2024
47. Contingencies (continued)		
Pending litigations and claims:		
Mat 17611 Qtn Mag Crt - Luyolo Siyongwana v Lukhanji Municipality	-	130 000
Plaintiff sues the municipality for R100 000.00 damages arising from a wrongful arrest. Claim has been dismissed.		
Matter 849/2017 GHT/HC - Phumla Madlavu v Enoch Mgijima Municipality	-	1 800 000
Plaintiff sues the municipality for injuries caused to her child due to an unattended electricity substation wherein her child was electrocuted. Dormant.		
Case No. 2297/2016 - Nosibulelo Dalasile v Enoch Mgijima	-	160 000
Plaintiff sues the municipality for R100 000.00 for injuries caused when she fell onto an open and unattended drain.Reasonable prospects of success.		
Case No. 648/2018 - Axolile Qononda v Enoch Mgijima LM/ Elliot Tromp	-	58 400
Plaintiff sues municipality for R28 400.47 for damages to his car due to negligent driving by the municipal employee. Dormant.		
Case No. ECD 3083/18 - Ikamva Architects and Another vs EMLM	-	1 157 592
Application to compel the municipality to supply electricity on uninterrupted basis, among other relief sought. Finalised.		
Case No. ECQTNRC 87/2018 - Tynetix Trading (Pty) Ltd & Another Claim for services rendered. Reasonable prospects of success.	361 979	361 979
Case no. 596/2024 - L Labuschagne vs EMLM	1 398 200	-
Plaintiff was awarded a settlement that was not complied with, hence enforcement. Prospects of success not reasonable.		
Case No. 3010/2021 GHC - Batalala Construction	5 591 613	5 191 613
Contractual dispute based on project costs incurred out of mandate. Claim for services rendered. Reasonable prospects of success.		
Case No. 1774/2020 Vuyani Shumi v EMLM	-	5 100 000
Application for payment of amount allegedly owed by municipality for unlawful occupation of Erf 1977 & 1979 Zone 1, Ezibeleni by another occupier. Dormant		
ECQTNRC 55/21 9Iger Trading (Pty) Ltd	-	406 350
Claim for payment for services rendered and goods delivered. Pending litigation. Claim for services rendered. Dormant.		
Nobuhle Sondlo obo Mpetsheni	-	684 000
Wrongful arrest Trial stage. Finalised.		

Notes to the Annual Financial Statements

	2025	2024

47. Contingencies (continued)

Case No. 1069/2020 - Lukhozi Consulting Engineers	-	27 151
Claim for payment for services rendered and goods delivered. Dormant.		
Case No. 1068/2020 - Lukhozi Consulting Engineers	-	23 541
Claim for payment for services rendered and goods delivered. Dormant.		
Case No. 1071/2020 - Lukhozi Consulting Engineers	-	41 827
Claim for payment for services rendered and goods delivered. Dormant.		
Case No. 1072/2020 - Lukhozi Consulting Engineers	-	20 203
Claim for payment for services rendered and goods delivered. Dormant.		
Case No. 1839/2021 GTHC - Express Builders CC	-	2 261 288
Claim for payment in respect of loss of profits, security interest, management fees, wrongful and unlawful deductions from appointment for construction contract. Dormant.		
Case No. 794/21 QTN - Witness Ndakuthini Malgas	-	10 732
Claim for pothole related damages. Dormant.		
Case No. 1131/2021 QTN - Thembisile Feni	-	20 000
Claim for payment for arrear stipends arising from employment as Ward Committee member. Dormant.		
Ephraim Fuzani	-	27 407
Dormant. Reasonable prospects of success. Plaintiff sued out the Municipality for damages due to collision with a pot hole in Hospital Rd.		
Amzisile Titus Cetywayo	-	3 000
Plaintiff sued out the defendant for damages due to collision with a pot hole in Queendustria. Dormant.		
Witness Ndakuthini Malgas Plaintinf sued out the defendant for damges due to collision with a pot hole in Queendustria. Dormant. Reasonable prospects of success.	10 322	10 322
Case no. 04-2021 - Sada Retail Centre	-	704 511
Payment of amount owed by EMLM for services rendered and goods delivered. Dormant.		
Let's Talk Komani	-	500 000
Application to dissolve the Enoch Mgijima Local Municipality for failure of Constitutional obligations		
Case no. CC140/2025 - Let's Talk Komani vs EMLM	300 000	-
Applicant applied directly to ConCourt for direct access in terms of Rule 19 for Appeal. Reasonable prospects of success.		

Notes to the Annual Financial Statements

	2025	2024
47. Contingencies (continued)		
EMLM vs Masiza & 15 Others	100 000	-
EMLM approached court for an interdict to restrain Masiza from interfering with Dahlia Project. Reasonable prospects of success.		
Tshiya Infrusture Development	3 717 267	103 618
Plaintiff cuased Summons be issed for damages claim for breach of contract by defendant. Trial stage. Reasonable prospects of success.		
Thalami Civils	673 243	573 247
Plaintiff cuased Summons be issed for damages claim for breach of contract by defendant. Trial stage. Reasonable prospects of success.		
Siphelo Motshoba Plaintinf sued out the Municipality for damges due to collision with a pot hole in Gwadana. Dormant. Reasonable prospect of success.	103 540	43 465
Case no. 09/2023 - Mariska Bezuidenhout v EMLM	84 531	44 531
Pothole damages claim for R34 530.94 at or near Griffiths Road, near McDonalds, Komani, on the 5th of June 2022. Claim for services rendered. Reasonable prospects of success		
Case no. 472/2023 - Zuko Shadrack Dywili	41 309	-
Plaintiff sued municipality for calim as a result of unlawful witholding remuneration. Prospects of success not reasonable.		
Case no. 23-086209 - Fleet Horizon Solution	4 463 041	4 194 671
Plaintiff issued Summons for unpaid invoice claiming damages for breach of contract. Pleading stage. Claim for services rendered. Reasonable prospects of success		
Case no. ECEL4792-21 (CCMA - East London)(2022) - EMLM v IMATU obo Mvana & 21 Others	-	2 909 287
Employees lodged a grievance in terms of Sec73A of BCEA and alleging breach of MWA. Arbitration. Finalised.		
Case no. P90/2022 - EMLM v Xolela Mzini & 11 Others	-	259 154
Employees who are General Workers lodged a claim & wanted to be paid as Fire Fighter. Finalised.		
Case no. ECD042310 - EMLM v L Blignaut	352 740	906 576
Worker lodged a dispute of unfair dismissal which was found in her favour by SALGBC. Reasonable prospects of success		
Case no. PR161/2023 - EMLM v Luzuko Nqotola	238 260	163 197
Worker lodged a dispute of unfair dismissal which was found in his favour by SALGBC. Reasonable prospects of success		

Notes to the Annual Financial Statements

	2025	2024
47. Contingencies (continued)		
Case no. P75/2024 - EMLM v Luzuko Nqotola (2) The Municipality took the matter on Review Application for want of a reasonable award. Reasonable prospects of success	329 000	279 000
Case no. P75/2024 - EMLM v Veronica Qwase The Municipality took the matter on Review Application for want of a reasonable award. Reasonable prospects of success.	374 472	264 000
P75/2024 - EMLM v William Tsoyi	102 780	128 000
The Municipality took the matter on Review Application for want of a reasonable award. Reasonable prospects of success.		
Case no. ECD 022320 EMLM v IMATU obo ZR Mbona	304 347	254 347
Employee lodged an unfair labour practice arising from his dismissal with SALGBC. Reasonable prospects of success.		
Case no. PR 237/2023 - EMLM vs SALGBC, IMATU, SAMWU	300 000	300 000
Employer filed exemption application with SALGBC to be exempted on paying salary increases. Reasonable prospects of success.		
Case no. 2606/2023 - L & D Mbambo Properties (Pty) Ltd Application to obtain interdict against EMLM from threats to demolish. Claim for services rendered. Prospects of success not reasonable.	100 000	200 000
Case no. 1047/2023 - Thembisa Nkanti (Executrix)	30 000	20 000
Application for condonation for late filing of claim for damages. Pleading stage. Claim for services rendered. Prospects of success not reasonable.		
Case no. 1170/2023 - Thembisa Nkanti	70 000	60 000
Plaintiff sued the municipality for damages as a result of defendant's pole fell on her house. Claim for services rendered. Reasonable prospects of success		
Case no. PR231/2023 - EMLM vs Adv Fouche No.O.	200 000	-
Municipality's attempt to review and set aside the award made by the Commissioner to Adv Fouche. Reasonable prospects of success.		
Case no. 869/2024 - EMLM v EMC: COGTA & Others	100 000	300 000
The municipality brought an application to set aside incorrect grade 7 salaries. Reasonable prospects of success		
Case no. P17/2025 - Nyalela Siyabonga vs EMLM	100 000	-
Employee got an arbitration award in his favour, employer took same on review, hence application. Reasonable prospects of success.		
Case no. 3616/2023 - Mxolisi Quinton Masayimani	5 300 000	5 300 000
Plaintiff sued the municipality for damages after her minor child got electrocuted by izinyoka. . Reasonable prospects of success		

47. Contingencies (continued)

	2025	2024
Case no. 3616/2023 - Zine Fanti obo Yomela Fanti	5 300 000	5 300 000
Plaintiff sued the municipality for damages after her minor child got electrocuted by izinyoka. Reasonable prospects of success		
Case no. 125/2023C - Kumyolz Investments (Pty) Ltd	-	311 500
Summons for unpaid invoices claiming damages for breach of contract. Finalised.		
Case no. 100/2024C - Electrostorm Engineering	406 147	366 148
Claim for unpaid invoice for services delivered at the defendant's instance & request. Reasonable prospects of success		
Case no. 350/2024 - Camagu Mathile Trading & Project	25 550	25 550
Claim for damages for breach of contract for services delivered at the defendant's instance and request. Reasonable prospects of success		
Case no. 470/2024 - ABT Telecoms (Pty) Ltd	4 917 600	4 817 600
Claim for damages for breach of contract for services delivered at the defendant's instance and request. Reasonable prospects of success		
Case no. 497/2024 - Isaac Boahene Aboagye	19 834	29 834
Summons for damages to motor vehicle after collision with defendant's vehicle. Reasonable prospects of success		
Case no. 107/2025 - Isaac Boahene Aboagye	19 834	-
Plaintiff issued summons for damages to his motor vehicle after collision with defendant's. Reasonable prospects of success.		
Case no. 147/2025 - Makali Plant Construction vs EMLM	77 816	-
Insurance has issued summons to recover amount it paid out to the vehicle owner. Reasonable prospects of success.		
Case no. 5144/2024 - IX Engineers (Pty) Ltd	832 033	-
Claim for unpaid invoices for services rendered. Reasonable prospects of success.		
Case no. 555/2024 - OpenServe (Pty) Ltd	42 851	-
Technical Services Officials while digging damaged applicant's underground material/fibre.		
Case no. 6000/2024 - Nozethu Zweni vs EMLM	600 000	-
Plaintiff who is an employee is alleging that she has been assaulted by one of the Councillors. Prospects of success are reasonable.		
Case no. PR43/2025 - EMLM vs Nofukuka S	142 885	-
Employee was dismissed after a disciplinary hearing, matter has since been taken on Review. Reasonable prospects of success.		

Notes to the Annual Financial Statements

	2025	2024
47. Contingencies (continued)		
Case no. PR44/2025 - EMLM vs Nyalela Siyabulela	350 000	-
mployee lodged a dispute, got the Award, Employer has since taken matter on Review. Reasonable prospects of success.		
Case no. PR12025-072363 - Lunga Tyokolo vs EMLM	50 000	-
Employee referred a dispute which was dismissed, now he has since referred same for Review. Reasonable prospects of success.		
	37 531 194	**45 853 641**

Contingent assets

Pending litigations and claims:

Case no. B242/2024 - EMLM v Guardrisk Insurance

The municipality issued a summons against the insurance provider for rejecting its Town Hall claim of R25 375 850. Prospects of success are reasonable.

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties

Accounting Officer	A V Ntengenyane
Councillors	Refer to General Information page
Audit Committee	C Sparg
	I Dlala
	W S Manthe
	T Sagela
Members of key management	P Mahlasela - Chief Financial Officer
	N E Tyali - Acting Chief Financial Officer
	D A Van Wyk - Strategic Executive Officer
	T Mnyande - Acting Chief Strategic Executive Officer
	Z H Nkosinkulu - Director of Technical Services
	T Malingtshoni - Acting Director of Technical Services
	A A Mkhangelwa - Director of Community Services
	N C Mazwayi - Director of Corporate Services
	K Maceba - Director IPED

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties (continued)

Related party transactions

Remuneration of management

Councillors and Mayoral committee members

2025

Name	Basic salary	Travel allowance	Telephone and data allowance	Pension, Medical and other contributions	Backpay	Total
M Papiyana (Mayor)	753 989	212 802	46 787	9 710	89 272	1 112 560
T Bunu (IPED Portfolio Head)	510 100	159 601	46 668	62 172	67 338	845 879
N S Ndlebe (Chief Whip)	509 989	159 601	46 787	62 164	67 335	845 876
A N Hendricks (Sec79 MPAC)	548 903	154 919	46 787	7 196	65 749	823 554
O Adonisi (Human Settlement and Land Portfolio Head)	565 518	159 601	46 787	7 400	67 335	846 641
Z N E Ralane (Public Safety PortfolioHead)	509 989	159 601	46 787	62 164	67 335	845 876
N Nqabisa (Speaker)	603 190	170 241	46 787	7 862	71 975	900 055
B C Simina (SPU Portfolio Head)	509 989	159 601	46 787	62 164	67 335	845 876
P Madubedube (Corporate Services Portfolio Head)	526 063	159 601	46 787	46 066	67 335	845 852
M Mangcotywa (Technical Services Portfolio Head)	526 063	159 601	46 787	46 066	67 335	845 852
S S Lali (Community Services Portfolio Head)	509 989	159 601	46 787	62 164	67 335	845 876
U Galada (Budget and Treasury Portfolio Head)	548 238	159 601	46 787	24 680	67 335	846 641
L A Haggard	207 482	67 343	46 787	36 362	30 177	388 151
A Mbete	172 711	-	27 419	1 792	3 187	205 109
L Amos	35 507	-	7 834	433	-	43 774
N C Twalo	201 220	67 344	46 787	40 204	30 177	385 732
Z S Tutwana	205 888	67 344	46 787	35 805	30 177	386 001
M Ngesi	207 480	67 344	46 787	33 926	30 177	385 714
S Mkhunqe	221 963	67 344	46 787	19 707	30 177	385 978
M S Hokolo	238 610	67 344	46 787	3 393	30 177	386 311
A Ngonyama	221 963	67 344	46 787	19 707	30 177	385 978
L C S Tokwe	192 454	67 344	46 787	46 156	33 016	385 757

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties (continued)

H A Deysel	221 963	67 344	46 787	19 707	30 177	385 978
B Quqa	221 963	67 344	46 787	19 707	30 177	385 978
A A Ganca	221 963	67 344	46 787	19 707	30 177	385 978
M M Mnyaka	221 963	67 344	46 787	19 707	30 177	385 978
D D MacTaggart	238 610	67 344	46 787	3 393	30 177	386 311
D U Stellenberg	238 610	67 344	46 787	3 393	30 177	386 311
K L Clark	238 610	67 344	46 787	3 393	30 177	386 311
S C Ndarala	221 963	67 344	46 787	19 707	30 177	385 978
M Mxakwe	291 404	-	46 787	3 382	9 859	351 432
A T Cetwayo	238 610	67 344	46 787	3 393	30 177	386 311
N M Solani	238 610	67 344	46 787	3 393	30 177	386 311
S V Mkefa	238 610	67 344	46 787	3 393	30 177	386 311
V S Nqayi	221 963	67 344	46 787	19 707	30 177	385 978
A B Zondi	238 610	67 344	46 787	3 393	30 177	386 311
F N Duda	238 610	67 344	46 787	3 393	30 177	386 311
W Booi	221 963	67 344	46 787	19 707	30 177	385 978
K Nonyongo	238 610	67 344	46 787	3 393	30 177	386 311
N S Kweza	238 610	67 344	46 787	3 393	30 177	386 311
E Mavango	221 329	67 344	46 787	20 673	30 177	386 310
S Neli	238 610	67 344	46 787	3 393	30 177	386 311
Z Baleni	238 443	67 344	46 787	3 391	30 177	386 142
X Williams	284 608	-	46 787	24 446	30 177	386 018
A Sizani	238 610	67 344	46 787	3 393	30 177	386 311
M Ndyalivani	221 963	67 344	46 787	19 707	30 177	385 978
N Nduku	57 848	16 836	11 534	829	14 816	101 863
L L Ndlebe	238 610	67 344	46 787	3 393	30 177	386 311
Z S Manqaphela	238 610	67 344	46 787	3 393	30 177	386 311
T M Panya	238 610	67 344	46 787	3 393	30 177	386 311
T Vali	238 610	67 344	46 787	3 393	30 177	386 311
N X Tom	221 963	67 344	46 787	19 707	30 177	385 978
S Dukwe	221 963	67 344	46 787	19 707	30 177	385 978
L Komeni	221 963	67 344	46 787	19 707	30 177	385 978
M Matsolo	221 963	67 344	46 787	19 707	30 177	385 978
S Plaatjie	221 963	67 344	46 787	19 707	30 177	385 978
N Makasi	238 610	67 344	46 787	3 393	30 177	386 311
A Keva	221 963	67 344	46 787	19 707	30 177	385 978

Notes to the Annual Financial Statements

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48. Related parties (continued)

N Yaliwe	207 480	67 344	46 787	33 926	30 177	385 714
S A Qwalela	238 610	67 344	46 787	3 393	30 177	386 311
L Pukwana	238 610	67 344	46 787	3 393	30 177	386 311
V V Bomela	221 963	67 344	46 787	19 707	30 177	385 978
B Fingwana Geld	162 100	50 508	35 036	25 179	30 177	303 000
E N Marawu	266 042	-	46 787	42 674	30 177	385 680
G Titus	221 963	67 344	46 787	19 707	30 177	385 978
C O Everitt	305 954	-	46 787	3 527	30 177	386 445
A A Ngoma	266 038	-	46 787	42 677	30 177	385 679
M M Jacobs	305 954	-	46 787	3 527	26 890	383 158
F C Malatoe	220 615	67 344	46 787	21 056	11 421	367 223
A A Njikela	291 404	-	46 787	3 382	9 859	351 432
	19 731 503	**5 206 874**	**3 169 646**	**1 308 575**	**2 448 091**	**31 864 689**

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties (continued)

2024

Name	Basic salary	Travel allowance	Telephone and Data Allowances	Pension, Medical and other contributions	Backpay	Total
M Papiyana (Mayor)	696 863	212 802	44 400	9 115	26 688	989 868
T Bunu (IPED Portfolio Head)	470 281	159 601	44 400	58 795	45 937	779 014
N S Ndlebe (Chief Whip)	470 280	159 601	44 400	58 796	39 015	772 092
A N Hendricks (Sec79 MPAC)	507 319	154 919	44 400	6 757	10 467	723 862
O Adonisi (Human Settlement and Land Portfolio Head)	522 832	180 688	44 400	7 071	38 711	793 702
Z N E Ralane (Public Safety PortfolioHead)	470 280	159 601	44 400	58 796	39 015	772 092
N Nqabisa (Speaker)	557 493	170 241	44 400	7 381	41 450	820 965
B C Simina (SPU Porfolio Head)	470 280	159 601	44 400	58 795	38 711	771 787
P Madubedube (Corporate Services Portfolio Head)	486 355	159 601	44 400	42 697	38 711	771 764
M Mangcotywa (Technical Services Portfolio Head)	486 355	159 601	44 400	42 697	38 712	771 765
S S Lali (Community Services Porfolio Head)	470 280	159 601	44 400	58 796	37 842	770 919
U Galada (Budget and Treasury Portfolio Head)	505 552	159 601	44 400	24 229	38 554	772 336
L A Haggard	191 764	67 343	44 400	33 844	16 547	353 898
P P Z Mandile	168 797	56 120	37 000	17 051	16 547	295 515
N C Twalo	176 732	67 344	44 400	46 481	16 547	351 504
Z S Tutwana	230 836	22 448	44 400	37 524	16 547	351 755
M Ngesi	191 761	67 344	44 400	31 409	16 547	351 461
S Mkhunqe	203 807	67 344	44 400	19 608	16 547	351 706
M S Hokolo	220 533	67 344	44 400	3 188	16 547	352 012
A Ngonyama	205 147	67 344	44 400	18 266	16 547	351 704
L C S Tokwe	176 733	67 344	44 400	46 480	16 547	351 504
H A Deysel	205 146	67 344	44 400	18 267	16 547	351 704
B Quqa	205 146	67 344	44 400	18 267	16 547	351 704
A A Ganca	205 146	67 344	44 400	18 267	16 547	351 704
M M Mnyaka	197 102	67 344	44 400	26 322	16 391	351 559
D D MacTaggart	220 532	67 344	44 400	3 188	16 391	351 855
D U Stellenberg	220 532	67 344	44 400	3 188	16 391	351 855
K L Clark	220 532	67 344	44 400	3 188	16 391	351 855

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties (continued)

S C Ndarala	205 147	67 344	44 400	18 265	16 391	351 547
A T Cetywayo	220 532	67 344	44 400	3 188	16 391	351 855
N M Solani	220 532	67 344	44 400	3 188	16 391	351 855
S V Mkefa	220 532	67 344	44 400	3 188	16 391	351 855
V S Nqayi	205 147	67 344	44 400	18 266	16 391	351 548
A B Zondi	220 532	67 344	44 400	3 188	16 391	351 855
F N Duda	220 532	67 344	44 400	3 188	16 391	351 855
W Booi	207 654	67 344	44 400	15 809	16 391	351 598
K Nonyongo	220 532	67 344	44 400	3 188	16 391	351 855
N S Kweza	220 532	67 344	44 400	3 188	16 391	351 855
E Mavango	203 404	67 344	44 400	20 316	16 391	351 855
S Neli	220 532	67 344	44 400	3 188	16 391	351 855
Z Baleni	220 532	67 344	44 400	3 188	16 391	351 855
X Williams	262 571	5 612	44 400	22 611	16 391	351 585
A Sizani	220 532	67 344	44 400	3 188	16 391	351 855
M Ndyalivani	205 147	67 344	44 400	18 266	16 391	351 548
M Nduku	220 532	67 344	44 400	3 188	16 391	351 855
L L Ndlebe	220 532	67 344	44 400	3 188	16 391	351 855
Z S Manqaphela	220 532	68 668	44 400	3 201	16 391	353 192
T M Panya	220 532	67 344	44 400	3 188	16 391	351 855
T Vali	220 532	67 344	44 400	3 188	16 391	351 855
N X Tom	205 147	67 344	44 400	18 265	16 391	351 547
S Dukwe	205 147	67 344	44 400	18 265	16 391	351 547
L Komeni	205 147	67 344	44 400	18 265	16 391	351 547
M Matsolo	205 147	67 344	44 400	18 265	16 391	351 547
N F Papiyana	-	-	-	-	27 613	27 613
S Plaatjie	205 147	67 344	44 400	18 265	16 391	351 547
N Makasi	220 532	67 344	44 400	3 188	16 391	351 855
A Keva	205 147	67 344	44 400	18 265	16 391	351 547
N Yaliwe	191 761	67 344	44 400	31 410	16 391	351 306
S A Qwalela	220 532	67 344	44 400	3 188	16 391	351 855
L Pukwana	220 532	67 344	44 400	3 188	16 391	351 855
V V Bomela	205 146	67 344	44 400	18 266	16 391	351 547
B Fingwana Geld	194 099	67 344	44 400	29 115	16 391	351 349
E N Marawu	250 321	-	44 400	40 159	7 938	342 818
G Titus	231 757	56 120	44 400	3 210	7 301	342 788

Notes to the Annual Financial Statements

Figures in Rand

48. Related parties (continued)

C O Everitt	287 877	-	44 400	3 323	4 936	340 536
A A Ngoma	287 877	-	44 400	3 322	3 907	339 506
M M Jacobs	240 709	-	37 000	2 777	2 087	282 573
F C Malatoe	9 490	5 612	3 700	177	-	18 979
	17 742 981	**5 240 517**	**2 919 300**	**1 190 742**	**1 292 626**	**28 386 166**

Executive management

*Refer to note 32 "Employee related costs" for further information.

Audit Committee Fees

2025

Member	Fees	Travel	Other	Total
C Sparg	20 025	-	12 525	32 550
I Dlala	78 783	-	30 285	109 068
W S Manthe	45 578	-	23 293	68 871
T Sagela	28 035	-	15 030	43 065
	172 421	**-**	**81 133**	**253 554**

2024

Member	Fees	Travel	Other	Total
M K Mafani	3 888	2 947	-	6 835
C Sparg	15 903	2 578	9 945	28 426
I Dlala	60 812	39 708	20 673	121 193
W S Manthe	21 016	-	11 814	32 830
T Sagela	19 791	-	12 375	32 166
W Mushowe	19 791	-	12 375	32 166
	141 201	**45 233**	**67 182**	**253 616**

Notes to the Annual Financial Statements

	2025	2024

49. Prior period errors

The correction of the errors results in adjustments as follows:

Statement of Financial Position	Previously reported	Adjustment	As restated	Reference
Receivables from Exchange Transactions	82 226 932	(7 526 193)	74 700 739	1
Receivables from Non-exchange Transactions	110 825 765	(50 407 538)	60 418 227	2
VAT Receivable	1 015 564	(1 629)	1 013 935	3
VAT accrual - input	163 904 501	223 140	164 127 641	4
Property, plant and Equipment	1 277 672 549	(4 658 441)	1 273 014 108	5
Heritage assets	2 510 920	309 680	2 820 600	6
Payables from exchange transactions	(1 468 613 980)	(157 432)	(1 468 771 412)	7
Finance lease obligation - current	-	(621 154)	(621 154)	8
Employee benefit obligation - current	(43 448 688)	(7 866 270)	(51 314 958)	9
VAT accrual - output	(87 112 187)	79 397 674	(7 714 513)	10
Finance lease obligation - non-current	(1 205 112)	621 154	(583 958)	11
Accumulated surplus	(249 054 666)	(9 312 991)	(258 367 657)	12
	(211 278 402)	**-**	**(211 278 402)**	

1 - Receivables from exchange transactions - Statement of Financial Position	
Previously reported balance	82 226 932
Billing corrections and adjustments to write-offs and subsidies	(7 526 193)
Restated 2024 closing balance	**74 700 739**

2 - Receivables from non-exchange transactions - Statement of Financial Position	
Previously reported balance	110 825 765
Correcting prior year reversal of rates and service charges on departmental accounts, corrections on prior year billing	(50 407 538)
Restated 2024 closing balance	**60 418 227**

3 - VAT receivable - Statement of Financial Position	
Previously reported 2024 balance	1 015 564
VAT on additional accruals raised and corrections	(1 629)
Restated 2024 closing balance	**1 013 935**

4 - VAT accrual - input	
Previously reported 2024 balance	163 904 501
Adjustments to prior year accruals	223 140
Restated 2024 closing balance	**164 127 641**

5 - Property, plant and Equipment - Statement of Financial Position	
Previously reported 2024 balance	1 277 672 549
Adjustments to prior year additions and depreciation	(4 658 441)
Restated 2024 closing balance	**1 273 014 108**

6 - Heritage assets - Statement of Financial Position	
Previously reported balance	2 510 920
Review and valuation adjustment	309 680
Restated 2024 closing balance	**2 820 600**

	2025	2024

49. Prior period errors (continued)

7 - Payables from exchange transactions - Statement of Financial Position

Previously reported balance		(1 468 613 980)
Adjustments to accruals		(157 434)
Restated 2024 closing balance		**(1 468 771 414)**

8 - Finance lease (current) - Statement of Financial Position

Reclassification of current portion of finance lease		(621 154)
Restated 2024 closing balance		**(621 154)**

9 - Employee benefit obligation (current) - Statement of Financial Position

Previously reported balance		(43 448 688)
Recalculation of leave accrual		(7 866 270)
Restated 2024 closing balance		**(51 314 958)**

10 - VAT - output accrual

Previously reported 2024 balance		(87 112 187)
Recording vat on prior year debt impairment and billing corrections		79 397 674
Restated 2024 closing balance		**(7 714 513)**

11 - Finance lease obligation (non-current) - Statement of Financial Position

Previously reported balance		(1 205 112)
Reclassification of current portion of finance lease obligation		621 154
Restated 2024 closing balance		**(583 958)**

12 - Accumulated Surplus - Statement of Financial Position

Previously reported Opening balance		(540 187 397)
Effect of opening balance corrections relating to -		8 915 434
Prior year billing corrections - service charges		3 901 958
Prior year billing corrections - property rates		50 458 507
Vat on adjustments to accruals		(962 154)
Adjustments to prior year additions and depreciation		2 923 697
Additional prior year accruals		2 329 654
Recalculation of leave accrual		12 179 909
Valuation of Heritage assets		(309 680)
Output VAT on debt impairment		(61 606 457)
		(531 271 963)

Notes to the Annual Financial Statements

	2025	2024

49. Prior period errors (continued)

RESTATED (Surplus)/Deficit	272 904 306
Reported (Surplus)/Deficit	291 132 736
Net changes to Statement of Financial performance	(18 228 430)
RESTATED 2023/24 CLOSING BALANCE	**(258 367 657)**

2024 Comparative restatements

Statement of Financial Performance	Previously reported	Adjustment	As restated	Reference
REVENUE				
Service charges	347 810 732	(264 552)	347 546 180	i
Rental of facilities and equipment	3 674 265	4 331	3 678 596	ii
Movement in leave provision	-	7 931 547	7 931 547	iii
Other Income	7 824 445	37 981	7 862 426	iv
Interest earned on debtors	113 663 885	(8 533)	113 655 352	v
Property rates	146 525 792	(737 713)	145 788 079	vi
Fines	3 110 919	10 000	3 120 919	vii
EXPENDITURE				
Employee related costs	(321 903 530)	(6 836 808)	(328 740 338)	viii
Depreciation and amortisation	(76 721 053)	(950 524)	(77 671 577)	ix
Finance costs	(72 799 224)	(6 985)	(72 806 209)	x
Debt impairment	(295 598 478)	20 529 531	(275 068 947)	xi
Repairs and maintenance	(24 356 090)	(1 346 913)	(25 703 003)	xii
Contracted services	(52 395 465)	(462 203)	(52 857 668)	xiii
General expenses	(165 906 252)	325 809	(165 580 443)	xiv
Impairment loss	(34 627 269)	5 900	(34 621 369)	xv
Loss on disposal of assets	(537 687)	(2 438)	(540 125)	xvi
	(422 235 010)	**18 228 430**	**(404 006 580)**	

	2025	2024

49. Prior period errors (continued)

i) Service charges - Statement of Financial Performance

As previously reported		347 810 732
Billing corrections		(264 552)
		347 546 180

ii) Rental of facilities and equipment - Statement of Financial Performance

As previously reported		3 674 265
Allocation of unallocated deposits		4 331
		3 678 596

iii) Movement in leave provision - Statement of Financial Performance

As previously reported		-
Reclassification from Employee related costs		7 931 547
		7 931 547

iv) Other income - Statement of Financial Performance

As previously reported		7 824 445
Allocation of unallocated deposits and corrections on prior year billing		37 981
		7 862 426

v) Interest earned on debtors - Statement of Financial Performance

As previously reported		113 663 885
Billing corrections		(8 533)
		113 655 352

vi) Property Rates - Statement of Financial Performance

As previously reported		146 525 792
Billing corrections		(737 713)
		145 788 079

vii) Fines - Statement of Financial Performance

As previously reported		3 110 919
Allocation of unallocated deposits		10 000
		3 120 919

viii) Employee Costs - Statement of Financial Performance

As previously reported		(321 903 530)
Recalculation of leave accrual		4 313 639
Reclassification of movement in leave provision		(7 931 547)
Additional accruals identified		(3 218 900)
		(328 740 338)

ix) Depreciation and amortisation - Statement of Financial Performance

As previously reported		(76 721 053)
Recomponentisation of projects, additional project capitalised, derecognition of lost and damaged assets		(950 524)
		(77 671 577)

	2025	2024

49. Prior period errors (continued)

x) Finance costs - Statement of Financial Performance

As previously reported		(72 799 224)
Interest on additional accruals raised		(6 985)
		(72 806 209)

xi) Debt impairment - Statement of Financial Performance

As previously reported		(295 598 478)
Recalculation and adjustment of provision for debt impairment		20 529 531
		(275 068 947)

xii) Repairs and maintenance - Statement of Financial Performance

As previously reported		(24 356 090)
Reallocation of repairs and maintenance from property, plant and equipment		(1 346 913)
		(25 703 003)

xiii) Contracted services - Statement of Financial Performance

As previously reported		(52 395 465)
Additional accruals raised		(274 323)
		(52 669 788)

xiv) General expenses - Statement of Financial Performance

As previously reported		(165 906 252)
Additional accruals raised		(2 893 091)
		(168 799 343)

xv) Impairment loss

As previously reported		(34 627 269)
Reversal of impairment		5 900
		(34 621 369)

xvi) Loss on disposal of assets

As previously reported		(537 687)
Derecognition of damaged asset		(2 438)
		(540 125)

The following disclosures have been restated:	**Previously reported**	**Adjustment**	**Restated**
Note 32 - Employee related costs			
Remuneration of the Director: Corporate and Support Services	-	1 338 408	1 338 408

Note 50 - Risk management

	2025	2024

49. Prior period errors (continued)

Previous disclosure

Payables from exchange transactions	1 468 613 980
Finance lease obligation	1 205 112
Receivables from exchange transactions	82 226 932
Receivables from non-exchange transactions	110 825 765
Cash and cash equivalents Bank balances	72 755 914
	1 735 627 703

Adjustments	**Column heading**
Payables from exchange transactions	(58 620)
Finance lease obligation	997 594
Receivables from exchange transactions	(8 121 601)
Receivables from non-exchange transactions	(51 406 615)
Cash and cash equivalents Bank balances	(66 680 350)
	(125 269 592)

New disclosure

Payables from exchange transactions	1 468 555 360
Finance lease obligation	2 202 706
Receivables from exchange transactions	74 105 331
Receivables from non-exchange transactions	59 419 150
Cash and cash equivalents Bank balances	6 075 564
	1 610 358 111

The Department of Transport Grant was reclassified from Operating grants to Capital grants.

Note 56 - Additional disclosure in terms of the Municipal Finance Management Act

Contributions to organised local government

Previous disclosure

Opening balance	3 534 358
Current year subscription / fee	4 137 795
Amount paid - current year	(3 534 358)
	4 137 795

Adjustments

Current year subscription / fee	8 250
Amount paid - current year	5 000
	13 250

New disclosure

Opening balance	3 542 608
Current year subscription / fee	4 142 795
Amount paid - current year	(3 534 358)

49. Prior period errors (continued)

		4 151 045

The SALGA contributions outstanding for 2022/23 and 2023/24 were corrected to agree to the 30 June 2024 statement.

Note 57 - Segment information

	Previously reported	Adjustment	As restated
Revenue			
Revenue from non-exchange transactions	141 484 877	357 334 992	498 819 869
Revenue from exchange transactions	412 132 789	178 081 437	590 214 226
Income from agency services	4 821 621	(401 348)	4 420 273
Government grants and subsidies	458 591 086	(458 591 086)	-
Actuarial gain	-	3 296 000	3 296 000
Gain on foreign exchange	-	43 782	43 782
Fair value on biological assets	-	1 412 490	1 412 490
Other unallocated revenue	123 521 018	(123 521 018)	-
Total revenue reconciling items	593 739 701	(577 761 180)	15 978 521
Expenditure			
Employee related costs	(149 962 010)	(178 778 328)	(328 740 338)
General expenses	(53 040 204)	(112 540 239)	(165 580 443)
Bulk purchases	(378 966 213)	1 307 989	(377 658 224)
Repairs and maintenance	(21 507 250)	(4 195 753)	(25 703 003)
Finance costs	(22 966 833)	(49 839 376)	(72 806 209)
Debt impairment	(107 175 115)	(188 423 363)	(295 598 478)
Transfers and subsidies	1 629 816	(3 259 632)	(1 629 816)
Contracted services	-	(52 669 788)	(52 669 788)
Employee related costs	(264 190 038)	264 190 038	-
Remuneration of councillors	(28 363 758)	-	(28 363 758)
Depreciation and amortisation	(65 925 089)	(11 746 488)	(77 671 577)
Finance costs	(72 571 292)	(234 917)	(72 806 209)
Debt impairment	39 468 876	(314 537 823)	(275 068 947)
Impairment loss	-	(34 621 369)	(34 621 369)
Other unallocated expenses	(343 699 066)	343 699 066	-
Total revenue reconciling items	593 739 701	(577 761 180)	15 978 521
	860 762 617	**(1 539 517 094)**	**(678 754 477)**

Assets	Previously reported	Adjustment	As restated
Segment assets	632 571 833	1 342 955 278	1 975 527 111
Segment assets - additions	65 496 192	(55 248 835)	10 247 357
Unallocated assets	1 349 497 424	(1 349 497 424)	-
Liabilities			
Segment liabilities	(963 059 921)	(764 076 890)	(1 727 136 811)
Unallocated liabilities	(835 350 862)	835 350 862	-
	249 154 666	**9 482 991**	**258 637 657**

Cash flow statement

Notes to the Annual Financial Statements

	2025	2024

49. Prior period errors (continued)

Cash flow from operating activities			
Receipts			
Rates and Services	334 339 428	(58 680 991)	275 658 437
Government grants and subsidies	392 462 117	-	392 462 117
Interest income	120 469 861	(8 533)	120 461 328
Other receipts	142 335 136	(3 959 057)	138 376 079
Payments			
Employee costs	(357 052 597)	251 388	(356 801 209)
Suppliers	(450 487 858)	63 307 370	(387 180 488)
Finance costs	(49 832 391)	(6 985)	(49 839 376)
	132 233 696	**903 192**	**133 136 888**
Cash flow from investing activities			
Purchase of property, plant and equipment	(95 677 708)	493 932	(95 183 776)
Proceeds on sale of biological assets	-	232 692	232 692
Cash flow from financing activities			
Movement in finance leases	-	-	-
	-	**-**	**-**
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	35 558 393	-	35 558 393

The cash flow restatement above details the movements between the previously reported Cash Flow Statement and the restated 2023/24 comparative figures. The reason for the adjustments are due to the individual errors as detailed in note 49 .

Note 58 - Accounting by principals and agents	**Previously reported**	**Adjustment**	**As restated**
Fee paid	-	7 747 105	7 747 105
At year end Municipality was owed	-	6 718 911	6 718 911
	-	**14 466 016**	**14 466 016**

Note 59 - Financial instruments	**Previously reported**	**Adjustment**	**As restated**
Financial assets			
Receivables from exchange transactions	82 226 932	(8 121 601)	74 105 331
Financial liabilities			
Payables from exchange transactions	1 468 613 980	(58 620)	1 468 555 360
Finance lease obligation	1 205 112	(621 154)	583 958
	1 552 046 024	**(8 801 375)**	**1 543 244 649**

50. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which that are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department of Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. There has not been any reviews conducted during the year which exposed the municipality to high financial risks. Further quantitative disclosures are included throughout these Annual Financial Statements.

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 858 306 675	-	-	-
Consumer deposits	11 806 385	-	-	-
Finance lease obligation	583 958	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 468 771 412	-	-	-
Consumer deposits	11 272 521	-	-	-
Finance lease obligation	621 154	583 958	-	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. the municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

50. Risk management (continued)

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor (impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank.

Trade and other receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them. 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.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial assets in Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The maximum credit risk exposure in respect of the relevant financial instruments at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	53 704 287	74 700 739
Receivables from non-exchange transactions	28 642 969	60 418 227
Cash and cash equivalents - Bank balances	8 002 766	6 075 564
Cash and cash equivalents - Short-term deposits	61 934 676	66 627 175

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest charges. 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 Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made. Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas.Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handing over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting where applicable. The municipality is not exposed to credit interest rate risk as the municipality has no borrowings. The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

51. Going concern

The Enoch Mgijima Local Municipality’s Annual Financial Statements are prepared on a going concern basis despite the presence of some material uncertainties in the short term. Management’s assumption is that the municipality will continue to exist as a going concern and to exist in the foreseeable future unless de – established or merged into a new entity by the Municipal Demarcation Board.

The municipality is aware of the following financial challenges which threaten its financial viability and as a going concern:

	2025	2024

51. Going concern (continued)

- Operating at a deficit as reported in the Financial Performance at year end

- The municipality’s inability to pay its major creditors over the past 12 months

- Longer debtors payment period

- Increase in Eskom debt, and

- The growing debtors figures and increase in debt impairment that has to be written off at year end

The municipality has intervention plans in place to remedy the declining financial position of the municipality:

1. Installation of smart electricity meters to curb electricity theft
2. Disconnection of customers that owe the municipality
3. Implementation of credit control by - laws
4. Implementation of Financial Recovery Plan
5. Implementation of circular 124 on debt relief programme

The municipality envisages returning to full financial viability in 2024/25, as detailed in the financial plan presented to council and submitted to National Treasury.

The municipality has been placed under Section 139(7) National Treasury intervention. This will not impact the municipality's continued operation.

52. Events after the reporting date

No significant events have occurred subsequently that require disclosure in the financial statements.

53. Unauthorised expenditure

	2025	2024
Unauthorised expenditure	381 588 328	914 952 331
Add: Unauthorised expenditure - current year	485 789 420	381 588 328
Less: Amounts written off by Council - 2023/2024	(381 588 328)	-
Add: Adjustment for amounts already written off by Council approved for write-off again - 2020/2021	-	168 819 705
Less: Amounts written off by Council - 2020/2021	-	(189 203 120)
Less: Amounts written off by Council - 2021/2022	-	(406 638 307)
Less: Amounts written off by Council - 2022/23	-	(487 930 609)
	485 789 420	**381 588 328**

The unauthorised expenditure for the years ended 30 June 2022, 30 June 2023 and 30 June 2024 were investigated and written off by Council. The unauthorised expenditure for the year ended 30 June 2025 is still under investigation.

	2025	2024

54. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	131 749 870	221 775 353
Add: Fruitless and wasteful expenditure - current year	29 934 067	49 627 642
Less: Amount written off by Council - 2020/21	(8 499 199)	-
Less: Amount written off by Council - 2021/22 Adjustments	-	(105 300)
Less: Amount written off by Council - 2022/23	(23 213 485)	(89 943 779)
Add: Adjustment for amounts already written off by Council	-	3 320 712
Less: Amount written off by Council - current year	(23 530 313)	(52 924 758)
Less: Amount recovered - 2021/22	(3 247)	-
Less: Amounts removed from register as not fruitless and wasteful after investigation - 2020/21	(1 028 297)	-
Less: Amounts removed from register as not fruitless and wasteful after investigation - 2022/23	(16 608 087)	-
	88 801 309	**131 749 870**

The Fruitless and wasteful expenditure for the years ended 30 June 202, 30 June 2023 and 30 June 2024 was investigated and written off in 2023/2024. The Fruitless and wasteful expenditure incurred in the year ended 30 June 2025 in the first, second and third quarters was investigated and written off by Council in 2024/25. The remaining fruitless and wasteful expenditure relating to the years ended 30 June 2022, 30 June 2023 and 30 June 2025 and prior years is still under investigation.

55. Irregular expenditure

Opening balance	217 265 031	521 409 573
Add: Irregular Expenditure - current year	128 553 287	208 889 341
Add: Additional amounts identified - 2023/24	7 389 072	-
Less: Amounts written off by Council - 2018/19	(2 920 851)	-
Less: Amounts written off by Council - 2022/23	-	(390 733 324)
Less: Amounts written off by Council - 2023/24	(35 800 856)	(122 300 559)
Less: Amounts written off by Council - 2024/25	(117 125 766)	-
	197 359 917	**217 265 031**

The irregular expenditure for the 2023/2024 and 2024/25 financial year and prior year were investigated and approved for write off by council. The remaining balance was referred by MPAC for further action and implementation of consequence management and institution of disciplinary action where deemed appropriate.

Details of irregular expenditure – current year

-

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	4 151 045	3 534 358
Current year subscription / fee	3 753 098	4 146 045
Amount paid - current year	(4 137 795)	(3 529 358)
	3 766 348	**4 151 045**

Audit fees

Opening balance	113 130	259 583
Current year subscription / fee	7 796 807	7 088 547
Amount paid - current year	(7 428 332)	(7 235 000)
	481 605	**113 130**

Notes to the Annual Financial Statements

	2025	2024

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE

Opening balance	3 583 950	3 714 840
Current year subscription / fee	42 932 044	42 273 971
Amount paid - current year	(42 774 148)	(42 404 861)
	3 741 846	**3 583 950**

UIF

Opening balance	295 979	303 218
Current year subscription / fee	3 526 358	3 537 557
Amount paid - current year	(3 531 297)	(3 544 796)
	291 040	**295 979**

SDL

Opening balance	253 484	260 041
Current year subscription / fee	2 928 875	2 897 811
Amount paid - current year	(2 964 913)	(2 904 368)
	217 446	**253 484**

Pension fund contributions

Opening balance	4 428 660	4 601 524
Current year subscription / fee	53 282 043	54 370 881
Amount paid - current year	(53 351 229)	(54 543 745)
	4 359 474	**4 428 660**

Medical aid contributions

Opening balance	2 695 028	-
Current year subscription / fee	33 288 702	31 999 988
Amount paid - current year	(35 983 730)	(29 304 960)
	-	**2 695 028**

VAT

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

	2025	2024

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr A. Keva	3 108	81 348	84 456
Cllr S. Mkhunqe	1 861	51 221	53 082
Cllr M. Ngesi	636	-	636
Cllr W. Booi	750	16 013	16 763
Cllr Z. N. E. Ralane	305	-	305
Cllr B. C. Simina	115	-	115
Cllr A. T. Cetywayo	3 845	13 278	17 123
Cllr S. N. Neli	50	3 551	3 601
Cllr E. Mavango	1 138	24 993	26 131
Cllr A. Njikela	1 962	789	2 751
Cllr S. A. Qwalela	769	-	769
Cllr M. Matsolo	2 396	68 621	71 017
Cllr S. C. Ndarala	1 644	2 375	4 019
Cllr M. Hokolo	1 748	49 189	50 937
Cllr P. Madubedube	1 383	48 163	49 546
Cllr Z. P. Mandile	1 303	23 898	25 201
Cllr M. Mxakwe	2 092	35 273	37 365
Cllr X. Williams	1 215	-	1 215
Cllr O. Adonis	1 823	10 467	12 290
Cllr L. C. S. Tokwe	1 167	3 400	4 567
Cllr M. Lali	724	-	724
Cllr T. Vali	973	9 888	10 861
	31 007	**442 467**	**473 474**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr A. Keva	2 113	70 026	72 139
Cllr S. Mkhunqe	1 227	44 480	45 707
Cllr M. Ngesi	584	-	584
Cllr Z. N. E. Ralane	641	178	819
Cllr A. T. Cetywayo	2 964	2 227	5 191
Cllr S. N. Neli	35	3 349	3 384
Cllr E. Mavango	707	20 933	21 640
Cllr A. Njikela	1 874	41 768	43 642
Cllr S. A. Qwalela	273	-	273
Cllr M. Matsolo	1 607	59 902	61 509
Cllr D U Stellenberg	3 061	12 514	15 575
Cllr S. C. Ndarala	1 591	21 134	22 725
Cllr M. Hokolo	1 147	42 862	44 009
Cllr P. Madubedube	881	43 158	44 039
Cllr M. Mxakwe	1 392	27 748	29 140
Cllr X. Williams	746	-	746
Cllr O Adonisi	1 257	6 862	8 119
Cllr L. C. S. Tokwe	2 263	78 004	80 267
Cllr M. Lali	2 257	28 356	30 613
Cllr N Nqabisa	576	9 483	10 059
Cllr T. Vali	149	7 298	7 447
Cllr B. C. Simina	292	-	292
	27 637	**520 282**	**547 919**

57. Segment information

General information

Identification of segments

The municipality has two activities that generate economic benefits: electricity distribution and sale and refuse collection and disposal services.

The municipality regularly reports its actual spending against the original and adjusted budgets using the municipal votes and sub votes, including sub votes relating to electricity distribution and sale and refuse collection and disposal services.

Aggregated segments

The Electricity distribution (3006) and Electricity Infrastructure Development Unit (3010) sub votes were combined for reporting on Electricity distribution and sale.

The Cleansing: Refuse Disposal (2510) and Cleansing: Refuse Removals (2512) sub votes were combined for the reporting on Refuse collection and disposal.

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**
Segment 1	Electricity distribution and sale
Segment 2	Refuse collection and disposal

Segment surplus or deficit, assets and liabilities

2025

	Electricity	Refuse	Unallocated	Total
Revenue				
Revenue from non-exchange transactions	24 548 472	10 216 708	534 450 816	569 215 996
Revenue from exchange transactions	328 877 870	140 625 950	87 600 180	557 104 000
Total segment revenue	**353 426 342**	**150 842 658**	**622 050 996**	**1 126 319 996**
Interest received on investments				8 738 715
Income from agency services				5 311 930
Government grants and subsidies				2 437 174
Total revenue reconciling items				**16 487 819**
Entity's revenue				**1 142 807 815**
Expenditure				
Employee related costs	(26 041 009)	(28 812 046)	(274 378 611)	(329 231 666)
Depreciation and amortisation	(12 180 704)	(1 778 009)	(47 667 806)	(61 626 519)
Debt impairment	(87 378 403)	(94 699 357)	(144 834 064)	(326 911 824)
General expenses	(1 732 696)	(7 104 400)	(71 117 186)	(79 954 282)
Bulk purchases	(463 020 407)	-	-	(463 020 407)
Repairs and maintenance	(44 959 790)	(970 791)	(11 841 467)	(57 772 048)
Finance costs	-	(10 918 727)	(29 192 371)	(40 111 098)
Impairment loss	(7 990 835)	(410 343)	(108 610 712)	(117 011 890)
Total segment expenditure	**(643 303 844)**	**(144 693 673)**	**(687 642 217)**	**(1 475 639 734)**
Total segmental surplus/(deficit)				**(349 319 738)**

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Remuneration of councillors				(31 864 689)
Contracted services				(49 363 824)
Transfers and subsidies				(1 690 817)
Loss on disposal of assets and liabilities				(265 048)
Actuarial loss				(24 000)
Total revenue reconciling items				16 487 819
Entity's surplus (deficit) for the period				**(416 040 297)**
Assets				
Segment assets	164 156 941	2 676 310	1 775 417 731	1 942 250 982
Segment assets - additions	39 230 211	(11 010 881)	-	28 219 330
Total segment assets	**203 387 152**	**(8 334 571)**	**1 775 417 731**	**1 970 470 312**
Total assets as per Statement of financial Position				**1 970 470 312**
Liabilities				
Segment liabilities	(1 369 379 980)	-	(758 763 327)	(2 128 143 307)
Total liabilities as per Statement of financial Position				**(2 128 143 307)**

The municipality operates throughout the Enoch Mgijima Municipality in 5 towns in the Eastern Cape,i.e., Komani, Tarkastad, Whittlesea, Molteno and Hofmeyr. Segments were not organised on the basis of differences in geographical areas of operation and the cost to develop such information would be excessive.

2024

	Electricity	Refuse	Unallocated	Total
Revenue				
Revenue from non-exchange transactions	23 091 171	10 216 708	465 511 990	498 819 869
Revenue from exchange transactions	275 605 178	134 307 573	180 301 475	590 214 226
Eskom interest waiver	64 692 243	-	-	64 692 243
Total segment revenue	**363 388 592**	**144 524 281**	**645 813 465**	**1 153 726 338**
Interest received on investments				6 805 976
Income from agency services				4 420 273
Actuarial gain				3 296 000
Gain on foreign exchange				43 782
Fair value on biological assets				1 412 490
Total revenue reconciling items				**15 978 521**
Entity's revenue				**1 169 704 859**
Expenditure				
Employee related costs	(24 705 366)	(22 297 367)	(281 737 605)	(328 740 338)
Depreciation and amortisation	(10 752 288)	(19 009 260)	(47 910 029)	(77 671 577)
General expenses	(2 792 752)	(5 724 398)	(157 063 293)	(165 580 443)
Bulk purchases	(377 658 224)	-	-	(377 658 224)
Repairs and maintenance	(17 179 688)	(806 389)	(7 716 926)	(25 703 003)
Finance costs	-	(22 966 833)	(49 839 376)	(72 806 209)
Debt impairment	-	(89 563 890)	(185 505 057)	(275 068 947)
Transfers and subsidies	-	-	(1 629 816)	(1 629 816)
Impairment loss	(4 120 356)	-	(30 501 013)	(34 621 369)
Total segment expenditure	**(437 208 674)**	**(160 368 137)**	**(761 903 115)**	**(1 359 479 926)**
Total segmental deficit				**183 365 470**

Notes to the Annual Financial Statements

57. Segment information (continued)

Total revenue reconciling items				15 978 521
Remuneration of councillors				(28 363 758)
Contracted services				(52 857 668)
Loss on disposal of assets and liabilities				(540 125)
VAT provision write-off				(1 367 688)
Entity's deficit for the period				**(272 904 306)**
Assets				
Segment assets	175 337 454	2 521 522	1 797 398 135	1 975 257 111
Segment assets - additions	9 682 226	565 131	-	10 247 357
Total segment assets	**185 019 680**	**3 086 653**	**1 797 398 135**	**1 985 504 468**
Total assets as per Statement of financial Position				**1 985 504 468**
Liabilities				
Segment liabilities	(963 059 921)	-	(764 076 890)	(1 727 136 811)
Total liabilities as per Statement of financial Position				**(1 727 136 811)**

Measurement of segment surplus or deficit, assets and liabilities

The nature and effect of any asymmetrical allocations to reportable segments

The municipality allocated bulk purchases and payables from exchange transactions to the electricity segment without allocating the related finance costs to that segment.

	2025	2024

58. Accounting by principals and agents

The municipality is party to several principal-agent arrangements.

The municipality (agent) collects vehicle licencing fees on behalf of the Department of Transport (principal) in exchange for the service the municipality receives commission of 19% on all fees collected.

Utilities World, MussiConlog and Ontec sell prepaid electricity to customers of the municipality in exchange for commission of 4.8%, 9% and 1.7% (1.955% incl. VAT) on total sales, respectively. Utilities World also earned additional commission of 50% on outstanding debt recovered from large power users.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R4 809 132 (2024: R4 420 273).

Liabilities and corresponding rights of reimbursement recognised as assets

At year end the Municipality had collected R1 283 711 (2024: R1 833 998) in funds that were owed to the Department of Transport. An amount of R399 900 relating to the prior year was still outstanding at 30 June 2025.

Entity as principal

Fee paid

	2025	2024
Fee paid as compensation to prepaid electricity vendors	8 639 429	7 747 105

At year end the Municipality was owed R7 943 565 (2024: R6 718 911) in funds from prepaid electricity sales collected by the third party prepaid electricity vendors.

Notes to the Annual Financial Statements

	2025	2024

59. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	53 704 287	53 704 287
Cash and cash equivalents	69 995 556	69 995 556
	123 699 843	**123 699 843**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	1 858 306 675	1 858 306 675
Consumer deposits	11 806 385	11 806 385
Finance lease obligation	583 958	583 958
	1 870 697 018	**1 870 697 018**

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	74 700 739	74 700 739
Cash and cash equivalents	72 755 914	72 755 914
	147 456 653	**147 456 653**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	1 468 771 412	1 468 771 412
Consumer deposits	11 272 521	11 272 521
Finance lease obligation	621 154	621 154
	1 480 665 087	**1 480 665 087**

Notes to the Annual Financial Statements

	2025	2024

60. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer. The reasons for the deviations were as follows:

Reason for deviation	
Emergency	5 383 807
Impractical / impossible to obtain three quotes	197 873
	5 581 680

Awards to persons in service of state

Name of person	State institution	Position	Supplier	Value of award
LL Lwazi Goqwana	Transnet Limited	General Manager	ROCLA	1 779 486

61. Change in estimate

Property, plant and equipment

Landfill site

In the current financial year there was a change in estimate on the calculation of the provision for rehabilitation of landfill sites which resulted in an increase in the value of the asset and the depreciation thereon. The change was caused by a change in the CPI rate, discount rate and unit costs. The effect of this revision has increased the depreciation charges for the current and future periods:

	2025
Change in estimate	17 782 880
Depreciation	592 763
	18 375 643

	2025	2026	2027	2028	2029
Property, plant and equipment	17 190 117	16 597 354	16 004 591	15 411 828	14 819 065
Depreciation	592 763	592 763	592 763	592 763	592 763
	17 782 880	**17 190 117**	**16 597 354**	**16 004 591**	**15 411 828**

	2025	2024

61. Change in estimate (continued)

Property, plant and equipment - other

The annual review of the useful lives and residual values of assets resulted in an increase in the depreciation and amortisation charge to the statement of financial performance.

The effect of this revision on depreciation and the carrying amount of assets in the current and future years is as follows:

	2025	2026	2027	2028	2029
Property, plant and equipment	(1 085 106)	(2 018 717)	(3 828 952)	(5 784 021)	(7 446 620)
Depreciation	1 085 106	933 611	1 810 235	1 955 069	1 662 599
	-	**(1 085 106)**	**(2 018 717)**	**(3 828 952)**	**(5 784 021)**

62. Budget differences

Material differences between budget and actual amounts

The actual expenditure for the following expenses varied from the final budget by 10% or more:

62.1 Service charges

The negative variance in the service charges is due to the under collection with the electricity service charges. The illegal connections and the tampering of meters have resulted in the under collection of electricity service charges.

62.2 Rental of facilities and equipment

The negative variance in the rental of facilities was due to tenants not paying their rental amounts monthly.

62.3 Income from Agency Fees and Licences and permits

The negative variance in the Licence and Permit collection and the commission on licencing and vehicle registration fees was due to some drivers and vehicle owners renewing their permits and vehicle registrations at the Provincial Traffic and on line.

62.4 Other revenue

The positive variance was due to the DOT revenue recognised from the grant expenditure.

62.5 Other income

The positive variance was due to the increase in revenue collection from revenue sources such as grave digging and plot fees.

62.6 Interest received on investments

The positive variance was due to the more than expected disaster grant that was put in the call account to earn interest.

62.7 Transfer revenue - Operating

The negative variance was due to the EPWP - Labour intensive grant that was allocated but was not received by the municipality.

	2025	2024

62. Budget differences (continued)
62.8 Remuneration of councillors

The negative variance was due to the two upper limits that were paid to councils that were not adequately covered in the adjustment budget.

62.9 Depreciation

The negative variance was due to some assets being removed from the assets register and put on the disposal list.

62.10 Impairment loss

The impairment is not budgeted as per the Budget circulars and the MBRR.

62.11 Finance costs

The negative variance was due the interest raised on the future value of the Landfil site that is not budgeted and also there was unexpected increase in the interest charged on Eskom arrear debt.

62.12 Debt impairment

The negative variance was due to the actual debt impairment at the year end of the year more than anticipated when the budget was prepared. This was due to the low revenue collection rate at year end.

62.13 Repairs and maintenance

The negative variance was due to the electrical materials that were procured as a result of the power outages at Top Town. These were procured to address the emergency and were not budgeted.

62.14 Bulk purchases

The negative variance on the Bulk Purchases were due to the illegal connections in the townships. The municipality could not budget adequately for the electricity that was used illegally.

62.15 Contracted services

The positive variaince was due to the re - classification of contracted services to other expenditure and repair and maintenance due to the nature of the transaction

62.16 Transfers and subsidies

The positive variance was due the SPCA operations that has been discontinued.

62.17 General expenses

The negative variance was due to the the inclusion of the Department of Transport project expenditure in the general expenses.

62.18 Loss on disposal of assets

The 100% negative variance was due to the fact that this line item is not budgeted.

62.19 Actuarial gains / losses

The 100% negative variance was due to the fact that this line item is not budgeted.

Notes to the Annual Financial Statements

	2025	2024

62. Budget differences (continued)

62.20 Fair value adjustment on biological assets

The 100% negative variance was due to the fact that this line item is not budgeted.

62.21 Eskom interest adjustment

The 100% negative variance was due to the fact that this line item is not budgeted.

62.22 Transfers recognised - Capital

The variance is due to less grants received from Department of Transport and the Office of the Premier than earlier indicated and budgeted.

62.23 Inventories

The variance was due to the less usage of the electricity kaept in the store as a result of the new smart meters tha now been installed

62.24 Receivables from exchange transactions

The negative variance was due to the low debt collection rate of the municipality which has resulted in more debt to be impaired.

62.25 Receivables from non-exchange transactions

The negative variance was due to the low debt collection rate of the municipality which has resulted in more debt to be impaired.

62.26 VAT receivable

The actual amount is the vat accrual in the control account while the budget is the additions to receivables.

62.27 VAT accrual - input

There was no budget for the VAT accrual - input.

62.28 Cash and cash equivalents

The positive variance is due to the call accounts in respect of the unspent grant and the positive cash held at end of the year.

62.29 Biological assets

The positive variance was due to the increase in the number births than deaths in the game reserve and also increase in the values of these animals.

62.30 Property, plant and equipment

The negative variance was due to the significant impairment recorded on the PPE in 2024/25.

62.31 Intangible assets

The variance is due to no intangible assets recorded in 2024/25.

62.32 Heritage assets

The positive variance was due to the valuations that were done in the year to reflect the current values of these assets.

	2025	2024

62. Budget differences (continued)

62.33 Finance lease obligation

The variance was due to no budget for this line item.

62.34 Payables from exchange transactions

The increase was due to the Eskom accounts that has increased during the year. The municipality was not paying the current Eskom accounts monthly.

62.35 Employee benefit obligation

This line item was not budgeted.

62.36 Unspent conditional grants and receipts

This line item was not budgeted as the municipality did not forsee unspent grant year end.

62.37 Provisions (current)

No current provion recorded.

62.38 VAT accrual - output

The variance was due to more than expected output VAT recorded at year end.

62.39 Provisions (non-current)

Variance due to the reduction of the provisions at year end.

62.40 Rates and service charges

The negative variance was due to the under collection in the electricity revenue which was due to illegal.

62.41 Transfers and subsidies - Operational and capital

The negative variance was due to not receiving an allocation for EPWP labour intensive grant in 2025.

62.42 Interest

The positive variance is due to the high interest raised on the high debtors book.

60.43 Other revenue

The negative variance is due to the cash outflow from the decrease in the VAT receivable.

60.44 Suppliers and employees

The positive variance is because the budgeted increment on employee's salaries was not paid.

60.45 Finance costs

The variance is due to the high interest charged by Eskom on the Eskom Arrears and the interest on the landfil site.

60.46 Transfers and subsidies

The municipality did not pay the SPCA component of the grant and subsidy as there is no more SPCA agreement with the municipality.

62. Budget differences (continued)

60.47 Purchase of property, plant and equipment

The variance is due to the unspent portion of the disaster grant and Department of Transport.

60.48 Proceeds from disposal of property, plant and equipment

The item was not budgeted for.

60.49 Movement in finance leases

The item was not budgeted for as per the MBRR.