

KUMIKANI MHLONTLO LOCAL MUNICIPALITY FINAL ANNUAL REPORT VOLUME 1



**FINAL
ANNUAL
REPORT**
2024-2025
Volume I

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TABLE OF CONTENTS

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE	5
COMPONENT A: MAYOR’S FOREWORD	5
COMPONENT B: EXECUTIVE SUMMARY	8
1.1 MUNICIPAL MANAGER’S OVERVIEW	8
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	9
1.3 SERVICE DELIVERY OVERVIEW	11
1.4 FINANCIAL HEALTH OVERVIEW	13
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	15
1.6 IDP & pms, PARTICIPATION AND ALIGNMENT	16
COMPONENT D: CORPORATE GOVERNANCE	16
1.7 AUDITOR GENERAL REPORT	16
1.8 STATUTORY ANNUAL REPORT PROCESS	17
CHAPTER 2 – GOVERNANCE	19
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	19
2.1 POLITICAL GOVERNANCE	20
2.2 ADMINISTRATIVE GOVERNANCE	21
COMPONENT B: INTERGOVERNMENTAL RELATIONS	22
2.3 INTERGOVERNMENTAL RELATIONS	23
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	24
2.4 PUBLIC MEETINGS	24
2.5 RISK MANAGEMENT	28
2.6 ANTI-CORRUPTION AND FRAUD	28
2.7 SUPPLY CHAIN MANAGEMENT	29
2.8 BY-LAWS	29
2.9 WEBSITES	29
2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES	30
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	32
COMPONENT A: BASIC SERVICES	32
3.1 WATER PROVISION	33
3.2 WASTEWATER (SANITATION) PROVISION)	33
3.3 ELECTRICITY	33
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	37
3.5 HOUSING	40
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	43
COMPONENT B: ROAD TRANSPORT	46
3.7 ROADS	46
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)	51
3.9 WASTEWATER (STORMWATER DRAINAGE)	52
COMPONENT C: PLANNING AND DEVELOPMENT	56
3.10 PLANNING	56
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	61
COMPONENT D: COMMUNITY & SOCIAL SERVICES	66
3.12 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	67
3.13 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	69
3.14 Community halls	71
3.15 CEMETORIES AND CREMATORIALS	72
3.16 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	74
COMPONENT E: ENVIRONMENTAL PROTECTION	76
3.17 POLLUTION CONTROL	76
3.18 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)	79
COMPONENT F: HEALTH	82
3.19 CLINICS	82
3.20 FIRE	82
3.21 AMBULANCE SERVICES	82
3.22 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	83
COMPONENT G: SECURITY AND SAFETY	83
3.23 POLICE	83
3.24 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)	88
COMPONENT H: SPORT AND RECREATION	89
3.25 SPORT AND RECREATION	89
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	90
3.26 EXECUTIVE AND COUNCIL	90
3.27 FINANCIAL SERVICES	93

3.28	HUMAN RESOURCE SERVICES	95
3.29	PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	98
	COMPONENT J: MISCELLANEOUS.....	99
	COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	99
	CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	100
	COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	101
4.1	EMPLOYEE TOTALS, TURNOVER AND VACANCIES	101
	COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	103
4.2	POLICIES	103
4.3	INJURIES, SICKNESS AND SUSPENSIONS	105
4.4	PERFORMANCE REWARDS.....	106
	COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	107
4.5	SKILLS DEVELOPMENT AND TRAINING	107
	COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	108
	CHAPTER 5 – FINANCIAL PERFORMANCE.....	112
	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....	112
5.1	STATEMENTS OF FINANCIAL PERFORMANCE	112
5.2	GRANTS	114
5.3	ASSET MANAGEMENT.....	114
5.4	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	116
	COMPONENT B: SPENDING AGAINST CAPITAL BUDGET.....	120
5.5	CAPITAL EXPENDITURE.....	121
5.6	SOURCES OF FINANCE.....	121
5.7	BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	123
	COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	124
5.8	CASH FLOW.....	124
5.9	BORROWING AND INVESTMENTS	125
5.10	PUBLIC PRIVATE PARTNERSHIPS.....	125
	COMPONENT D: OTHER FINANCIAL MATTERS.....	126
5.11	SUPPLY CHAIN MANAGEMENT	126
5.12	GRAP COMPLIANCE	126
	CHAPTER 6: AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2023.....	128
	GLOSSARY	128
	APPENDICES.....	129
	APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.....	129
	APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	131
	APPENDIX D – FUNCTIONS OF MUNICIPALITY.....	132
	APPENDIX E – WARD REPORTING	133
	APPENDIX F – WARD INFORMATION.....	134
	APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/2024.....	134
	APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	136
	APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	137
	APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS.....	138
	APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE.....	139
	APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE.....	139
	APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE	140
	APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG.....	140
	APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	141
	APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	143
	APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0.....	145
	APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0.....	146
	APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	147
	APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.....	147
	APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	148
	APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	148
	ANNUAL FINANCIAL STATEMENTS	149
	ANNUAL PERFORMANCE REPORT	149
	SECTION 1 - INTRODUCTION.....	151
1.1	OVERVIEW.....	151
1.2	LEGISLATIVE REQUIREMENTS	151
	SECTION 2 - MUNICIPAL OVERVIEW	152
2.1	Organisational Performance	152
2.2	Performance System Followed for the Financial Year 2024/2025	152
2.3	COMPARISON OF PERFORMANCE OVER THE YEARS	152
	SECTION 3 ANNUAL PERFORMANCE REPORT: 2024/2025	154
	CONCLUSION.....	212
	AUDIT REPORT	295



CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE

SUMMARY CHAPTER 1: MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

CLLR M.G JARA-MAYOR

It gives me great pleasure to present the 2024–2025 financial year outlook for Kumkani Mhlontlo Local Municipality. This foreword is not only a reflection on our journey but also a reaffirmation of our unwavering commitment to building a responsive, accountable, and people-centred developmental municipality.

The 2024–2025 financial year unfolds at a time when our communities continue to face socioeconomic challenges such as unemployment, poverty, and service delivery backlogs. Yet, it also presents renewed opportunities for growth, innovation, and strengthened partnerships. Guided by our Integrated Development Plan (IDP) and our vision of a “better life for all the people of Kumkani Mhlontlo,” we remain steadfast in driving programmes that promote inclusive development, sustainable infrastructure, and sound governance.



During the past year, we have made commendable progress in improving access to basic services, upgrading key infrastructure, enhancing local economic development, and empowering our youth and women. These achievements remind us that progress is possible when we work together with unity of purpose and commitment to serve.

In the 2024–2025 financial year, our focus will be directed towards:

- Accelerating service delivery and infrastructure development;
- Strengthening good governance, transparency, and financial management;
- Promoting local economic development and job creation;
- Deepening community participation and stakeholder engagement; and
- Fostering social cohesion, environmental sustainability, and resilience.

As we implement our plans, we are mindful that success can only be achieved through collective effort. We therefore call upon all stakeholders — communities, traditional leaders, civil society, business partners, and government departments — to continue working hand in hand with us to move Kumkani Mhlontlo forward.

On behalf of the Municipal Council, I extend heartfelt appreciation to our dedicated councillors, management, and municipal employees for their hard work and commitment to serving the people of Kumkani Mhlontlo. Together, let us continue to build a municipality that embodies accountability, compassion, and excellence in service delivery.

Vision and Mission

A responsive, stable and accountable municipality that improve people’s lives.

Aims to deliver sustainable quality services, in an effective and efficient manner, through meaningful participation by all stakeholders.

a. Key Policy Developments

The municipality has identified its key development objectives to be implemented over five (5) years as some are easy to achieve and find the expression of being categorised as quick wins, whilst some are realised through the medium-term and long-term. The municipality is committed to:

- Provide Basic Services and Infrastructure.
- Improve institutional systems.
- Promote economic growth through Agriculture, Tourism, Forestry and Mining
- Promote sustainable community livelihood.
- Promote comprehensive Rural Development.
- Improve financial management.

b. Key Service Delivery Improvements and Challenges

Given the rural nature of the municipality, key service delivery areas are:

- Access Road infrastructure
- Electricity
- Social Infrastructure
- Water and Sanitation

Due to the depleted revenue base, the Municipality depends largely on grant funding to meet its service delivery mandate. (The Municipal Infrastructure Grant (MIG), INEP, Expanded Public Works Programme (EPWP) and a portion of the Equitable Share Grant) to provide services to the communities as a result the pace is not in line with the competing needs of the community.

During 2024/25 financial year the municipality managed to practically complete 36,2 kilometres of gravel access roads in ward 05, 12 and 20, release retention monies for held during construction of 22,91 kilometres in ward 03, and 08 whereas 25,48 kilometres in ward 25, 21 and 19 was still work in progress at the end of the financial year and all the projects are planned to be completed during 2025/26 financial year.

In so far as electricity roll-out is concerned, the municipality is doing relatively well, 100% of the historic backlog has been completely addressed. Infills and the extensions is the new challenge facing the municipality regarding electricity rollout. There are no clear targets on backlog as this is always a moving target, the cost per connection has doubled due to density issues and the bulk infrastructure that needs to be upgraded in areas where connection needs to be done. The newly identified challenge now is the shortage of capacity to connect the households, as a result the network planning that is being issued by Eskom are demanding that the link line should be upgraded. During the year of reporting the municipality has upgraded a 1,7km Link line from Qumbu to Sulenkama, then the number of households connected had reduced from 748 to 303. Villages that had benefited are from ward (15,23,11, 21 and 10).

The municipality is experiencing high backlog on provision of social infrastructure in a form of sporting facilities, community halls and pre-schools. During the development of the new IDP (2021/2026 as a result two community hall in Ward 26 (Sdwadweni) and Ward 18 (Sthangameni) are still work in progress. Two pre-schools in Ward 07 (Ntibane) and Ward 06 (Newhomes) are also under construction. On provision of sporting facilities, performance of service providers and contract management is still a challenge. Construction of three sports fields is due to be completed in 2024/25 financial year.

The Provincial Department of Roads and Transport operates within the municipality to ensure maintenance of roads and bridges, and the information is provided through the Roads Forum. The intervention programmes such as the inhouse team from the department of transport and other stakeholders like SANRAL assist in the construction and maintenance of roads that lead to schools and clinics. Water and Sanitation is a funded mandate of the OR Tambo District municipality for both development and maintenance of infrastructure. During the year under review, the municipality has experienced dire water shortages to an extent of having communities forced to purchase water due to either poor workmanship on the existing water schemes and infrastructure or poor monitoring of the schemes. Currently wastewater and sewer collection remain a challenge in both towns within the municipal jurisdiction. Wastewater treatment works is currently under construction in Tsolo whereas it is still under planning in Qumbu. The Department of Human Settlements (DoHS) is responsible for budgeting for houses that are to be built within the municipal area. The coverage is below demand as there is a slow progress when the projects are on construction phase. The municipality works with DoHS through a housing strategy to ensure that houses identified for housing construction are informed by the Housing Sector Plan.

c. Public Participation

Public participation is one of the political underlying principles in ensuring empowerment of citizens to better articulate their will and needs directly to political representatives and public officials. Public participation promotes good governance as it bears some elements of corporate governance such as responsibility, accountability, and transparency in delivering services. An open systems approach used by Kumkani Mhlontlo Local Municipality mostly boosted the morale of the citizenry. In the financial year under review, the municipality managed to conduct IDP Roadshows in all twenty-six (26) wards, Mayoral Imbizo's in thirteen (13) wards, MPAC Public Hearings in both Administrative Areas, and Community Outreaches in twelve (12) wards.

d. Future Actions

Infrastructure development remains a fundamental aspect of assessing the impact on the implementation of SDBIP. Anyway, it must be clear that all municipalities are judged by the infrastructure roll-out projects. The communities are interested in infrastructure projects that range from access roads, housing units, electrification, storm water drainage, as well as water and sanitation. Through the years the municipality had received INEP grant as schedule 5b (allocated direct to the municipality) and schedule 6 (allocated to Eskom) to address electricity backlog in our municipal space as a result, historic backlog has been completely addressed to date.

Currently the municipality is dealing with infills and extensions. It is a well-known fact that the mandate to address water and sanitation belongs to the district. Surfacing of all urban roads and well-planned storm water drains is a priority of the municipality. This statement does not, in any way try to underestimate construction of rural access roads. However, it is always important to devise strategies that assist in attracting investors. This attraction could possibly be achieved through changing the outlook of urban areas.

Local Economic Development, Planning and Rural Development (LEDPARD), as a key element to enhance SMME development, job creation and economic growth remains a priority of the municipality. The municipality has adopted the LED strategy which is an enabler to achieving economic objectives of the institution.

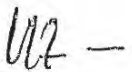
e. Agreements / Partnerships

Many of the agreements/ partnerships the municipality has, are more focusing on skills revolution. This is an initiative which seeks to find the municipality on the right place in terms of the implementation of Skills Development Act. It does not only focus on employees, but also on unemployed community members, especially, the youth. Deliberately, the municipal learnerships have a focus on unemployed graduates. Bursaries were also granted by the municipality to assist in up-skilling of councillors and officials. Amongst the SETAs reported during the year under review are Local Government Sector Education and Training Authority, which is commonly referred to as LGSETA, Services SETA, TETA and AGRISSETA. There are also existing partnerships with government departments that include Department of Energy (DOE), Department of Economic Development, Department of Public Works, Environmental Affairs and Tourism (DEDEAT), Department of Sport Recreation Arts and Culture (DSRAC), Department of Transport, as well as parastatals such as Eskom and Telkom.

f. Conclusion

In closing, I extend my sincere gratitude to all those who have contributed to the development of this report, and I reaffirm our municipality's unwavering dedication to creating a prosperous, inclusive, and sustainable community for generations to come.

Thank you for your continued support, and I look forward to our collective journey towards an even brighter future for our municipality.



CLLR M.G. JARA
 MAYOR

DATE: 31/03/2026 _____

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

MR L NDABENI MUNICIPAL MANAGER

The 2024/2025 financial year Annual Report has been compiled in accordance with the Local Government

Municipal Systems Act, 32 of 2000, the Local Government Municipal Finance Management Act 56 of 2003, as well

as National Treasury Circular No. 11, 63. The report addresses the performance of Kumkani Mhlontlo Municipality for the year ended 30 June 2025 and conforms to the relevant statutory requirements. This report records the progress made by the municipality in fulfilling its objectives as reflected in the Integrated Development Plan (IDP), the Budget and Service Delivery and Budget Implementation Plan (SDBIP)



Despite our difficulties, we as Kumkani Mhlontlo Local Municipality maintained our optimism and persevered in our efforts to provide basic services to us customers, who are residents of Kumkani Mhlontlo Local Municipality, both

households and business community. Even though we recognise the difficulty of our situation as a municipality, we have not given hope because we have made a commitment to provide basic needs for our people, and we have derived our optimism from the contract we have signed with our citizens, particularly with the business community.

Additionally, we wish to express our appreciation for the assistance provided by the National government, Provincial government and District Municipality, which has enabled us to continue serving our constituents. We were able to maintain a consistent daily and weekly household waste collection in both urban centres and formal and informal settlements in our municipal area during the previous financial year, despite the difficult economic climate and lack of resources. As the municipality, we are aware that this is what we should be doing on daily basis, but we are working diligently to accomplish this goal and are optimistic that we will succeed. Similarly, we can clean up all illegal dumping sites to keep our Kumkani Mhlontlo Local Municipality environment clean.

The municipality has adopted a service delivery model to ensure that we are able to adequately respond to the service delivery challenges. We want our clients to feel at ease whenever they visit our offices for a variety of reasons related to service delivery, which is why we have developed an organisational structure that ensures that we have a well-equipped and competent staff complement that adheres Back to Basic and Batho Pele principles.

Our human resources development programmes are also well-established within the municipality. This includes a variety of activities such as Skills Development and wellness programmes for our employees. Against all odds, we as the management want to express our gratitude to all our employees who braved challenges faces and chose to work tirelessly in bring services to the community we serve. This is significant, as it is consistent with the narration that municipal employees are on the frontline of service delivery.

Correspondingly, we are making a concerted effort to re-establish public confidence in the municipality's management of its organisation among its constituents. Since then, we have been implementing the Audit Action Plan. Regarding Auditor General's recommendations, including how to combat corruption and fraud in the municipality, we have tightened the systems (MPAC, Audit Committee and Internal Audit and Risk Management Unit) to ensure that fraud and corruption are completely eradicated from the municipality's day to day operations. We are making a concerted effort to eliminate Irregular, Wasteful and unauthorised expenditures.

Efforts are being made to ensure that Kumkani Mhlontlo Local Municipality is recognised as a municipality of choice by addressing critical infrastructure issues such as electricity connection and access roads. Regarding this, we hope to attract investors to Kumkani Mhlontlo Local Municipality to create job opportunities for our people in general, for young people. This is especially important given the troubling unemployment statistics for young people in the country.

As part of this process, we have reviewed our Local Economic Development Strategy, which will be followed by a plan to ensure that previously disadvantaged people and designated groups are integrated into the mainstream of the municipality's economy. Currently there are ways to ensure that small businesses benefit from the municipality's daily operations. As a result, we will revise our Supply Chain Management policy to ensure that people benefit from their municipality particularly the young, female and disabled.

There are plans in the works to bolster assertions about job creation. With the construction of Umzimvubu dam and Leleni dam by the Department of Water and Sanitation, people of Kumkani Mhlontlo local municipality will eventually be able to participate as economic drivers in such developments. Processes have advanced to a more advanced stage, and issues of local contractor beneficiation are now at the forefront of consideration with the assistance of local

Traditional Leaders. Agriculture and Tourism are among the initiatives that are being perused by the Municipality as we believe that we have competitive advantage on them. This will have a significant impact on the people of Kumkani Mhlontlo local municipality, as it is not speaking of job opportunities only, but also to the development of the local economy in terms of small and medium size enterprises. Most of the municipal functions such as Traffic and Parking, Building Regulation, Pounds, Refuse Removal, Street Lighting and many more are detailed in APPENDIX D.

In conclusion, we take this opportunity to encourage all residents who contribute to the cost of services provided by the municipality for us to continue to improve. We maintain a positive outlook for the future and are committed to act to bring our hopes and ambitions to fruition.

T 1.1.1

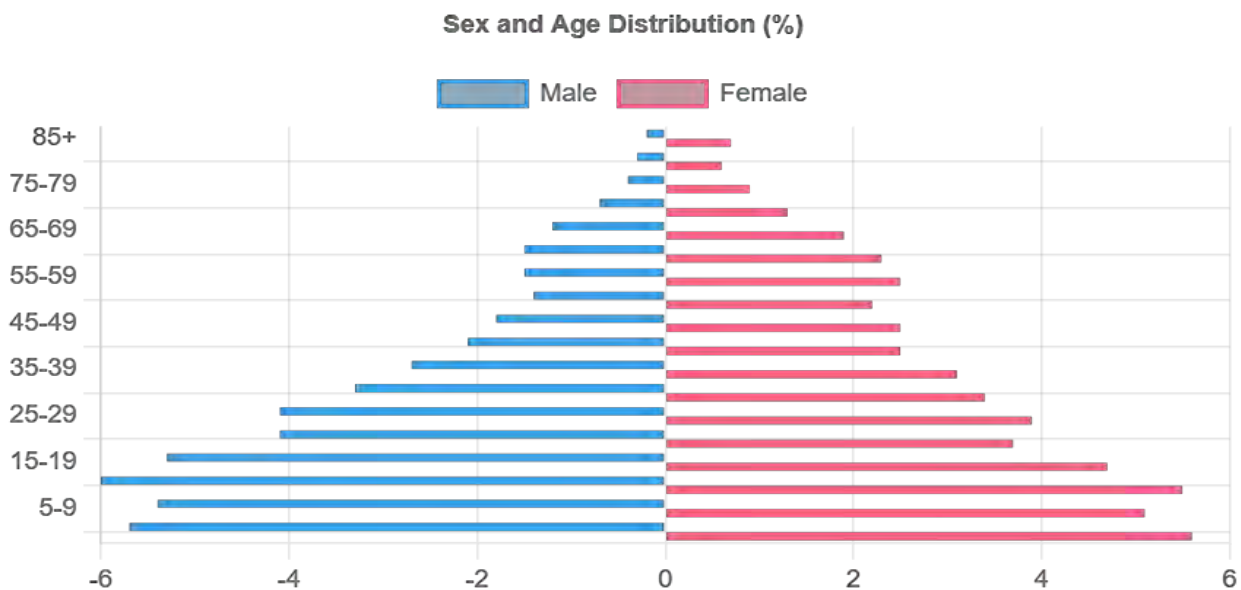
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

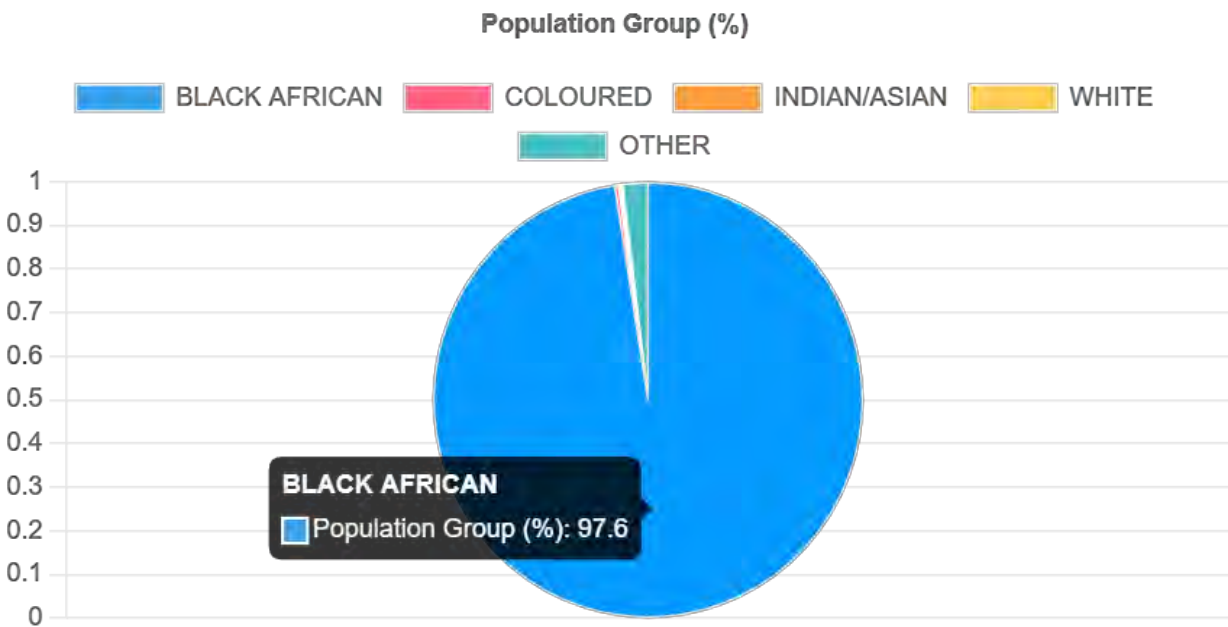
Kumkani Mhlontlo Local Municipality comprises of 43 980 households with a population totalling to 186 391. The municipality is mostly rural with a population which contribute to the formation of wards that are 26 and two economic nodes or business centres (Tsolo and Qumbu towns). Revenue generation is a challenge as a result the municipality depends on grant funding for provision of services and its operations.

Kumkani Mhlontlo Local Municipality is responsible for provision of electricity, roads, refuse removal, local economic development, storm water drainage and general planning. Water and sanitation are being provided to our communities by the OR Tambo District Municipality whereas the provision of housing is being provided by the department of human settlements.

POPULATION GROUP



Source: Statistics SA 2022 T 1.2.2

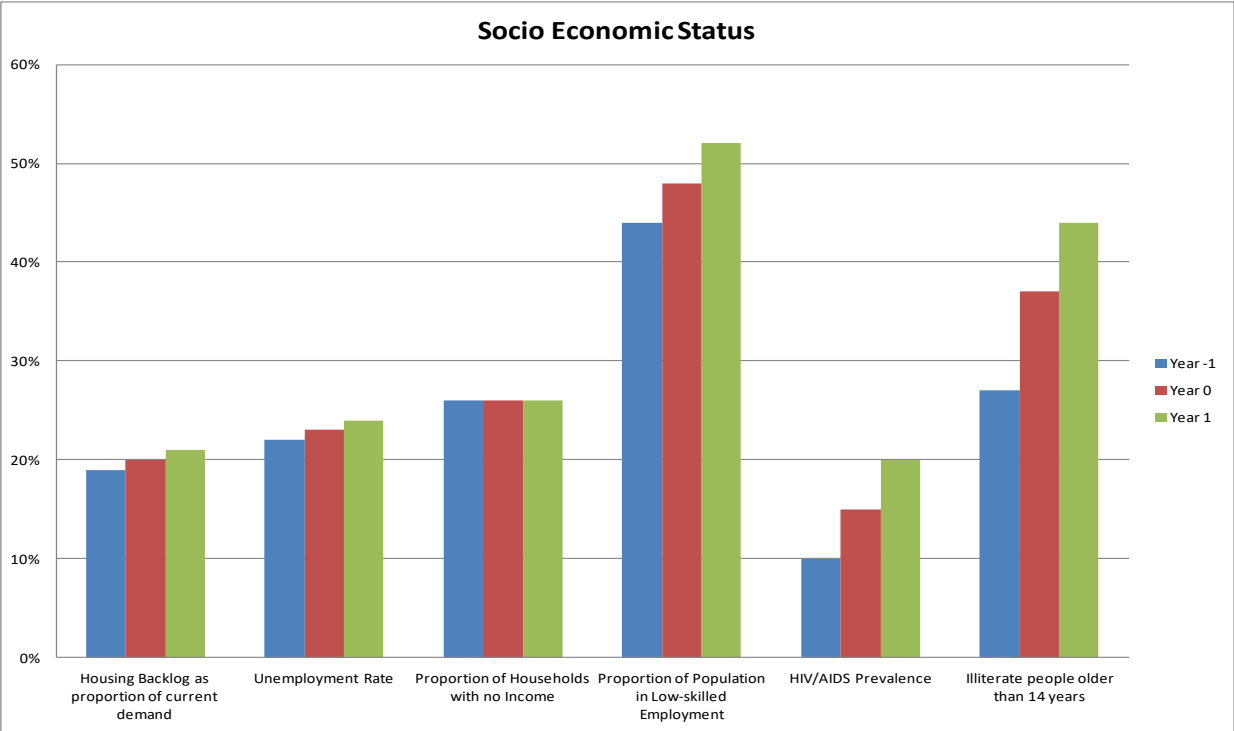


STATS SA 2022

SOCIO ECONOMIC STATUS

Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2022/2023	58%	43%	4%	56%	9%	15%
2023/2024	58%	43%	4%	56%	9%	15%
2024/2025	58%	56,22%	3,1%	56.2%	13.0%	9.03%

T1.2.3



T 1.2.5

Overview of Neighbourhoods within 'Kumkani Mhlontlo Local Municipality'		
Settlement Type	Households	Population
Towns		
Qumbu	2 500	20 000
Tsolo	2 000	10 000
Sub-Total	4 500	30 000
Townships		
Ext 1 Tsolo	1 000	5 000
Ext 2 Tsolo	400	2000
Ext 6 Tsolo	469	2345
Ext. 7 Tsolo	500	2500
Ext 4 Qumbu	11	55
Ext 5 Qumbu	534	2670
Ext 6 Qumbu	76	380
Gqunu Farms	115	575
Sub-Total		45525
Rural settlements		
26 wards)	49	196 000
Sub-Total	49	196 000
Informal settlements		
Langeni	619	3095
Qumbu (Ext 7)	500	2 500
Tsolo (Ext 7)	500	2 500
Sub-Total	1619	7 500
Total	5 949	391 000

T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Land	Future development and growth of the existing communities.
Indigenous forests	Langeni & Ngandu forests.
Water	Necessary basic service and pillar to the very existence of life.
Sand	Financial benefit to community trust.
Quarries	Natural resources to aid economic growth.

T 1.2.7

COMMENT ON BACKGROUND DATA

There are financial and economic opportunities that can be derived from the indigenous forests and sand within the municipal area.

The challenge is that the municipality is not yet involved in nurturing and stewarding these resources to contribute to the GDP of the municipality.

T 1.2.8

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Service delivery is about providing basic services to the communities within the municipal space. These services include construction of roads, provision of water, sanitation, electricity, solid waste management, building decent houses and provision of social infrastructure in a form of (community halls, pre-schools, and sporting facilities). Services are not limited to that, but some are a mandate that is with other government departments and State-Owned Entities. The municipality has not and is still too far from satisfactorily providing services due to historic backlogs that continue haunting the communities of Kumkani Mhlontlo Local Municipality.

The municipality relies on grant funding (Municipal Infrastructure Grant, INEP, Extended Public Works Program, Municipal Disaster Recovery Grant and a portion of the Equitable share) to provide services to the communities as a result the pace is not in line with the competing needs of the community.

During 2024/25 financial year the municipality managed to practically complete 36,2 kilometres of gravel access roads in ward 05, 12 and 20, release retention monies for held during construction of 22,91 kilometres in ward 03, and 08 whereas 25,48 kilometres in ward 25, 21 and 19 was still work in progress at the end of the financial year and all the projects are planned to be completed during 2025/26 financial year. The municipality was affected by floods resulting in a lot of catastrophes around Kumkani Mhlontlo municipality as there was a lot of infrastructure that was damaged in

the aftermath. The municipality received a total amount of 53 401 000 (33 364 000 & 25 037 000) where 12 projects were implemented in two financial years (2023/2024-2024/2025). The municipality managed to practically complete 10 projects with a total of 55,69 kilometres of gravel access roads in ward 08,24,23,11,2x22,26,21 and 12 whereas 17 kilometres in ward 19 and 01 was still working in progress at the end of financial year and planned to be completed during 2025/2026 financial year.

The municipality had invested a portion of the equitable share into re-graveling of the access roads to improve the condition of the access roads within the municipal space, 51 kilometres of blading and 3,3 kilometres of patch and re-gravelling of access roads were rehabilitated as against the 200 kilometres and 40 kilometres of patch re-gravelling that was planned thus registering under achievement of 149km of blading, 36.7 km of patch re-graveling.

In terms of electricity roll-out the municipality is doing relatively well, 100% of the historic backlog has been completely addressed. Infills and the extensions are the new challenge facing the municipality in terms of electricity rollout. There are no clear targets on backlog, the cost per connection has doubled due to density issues and the bulk infrastructure that needs to be upgraded in areas where connection needs to be done. During the year of reporting 350 households of infills and extensions were connected in wards 15,23,03,08,16 and 17 together with upgrading of 7 kilometres three phase mink Link line.

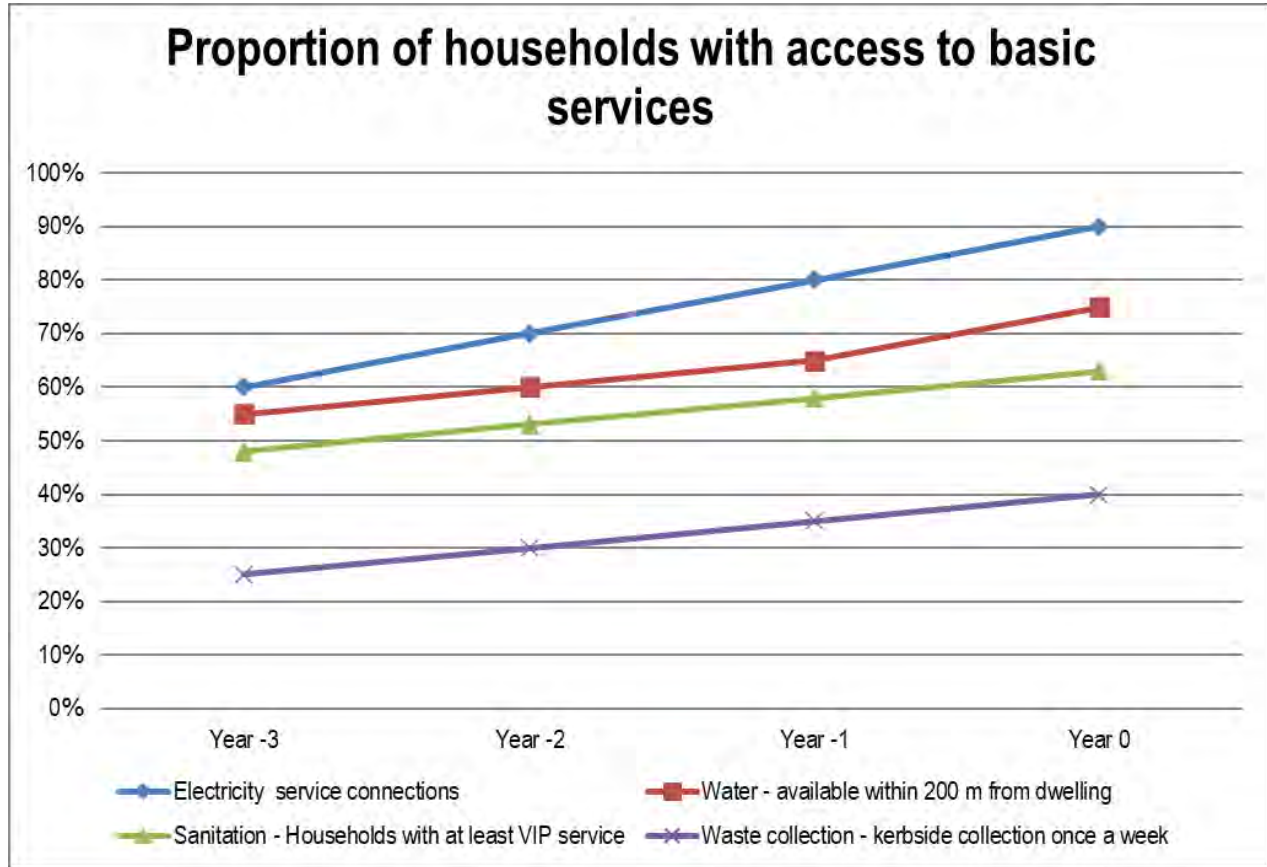
The municipality is having a high backlog around provision of social infrastructure in a form of sporting facilities, community hall and pre-schools. During the development of the new IDP (2025/26). During the year of reporting the municipality had construction of two pre-schools in Ntibanefarms and New homes in ward 7 and 06, to community halls in ward 18 and 26 three projects were still work in progress as at the end of the financial year. Ntibanefarms preschool is practical complete.

On provision of sporting facilities - performance of service providers and contract management have been a challenge. Construction of two sports fields is due to be completed in 2024/25 financial year. The department of roads and transport operate within the municipality to ensure maintenance of roads and bridges, and the information and progress sharing platform is the Roads Forum. There are intervention programmes such as the in-house team from the department of transport and other interventions by SANRAL to assist in the construction and maintenance of roads that are leading to schools and Clinics.

O.R. Tambo District Municipality is both a water service authority and provider. Water and Sanitation is a funded mandate of the O.R Tambo district municipality for both development of new infrastructure and maintenance. During the year under review, the municipality has experienced dire water shortages to an extent of having communities forced to purchase water due to either poor workmanship on the existing water schemes and infrastructure or poor monitoring of the schemes. Currently wastewater and sewer collection remain a challenge in both towns within the municipal jurisdiction. Wastewater treatment works is currently under construction in Tsolo whereas it is still under planning in Qumbu. The department of human settlements (DoHS) is responsible for budgeting for houses that are to be built within the municipal area. The coverage is below demand as there is a slow progress when the projects are under construction. The municipality works with DoHS through housing strategy to ensure that houses identified for housing construction are informed by the Housing Sector Plan.

IT 1.3.1

For the 2024/25 financial year, the department of Infrastructure Development Services set Firth-four (54) targets. The department managed to achieve twenty-eight (28) of those, whilst twenty-six (26) were not achieved due to various reasons that are ascribed and attributed on the quarterly reports.



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES

The incomplete projects will be rolled over to 2025/26 financial year for completion. Poor performance of service providers, and bad weather conditions had resulted into some of the projects to be delayed, thus affecting the performance of the department negatively during 2024/25 financial year. Also, the department is not doing well on maintenance of gravel access road due to plant and machinery that has worn-out over years.

T 1.3.2

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality's recorded a surplus in the current year. The Statement of Financial Performance and the Statement of Budget Comparison clearly indicate that an actual operating surplus of R31 059 565 compared to an operating deficit of R15 681 601 in the prior year which is an improvement.

A huge demand is placed on the limited financial resources due to ageing infrastructure that requires maintenance, and the municipality is unable to fully maintain the infrastructure.

However, the municipality had an accumulated surplus of R597 248 628 on 30 June 2025, and total assets exceeded its total liabilities by R566 055 247.

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

The ability of the municipality to continue as a going concern is dependent on several factors. In assessing whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

The assumption is further based on the fact that the municipality has a constitutional mandate to levy property rates and service charges to enable the municipality to be considered as a going concern even though the municipality is unable to collect all monies due, we have assumed that the municipality will be operational over the short and medium term in a state where liquidity will be under pressure.

The municipality has not defaulted on its payment of creditors. The municipality does have the ability to operate as a going concern and to continue rendering services to its community.

T 1.4.1

*** Note: surplus/(deficit): T 1.4.2**

Operating Ratios	
Detail	%
Employee Cost	32%
Repairs & Maintenance	10%
Finance Charges & Impairment	8%
	T 1.4.3

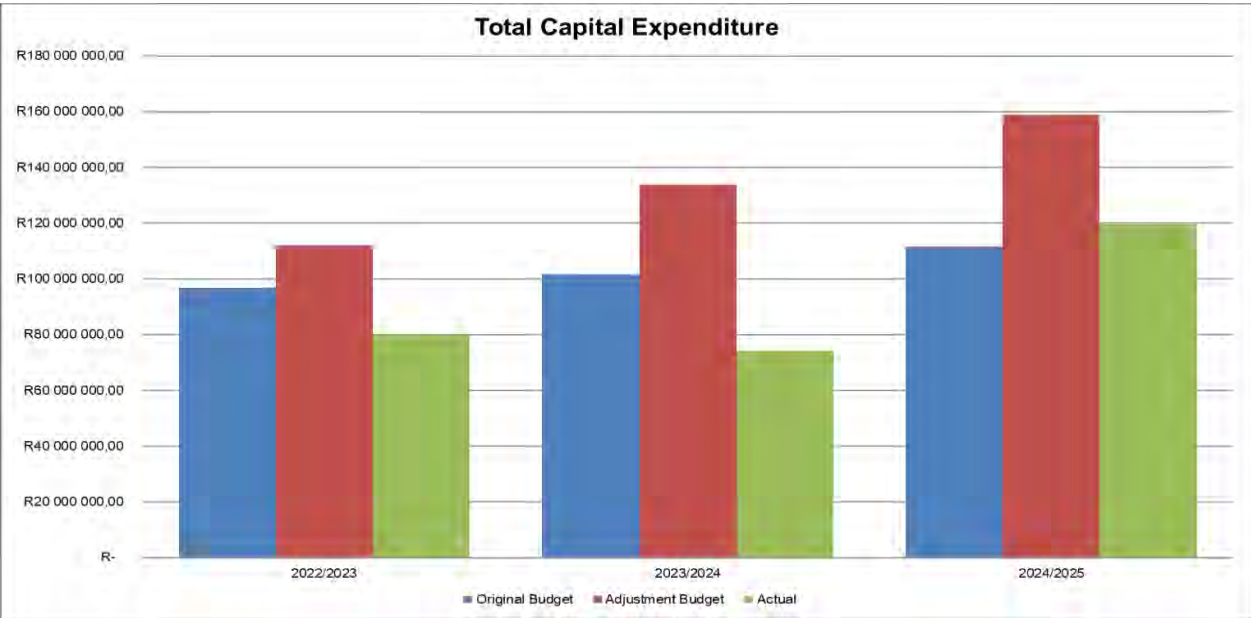
COMMENT ON OPERATING RATIOS

Employee costs' ratios were sitting at 32% compared to expected norm of 25% to 40%. The municipality's spending on repairs and maintenance as a percentage of operating expenditure is 10% which is above the expected norm of 7% to 8%.

Finance charges and impairment represent 8% of total expenditure. This is mainly due to an increase on impairment on debtors, and debtors are not serving their accounts.

T 1.4.3

Total Capital Expenditure: 2022-2023 to 2024/2025			
	R'000		
Detail	2022/2023	2023/2024	2024/2025
Original Budget	R 96 871 192,00	R 101 713 936,00	R 111 549 242,00
Adjustment Budget	R 112 150 448,00	R 133 761 494,00	R 158 773 098,00
Actual	R 79 906 408,00	R 74 170 094,00	R 119 748 347,00
			T 1.4.4



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE

The municipality’s performance on capital projects increased by 38% compared to last year’s capital expenditure.

T 1.4.5.

1.5ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality has strived to ensure that the organisation has been developed through various training programmes and new systems were introduced.

Organization Development (OD) is about improving performance at the individual, group, and organization levels. It is about improving the organization's ability to effectively respond to changes in its external environment, and it's about increasing internal capabilities by ensuring the organizational structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

The OD is a key transformation agent dealing with the structure and workforce of the municipality to ensure that it remains aligned to its service delivery requirements.

One of the major challenges is that posts have not been formally evaluated through job evaluation and employees on new posts have not been fully capacitated, but they acquired knowledge through on-the-job training. To resolve the major challenge of job evaluation would require a support from SALGA.

As part of capacitating individuals who have been placed in newly created positions, it is important that we move our focus to improving their skills by ensuring that they have access to various training programmes as part of skills development to ensure that staff members can perform their duties effectively

Skills Programme

Programme	Beneficiaries	Councillors/employees	Dates/Month
Individual Performance Management	11	Councillors	August 2024
Individual Performance Management	44	Employees	August 2024
Delegation framework and Standing rules	09	Employees	July 2024
Delegation framework and Standing rules	51	Councillors	July 2024
Women's Caucus	15	councillors	July 2024
Minutes taking and report writing	15	Employees	September 2024
OHS training	15	Employees	September 2024

Formal Qualifications

Number of beneficiaries	Councillors/employees	Dates/Month
7 councillors	Councillors	2025 academic year
11 employees	Employees	2025 academic year

1.6 IDP & PMS, PARTICIPATION AND ALIGNMENT

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

* Section 26 of Municipal Systems Act 2000: T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Kumkani Mhlontlo Local Municipality, like all the institutions that subscribe to the New Public Management (NPM) and its principles, considers it so fundamental to adopt corporate governance principles according to the King Code Report, King IV.

All the oversight committees, with the Audit Committee playing its crucial role of being more of an advisory one and other council committees displayed their commitment. The municipality accounts to the public through annual report, community outreaches and financial statements as well as Auditor General's report.

The corporate governance structure within the municipality in brief, is composed of council, executive committee, council committees including the audit and risk committee. Furthermore, there is a management committee which consists of senior management, and internal audit unit which is also responsible for risk management functions.

T 2.6.0

1.7 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2024/2025

The Auditor General conducted the 2024/2025 audit as per the requirements of Section 21(1) of the Public Audit Act of South Africa read in conjunction with Section 188 of the Constitution of the Republic of South Africa and Section 121 (3) of the Municipal Finance Management Act of South Africa.

For 2024/2025 financial year the municipality received a qualified audit opinion. The municipality has updated the audit action plan to address each finding, with clear responsible officials, timelines and evidence. Internal audit and Audit committee receive quarterly progress reports on these actions.

This report serves as a yard stick of measuring the financial health of an institution and compliance with laws and regulations as provided.

We however are equally mindful of the requisite and critical task of striking a healthy balance between attaining clean governance that is accompanied by a clean bill of financial affairs and striving with intense agility to equally address the chronic underdevelopment in our communities, of particular importance the rural communities.

In the past five years, the municipality's audit opinion was as follows:

2024/2025 financial year – Qualified Audit Opinion
 2023/2024 financial year – Qualified Audit Opinion
 2022/2023 financial year – Qualified Audit Opinion
 2021/2022 financial year – Qualified Audit Opinion
 2020/2021 financial year – Unqualified Audit Opinion

T 1.6.1

1.8 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.	August 2025
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4th quarter Report for previous financial year	
4	Submit draft 2022/23 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of the municipality	29 August 2025
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10	Auditor General assesses draft Annual Report including Annual Financial Statements and Performance data	September – November 2025
11	Municipalities receive and start to address the Auditor General's comments	January 2026
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
13	Audited Annual Report is made public, and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	April 2026
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial councils	August 2026
18	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	

T1.7.1

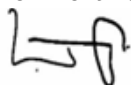
COMMENT ON THE ANNUAL REPORT PROCESS

The importance of achieving annual report deadlines will enable the municipality to provide

- Records or evidence of municipal activities during the year under review.
- Report on municipal performance against the budget for the year under review; and Account to the local communities for the decisions made by the municipality during the year under review.

ALIGNMENT OF IDP/BUDGET / SDBIP

IDP forms the basis on which the annual budget is based, and it must be compatible with the National and Provincial Government Development Plans. Processes for IDP, Budget and SDBIP are integrated.



Acting Municipal Manager
 Mr X Jikela

31/03/2026

 Date



CHAPTER 2

GOVERNANCE

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance involves the interdependence and interaction that occurs between four critical components which will be examined further below. The concept of "governance" requires that one take a holistic view of these four (4) components, to establish whether the organization is functioning effectively and achieving its required objectives. The following four (4) components are discussed to examine and understand governance appropriately:

- Component A : Political and Administrative Governance
- Component B : Intergovernmental Relations
- Component C: Public Accountability and Participation
- Component D : Corporate Governance

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The mayor, as the political head of the institution, has without failure, given guidance to the principal committee of the council. The mayor made it a point that the municipality developed its IDP and Budget as per the legislative framework. In the year under review the council has established all its committees which include the executive committee, standing committees and section 79 committees. The municipality also had a vital committee called Audit Committee which tirelessly worked to improve both the municipal governance and administrative systems.

Note: The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Kumkani Mhlontlo Local Municipality has the collective Mayoral System which allows for the exercise of collective authority through the mayor in whom the leadership of KMLM is vested. There are also Portfolio heads, who are responsible for day-to-day decisions of the municipality. The Council has a speaker who chairs the Council meetings. The Council is the legislative arm of the municipality and is ultimately responsible for the approval of IDP and Budget and other important decisions of the institution. As would be reflective in the local sphere of government, the elected Council of the Kumkani Mhlontlo Local Municipality is the legislative component of the municipal governance. It is in this structure that local laws are promulgated, decisions around the direction of development for the municipality are taken, and is the body charged with overseeing the operations of the municipality such that they adhere to the democratic principles as enshrined in the South African Constitution.

POLITICAL STRUCTURE



WHIP OF THE COINCIL
CLLR N. GCABA



MAYOR OF THE COUNCIL
CLLR M.G. JARA



SPEAKER OF THE COUNCIL
CLLR E. PULA

EXECUTIVE COMMITTEE MEMBERS



CLLR. M. MPHELELI
CLLR. M. MVANYASHE
CLLR. U SOCIKWA
CLLR. N. SAYITI
CLLR. S. VOKO
CLLR. S. KHAHLA
CLLR. L. DLOVA
CLLR. N. ZIKOLO
CLLR. M. FUNO



- INFRASTRUCTURE SERVICES DEPARTMENT
- COMMUNITY SERVICES DEPARTMENT
- SPECIAL PROGRAMS AND INTER GOVERNMENTAL RELATIONS
- HUMAN SETTLEMENTS
- LOCAL ECONOMIC DEVELOPMENT, PLANNING AND RURAL DEVELOPMENT
- COOPERATE SERVICES DEPARTMENT
- BUDGET AND TREASURY
- MEMBER WITHOUT PORTFOLIO
- MEMBER WITHOUT PORTFOLIO



Audit committee and Municipal Public Account Committee (MPAC)

The Audit Committee sits on a quarterly basis for each financial year to consider the quarterly performance achievements reported on the PMS scorecard as well as Performance Achievements reported in terms of Service Delivery Budget Implementation Plan.

Both the municipality Audit Committee and Municipal Public Accounts Committee are functional, the table below shows the schedule of sittings during 2024/2025

NAME OF THE COMMITTEE	NO. OF MEETING	DATES OF THE MEETING	COMMITTEE MEMBERS
Audit Committee	03	26 July 2024 26 August 2024 30 July 2025	Mrs B Mbana-Gantso Chairperson (Resigned) Mrs T Bacela-(Resigned) Mr Nombembe-Chairperson Mr R Vuzane Mr B Khohliso Ms A Ntanda
Municipal Public Account Committee	03	03-07 February 2025 18-20 March 2025 24-27 March 2025	Cllr S.I Ntukuntezi (chairperson) Cllr B Rasmeni (Whip member) Cllr V. Nododana Cllr S S.Sophangisa Cllr Z. Renene Cllr N. Khemtshe Cllr B. Mthitshana Cllr Mpula Cllr Tywaku Cllr Bontsa Nkosi Bikwe

Section 79 Committee chairpersons

CLLR S NTUKUNTEZI (MPAC CHAIRPERSON)

CLLR MJ JIKIJELA (PUBLIC PARTICIPATION AND PETITIONS CHAIRPERSON)

CLLR MAZITSHANA (WOMAN'S CAUCUS CHAIRPERSON)

CLLR RANGA (ETHICS AND MEMBERS INTERESTS CHAIRPERSON)

T 2.1.1

COUNCILLORS

KMLM has a total of 51 councillors broken down as follows

- Ward Councillors :26
- PR councillors : 25
- Traditional leaders : 02

T 2.1.2

POLITICAL DECISION-TAKING

Council is the highest decision-making body, and all other structures recommend to council for it to take resolutions or note the recommendation. The council has eight (8) sections, 80 committees who report to the Executive Committee. Section 79 committees appointed during the period under review were four (4). They comprise of Municipal Public Accounts (MPAC), Women's Caucus, Public Participation and Petitions Committee as well as Ethics and Members' Interest Committee. The section 80 committees were assisted by their respective whip members to process recommendations, and this created a good mood of the working environment.

T 2.1.3

2.2ADMINISTRATIVE 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 his 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 their area of expertise. From time to time, an executive management meeting is held where the Municipal Manager engages the Directors on various matters that affect service delivery.

At high level the municipality has six directorates each managed by a Senior Manager

T 2.2.1

SENIOR MANAGERS OF THE MUNICIPAL ADMINISTRATION STRUCTURE TIER 1

MUNICIPAL MANAGER

Mr L. Ndabeni

Senior Managers:

CHIEF FINANCIAL OFFICER

Ms N. Sibobi (April 2024-July 2025)

Acting CFO Mr M. Langa (July 2025 to date)

SENIOR MANAGER: INFRASTRUCTURE SERVICES

Ms Z. Petse -Resigned Feb 2025

Acting ISD Mr Ntinzi(Feb 2025-July 2025)

SENIOR MANAGER: CORPORATE SERVICES

Ms T.T Madotyeni (April 2024-Jan 2025)

Acting CP Mr M. Nqeketo (Jan 2025- July 2024)

SENIOR MANAGER: COMMUNITY SERVICES

Mr M.N Sineke

SENIOR MANAGER: LEDPARD

Mr. S. C. Ntinzi

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Regulation governing Intergovernmental Relations (IGR) require the establishment of structures and mechanisms aimed at enabling integrated planning and management within the different spheres of government. In striving towards effective intergovernmental relations, the IGR Policy was developed and approved by the council with terms of reference and schedule of meetings for the year.

The IGR meetings are chaired by the municipal manager, and the IGR meetings are sitting as per the schedule. The IGR is always at the centre during the IDP Representative Forums, Public Participation meetings and Mayoral Imbizo's to present their programmes or projects that should be included in the IDP and setting of performance indicators during the Strategic Planning Session.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Kumkani Mhlontlo is a Local Municipality that operates according to the local government legislative framework, which in this case have participated in the meetings at the national level through a special invitation. During the 2024/2025 financial year, there was no invitation received in that regard.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The provincial IGR structures that Kumkani Mhlontlo LM has participated in includes, amongst others, Technical and Political MuniMEC meetings to share progress reports on service delivery across the province. The service delivery models are also shared and benchmarked for the success of the municipalities. It is also worth reporting that the municipality had been exposed to workshops by SALGA covering all the Key Performance Areas. Not only the nice to report about issues are shared but also challenges and possible solutions.

It is also important to acknowledge, though limited, that the municipality, through the office of the mayor and the municipal manager participated in the Premier's coordinating forum (PCF). The invitation was based on Part 3, Section 17 (3) of the Intergovernmental Fiscal Relations Act 97 of 1997 which states that the Premier may invite any person not mentioned in subsection (1).

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Kumkani Mhlontlo Local Municipality has not yet reached a level of having an entity established.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District IGR structures mostly depend on the schedule of the District Municipality. Kumkani Mhlontlo Local Municipality has been consistently attending the Technical District Municipal Manager's Forum and District Mayor's Forum meetings whenever invited. However, it is true that the municipality would have a request made to the district based on a matter of interest. With open arms and duty-bound to support, ORTDM would convene such meetings.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality accounts to the public through public participation meetings convened by the office of the Speaker and Mayoral Imbizo's convened by the office of the mayor. Good attendance by the communities during the public participation meetings indicates the appreciation that communities have. Most of the time the mayor invites the sector departments to be part of the meetings and respond to the issues raised by the communities.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Public meetings are conducted as a mechanism to report back to the communities. The municipality has formally dedicated the function of communicating with communities through the office of the speaker, office of the mayor, ward councillors through ward committee meetings. IDP representative forum meetings were conducted with communities participating to avoid top-down approach towards development. During the IDP and Budget development processes, communities were involved in all stages or phases. Comments were also done and accepted by the council. They were also incorporated to the IDP.

The IDP Representative Forum consists of the executive committee, councillors, municipal administration, ward committees, community development workers, traditional leaders, government departments and parastatals.

The IDP Steering Committee serves as an organisational platform for the purpose of information exchange, debating and finding common ground on suitable technical solutions and key planning challenges.

There are 5 phases of the IDP preparation, implemented from July 2024 to May 2025.

Measures aimed at enhancing the public participation included, conducting a ward-based planning approach, IDP representative forum and mayoral Imbizos.

The municipal website is used to upload municipal documents for ease of access to the public, i.e. IDP, SDBIP, Budget, SCM reports and performance agreements, amongst others.

Communication Strategy is a guiding framework for communication in the Kumkani Mhlontlo Local Municipality and their agencies. An integrated and effective local programme will serve as a backbone of an overall societal communication system that will be anchored by growing partnership among various sectors of civil society.

Institutional challenges to be addressed by this strategy include ensuring that the centre led by the Kumkani Mhlontlo Local Municipality assisted by the Office of the Premier and GCIS in the Province. It can hold and lead local communication, stakeholder mobilisation and Information Management System.

COMMUNITY DEVELOPMENT WORKERS

There are twenty-two (22) Community Development Workers employed in the municipality and only four wards without CDWs, ward 03,04, 09 and 18. They form part of the municipal activities and ward structures. They are the secretaries in War rooms and sit in the ward committee meetings and other municipal activities. CDWs prepare reports of challenges of the wards and report to the office of the Speaker.

T 2.4.1

WARD COMMITTEES

The ward committees were established as per section 73 of the Local Government: Municipal Structures Act (Act 117 of 1998). Election of ward committees was done to all 26 wards with 10 members as a maximum per ward. Ward committee meetings sat and had their minutes processed and submitted to the council.

The objective of a ward committee is to enhance participatory democracy within the municipality through liaison with the communities within the municipality.

T 2.4.2

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Public Meetings		Issue addressed (Yes/No)	Venue
			Number of Participating Municipal Administrators	Number of Community members attending		
Public participation and purpose were to engage community members on service delivery issues	31-July-2024	03	2	198	Yes	Mzuzanto Ward 17
Public participation and purpose were to engage community members on service delivery issues	21-Aug-2024	02	4	56	Yes	Qhongeni Ward 02
Public participation and purpose were to engage community members on service delivery issues	11-September 2024	06	4	122	Yes	Manzani Ward 10
Public participation and purpose were to engage community members on service delivery issues	22-October-2024	04	3	101	Yes	Mbinja Ward 01
Public participation and purpose were to engage community members on service delivery issues	28 - November-2024	2	3	163	YES	Tiki-tiki Ward 5
Public participation and purpose were to engage community members on service delivery issues	10-Dcember 2024	3	2	133	YES	Endwe Ward 11
Public participation and purpose were to engage community members on service delivery issues	29-January-2025	5	4	97	YES	Zmbileni Ward 7
Public participation and purpose were to engage community members on service delivery issues	11-February -2025	03	2	286	YES	Mdyobe Ward 12
Public participation and purpose were to engage community members on service delivery issues	24-March 2025	2	3	112	YES	Macwerheni Ward 12
Public participation and purpose were to engage community members on service delivery issues	07-May - 2025	3	1	43	YES	Tsolo Town Ward 06

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Public Meetings Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Venue
Public participation and purpose were to engage community members on service delivery issues	12-June-2025	2	3	116	Yes	Ngxabane Ward 18
Public participation and purpose were to engage community members on service delivery issues	16-June-2025	3	2	67	YES	Ndwane Ward 14
Mayoral imbizo and purpose were to engage community members on service delivery issues	14-August 2024	4	2	57	YES	KwaNgxabane Ward 18
Mayoral imbizo and purpose were to engage community members on service delivery issues	18-August-2024	4	3	66	YES	Khalankomo Ward 20
Mayoral Imbizo and purpose were to engage community members on service delivery issues	19-February -2025	2	1	87	YES	Nonyikila Ward 19
Mayoral Imbizo and purpose were to engage community members on service delivery issues	11-June-2025	4	3	43	YES	Nomhala Ward 03
Moral Regeneration movement purpose was to revise moral values of the community members	18-June-2024	01	2	266	Yes	Ntibane Ward 20
Moral regeneration movement purpose to revise moral values of the community members	25-June-2024	11	4	67	Yes	Ntibane Ward 20
Moral Regeneration movement purpose was to revise moral values of the community	10 September 2024	01	02	101	Yes	Mdibanisweni Ward 07
Moral regeneration movement purpose was to revise moral values of the community Service	30 September 2024	3	4	133	Yes	Mdibanisweni Ward 07
Moral Regeneration movement purpose was to revise moral values of the community service	14-February -2024	01	2	43	Yes	

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Public Meetings		Issue addressed (Yes/No)	Venue
			Number of Participating Municipal Administrators	Number of Community members attending		
Moral Regeneration movement purpose was to revise moral values of the community service	10-December 2024	2	4	56	Yes	Mahlungulu Ward 17
Moral Regeneration movement purpose was to revise moral values of the community service	11 March 2025	3	2	167	Yes	Mbinja Ward 01
Moral Regeneration movement purpose was to revise moral values of the community service	27-february 2025	01	3	152	Yes	Mbinja Ward 1
Moral Regeneration movement purpose was to revise moral values of the community service	29-May-2025	4	6	55	Yes	Papani Ward 25

T 2.4.3**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD**

The ward committee meetings and public meetings were effective as community concerns have been considered in the municipal planning processes. The ward committee reports also inform the municipality of the challenges faced by the communities as well as their needs.

However, the municipality still struggles to compile reports after the meetings and submit to council for consideration. The IDP Public Consultation report was prepared, and all issues raised by

Communities need-based analysis was captured in the reports and will be included in the 2025/2026 IDP Review.

T 2.4.3.1

2.5 RISK MANAGEMENT

RISK MANAGEMENT

MFMA Act 56 of 2003 section 62(1)(c) states that the accounting officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems- (1) of financial and risk management and internal control.

Effective from 01 October 2023, the Risk Management Unit conducts Annual Strategic Risk Assessments and develop a Strategic Risk Register, departments develop their own Operational Risk Registers. The Risk Profile of the municipality as per the Risk Registers is used to develop a Strategic and Operational Internal Audit Plan.

Quarterly, the implementation of risk mitigations strategies/actions is monitored and reported to the

Risk Management Committee and the Audit Committee.

The effectiveness of the risk management activities for 2024/2025 will be reviewed by the OR Tambo district municipality and report will be submitted to the Risk Management Committee and Audit Committee as was previously done for the 2023/2024 financial year.

The municipality had identified the following Top 8 risks:

1. Loss of technical skills
2. Business continuity
3. Poor governance, risk management and compliance
4. Failure to maximise revenue collection streams
5. Fraud and corruption
6. Poor stakeholder engagement
7. Poor service delivery
8. Lack of investment opportunities to boost local economy

T 2.6.1

2.6 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality had its own adopted Fraud and Anti-Corruption Policy during the year under review. The municipality has put various measures to prevent fraud and corruption through signing of declaration forms and disclosure of interest forms. The municipality has established bid committees as per supply chain regulations and policy. Companies were registered in the municipality's data base and Central Supplier Database (CSD) to prevent possible fraud.

Furthermore, fraud and corruption awareness workshops are facilitated by Risk Management Unit annually. A Fraud Risk Register is compiled and monitored throughout the year. Report on fraud and corruption incidents are a standing agenda item of the Risk Management Committee and External Audit Steering Committee meetings.

T 2.7.1

2.7 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The supply chain management (SCM) policy was reviewed during the 2024/2025 financial year. Certain amendments to the SCM policy to improve operational efficiency were tabled before council for approval. The municipality is required to forward its SCM policy to the provincial treasury on an annual basis for scrutiny and compliance verifications against the model SCM policy that was issued by the national treasury.

The purpose of this exercise is to determine whether the municipal

SCM policy deviates from the stipulations of the SCM regulations. The municipality's SCM policy complies with the regulatory framework.

The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive, and cost-effective.

The municipality applied the bid committee system for procurement above R 200,000 and for the procurement of long-term contracts. The bid committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively. The bid committee members are appointed by the municipal manager in line with the relevant legislation.

The findings from the Auditor-General for the previous financial year were focused on and the department aiming to not have repeat findings on new matters for the next financial year.

T 2.8.1

2.8 BY-LAWS

Newly Developed	Revised	By-laws Introduced during Year 2025			
		Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Building management bylaw		No		No	N/A
Informal Trading bylaw		No		No	N/A
Waste bylaw		YES	APRIL 2025	No	N/A
Parking Management bylaw		YES	APRIL 2024	24 Dec 2024	24 Dec 2025
Traffic bylaw		YES	APRIL 2024	24 Dec 2024	24 Dec 2025
Access to Disposal Site bylaw		YES	APRIL 2024	24 Dec 2024	24 Dec 2025
Liquor Trading Hours bylaw Amendment		Yes	APRIL 2025	No	N/A

***Note: See MSA section 13: T 2.9.1**

2.9 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	N/A
All current budget-related policies	Yes	N/A
The previous annual report (Year -1)	Yes	
The annual report (Year 0) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	N/A
All service delivery agreements (Year 0)	Yes	N/A
All long-term borrowing contracts (Year 0)	Yes	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	Yes	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	N/A

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipality’s website has been stable and updated in 2024/25.

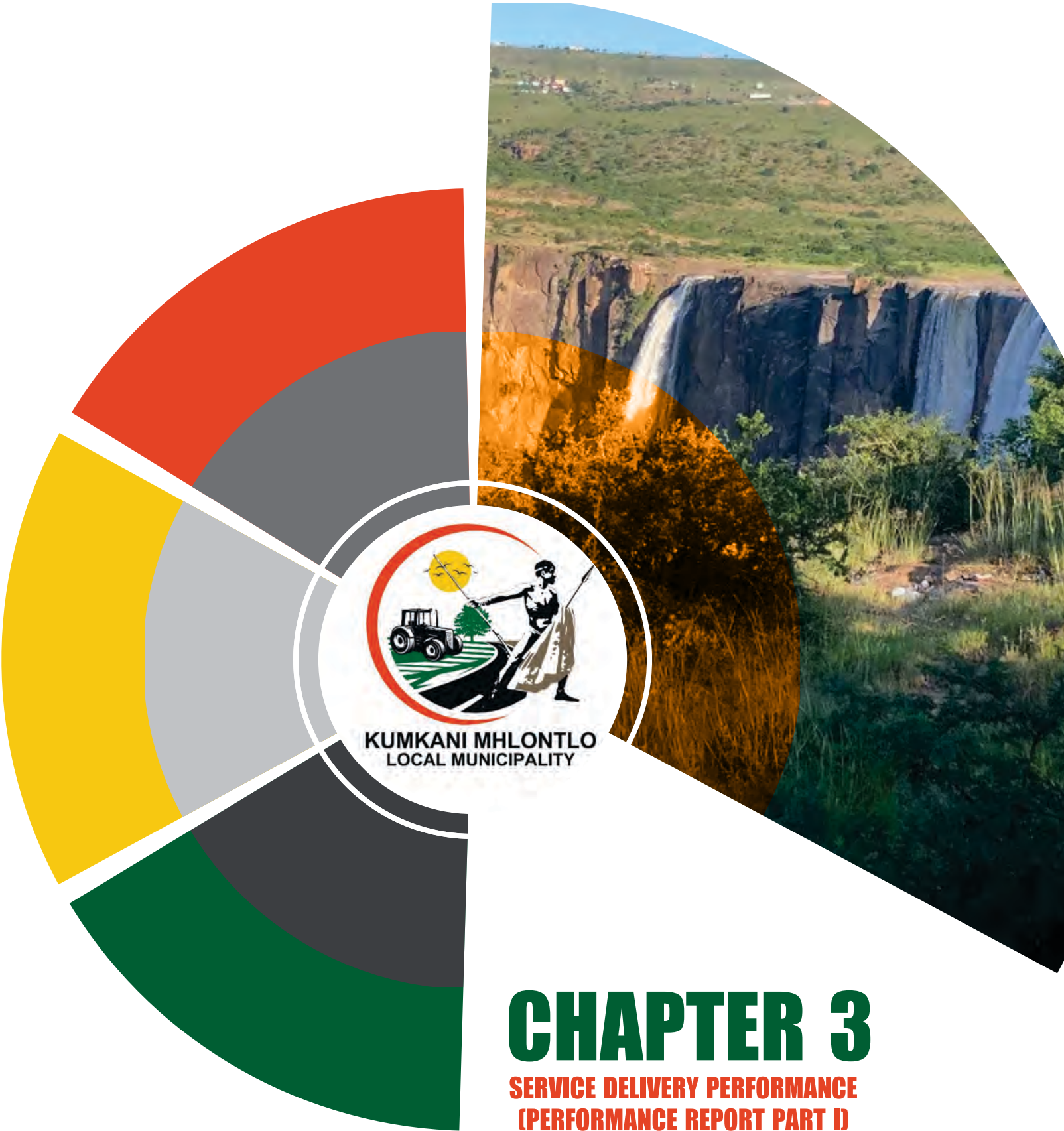
T 2.10.1.1

2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

No public participation satisfaction surveys were conducted.

T 2.11.1



CHAPTER 3

SERVICE DELIVERY PERFORMANCE
(PERFORMANCE REPORT PART I)

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

INTRODUCTION

Service delivery is about providing basic services to the communities within the municipal space. These services include construction of roads, provision of water, sanitation, electricity, solid waste management, building decent houses and provision of social infrastructure in a form of (community hall, pre-schools, and sporting facilities). Services are not limited to that, but some are a mandate that is with other government departments and state-owned entities (SOEs). The municipality has not and is still too far from satisfactorily providing services due to historic backlogs that continue haunting the communities of Kumkani Mhlontlo.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes water; wastewater (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

Kumkani Mhlontlo local Municipality is using grant funding (Municipal Infrastructure Grant, INEP Extended Public Works Program and a portion of the Equitable Share, MDRG) to provide services to the communities as a result the pace is not in line with the competing needs of the community.

During 2024/25 financial year the municipality managed to practically complete 36,2 kilometres of gravel access roads in ward 05, 12 and 20, release retention monies for held during construction of 22,91 kilometres in ward 03, and 08 whereas 25,48 kilometres in ward 25, 21 and 19 was still work in progress at the end of the financial year and all the projects are planned to be completed during 2025/26 financial year. The municipality was affected by floods resulting in a lot of catastrophes around Kumkani Mhlontlo municipality as there was a lot of infrastructure that was damaged in the aftermath. The municipality received a total amount of 53 401 000 (33 364 000 & 25 037 000) where 12 projects were implemented in two financial years (2023/2024-2024/2025). The municipality managed to practically complete 10 projects with a total of 55,69 kilometres of gravel access roads in ward 08, 24, 23, 11, 2x22, 26, 21 and 12 whereas 17 kilometres in ward 19 and 01 was still working in progress at the end of financial year and planned to be completed during 2025/2026 financial year.

In terms of electricity roll-out the municipality is doing relatively well, 100% of the historic backlog has been completely addressed. Infills and the extensions is the new challenge facing the municipality in terms of electricity rollout. There are no clear targets on backlog, the cost per connection has doubled due to density issues and the bulk infrastructure that needs to be upgraded in areas where connection needs to be done. During the year of reporting 350 households of infills and extensions were connected in wards (16, 15, 23, 08 & 03) together with 7 km of link line for strengthening the network capacity.

The municipality is having a high backlog around provision of social infrastructure in a form of sporting facilities, community hall and pre-schools. During the development of the new IDP (2022/27) the municipality had prioritized provision of community facilities in a form of pre-schools and community halls as a result planning and feasibility studies for two pre-schools and two community halls. During the year of reporting two community halls Ward 26 (Mchathu-Sidwadweni) not completed and one pre-school was completed in ward 7 (Ntibane Farms) and Tsolo New-Homes Pre-School not completed. One preschool in ward 6 (New homes) is still construction at the year end. On provision of sporting facilities performance of service providers and contract management has been a challenge, to an extent there is no sport field facility that has been completed. Construction of two sports fields are still under construction.

The department of roads and transport operate within the municipality to ensure maintenance of roads and bridges, and the information is provided through Roads Forum. The intervention programmes such as the inhouse team from the department of transport and other intervention by SANRAL to assist in the construction and maintenance of roads that are leading to schools and clinics.

The district municipality is both a water service authority and a provider. Water and sanitation is a funded mandate of the OR Tambo district municipality for both development of new infrastructure and maintenance. During the year under review, the municipality has experienced dire water shortages to an extent of having communities forced to purchase due to either poor workmanship on the existing water schemes and infrastructure or poor monitoring of the schemes. Currently wastewater and sewer collection remain a challenge in both towns within the municipal jurisdiction. Wastewater treatment works is currently under construction in Tsolo whereas it is still under planning in Qumbu.

Department of Human Settlements (DoHS) is responsible for budgeting for houses that are to be built within the municipal area. The coverage is below demand as there is a slow programme when the projects are on construction. The municipality works with DoHS through housing strategy to ensure that houses identified for housing construction are informed by Housing Sector Plan.

For the 2024/25 financial year, the department of Infrastructure Development Services set itself fifty-one (51) targets. The department managed to achieve twenty eight (28) of those, whilst twenty three (23) were not achieved due to various reasons that are ascribed and attributed on the quarterly reports.

T3.1.0

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

This function resides with the district municipality; however, it is worth mentioning that the municipality is experiencing major challenges in terms of water supply.

T 3.1.1

3.2 WASTEWATER (SANITATION) PROVISION)

INTRODUCTION TO SANITATION PROVISION

This function resides with the district municipality; however, it is worth mentioning that the municipality is experiencing challenges with sewer spillages due to dilapidated infrastructure.

T 3.2.1

3.3 ELECTRICITY

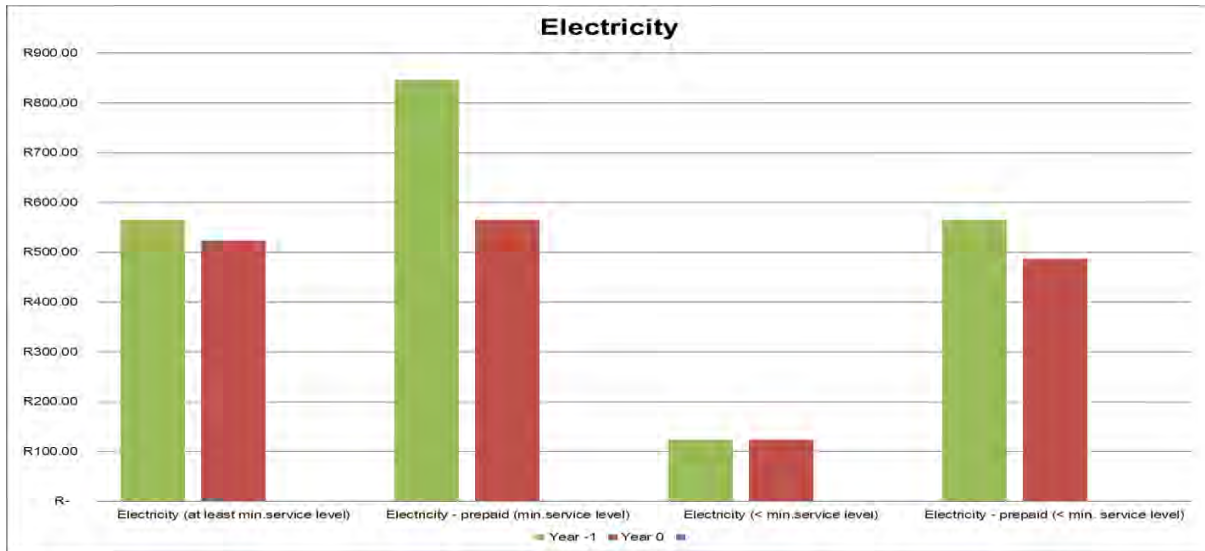
INTRODUCTION TO ELECTRICITY

The municipality is not licenced to provide electricity; hence it is an Eskom's area of operation and maintenance. Electrification program of the municipality focused on all wards including urban and rural areas. The institution is solely being funded by Department of Energy through Schedule 6 that gets to be allocated to Eskom and Schedule 5(b) that gets to be allocated directly to the municipality for eradication of electricity backlogs in municipal area. Based on the network planning report issued by Eskom to assist finalisation of the design the municipality was force to first upgrade 7km of Link line (Qumbu – Tshola strengthening) and 350 households distributed to villages below:

Villages that benefited are Debeza Ward 16 with 63h/h; Konkabi Ward 16 with 38h/h; Matyameni Ward 16 with 61h/h; Bhalasi Ward 15 with 55h/h; Mbentsa Ward 23 with 44h/h; Qanda Ward 08 with 33h/h; Blackhill Ward 23 with 24h/h; Bele/Zingcuka Ward 03 with 23h/h and Kwankca Ward 03 with 9h/h.

Maintenance of streetlights and High-Mast Lights for Tsolo had been conducted as at when the need arises, by an appointed Service Provider Momotheke Trade; 11 High-Mast Lights and 16 Wooden Poles had been maintained during the Fourth Quarter.

Maintenance of high mast lights and streetlights in Tsolo is circulating same place lights get to be fixed and doesn't take more than a week working they are demolished by Tsolo residents deliberately (Theft of Cable).



T 3.3.1

Electricity Service Delivery Levels				
Description	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Households Year 0 Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	565	523	303	350
Electricity - prepaid (min.service level)	587	846	565	545
<i>Minimum Service Level and Above sub-total</i>	1152	1369	868	895,0
<i>Minimum Service Level and Above Percentage</i>	53,2%	65,6%	56,6%	57,6%
Energy: (below minimum level)				
Electricity (< min.service level)	123	124	124	150
Electricity - prepaid (< min. service level)	865	565	487	450
Other energy sources	26	28	54	58
<i>Below Minimum Service Level sub-total</i>	1014	717	665	658
<i>Below Minimum Service Level Percentage</i>	46,8%	34,4%	43,4%	42,4%
Total number of households	2166	2086	1533	1553
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum					
Description	Year -3	Year -2	Year -1	Year 0	
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.
Formal Settlements					
Total households	43 980,00	43 980,00	43 980,00	43 980,00	43 980,00
Households below minimum service	1 000 000	9 453 000	8 888 000	13 361 000	13 361 000
Proportion of households below minimum service level	2273,76%	21493,86%	20209,19%	30379,72%	30379,72%
Informal Settlements					
Total households	43 980,00	43 980,00	43 980,00	43 980,00	43 980,00
Households ts below minimum service	25 000	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	57%	57%	57%	57%	57%
					T 3.3.4

Service Objectives	Outline Service Targets	Electricity Service Policy Objectives Taken From IDP									
		Year -1		Year 0		Year 1		Year 2		Year 3	
Service Indicators	(i)	(ii)	Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual (vi)	Target *Current Year (viii)	Actual (vii)	Target *Current Year (ix)	Actual (x)	Target *Following Year (xi)
Service Objective xxx											
Provision of minimum supply of electricity	Connection and energizing of 4 000 households		523	300	400	303	350	400	350	1200	
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.											
											T 3.3.5

Employees: Electricity Services	Column1	Column2	Column3	Column4	Column5
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12	1	1	1	1	0%
13 - 15					
16 - 18	1	1	1	1	0%
19 - 20					
Total	2	2	2	2	100%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and					

T.3.3.6

Financial Performance Year 0: Electricity Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	0%	
Expenditure:						
Employees	2	2	2	2	0%	
Repairs and Maintenance	2,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	2000002	3000002	3000002	3000002	0%	
Net Operational Expenditure	-999998	2	2	2	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 3.3.7

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.

Capital Expenditure Year 2024/25: Electricity Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	R 13 836 000,00	R 13 836 000,00	R 13 836 000,00	0,00	R 13 836 000,00	
Electrification Project	R 13 836 000,00	R 13 836 000,00	R 13 836 000,00	0,00	R 13 836 000,00	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).						T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The municipality is not licenced therefore the issues of maintenance and vendoring are handled by eskom. 100% of the historical backlog had been adressed. The challenge is with the extensions and the infills and Eskom is assisting the municipality in that regard.

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

INTRODUCTION TO WASTE MANAGEMENT

Waste removal service:

The total number of households with access to waste removal services was 2 300 by June 2025, against the expected 43 414 households eligible for receiving the service.

The Municipal service extends to both municipal towns (Tsolo and Qumbu) but excludes farms and rural areas.

The municipality is experiencing spatial growth in both residential and business areas. As a result, the current departmental resources are under pressure to meet the demand for waste collection.

Waste management service is also provided to informal settlements although these are serviced through communal skip bins.

The street cleaning and clearing of illegal dumping services for all the streets in towns, main entrances, and open spaces was carried out by permanent municipal employees, and temporary employees appointed through the Expanded Public Works Programme (EPWP).

The cleaning of streets is also rendered after hours through EPWP to ensure that the town is always kept clean.

Waste storage and disposal

Currently, there is one (1) waste transfer station within the municipality which is located in Tsolo. There is one class B licensed landfill site in Qumbu. The Tsolo landfill site is not functional.

Recycling

Kumkani Mhlontlo local municipality was declared as a regional waste recycling centre for the OR Tambo District. There are two buy-back centres one in Tsolo and other one in Qumbu. They collect waste and separate it according to various categories like plastic, papers, glasses and tins and sell them to outside buyers.

Environmental education and awareness

A total of eight (8) awareness campaigns were conducted during the financial year 2024/2025.

Measures taken to improve performance include the acquisition of additional equipment annually and appointment of additional personnel to meet the increasing demand for waste management services. Bins have been installed in various areas within municipality for storage of waste and promote clean environment.

All indigent households, including RDP houses in both towns, are provided with a waste collection services at least once a week. Where there is no kerbside waste collection services, bulk containers are provided at strategic points for collection by the Municipality. The Municipality plans to extend kerbside waste collection in the upcoming financial year.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	Year -2022 Actual No.	Year -2022-2023 Actual No.	Year - 2023/2024 Actual No.	Households Year - 2024/2025 Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	1411	2022	2200	2300
Minimum Service Level and Above sub-total				
Minimum Service Level and Above percentage	100%	100%	100%	100%
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	0,0%	0,0%	0,0%	00.00
Total number of households	1411	2022	2200	2300

T 3.4.2

Employees: Solid Waste Magement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.4.6

Financial Performance Year 0: Solid Waste Management Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.8

OVERALL COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE

During the year under review, the Municipality developed and approved an Integrated Waste Management Plan (IWMP) aligned with the National Waste Management Strategy (NWMS). This strategic plan strengthens the Municipality's approach to waste governance, operational efficiency, and environmental compliance.

The Municipality continued to provide kerbside waste collection in key residential areas and undertook regular clearing of illegal dumping sites, contributing to cleaner communities and reduced health risks. However, several infrastructure and operational challenges persist. The existing landfill site requires urgent rehabilitation, and in accordance with Department of Water and Sanitation (DWS) minimum standards, the Municipality recognises the need to develop a new, compliant landfill site in Tsolo to address current capacity and compliance gaps.

A significant challenge relates to the transportation of waste from Tsolo to Qumbu, which has proven not sustainable for independent formal businesses involved in waste collection. The long distances, high fuel consumption, and increased vehicle maintenance costs place substantial financial pressure on these businesses. Consequently, some independent operators end up cutting corners, such as incomplete disposal trips or unauthorised dumping, which undermines service standards and contributes to ongoing illegal dumping.

Furthermore, the Municipality intends to establish a dedicated landfill site in Tsolo precisely to curb the challenges mentioned above, including the cost burden on independent businesses, the long-distance transportation inefficiencies, and the environmental risks associated with non-compliant disposal practices.

To complement this, the Municipality will intensify recycling and waste-diversion activities as part of a broader strategy to reduce landfill pressure and minimise illegal dumping. Key interventions include expanding community recycling initiatives, collaborating with waste picker cooperatives, establishing recycling drop-off centres, promoting separation-at-source, and implementing targeted community awareness programmes.

Despite the challenges, the Municipality remains committed to improving waste management services through strategic infrastructure development, enhanced compliance, strengthened recycling programmes, and continued community engagement.

T 3.4.10

3.5HOUSING

INTRODUCTION TO HOUSING

Kumkani Mhlontlo Local Municipality have a Housing Sector Plan review. A service provider was appointed in March 2023 to 2024. The municipality currently has a draft Housing Sector Plan. It covered all blocked projects by the OR Tambo District municipality, New and completed project within Mhlontlo Local Municipality.

There was an identification of a gap that exist within the development of policies in the human settlement section. The Housing Allocation Policy will be drafted and implemented for housing allocation.

Kumkani Mhlontlo Local Municipality covers the jurisdiction of 26 wards. Kumkani Mhlontlo was appointed by the Department of Human settlement as implementing agent for 260 housing units. The 260 units meant that there are 10 houses per ward. Kumkani Mhlontlo in the process of empowering Small Medium Micro Enterprises has trained a number of SMME's with OR Tambo to ensure that they are well capacitated to carry out credible work.

The consultant were appointed for the Phase 1 of the project, and the municipality appointed 10 SMMEs for Phase 2 of the project.

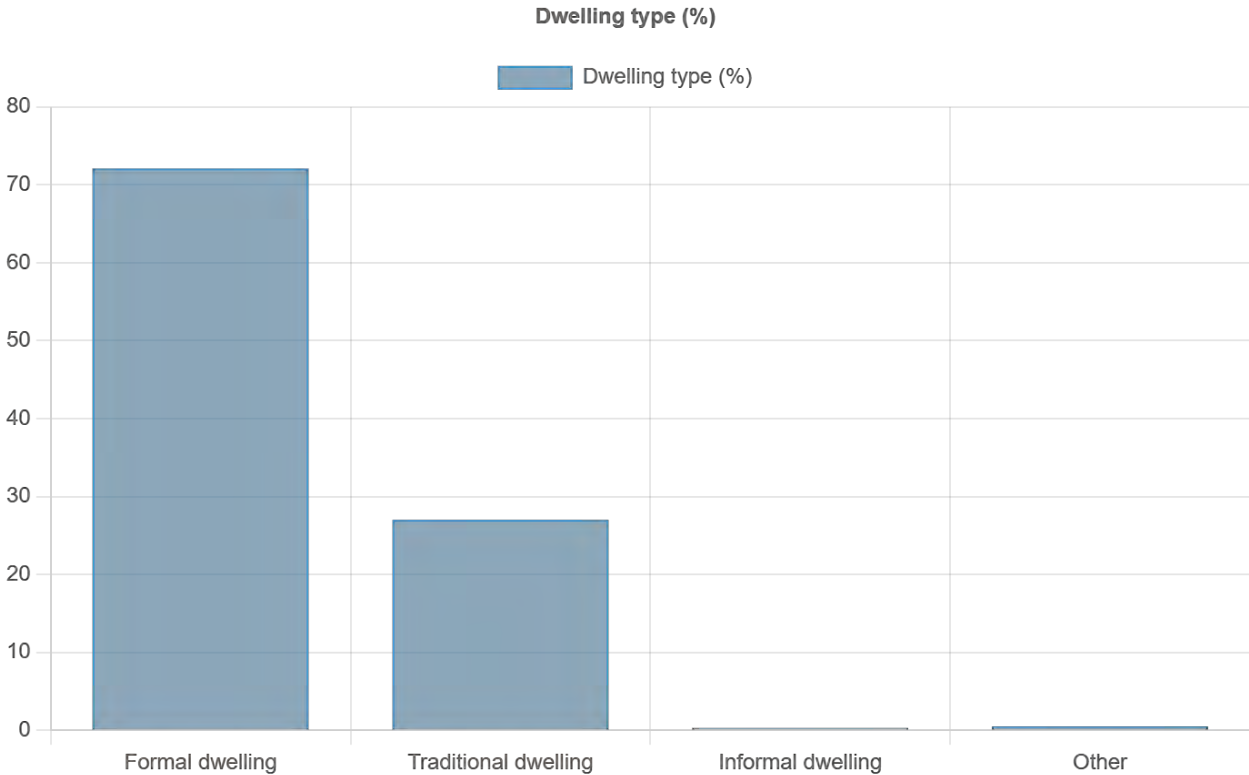
The municipality meets on a regular basis with OR Tambo DM and Department of Human Settlements to address backlogs that are encountered and cover Human settlement forum meetings that take place quarterly. There is also a portfolio committee within the municipality that is mandated to play a facilitation role in relation to human settlements.

On the Mhlontlo 260 project, there were a number of challenges that are being experienced, such as:

- Delay in payments of invoices
- Non availability on inspections
- Rain seasons that affect production
- Scattered units
- Lack of communication with the relevant stakeholders
- Non-performing contractors due to funds

Mhlontlo municipality like any other small municipalities faces challenges of low supply of houses vs the demand on the ground. This can be also attributed by recent disasters, ie houses that are located in low lying areas or in wetlands. Communities continue being at a disadvantaged.

T 3.5.1



Stats SA 2022

The table below illustrates the household living conditions (Dwelling type):

NAME	FREQUENCE	%
Formal dwelling	31 721	72,1%
Traditional dwelling	11 873	27,0%
Informal dwelling	152	0,3%
Other	235	0,5%
Stats SA 2022		

[illegible]

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

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

T 3.5.4

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

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

T 3.5.5

Capital Expenditure Year 0: Housing Services						R' 000
Capital Projects	Budget	Adjustment Budget	Year 0 Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
Project A						
Project B						
Project C						
Project D						

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

T 3.5.6

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

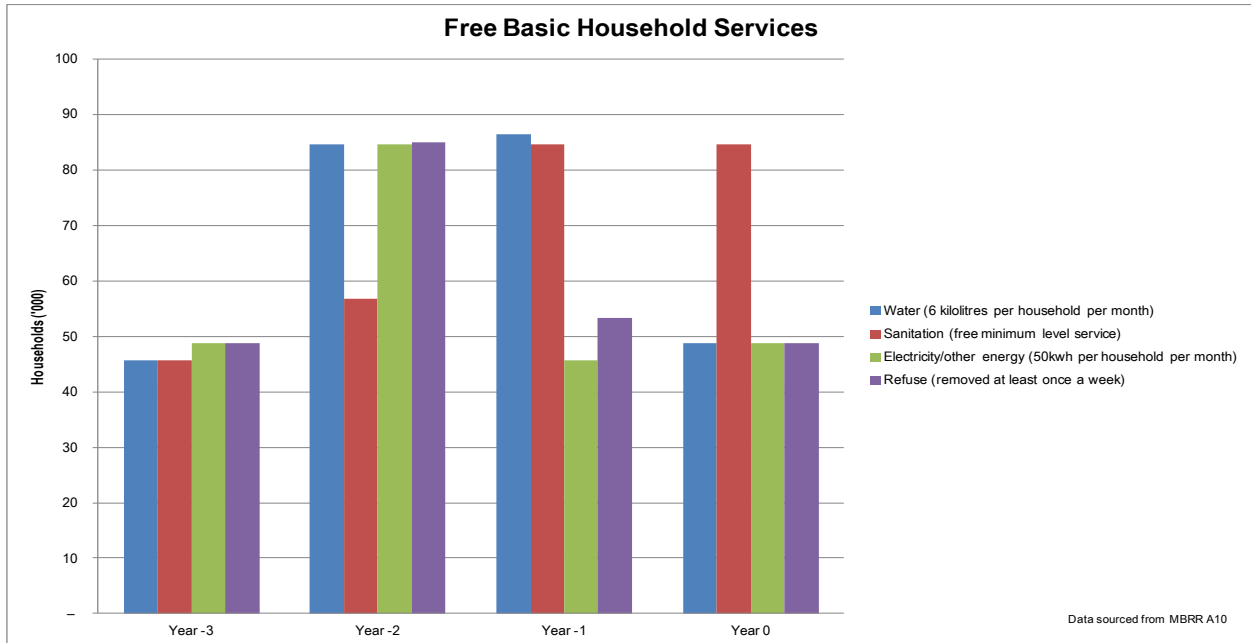
The purpose of the indigent policy is to implement the national initiative to improve the lives of indigents and to improve access to free basic services. The policy is aimed at providing a social safety net to relieve poverty within communities.

The municipality does have dedicated personnel to update the indigent register and to evaluate all applications for indigent support.

The following free basic services are provided to qualifying indigents:

1. 1.50kWh (units) of free basic electricity per month.
2. 2.100% rebate on assessment rates.
3. The waste removal rate in respect of indigents, be fully discounted.

T 3.6.1

**T 3.6.**

Free Basic Services to Low Income Households										
Number of households										
Households earning less than R1,100 per month										
	Total		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	Total		Access	%	Access	%	Access	%	Access	%
Year - 2022	186 043	186 043		0%		0%	11 287	6%	265	0%
Year - 2023	203 421	203 421		0%		0%	12 836	6%	265	0%
Year - 2024	241 239	241 239		0%		0%	12 836	5%	265	0%

T 3.6.3

Financial Performance Year 2023: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -2022		Year -2023		Variance to Budget
	Actual	Budget	Adjustment Budget	Actual	
Water	0	0	0	0	
Wastewater (Sanitation)	0	0	0	0	
Electricity	8 249 481	2 614 145	2 614 145	5 063 328	48%
Waste Management (Solid Waste)	19 281	-	-	266 641	100%
Total	8 268 762	2 614 145	2 614 145	5 329 969	51%

T 3.6.4

COMPONENT B: ROAD TRANSPORT

This component includes roads; transport; and wastewater (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Issues pertaining road transport are still a challenge in our municipal space. The mode of transport that is commonly used are the bakkies which are considered not safe to transport people. The conditions in our road network is also not in a position to bring relief to the challenge especially after the serve rains that had course a huge damage to the infrastructure.

T 3.7.0

3.7 ROADS

INTRODUCTION TO ROADS

The municipality plays a pivotal role in the whole community to construct and maintain Access Roads and Road Black Top Surfacing to ensure swift mobility from and to different nodal points.

They had utilized the Municipal Infrastructure Grant (MIG), a portion of the Equitable Share and Disaster Management Grant for construction and maintenance of access roads.

The Service Providers do the implementation of the projects and have a responsibility to ensure the high standard of work.

The department ensures that the monitory value and the standard of work do tally each other in any of the projects undertaken within the area of jurisdiction of the Municipality.

Indicators (i)	Previous Year -2 Planned (ii)	*Previous Year -2 Actual (iii)	Previous Year -1 Planned (iv)	*Previous Year -1 Actual (v)	Previous Year -0 Planned (vi)	Previous Year -0 Actual (vii)	*Current Year (Planned) (viii)	*Current Year Actual (ix)	*Following Year (x)
1.1.3 A 200 kms of gravel access roads maintained	25 Km access roads completed	During the year of reporting 163,3km of Blading and 45,11 km of patch re-gravelling were achieved as a result there was an over achievement of 3,3 km on blading and 5,11km on patch-re-gravelling	Maintenance of 100km access roads	Maintenance 255.6 km from various access roads had been conducted. Key activities that were undertaken its blading and patch re-gravelling.	160km Blading of gravel Access roads 40 km of Patch-	During year of report 215,1 km has been achieved and re-gravelling of 42,75km were achieved as results there was an over achievement of 15,1km on blading and 2,75km on patch re-gravelling.	200km and patch re-gravelling of 40 km gravel access road in rural areas completed by June 2024	During the year of reporting, the department has not performed well as have only managed to achieve 51 km of blading and 3.3km of patch re-gravelling.	200 kms of gravel access roads maintained
Maintenance of	14Km access road	14km of the road maintenance	Maintenance of 14km	Maintenance work was conducted in Qumbu and Tsolo	Maintenance of 14km	14km of the road maintenance	14Km access road	During the year of	14Km access road

Indicators (i)	Previous Year -2 Planned (ii)	*Previous Year -2 Actual (iii)	Previous Year -1 Planned (iv)	*Previous Year -1 Actual (v)	Previous Year -0 Planned (vi)	Previous Year -0 Actual (vii)	*Current Year (Planned) (viii)	*Current Year Actual (ix)	*Following Year (x)
14km access and urban roads	completed	ance (Pothole patching , asphalt, concrete works, Installation of Kerbs, installation of Stormwater pipes, and re-gravelling of streets was conducted	urban roads	that includes patching of potholes, cleaning of drains, installation of stormwater and pipes and construction of concrete slab was done in line with the maintenance plan.	urban roads	(Pothole patching, asphalt, concrete works, Installation of Kerbs, installation of Stormwater pipes, and re-gravelling of streets was conducted.	completed	reporting, the department had not managed to achieve the planned targets as the municipality did not manage to appoint Service Providers for maintenance program and the procurement of these Service Providers will be done in the upcoming financial year.	completed
1.1.5 Provincial roads maintenance (T-Roads) – 107 kms of blading. 4.5 km of re-gravelling per quarter completed	450Kms T-roads completed. 25km of	450Kms T-roads completed. 25km of	450Kms T-roads completed. 25km of	450Kms T-roads completed. 25km of	Construction of 2km Qumbu Landfill Site surface road	The project was planned to be implemented by the department of roads and transport	The project was planned to be implemented by the department of roads and transport	The project was planned to be implemented by the department of roads and transport.	The project was planned to be implemented by the department of roads and transport
Provision of storm water facilities in Qumbu and Tsolo towns	To install 3.27km bulk storm-water with related manhole facilities in Tsolo town by June 2022.	Site establishment, 3020 m for laying paving bricks has been completed. The remaining work is the laying of	Complete construction of 1km V Drains channels and laying of 2km of stormwater culverts at Tsolo stormw	The overall progress on the completed works is about 27%, the project is far behind the scheduled completion time, there is lost time of about 6,3 months. The main challenge is the service provider not providing adequate resources to complete the project	Complete construction of 1,653 km V-drain channels and laying of 4,389km of stormwater culverts	All the items planned in the project are still underway each detailed as follows, 1.5 ha of Clear and Grub, 16 061.	Planning for construction of Qumbu Stormwater management	During the year of review only release of retention monies for completed construction of	Planning for construction of Qumbu Stormwater management

Indicators (i)	Previous Year -2 Planned (ii)	*Previous Year -2 Actual (iii)	Previous Year-1 Planned (iv)	*Previous Year -1 Actual (v)	Previous Year -0 Planned (vi)	Previous Year -0 Actual (vii)	*Current Year (Planned) (viii)	*Current Year Actual (ix)	*Following Year (x)
		250m of bricks and construction of the bridges by June 2022	ater phase 2 by June 2023		at Tsolo stormwater by June 2024.	22 m Bulk excavations for trenches for installation of pipes, pipe laying 4 249m, 109.098 m3, finishing of road and road reserve 3 880m all the works completed.		3.27km bulk storm-water with related manhole facilities in Tsolo town completed.	
1.1.1 A 100 kms of constructed quality access roads with storm water management constructed	Construction of 71,93km of gravel access roads completed in June 2022	Construction of 39,49 kilometres of gravel access roads were completed against the 73,18 that was planned	Construction of 66,7 km of New gravel Access roads was planned	56,35 km was constructed and practical completed	Construction of 65,12km of gravel access road completed by June 2023	The were two project that were practical completed as at end June in ward 03 and ward 8 (Nomhala-St Curthberths and Gqubela to Mhlabathi) with a total of 22,93 km completed, other projects were still on working progress as at the end of financial year.	Construction of 20km gravel access roads completed	The were three project that were practical completed as at end June in ward 04, ward 12 and ward 20 (T 213 Cameroon Ngudle, Nodali-Madiba and Ntinabe-Mabhele ni AR) with a total of 36,2 km completed, other projects were still on working progress as at the end of financial year.	Construction of 15 km gravel access roads completed
1.1.2 A 15 kms of quality surface	N/A	N/A	N/A	N/A	Prepare planning and designs complet	Planning and design for surfacing of interna streets in Qumbu	Construction of 4km of surface d	During the year of review the	Construction of 4km of surface d

Indicators (i)	Previous Year -2 Planned (ii)	*Previous Year -2 Actual (iii)	Previous Year-1 Planned (iv)	*Previous Year -1 Actual (v)	Previous Year -0 Planned (vi)	Previous Year -0 Actual (vii)	*Current Year (Planned) (viii)	*Current Year Actual (ix)	*Following Year (x)
d urban roads with storm water management constructed					ed.	was completed	access roads completed by June 2025	department started with construction of Qumbu Ext 5 in ward 15, Site handover, Site establishment, clearing and grubbing, roadbed of 1.44km, lower subgrade of 1.44km, Upper subgrade of 1.2km, sub-base of 1.2km, base of 1.2km, Laying of kerbs 1km, Installation of pipes 60m.	access roads completed by June 2026
1.1.4 A 170 kms of gravel access roads rehabilitated	Rehabilitation of 30km of gravel access roads from various wards of Mhlontlo LM, construction 85m of reinforced concrete slab and construction 2 km of Stone pitching construction	Rehabilitation of 30km access road, construction of 85m slab and 2km stone pitching were completed by June 2022	Rehabilitation of 34km of gravel access roads prioritized in the rehabilitation plan of Mhlontlo LM by June 2023	Rehabilitation of 48,127 Km of gravel access roads was achieved during the year of reporting as against the 34km that was planned therefore there was an over achievement of 14,127 km. Rehabilitation work was done in ward (18,14,16,9,17,13,26,25,2,7,21,24- and 23)	Rehabilitation of 34km of gravel access roads prioritized in the rehabilitation plan of Mhlontlo LM by June 2023	Rehabilitation of 122,1 km gravel access road was achieved during the year of reporting as against the 34km that was planned therefore there was over achievement 88,1km. Rehabilitation was done in ward (14,5,16,8,23,22,13,5,2, and 3)	Rehabilitation of 34km of gravel access roads completed by June 2025	During the year of review the department performed very poorly due to contracts with service providers that lapsed, also there were insufficient funds to continue with the programme	Rehabilitation of 34km of gravel access roads completed by June 2025

Indicators (i)	Previous Year -2 Planned (ii)	*Previous Year -2 Actual (iii)	Previous Year -1 Planned (iv)	*Previous Year -1 Actual (v)	Previous Year -0 Planned (vi)	Previous Year -0 Actual (vii)	*Current Year (Planned) (viii)	*Current Year Actual (ix)	*Following Year (x)
	completed by June 2022								

T 3.7.6

Employees: Road Services						
Job Level	Year -1 Employees	Posts	Employees	Year 0		Vacancies (as a % of total posts)
	No.			Vacancies (fulltime equivalents)	No.	
4 - 6	2	0	2	2	0%	
7 - 9	11	5	11	5	100%	
10 - 12	7	0	7	0	0%	
13 - 15	1	0	1	0	0%	
19 - 20	1	0	1	0	0%	
Total	22	5	22	7		

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

Financial Performance Year 2024/25: Road Services
R'000

Details	Year -2024	Year -2024/25		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
Total Operational Revenue	R 21 963 196,00	-R 29 359 880,00	-R 29 359 880,00	-R 29 359 880,00	0%
Expenditure:					
Employees	R 14 032 146,00	R 12 755 081,00	R 14 339 795,00	R 14 032 146,00	9%
Repairs and Maintenance	R 60 954 101,00	R 15 000 000,00	R 41 615 020,00	R 35 448 853,00	44%
Other	R 86 229 449,00	R 49 066 327,84	R 66 058 421,00	R 72 108 765,00	44%
Total Operational Expenditure	R 161 215 696,00	R 94 943 301,00	R123 029 946,00	R 161 215 696,00	41%
Net Operational Expenditure	R 190 575 575,00	R 124 303 181,00	R152 389 826,00	R 190 575 575,00	35%

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

Capital Expenditure Year 2024/25: Road Services
R' 000

Capital Projects	Year 2024/25 Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R 85 425 936,34	R121 350 710,74	R 107 753 004,25	126%	
Ntibane Farms Pre-School	R 1 417 862,00	R 1 417 862,00	R1 566 337,20	110,47%	R 2 347 433,26
Tsolo New Homes Pre- School	R600 890,74	R 600 890,74	R691 024,35	115,00%	R 2 347 433,26
Qumbu pre-school	R 1 000 000,00	R1 000 000,00	R 233 005,47	23,30%	R 2 347 433,26
Gqukunqa Pre-school	R1 053 087,00	R1 053 087,00	R 233 005,47	22,13%	R 2 347 433,26
Sithangameni community Halls(Ward18)	R 2 452 775,99	R2 635 702,00	R2 549 015,58	103,92%	R 9 220 280,25
Mchathu -Sidwadweni Community Halls (ward26)	R 3 630 971,20	R 402 613,00	R 463 005,27	12,75%	R 9 220 280,25
Gravel access Road- ntibane -mabheleni Access Road	R 2 007 810,00	R3 284 976,00	R5 224 325,72	260,20%	R 6 450 186,11
Upper Mangxeni via Diphini-Madabukweni Access Road	R 3 345 634,00	R3 039 642,00	R3 071 839,68	91,82%	R11 477 115,00
Lower Ngcolokini-Gqunu via Madukuda access road	R 3 295 660,00	R3 318 269,00	R3 746 794,08	113,69%	R13 662 812,65
Mthozela access road	R 3 229 649,00	R3 168 826,00	R 2 870 675,02	88,89%	R 8 615 209,64
Matshona-Toleni access road	R 3 571 604,74	R2 644 538,00	R1 929 509,92	54,02%	R 6 489 654,63
Surfacing of Qumbu internal streets extension 5	R 1 001 000,00	R3 303 081,00	R 7 685 157,29	767,75%	R24 607 035,98
Nodali-Madiiba Access Road	R 2 597 646,18	R3 961 247,00	R 3 951 814,91	152,13%	R14 926 240,00
Caweni-Dumameni Access Road	R 4 961 181,54	R5 834 067,00	R 5 379 059,66	108,42%	R 7 818 525,23

Capital Expenditure Year 2024/25: Road Services R' 000					
Capital Projects	Year 2024/25 Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Gravel Access Road - T213-Cameron Ngudle (Ward 5)	R 1 730 616,72	R2 687 820,00	R 2 397 876,64	138,56%	R 8 759 886,42
Gravel Access Road - Nomhala-St Cuthberts (Ward 3)	R 1 244 554,64	R1 577 035,00	R 2 092 077,03	168,10%	R12 166 651,35
Gqubela-Mhlathathi Access Road	R 1 754 381,82	R1 522 044,00	R 1 687 090,07	96,16%	R 7 971 291,70
SPORTSFIELD(Tsolo)	R 3 821 111,77	R7 271 021,00	R 5 235 912,43	137,03%	R31 312 022,00
Tsolo bulk stormwater	R 780 000,00	R2 028 232,00	R 1 424 762,10	182,66%	R14 962 968,65
Chokomfeni to Nozityana	R 1 400 000,00	R5 843 457,00	R 4 647 446,74	331,96%	R 6 043 456,88
Newstad via Godini to Buhlungwana	R 3 467 500,00	R6 738 225,00	R 5 590 451,81	161,22%	R 6 938 224,90
Luxeni to Nkonkweni Access Road	R 1 250 000,00	R7 936 449,00	R 6 008 610,25	480,69%	R 8 136 449,00
Nkingeni to Zixhotyeni Access Road	R 1 225 000,00	R2 907 169,00	R 1 674 171,52	136,67%	R 3 107 168,55
Cesane Access Road	R 2 375 000,00	R8 056 077,00	R 6 918 164,25	291,29%	R 8 256 076,60
Sulenkama Bridge together with Jokweni Access Road	R 3 525 000,00	R 4 672 108,00	R3 761 894,12	106,72%	R 5 613 665,61
Nonyikila to Mbeza with a bridge	R 1 900 000,00	R4 638 422,00	R1 781 331,71	93,75%	R 5 176 261,55
Rehabilitation of Qebeyi to Xelegu Access Road	R 1 750 000,00	R4 770 852,00	R 3 966 035,82	226,63%	R 4 970 851,99
Cingco access road	R 8 117 951,00	R8 117 951,00	R 5 566 279,72	68,57%	R 6 127 590,43
Qutubeni access road	R6 488 448,00	R6 488 448,00	R4 747 561,87	73,17%	R 7 244 853,35
Ntubeni-Ngqwaneni access road	R 6 019 795,00	R6 019 795,00	R6 247 481,23	103,78%	R 6 549 912,25
Bhethani-Mdyobe access road	R 4 410 805,00	R4 410 805,00	R4 411 287,32	100,01%	R 5 470 596,52
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

During 2024/25 financial year the municipality managed to practically complete 36,2 kilometres of gravel access roads in ward 05, 12 and 20, release retention monies for held during construction of 22,91 kilometres in ward 03, and 08 whereas 25,48 kilometres in ward 25, 21 and 19 was still work in progress at the end of the financial year and all the projects are planned to be completed during 2025/26 financial year. The municipality was affected by floods resulting in a lot of catastrophes around Kumkani Mhlontlo local municipality as there was a lot of infrastructure that was damaged in the aftermath. The municipality received a total amount of 53 401 000 (33 364 000 & 25 037 000) where 12 projects were implemented in two financial years (2023/2024-2024/2025). The municipality managed to practically complete 10 projects with a total of 55,69 kilometres of gravel access roads in ward 08, 24, 23, 11, 2x22, 26, 21 and 12 whereas 17 kilometres in ward 19 and 01 was still working in progress at the end of financial year and planned to be completed during 2025/2026 financial year.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Kumkani Mhlontlo Local Municipality renders licensing and testing services in accordance with the Service Level Agreement (SLA) entered into with the Eastern Cape Provincial Department of Community Safety, Security and Liaison. These services are delivered through two centres located in Qumbu and Tsolo.

The Qumbu Licensing and Testing Centre offers a full range of services, including both vehicle licensing and driver testing functions. In contrast, the Tsolo Licensing Centre provides licensing services only, as it does not currently offer driver testing due to inadequate facilities and infrastructure, which do not meet the required standards for testing operations.

It should further be noted that the Municipality does not issue permits for bus operations, as this function falls within the exclusive mandate and competency of the Eastern Cape Department of Transport.

The services offered by the Municipality's Licensing Department include the following:

- Vehicle registrations and renewal of motor vehicle licence discs
- Issuing of learner's and driver's licences
- Deregistration of motor vehicles
- Maintaining a seven (7) working day turnaround time for processing applications for learner's and driver's licences, in line with the service standards outlined in the SLA

Overall, the Municipality continues to work towards improving the quality, accessibility, and compliance of licensing services within its jurisdiction, while also addressing infrastructure gaps that limit the full functioning of the Tsolo centre.

CHALLENGES ARE AS FOLLOWS:

Increased and seasonal demand for licensing services

The municipality continues to experience a growing and seasonally fluctuating demand for licensing and testing services. Peak periods—such as the beginning and end of the year, festive seasons, and school holidays—place additional pressure on facilities, staff, and systems. This is compounded by the fact that current facilities have not been upgraded to match increased demand, resulting in congestion, long queues, and extended turnaround times.

Need to upgrade and expand facilities

As Kumkani Mhlontlo Local Municipality is one of the fastest-growing areas in the region, there is an urgent need to upgrade the current Qumbu and Tsolo licensing facilities and to construct a new, fully compliant testing centre to ensure future service sustainability.

Inadequate space for learner’s licence testing

The existing infrastructure does not provide adequate space for conducting learner’s licence tests, limiting the number of candidates that can be processed and affecting the efficiency and throughput of licensing operations.

Theft and vandalism of road signs

Persistent theft and vandalism of road signs undermine road safety and negatively impact the ability to conduct standardised, compliant driving tests.

Impact of online licensing services on revenue

The expansion of online vehicle licensing platforms has resulted in reduced walk-in licence renewals at municipal centres, thereby decreasing municipal revenue from licensing transactions.

Stalled progress on the Vehicle Testing Centre

No progress was recorded on the development of the Vehicle Testing Centre during the year under review due to financial constraints. This delay continues to limit the Municipality’s ability to offer a full suite of testing services, particularly in Tsolo, and exacerbates operational pressures on the existing neighbouring centres

RESPONSE TO SOME CHALLENGES

To address these challenges, the Municipality is currently in the process of constructing a dedicated Traffic Department structure, which will enhance service capacity, support compliance with testing standards, and alleviate congestion caused by increased and seasonal demands

T 3.8.1

3.9WASTEWATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

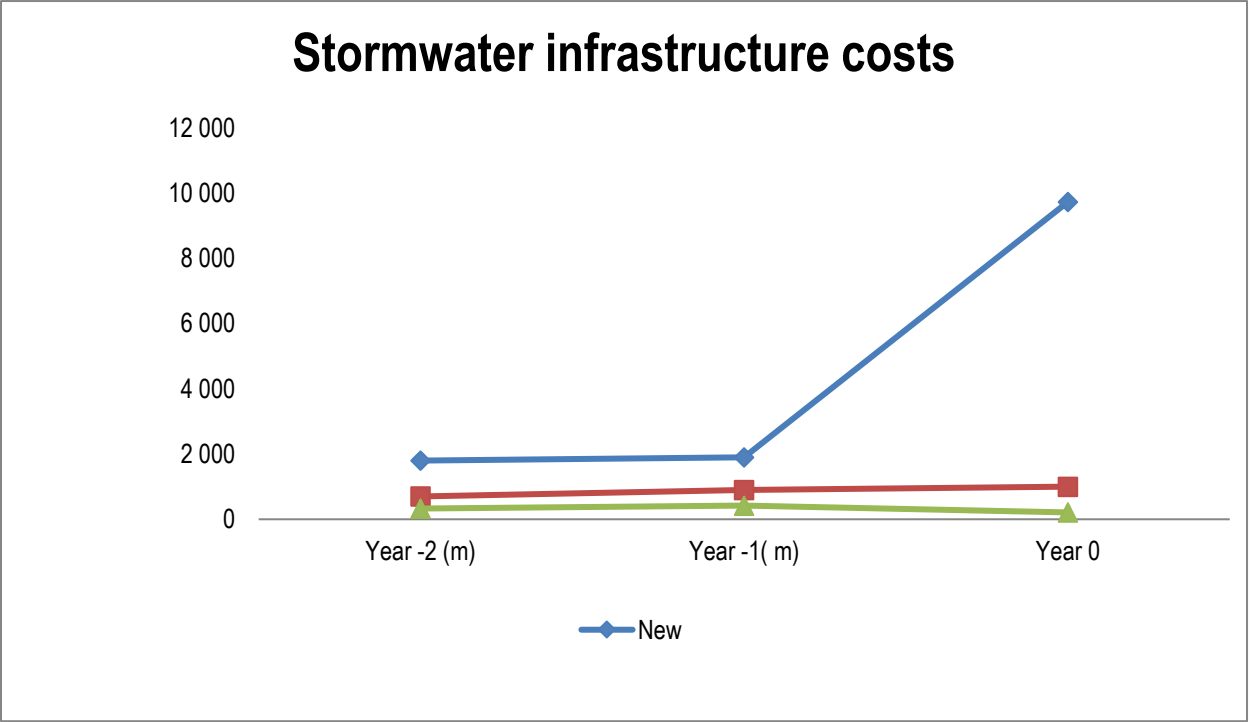
Kumkani Mhlontlo Local Municipality has prioritised the implementation of stormwater drainage projects specifically for the urban areas. During the year of reporting, provision of stormwater drainage has been focussing in tsolo town through construction of concrete channels and installation of storm waterpipes. Provision of stormwater management in Qumbu is still under planning. In the rural areas storm water drainage becomes part of the road construction process. All the roads under construction therefore include stormwater drainage system.

Cleaning of the existing pipes in towns is done by the EPWP participants

T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Kilometers Stormwater measures maintained
Year -2	160	20	12	120
Year -1	166	25	14	140
Year 0	159	45	16	120
				T 3.9.2

	New	Stormwater Measures Upgraded	Maintained
Year -2	20	3,28	21
Year -1	25	4,02	13
Year 0	45	0,56	17
			T 3.9.3



T 3.9.4

Stormwater Policy Objectives Taken From IDP													
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 1		Year 3			
				Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	*Current Year (vi)	Actual (vii)	*Current Year (viii)	Target *Current Year (ix)	*Following Year (x)		
Service Objective xxx													
Development of fully integrated stormwater management systems including wetlands and natural water courses		Phasing in of systems		Strategy approval (Yes/No); Timescale x yrs		Strategy approval (Yes/No); Timescale x yrs		Strategy approval (Yes/No); Timescale x yrs		Strategy approval (Yes/No); x yrs remaining		Completion (Yes/No); x yrs remaining	
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * Previous Year refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round; *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.													

T 3.9.5

Employees: Stormwater					
Job Level	Year -1	Posts	Employees	Year 0	Vacancies (as a % of total posts)
	Employees			Vacancies (fulltime equivalents)	
	No.	No.	No.	No.	%
4 - 6	2	0	2	2	0%
7 - 9	11	5	11	5	100%
10 - 12	7	0	7	0	0%
13 - 15	1	0	1	0	0%
19 - 20	1	0	1	0	0%
Total	22	5	22	7	
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.9.6					

Financial Performance Year 2024/25: Stormwater					
R'000					
Details	Year -2024	Year -2024/25		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
Total Operational Revenue	-R 29 359 880,00	-R 29 359 880,00	-R 29 359 880,00	-R 29 359 880,00	0%
Expenditure:					
Employees	R 14 032 146,00	R 13 024 961,00	R14 723 961,00	R19 792 792,00	-46%
Repairs and Maintenance	R 60 954 101,00	R 37 750 000,00	R58 696 988,00	R62 469 132,00	-42%
Other	R 86 229 449,00	R 81 432 825,00	R124 241 715,00	R82 122 307,00	-1%
Total Operational Expenditure	R 161 215 696,00	R 132 207 786,00	R 197 662 664,00	R164 384 231,00	-16%
Net Operational Expenditure	R 190 575 575,00	R 102 847 906,00	R 168 302 784,00	R 135 024 351,00	-105%
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 3.9.7

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

Kumkani Mhlontlo Local Municipality has prioritised the implementation of stormwater drainage projects specifically for the urban areas. During the year of reporting, provision of stormwater drainage has been focussing in Tsolo town through construction of concrete channels and installation of storm waterpipes. Provision of stormwater management in Qumbu is still under planning. In the rural areas storm water drainage becomes part of the road construction process. All the roads under construction therefore include stormwater drainage system.

Cleaning of the existing pipes in towns is done by the EPWP participants

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes Planning, and Local Economic Development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Planning is a primary spatial response to the development context, needs and development vision of the municipality. It is a key land use management tool of the municipality as it has an important role to play in guiding and managing municipal decisions relating to the use, development and planning of land. It does this by:

- Identifying key spatial challenges facing the municipality. In so doing identify key strategies for spatial restructuring and achieving the desired outcomes for future use and development of land.
- Identifying areas that are not suitable for development and outlining areas that should be conserved.
- Providing policy guidance to direct decision making on the nature, form, scale and location of urban development.
- Guiding the direction of growth by outlining areas in which types of land use should be encouraged or discouraged and areas in which the intensity of land development could either be increased or reduced.
- Guiding both private and public development investment initiatives to appropriate areas for investment.
- Guiding and informing municipal infrastructure investment.
- Guiding public investment, namely the provision of community facilities or any other spending of public funds.
- Providing a visual representation of the desired spatial form of the municipality.
- Providing sustainable functional and integrated human settlements and maximise resources efficiency.

T 3.1

3.10 PLANNING

INTRODUCTION TO PLANNING

Planning is a primary spatial response to the development context, needs and development vision of the municipality. It is a key land use management tool of the Municipality as it has an important role to play in guiding and managing Municipal decisions relating to the use, development and planning of land. It does this by: -

- Identifying key spatial challenges facing the municipality. In so doing identify key strategies for spatial restructuring and achieving the desired outcomes for future use and development of land.
- Identifying areas that are not suitable for development and outlining areas that should be conserved.
- Providing policy guidance to direct decision making on the nature, form, scale and location of urban development.
- Guiding the direction of growth by outlining areas in which types of land use should be encouraged or discouraged and areas in which the intensity of land development could either be increased or reduced.
- Guiding both private and public development investment initiatives to appropriate areas for investment.
- Guiding and informing municipal infrastructure investment.
- Guiding public investment, namely the provision of community facilities or any other spending of public funds.
- Providing a visual representation of the desired spatial form of the municipality.

The Kumkani Mhlontlo Local Municipality Spatial Development Framework (SDF) is intended, in part, to comply with Section 26(e) of the Municipal Systems Act No. 32 of 2000), which requires a municipality to prepare and adopt an SDF as a component of its Integrated Development Plan (IDP). Most importantly, the SDF is intended to facilitate the development of a spatial structure that promotes integrated development and enables an efficient delivery of services. It will give direction to future planning and development within Kumkani Mhlontlo Local Municipality and provide a framework for the local municipalities SDFs.

The Constitution of the Republic of South Africa, (Act No. 108 of 1996) confers to municipalities major developmental responsibilities intended to improve quality of life people residing or working within a municipality's area of jurisdiction. An SDF therefore, forms part of the systems and procedures at the disposal of the municipality to perform on its developmental mandate and facilitate removal of spatial remnants of the apartheid past.

The main purpose of the SDF is to guide the form and location of future spatial development within Kumkani Mhlontlo Local Municipality. It is a legislative requirement and has a legal status. In summary, the SDF has the following benefits: facilitates decision making with regard to the location of service delivery projects and guides public and private sector investment.

SDF strengthens democracy and spatial transformation and facilitates effective use of scarce land resources and it promotes intergovernmental coordination on spatial issues and serves as a framework for the development of a detailed Land Use Management Scheme (LUMS)

Other key defining features of Kumkani Mhlontlo Municipality include the following:

- It is 30km away from Mthatha Town (District Urban Centre);
- It has several sparsely populated rural settlements which are spread out within different length and breadth of the municipal area;
- It is home to several tourist's attractions including Tina Falls, Tsitsa Falls and Shawbury (religious heritage); and
- It is home to some of the local commercial retail and agricultural hubs within OR Tambo District Municipality.

The Kumkani Mhlontlo SDF is a strategic document and is prepared at a broad scale. It is meant to guide and inform land development and management. It should:

- Determine spatial priorities.
- Set out spatial form objectives.
- Detail strategies and policies for the above that indicate desired patterns of land use, address spatial reconstruction, and provide decision making processes relating to the nature and location of development.
- Provide basic guidelines for a Land Use Management System.

Through the SDF, the municipality is informed about the problems affecting its municipal land area and being guided by information on available resources, can develop and implement appropriate strategies and projects to address spatial problems.

The Kumkani Mhlontlo SDF (2023) defines Kumkani Mhlontlo municipality as a category B Municipality as defined by the Municipal Structures Act, 1998. The municipal area covers 282 614km² as a total geographical extent. It has a population catchment of 186 860 people who are unevenly spread amongst 26 municipal wards. These wards incorporate Qumbu and Tsolo rural towns as well as a few rural villages ("izilali") and comprises of extensive land utilised for agricultural purposes (livestock farming and crop production) around two urban centres that is Tsolo and Qumbu. Increasing urbanization of the rural areas and poor planning of the past has been a cited in the SDF as a serious threat to the development of agriculture in Kumkani Mhlontlo area.

The second economy (manufacturing or value adding activities) is also considered to be weak. Various types of retailers in the tertiary sector of the economy dominate the economic activity of the region. Qumbu and Tsolo serve as service centres for the broader municipal area (Mhlontlo SDF, 2024/2025)

According to the Kumkani Mhlontlo SDF (2024/2025), some special development areas (nodal areas) have been indicated and has further identified priority nodal areas for priority spending by the Municipality. These areas have existing potential which need to be improved and already have some facilities to promote integrated development. They are strategically located at points of accessibility where higher order community facilities can be clustered to ensure that several rural settlements are served in a more efficient manner.

It is further indicated that Qumbu and Tsolo urban centres are considered the most important nodal areas within Kumkani Mhlontlo Local Municipality. According to the Kumkani Mhlontlo SDF (2024/2025), some projects have already been identified to improve the function of these Urban Centres. Improvement of infrastructure in both these Urban Centres will ensure provision of a higher level of services. According to the Kumkani Mhlontlo SDF (2024/2025), most people from our municipal jurisdiction are still commuting to Mthatha to purchase necessary goods according to their specific needs such as banking services that are not available in our economic nodes. The Kumkani Mhlontlo Local Municipality Spatial Development Framework (SDF) has been reviewed in the 2024/25 financial year and is currently under subject for approval by the Council.

The SDF goes further and identify prioritized secondary nodes. These are rural nodes where the focus would be on development planning for livelihoods support and agricultural development. They are key target areas for land reform. These rural settlements were not formally planned and the need for rationalisation has been identified.

Sulenkama, Shawbury, Tsolo Junction, St Cuthberts and Langeni Forest has been identified as the Secondary Nodes. This is essential a small town that provide an area-wide exchange point household, common consumer products and farm inputs. They serve as nodes of transportation and distribution linked to regional centres within the province. They provide higher-level administrative services that cannot be found in settlement development nodes and offer vocational and secondary education, health, childcare services and rural commercial services.

The secondary nodes boost with a number of unique advantages which have not been explored and taken advantage of and these include:

- Tsolo Junction boosts with a high level of visibility due to a very close proximity in relation to N2 and R396;
- Langeni Forrest is located along R61 and R412 to Engcobo; and
- Linkages with Qumbu and Tsolo which raises a number of opportunities.

The challenges that faces the secondary nodes includes the fact that these are currently underdeveloped and underserved with the requisite bulk infrastructure. The initial goal would be to resource the area with the requisite infrastructure services, devise a very sound vision, create a proper realistic structure plan that will guide future development of these nodes.

Tsitsa and Tina Falls are the notable peri-urban and densely populated rural settlement within Kumkani Mhlontlo Municipality. These areas have been identified as the Tertiary Nodes. The Tertiary Nodes are the Settlement Development Nodes which locate a settlement or cluster of settlements. The services that these provide are limited to the surrounding settlements and include low order public, shopping and small business enterprise facilities. These serves as a link between the local communities and the major towns as such they should locate in accessible areas along or at the intersection of public transport routes. There are currently limited developments in these areas e.g. commercial, education, etc. nodes have been identified at strategic locations within these settlement areas.

In addition to the tertiary (settlement development) nodes, the vision for the future spatial development provides for the development of Rural Service Nodes which are community centres within a cluster of settlements. Gqunu, Ngxakoko, Goqwana, Mqobiso and Nombodledlana are identified as the Rural Service Nodes. These small centres will serve as location points for community facilities serving the local community such as:

- Local Commercial and Industrial Centre;
- Primary and secondary schools;
- Mobile clinics, Pension pay points; and
- Community halls and other community facilities.

There are no foci that operate as Rural Service Centres at this stage, but some Activity could be upgraded to perform this role. The location of these nodes is usually the most accessible location within an accept able walking distance of a particular community. These areas have potential for the location of multi-purpose community centres (to include clinics, AIDS support services, library, adult education and skills training and computer facilities). Major capital investment is not required and by making use of alternative approaches, including mobile structures (containers or prefab construction) and providing only essential infrastructure, combined with periodic service delivery and markets, the potential of centres to fulfil a rural service function can be tested efficiently and at relatively low cost. Approaches to attracting private sector investment to these nodes must be further considered.

A gateway model is proposed for the development of highest accessible entry points within Kumkani Mhlontlo Local Municipality. These are prioritized along the access points from N2 to main urban centres where strategic land parcels can be unlocked for investments. These interchanges are found in Tsolo Junction and Qumbu. The provision of employment opportunities is to be encouraged at these points as well as commercial development which may take place at a higher density than in other areas. Servicing is, however, to be thoroughly investigated and agreed to before any development is permitted.

To achieve all the proposed interventions and to manage the development lot by lot basis, it is required to prepare land use management guidelines as identified in the Kumkani Mhlontlo SDF, 2024/2025. In addition, incorporation of such initiative will ensure that the spatial form of development as envisaged in the IDP is achieved. The issue of lack of management and uncontrolled development of land necessitate development of a land use management system. This results in some social, health and environmental hazards like: Uncontrolled development can have a negative effect on natural resources, including air and water quality; and some land uses are detrimental to health and safety.

The municipality is currently in the joint municipal planning tribunal with Nyandeni Local Municipality and the OR Tambo DM; there is Council resolution to this effect.

As per the requirements stipulated in Chapter 6 of the Spatial Planning and Land Use Management Act, No.16 of 2013 (SPLUMA), Section 36 (4) (a) and (b) of the SPLUMA states that the Municipal Council must designate a member of the Municipal Planning Tribunal including Chairperson and Deputy Chairperson, to act as Chairperson of the Municipal Planning Tribunal when the Chairperson is absent or is unable to perform his or her duties.

The Council approved that all Land Application of Kumkani Mhlontlo Local Municipality should be part of the DMPT approval processes.

The O.R. Tambo Council resolution and the signed SLA between the 3 Municipalities (ORTDM, Kumkani Mhlontlo LM and Nyandeni LM) states that the Chairperson and Deputy Chairperson of the O.R. Tambo DMPT will be rotated as follows:

FINANCIAL YEAR	CHAIRPERSON	DEPUTY CHAIRPERSON
2024-2025	ORTDM	Nyandeni LM
2025-2026	ECCOGTA	Kumkani Mhlontlo LM
2026-2027	Nyandeni LM	ORTDM
2027-2028	Kumkani Mhlontlo LM	ECCOGTA
2028-2029	ORTDM	Nyandeni LM

T 3.10.1

Job Level	Employees: Planning Services				
	Year -2023 Employees	Posts	Employees	Year -2024/25 Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	1	1	1	2	100%
13 - 15	2	2	2	2	100%
16 - 18	1	1	1	0	0%
Total	4	4	4	4	100%

T 3.10.4

T 3.10.5

59

Total Operational Expenditure	3 279 093	4 573 297	4 573 297	2 347 641	-95%
Net Operational Expenditure	3 279 093	4 573 297	4 573 297	2 347 641	-95%

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

T 3.10.5

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

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

T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The municipality is currently overcoming the issue of land claims which makes it very difficult for the execution of the various physical planning projects, several interventions are being done to overcome such challenges, also the municipality is trying to align its development objectives to the land development guiding documents as prescribed by the Spatial Planning Land Use Management act of 13 of 2016.

The municipality will be funded by COGTA through the Small Towns Revitalisation program for the Precinct plans of both our Towns (Qumbu and Tsolo) these plans will prioritise in providing a framework for co-ordinating public and private investments as well as directing developments.

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The key economic drivers of the municipality are tourism, community services, retail and trade and agricultural sectors; however, retail and trade and agriculture have experienced low growth in the recent period. This can be attributed to lack of infrastructure investment, educational and skills development, low levels of investment promotion and attraction, declining population and rural-urban migration. Land tenure issues are a constraint to economic development. The local economy is mainly consumptive with limited production which can be attributed to the rural nature of the area. Private investment has been mainly in the forestry sector particularly at Langeni Forest which has a sawmill, veneer plant and chipboard of which the latter has been closed in recent years. The municipality has developed 5-year LED Strategy, Tourism Master Plan and adopted Trade and Investment Promotion Strategy as a means of attracting and retaining investors with the dedicated official responsible for the portfolio.

The area is endowed with natural resources and heritage sites which can contribute to tourism development.

Part of the challenges is basic infrastructure that can enhance economic development of the municipality. In order to address the challenges highlighted above key priority sectors have been identified as catalysts for economic growth: Agriculture, Forestry, Tourism and Retail and Wholesale.

Development Corridors

Development corridors are dynamic, mutually supporting movement system and entail a very close relationship with land use. These are generally supported by a hierarchy of transport services that function as an integrated system to facilitate ease of movement for private and public transport users. Corridor development is focused predominantly on activity/ development routes serviced by mass rapid public transport services.

However, the system of routes may serve different functions, with some routes combining functionality in terms of accessibility and mobility. The concentration of intense bands of high-density urban development reduces overall trip lengths and improves access to opportunities, offering a means of conveniently integrating communities with service provision, and fulfilling a range of economic and social needs. Development corridors attract different levels and types of private investment, which generate different types of formal and informal economic and social opportunities. The areas of intensification are usually characterised by strip or nodal development located within development corridors on activity routes.

The second structuring spatial element is the development and reinforcement of a hierarchy of activity routes. This supports the strategic direction of the framework in several ways.

Firstly, it involves reinforcing a hierarchy of 'integrating' activity routes, which provide access to both citywide and local opportunities. These activity routes are focussed on linking and reinforcing clusters of activity (activity nodes), with frequent access points supporting business activity locating at accessible places along the route. The conceptual framework reflects:

- Higher order activity routes adjoining N2 Route, connecting major activity nodes. These routes have high levels of continuity
- Local activity routes, which connect local activity nodes to each other and to major activity nodes and feed into the higher order activity routes. New links supporting physical integration of the areas
- New links supporting physical integration of the areas

Secondly, to support the role of these activity routes as integrating elements, a set of tools or supportive strategies are identified and are reflected below.

Key network linkages are developed to reinforce the accessibility grid and the centrality of the activity nodes

An integrated network of Non-Motorised Transport (NMT) routes is developed to support access to local and broader opportunities.

Development corridors in Kumkani Mhlontlo Local Municipality occur at different scales depending on function and categorization of the transportation route that forms the basis of the corridor. They carry the flows of people and trade between two points (origin and destination) and encourages nodal development at strategic point. Corridor development as a spatial structuring element, and a tool for economic growth, seeks to create functional linkages between areas of higher thresholds (levels of support) and economic potential, with those that have insufficient thresholds.

This will enable areas that are poorly serviced to be linked to areas of opportunity and benefit with higher thresholds. Corridors constitute an effective form of decentralization and enables larger and smaller activities to form a relationship. Linear systems can handle growth and change well. They are an effective means for breaking down fragmentation and increasing integration and spatial transformation.

System of development corridors in Kumkani Mhlontlo Local Municipality has been developed based on the levels of mobility and access routes, intensity of use and role in the regional spatial economy. The aforesaid figure summarizes the relationship between these two concepts and provides a framework for the three levels of corridors in Kumkani Mhlontlo Local Municipality. Upgrade and road maintenance projects on corridors that leads to development opportunity areas such as rural service centres, high potential agricultural land and tourism nodes should be prioritized as this will encourage investment, improve accessibility and enhance mobility.

N2 has been identified as the Primary Corridor. It is the main conduit mobility route that link Kumkani Mhlontlo Municipality with Mthatha as well as the Province of KwaZulu-Natal. It serves as a trade route and as collector distributor route which is linked to the R56 towards the north and R61 towards the south. It also provides a link to Durban. Any proposed development along this route should have a positive economic and social impact to local communities, making use of nodes as focal points with a view that in future a more linear approach will suffice.

This is in line with the NDP principles of ensuring that development has positive outcomes on the local residents thus addressing social inequalities. The importance of the route has also been identified in the PSEDS as a secondary and agricultural corridor within the province (route which serves areas of high poverty levels and good economic development potential). The identification of the R56 as a primary corridor is also in line with the other spatial economic development principles proposed in the SDF.

The subsequent level of corridor hierarchy are the secondary corridors which connects directly with the primary corridor. R396 has been identified as the Secondary Corridor. The importance of maintaining these routes and ensuring that they are in good condition cannot be emphasized. This is based on the notion that, most elements within the municipality area functions around these routes. Although these routes share a very common feature which includes high level of connectivity with N2, however these have different roles such that some of these are:

- Agri-tourism routes.
- Tourism routes; and
- Mobility routes.

In most municipalities and from a planning perspective, there are generally two levels of development corridors. These are secondary and primary corridors based on the extent and magnitude of socio – economic and development impact. In the case of Kumkani Mhlontlo, the two urban spaces linked to Tsolo junction and Elangeni will be considered primary corridors to some extent including the corridor linking neighbouring towns such as Mthatha, Maclear and Mt Frere through N2 whilst the road network linking Tsitsa Falls, Tina Falls and or Sulenkama to Caba or St Cuthbert's to Tsolo will be considered secondary corridors.

Development nodes

On the other hand, development nodes are the main centres, which are being fed by development corridors in terms of traffic flow, people and physical thresholds. Development nodes are important points providing concentration of different social, services and economic activities. Development nodes can be used to concentrate activities, which could have a multiplier effect to a broader municipal area. Accordingly, Kumkani Mhlontlo plans to use nodes such as Qumbu and Tsolo urban centres as growth poles to anchor future growth. Some work has been done towards realising this planning approach in the municipality. The Spatial Development Framework was reviewed during **2023/2024**, the municipality plans to anchor its urban or corridor planning in the two urban areas, the municipality is in the process of finalising reviewal of the Spatial Development Framework, with its final document expected to be presented to the Council before end of First Quarter (Q1) 2024/2025.

The municipality will therefore consider putting mixed land uses together for economies of scale and scope. High order services will be accessed by the public from these two major urban spaces with essential services accessible from all secondary nodes. The municipality will in the reviewed spatial development framework consider grading its development nodes into three categories:

- Primary nodes such as Tsolo, Qumbu and Elangeni forest
- Secondary nodes such as St Cuthberts, Sulenkama, Tsitsa and Tina Falls and
- Tertiary nodes such as Tsolo Junction and Qumbu because of their strategic position in relation to the national road (N2).

In addition, the municipality has several areas of strategic importance though the measure of development impact is not like those listed above. The municipality has thus identified through its Spatial Development Framework several sectors. These will be clearly depicted in the final SDF maps as areas of potential investment such as agriculture (various sub sectors by soil type) forestry, tourism, and manufacturing.

Mzimvumbu Water Projects

The Mzimvumbu Water Project is a Strategic Integrated Project (SIP3 project) that is intended to inject stimulus for economic development and social upliftment in the project area. The project scope entails the development of a multipurpose dam on Tsitsa River, a tributary of the Mzimvumbu River, to supply irrigated agriculture domestic and industrial water requirements and hydropower generation. The project footprint spreads over OR Tambo, Alfred Nzo and Joe Gqabi District Municipalities

Ntabelanga-Laleni Conjunctive Scheme

The scheme being implemented is a conjunctive scheme comprising a large dam at Ntabelanga and smaller dam at Laleni, both to be operated as an integrated scheme. In addition to supplying domestic and irrigation water, the upstream Ntabelanga dam will also serve to regulate stream flow required to generate hydropower at Laleni. While Ntabelanga dam is at implementation stage, Laleni hydropower scheme is awaiting financial injection for it to take off. The conjunctive scheme marks the initial phase of a broader development programme of the Mzimvubu Catchment to be phased over time.

In relation to market place the municipality attends trade and tourism (Grahamstown Art festival, Tourism Indaba, Macufe and Dundee July) shows to showcase its products to the market. There are also scheduled flea markets held on a quarterly basis. The is functional local tourism association that is mandated to market tourism products and attract more tourists.

T 3.11.1

Economic Activity by Sector 2024/25			
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	83,9	83,2	83,4
Mining and quarrying	12,1	12,4	11,9
Manufacturing	172,2	177,4	179,5
Wholesale and retail trade	756,3	773,5	785,1
Finance, property, etc.	541	549,2	555
Govt, community and social services	2,049.2	2,049.8	2,0441.3
Infrastructure services	96.1	99.2	102.5
Total	1565,5	1595,7	1614,9

T 3.11.2

Economic Employment by Sector2024/25			
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	1 440	1 440	1 440
Mining and quarrying	15	15	15
Manufacturing	480	480	480
Wholesale and retail trade	1 810	1 810	1 810
Finance, property, etc.	1 400	1 400	1 400
Govt, community and social services	6 120	6 120	6 120
Infrastructure services	912	912	912
Total		12177	12177

T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES

Local Job opportunities are created on a short temporary basis through projects such as fencing of arable land and community works programme.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)	1			
Year -2	63	None		Worksheets
Year -1	63	None		Worksheets
Year 0	63	None		Worksheets
Initiative A (Year 0)	Fencing of arable land			
Initiative B (Year 0)	Fencing of arable land			
Initiative C (Year 0)	Fencing of arable land			

T 3.11.5

* - Expanded Public Works Programme

T 3.11.6

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.11.7

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

T 3.11.9

Capital Expenditure Year 0: Economic Development Services R' 000					
Capital Projects	Year 0 Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<i>Total All</i>					
<i>Project A</i>					
<i>Project B</i>					
<i>Project C</i>					
<i>Project D</i>					

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

T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

As the main contributor of GDP Kumkani Mhlontlo Local Municipality is responsive in relation to economic development. We are proud to report that we have introduced entrepreneurial skills in higher learning institutions as we prescribed to this notion of education being a societal matter. This is a three-year programme where we incubate schools to practice entrepreneurship whilst making agriculture fashionable to the youth. This initiative by the municipality is commendable and reflects a proactive approach to instilling entrepreneurial skills in students from a young age while promoting sustainable practices in agriculture. An economic recovery plan has been developed which is aligned to national and provincial plans.

We have several incubator programmes which include livestock, crop production and fashion designing mentorship programmes where we intend to graduate small businesses into big businesses and having share in the market.

The priority economic sectors which will underpin the LED strategy are, agriculture and forestry which focus on aquaculture and horticulture, production of high value crops, livestock farming, and forestry and timber production; wholesale trade and retail sector focussing on tourism and retail trade; mining sector, focussing on stone quarrying and sand pits; and the manufacturing sector focusing on agro processing as well as textile and clothing sector.

Kumkani Mhlontlo Local Municipality is well positioned to benefit from a set of high impact and catalytic projects that have been identified within the OR Tambo District. These include the Integrated Wild Coast Development Programme (IWCDP), which is a strategic, integrated initiative aimed at bringing significant changes in the whole of Wild Coast planning area, incorporating district municipalities of OR Tambo, Alfred Nzo and Amathole. The programme is built around three pillars namely agro-processing, green industries, tourism supported by major infrastructure projects. Infrastructure projects include the construction of the N2 highway, the Wild Coast Meander, Mzimvubu Dam. Plans are also afoot to declare Wild Coast as a. Special Economic Zone (SEZ).

Kumkani Mhlontlo Local Municipality is primarily responsible for creation of an LED-enabling environment. Among others this includes building institutional capacity for LED, and building partnerships across all spheres of government, as well as private sector players. To this end, a five-year implementation framework has been developed with annual outputs linked to the strategic objectives.

We have afforded our business community a marketing platform both internally and externally, on a quarterly basis we convene a flea market and have afforded our tourism product owners to participate in the national tourism indaba, our horse racers in Berlin November and Dundee July, our crafters in Makanda Art Festival and Macufe and agricultural entrepreneurs in the Royal Show.

Kumkani Mhlontlo coordinative capacity is critical to the success of the LED Strategy.

In addition to strengthening IGR, there is a need to revive the Local Economic Development Forum (LED Forum).

LED forum is now functional, all relevant stakeholders are represented. There are quarterly meetings scheduled. Linked to the Kumkani Mhlontlo's priority economic sectors such a forum ideally comprises stakeholders drawn from all spheres of government, the state-owned enterprises, private sector players with strong presence within Kumkani Mhlontlo, organised local business (both formal and informal), education and training service providers, and community-based organisations. Chaired by the mayor and attended by all councillors, and the municipal executive management team, the LED Forum will meet quarterly to review progress made, identify obstacles to LED implementation, and map the way forward.

The LED workstreams will be organized around various sub-sectors, each focusing on specific aspects of Local Economic Development (LED). Here are the sub-sectors: Agriculture, Aquaculture and Forestry, Tourism, Wholesale and Trade and Enterprise, Manufacturing, mining and renewable energy and Enterprise Development and innovation. These LED workstreams are designed to serve as specialized discussion platforms, each focusing on a specific area

of local economic development. By breaking down LED initiatives into sub-sectors, it becomes easier to address the unique challenges and opportunities within each sector, ultimately contributing to the overall economic development of the municipality. These workstreams may feed into LED fora where comprehensive strategies and plans can be discussed and developed.

The capability of the both the political and administrative arm of the Kumkani Mhlontlo is critical to the success of the LED Strategy. Administratively, Kumkani Mhlontlo needs to significantly and continuously enhance both its managerial, as well as technical capacity. In light of the key economic sectors identified in this strategy, Mhlontlo will, going forward, pay particular attention towards strengthening specialist capacity in the areas of agricultural production especially in agro-economics, forestry, tourism and small-scale industrial business development.

LED is a broad policy outcome and as such, a responsibility of all government spheres, agencies and other non-state role players. That said, and for historical reasons, local government revenues as well as intergovernmental grants have remained the major source of LED funding followed by private sector investment. While ensuring full exploiting of all available public resources, Kumkani Mhlontlo intends to aggressively mobilise LED funding through Public Private Partnerships (PPPs). Within Kumkani Mhlontlo, LED funding is to be mobilised from across the various functions. Each department therefore will be required to reflect explicitly how its annual plan and budget support LED.

LED is conducted in order to positively impact the lives of communities living within a locality. In the process, LED also consumes a lot of limited public resources. Monitoring evaluation provides evidence-based mechanism for impact analysis and allocation of resources. LED however, forms an integral part of municipal IDP. Out of necessity therefore, the monitoring and evaluation of the LED is to be directly linked to that of the IDP. That said however, the municipality intends setting specific indicators to track LED implementation progress on a monthly, quarterly and annual basis. Such indicators need to be robust enough to go beyond tracking outputs, but also the impact. Similarly, LED indicators must be fully integrated into the municipal-wide performance management.

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; childcare; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Community services' department is responsible for providing the following services:

1. Waste & Environmental Management Services

Refuse collection for households and businesses; refuse storage and removal of illegal dumping.

2. Libraries, Sports, Arts and Culture

The Municipality is responsible for the provision of information to the public through libraries thereby contributing to nation building and recreation through Sports, Arts and Culture.

3. Traffic & Security Services

To provide Road safety for pedestrians and vehicles, traffic law enforcement to control the street trading and public transport control. Funeral and VIP escorts. Security Services ensure that the Municipality's facilities are safe for staff and the public. They also ensure procurement of private security contractors and monitor their performances.

4. Licensing Services

is responsible for the licensing of vehicles and learner driver testing and includes businesses and the approval of applications for the posters on the street pavements.

T3.12.0

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

INTRODUCTION TO WASTE MANAGEMENT

Kumkani Mhlontlo Local Municipality is guided by Section 24 of the Constitution of the Republic of South Africa, which provides that “everyone has the right to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures.” In fulfilling this mandate, the Municipality continues to implement measures aimed at promoting sustainable waste management practices, environmental protection, and responsible service delivery.

Waste generation within the Municipality is predominantly driven by businesses and urban households, all of which pay refuse removal rates as prescribed in the municipal tariff structure. Domestic refuse is stored in black plastic bags provided by the Municipality and is collected through scheduled kerbside collection services. Businesses store their waste in cages and wheelie bins, which are serviced by the municipal refuse trucks for disposal at landfill sites and for recycling purposes.

Recycling remains one of the Municipality's key strategies for reducing waste volumes, diverting recyclable materials from landfills, and promoting sustainable environmental management. Recycling activities also play an important role in job creation, particularly for waste pickers, cooperatives, and community-based enterprises. Kumkani Mhlontlo Local Municipality participates in the O.R. Tambo District Regional Recycling Programme, and serves as the regional centre, strengthening regional integration and capacity in recycling and waste diversion.

Waste removal service:

By June 2025, a total of 2 300 households had access to formal waste removal services, against an estimated 43 414 households eligible to receive the service within Kumkani Mhlontlo Local Municipality. This indicates that waste removal coverage remains limited and primarily concentrated in urban areas.

Municipal waste collection services are currently provided only in the towns of Tsolo and Qumbu, and do not extend to farms and rural settlements. The Municipality continues to experience significant spatial growth, both residential and commercial, which places additional strain on the existing waste management resources and operational capacity.

Waste management services are also rendered to informal settlements, although these areas are generally serviced through communal skip bins due to access constraints and settlement patterns. In addition to household and commercial waste collection, the Municipality provides routine street sweeping and clearing of illegal dumping hotspots.

COLLECTION FREQUENCY

- Domestic households: Once weekly (1× per week)
- Business/Commercial properties: Daily (7× per week)
- Street sweeping: Daily (7× per week)
- STREET CLEANING AND ILLEGAL DUMPING CLEARANCE

Street cleaning and the removal of illegal dumping are carried out by a combination of permanent municipal employees and temporary workers engaged through the Extended Public Works Programme (EPWP). EPWP participants also support after-hours cleaning, ensuring that town centres, main entrances, high-traffic areas, and open public spaces always remain clean and well-maintained.

Waste storage and disposal.

The Municipality currently has one (1) waste transfer station located in Tsolo, which is still under construction and not yet operational. Once completed, the facility is expected to improve waste handling efficiency, reduce transportation costs, and support better waste diversion practices.

Kumkani Mhlontlo Local Municipality operates one (1) Class B licensed landfill site situated in Qumbu, which is the only functional disposal facility serving both towns. The Tsolo landfill site is not functional, resulting in all waste from Tsolo being transported to the Qumbu landfill. This places additional pressure on the existing landfill's capacity and contributes to operational inefficiencies and higher transportation costs.

Recycling

Kumkani Mhlontlo Local Municipality has been declared a Regional Waste Recycling Centre for the O.R. Tambo District Municipality, recognising its strategic role in advancing waste diversion, recycling, and circular economy initiatives within the district.

The Municipality currently hosts two (2) buy-back centres—one located in Tsolo and another in Qumbu. These centres play a critical role in promoting recycling and reducing the volume of waste disposed of at landfill sites. The buy-back centres collect, sort, and separate recyclable materials such as plastics, paper, glass, and tins. Once separated into their respective categories, the recyclables are sold to external buyers within the recycling value chain.

These initiatives contribute to:

- Waste diversion from landfill, extending landfill lifespan
- Job creation and income opportunities, particularly for waste pickers and cooperatives
- Environmental sustainability, through improved recycling and resource recovery
- Regional integration, as part of the O.R. Tambo District recycling programme

Environmental education and awareness

During the 2024/2025 financial year, the Municipality conducted a total of eight (8) waste management awareness campaigns. These campaigns were aimed at educating communities on proper waste handling, recycling practices, the importance of keeping the environment clean, and discouraging illegal dumping. The awareness programmes form part of the Municipality's broader strategy to promote behavioural change and enhance public participation in waste management.

MEASURES TO IMPROVE PERFORMANCE

- To improve service delivery and meet the increasing demand for waste management services, the Municipality has implemented several measures, including:
- Acquisition of additional waste management equipment annually, to strengthen operational capacity and efficiency.
- Appointment of additional personnel, both permanent staff and EPWP workers, to support waste collection, street cleaning, and illegal dumping clearance.
- Installation of refuse bins in various locations within the Municipality to ensure proper storage of waste and maintain clean public spaces.

ACCESS TO WASTE COLLECTION SERVICES

All indigent households, including those residing in RDP housing areas in both Tsolo and Qumbu, receive weekly waste collection services. In areas where kerbside waste collection is not feasible—particularly in informal settlements and areas with access limitations—the Municipality provides bulk containers (communal skips) placed at strategic collection points.

To increase household access to waste removal services and improve service coverage, the Municipality plans to extend kerbside waste collection in the upcoming financial year. This will ease reliance on communal skips and improve cleanliness and waste management efficiency in more communities.

T 3.12.0.1

3.13 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

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

The Kumkani Mhlontlo public library provides essential educational, informational, cultural, and social services to the community. It serves a diverse population and is often referred to as the “layman’s university” due to its central role in supporting community learning, literacy development, and access to information. As a public institution funded by government, the library is responsible for meeting the information needs of the community and plays a key role in promoting social and educational development.

In addition, the library contributes to the preservation and promotion of cultural heritage and diversity, fostering mutual understanding, social cohesion, and respect among different cultures within the municipality.

COMMUNITY ENGAGEMENT AND PROGRAMMES

Throughout the year, the library engaged a variety of community groups, including:

- High schools
- Junior secondary schools
- Adult Basic Education and Training (ABET) learners
- Out-of-school youth
- General public

These engagements were conducted through the library’s annual events and programmes that promote reading, cultural awareness, digital literacy, creativity, and self-development.

EFFORTS TO IMPROVE ACCESS TO LIBRARY SERVICES

Given that the Municipality currently has only one formal library serving the entire Kumkani Mhlontlo population, expanding access remains a priority. To improve service reach and accessibility, the Municipality has:

- Identified additional sites for temporary library structures to serve communities in remote or underserved areas.
- Received and deployed a container library and a modular library, enabling wider access to reading materials, digital resources, and community programmes.

These supplementary facilities help alleviate pressure on the main library and ensure that more residents—especially learners and youth—have access to information and educational support.

ACHIEVEMENTS FOR THE 2024/2025 FINANCIAL YEAR

The following key activities were successfully hosted during the year under review:

- District Library Week held on 12 March 2025 at Dweba Senior Secondary School (SSS).
- National World Book Day Celebration held on 14 May 2025 at Zingcuka Modular Library.

These events enhanced community participation in literacy initiatives and strengthened partnerships between the Municipality, schools, and provincial library services.

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.12.4					

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.12.5					

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.12.6					

3.15 CEMETORIES AND CREMATORIALS

INTRODUCTION TO CEMETORIES & CREMATORIALS

CEMETERY SERVICES

Kumkani Mhlontlo Local Municipality currently has two (2) operational cemeteries, located in Qumbu and Tsolo towns. These facilities provide burial services for the urban population. Communities in the remaining incorporated areas of the Municipality continue to utilise cemeteries in their nearest neighbouring vicinities, as formal cemetery infrastructure has not yet been established in all wards.

SERVICE DELIVERY PRIORITIES

The Municipality's key priorities for cemetery services include:

- Providing and maintaining cemeteries to ensure clean, safe, and dignified burial spaces.
- Updating and maintaining cemetery registers, including ensuring that all burial records are captured on an electronic database.
- Planning and developing future cemeteries, particularly in the rapidly expanding New Homes area, to ensure sufficient burial space for current and future demand.
- Maintaining and upgrading existing equipment, systems, and operational procedures to enhance service quality and efficiency.

PERFORMANCE GAPS AND CHALLENGES

Despite these priorities, several targets were not achieved during the year under review:

- Routine maintenance of all cemeteries, including grass cutting, weed removal, and tree planting, was not fully implemented due to resource constraints.
- The cemetery database is not up to date, and cemetery registers are not regularly updated, leading to incomplete or outdated burial records.
- A system upgrade has been planned for the upcoming financial year to improve record keeping, data management, and overall administration of cemetery services.

INTERVENTIONS

To support the upkeep of cemeteries, the Municipality has deployed EPWP workers who assist with cleaning and general maintenance activities across cemetery sites. This intervention helps to maintain the basic condition of burial sites while long-term improvements are being pursued.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIALS

Currently, two (2) cemeteries are operational within the Municipality, located in Qumbu and Tsolo. These facilities provide burial services for residents of the two main towns and surrounding communities.

Residents in the remaining incorporated areas of the Municipality continue to utilise cemeteries located in their nearest vicinities, as the Municipality does not yet have formalised cemetery sites in all wards. This arrangement ensures continued access to burial services while long-term planning for additional cemetery infrastructure is underway.

T 3.13.2

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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

T 3.13.4

Financial Performance Year 0: Cemeteries and Crematoriums					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

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

T 3.13.5

Capital Expenditure Year 0: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

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

T 3.13.6

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIALS OVERALL

Priority has been given to the **maintenance and upkeep of existing cemeteries**, as guided by the Municipality's **Integrated Development Plan (IDP)** and within the constraints of the **approved budget allocations**. Routine maintenance activities—such as grass cutting, clearing of overgrowth, removal of weeds, and general site cleaning—have been implemented to maintain a dignified environment for community members who utilise these facilities.

To improve the efficiency, accuracy, and transparency of cemetery administration, the Department is planning to introduce a **Cemetery Management System**. This system will modernise how cemetery data is captured, stored, and retrieved. It will address longstanding challenges related to outdated manual registers, incomplete burial records, and limited access to historical data. The introduction of this system is expected to strengthen accountability, provide real-time information for planning purposes, and enhance service delivery to the public.

In addition to administrative improvements, the Municipality is also prioritising **infrastructure expansion** to meet the growing demand for burial space. Two key projects are being planned:

- **Extension of the Qumbu Cemetery** to accommodate population growth and ensure continued access to burial space in the town.

Despite limited resources, the Department has consistently been able to **provide burial services as and when required**. This includes supporting families during bereavement, ensuring compliance with burial procedures, and maintaining availability of graves at all times. The ability to meet this core mandate reflects the commitment of the Department and the support of EPWP workers who assist with day-to-day maintenance.

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

T 3.14.1

Two (2) SPU programmes (Children) were coordinated by supplying school uniform to five (5) schools, Namley: Dilizintaba SSS ward 8, Rueban Ntuli SSS ward 5, Daluhlanga SSS ward 24, Qumbu Tech SSS ward 19 and Jorbert ludidi ward 19. Protection week were conducted on the 30 May 2025 to 1 June 2025 Children inputs were delivered at Hlela Pre-school ward 19 Tsilitwa Village and God in control Pre-school Ward 25 Toleni village.

[illegible]

74

Financial Performance Year 0: Child Care; Aged Care; Social Programmes					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.14.5

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.14.6

SERVICE STATISTICS FOR PRESCHOOL

The municipality plays a pivotal role in the whole community to construct preschools, the municipality aims to construct one preschool per ward according to the IDP. The had utilized the Municipal Infrastructure Grant (MIG), for construction preschools.

The Service Providers do the implementation of the projects and have a responsibility to ensure the high standard of work. The department ensures that the monetary value and the standard of work do tally each other in any of the projects undertaken within the area of jurisdiction of the Municipality. sport

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R3 040 203,69	R 0,00	R 2 257 361,55	-74%	
Ntibane Farms Pre-School	R 1 357 039,42	R 1 357 039,42	R 1 566 337,20	115%	R2 347 433,25
Tsolo New Homes Pre- School	R 1 683 164,27	R 1 683 164,27	R 691 024,35	-41%	R2 347 433,25
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.14.6

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

The municipality has prioritised two new preschools planned to be completed by the end June 2025 however; one preschools was still work in progress as at the end of the financial year. At Ntibane farms preschool project is practical complete. At Tsolo New homes progress that was achieved was Site establishment, Site clearance, trenches, foundation footings, foundation footings, foundation wall, Surface bed are complete. Remaining work flooring, super structure for the ablution facilities, electrification, roofing and paint are still underway. Overall work done is at 75%. The project was delayed by the cashflow problems

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component encompasses a broad range of environmental management functions, including pollution control, biodiversity and landscape conservation, and coastal protection in coastal municipalities. These functions are essential for safeguarding natural ecosystems, preventing environmental degradation, and ensuring that communities continue to benefit from healthy, resilient, and sustainable natural environments.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is a fundamental component of sustainable development and is central to the Municipality's constitutional mandate. In terms of Section 24 of the Constitution of the Republic of South Africa, every person has the right to an environment that is not harmful to their health or well-being, and to have the environment protected for the benefit of present and future generations. This protection must be achieved through reasonable legislative and other measures that prevent pollution, promote conservation, and ensure the sustainable use of natural resources.

Within this context, Kumkani Mhlontlo Local Municipality plays a critical role in safeguarding the natural environment through the implementation of policies, programmes, and operational activities aimed at reducing environmental degradation, improving waste management, preserving ecological assets, and promoting environmental awareness. The Municipality's actions are guided by the principles of sustainability, resilience, and responsible land-use planning to ensure that development takes place in a manner that protects biodiversity, promotes public health, and enhances the quality of life for all communities.

Environmental protection within the Municipality focuses on key areas such as effective waste management, pollution control, promotion of recycling, community awareness campaigns, and the conservation of natural landscapes. Through partnerships with communities, schools, government departments, and civil society, the Municipality continues to strengthen environmental stewardship across all sectors.

T 3.14

3.17 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

During the 2024/2025 financial year, the Municipality implemented a number of initiatives aimed at improving environmental cleanliness and promoting responsible waste management practices. These included the provision of waste bins in key public areas, business zones, and residential neighbourhoods to support proper waste storage and reduce incidents of littering and illegal dumping.

The Municipality also conducted waste management awareness campaigns, focusing on educating communities about the importance of proper waste disposal, responsible separation of waste, and the negative environmental and health impacts of illegal dumping. A particular emphasis was placed on discouraging the burning of refuse/waste, which poses significant risks such as air pollution, greenhouse gas emissions, and public health hazards.

In addition, the Municipality organised clean-up campaigns, mobilising community members, schools, EPWP workers, and local stakeholders to clean streets, open spaces, and illegal dumping hotspots. These campaigns strengthened community involvement, promoted environmental stewardship, and supported efforts to keep the municipal area clean and healthy.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

During the 2024/2025 financial year, the Municipality implemented several initiatives aimed at promoting responsible waste management and protecting the environment. These included the provision of waste bins in strategic locations to improve waste storage and reduce littering, as well as the conducting of waste management awareness campaigns to educate communities about proper waste handling and disposal.

In addition, clean-up campaigns were undertaken, with a particular focus on discouraging the burning of refuse/waste, which poses significant environmental and public health risks. These campaigns assisted in mobilising community participation, improving environmental hygiene, and reinforcing the Municipality's goal of creating cleaner, safer, and healthier living environments.

T 3.15.2

Pollution Control Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target		Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)		*Current Year (vii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Water and air purity	Water: x% of all readings taken throughout the year on at least weekly to be found acceptable (clean) by National Standards	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
	Air: x% of all readings taken throughout the year on at least weekly to be found acceptable by National standard	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round; *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by									
T 3.15.3									

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.15.4

Financial Performance Year 0: Pollution Control					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.15.5

Capital Expenditure Year 0: Pollution Control					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.15.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL

The environmental management function within Kumkani Mhlontlo Local Municipality is currently executed through the O.R. Tambo District Municipality and the Department of Environmental Affairs, as the Municipality does not yet have the internal capacity required to fully assume this mandate. This includes the absence of dedicated environmental staff, specialised technical expertise, and formal institutional arrangements necessary to independently implement and monitor environmental programmes.

As a result, key environmental responsibilities such as pollution control, biodiversity management, environmental awareness, and compliance monitoring are supported and overseen by district and provincial authorities. The Municipality continues to operate within this support framework while working towards building its own internal capacity in the long term.

This capacity constraint limits the Municipality's ability to effectively carry out certain aspects of environmental governance directly, including localised pollution control, environmental by-law enforcement, and coordinated environmental planning. Strengthening institutional arrangements and securing adequate human and financial resources remain critical areas for future improvement.

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

During the 2024/2025 financial year, the Municipality implemented several tree planting and vegetation management programmes aimed at enhancing environmental sustainability, improving urban greening, and promoting cleaner and healthier public spaces across Kumkani Mhlontlo.

The programme included the planting of trees in various municipal areas, as well as routine grass cutting and vegetation control. Monthly grass cutting and maintenance were conducted at the Qumbu and Tsolo municipal offices, cemeteries, and open public spaces within both towns. These activities supported the Municipality's objective of maintaining aesthetically pleasing and environmentally friendly surroundings.

In addition to municipal sites, tree planting initiatives were extended to several educational and community facilities, including:

- Qumbu Village High School
- Little Flower High School
- Qumbu Library
- Tsolo Library

These interventions not only improved the visual environment but also contributed to long-term environmental benefits such as improved air quality, shade provision, soil stability, and enhanced biodiversity. The involvement of schools and public facilities also strengthened community awareness around environmental stewardship and conservation.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

Tree planting programmes were implemented across the municipal area during the 2024/2025 financial year as part of the Municipality's environmental greening and landscape improvement initiatives. These activities formed part of broader efforts to enhance biodiversity, improve the aesthetic quality of public spaces, and contribute to long-term environmental sustainability.

The programme included the planting of trees in various strategic locations around the Municipality, supported by monthly grass cutting and vegetation control. Routine maintenance was carried out at:

- Qumbu and Tsolo municipal offices
- Cemeteries and grave sites
- Public open spaces within both towns

These interventions contributed to cleaner, greener, and more environmentally friendly surroundings for the community. This function, as indicated, was mainly performed by the O.R. Tambo District Municipality, as Kumkani Mhlontlo Local Municipality does not yet have full internal capacity or institutional arrangements to independently carry out biodiversity activities.

T 3.16.2

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

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.16.4					

Financial Performance Year 0: Bio-Diversity; Landscape and Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.16.5					

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.16.6					

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

The performance of the Biodiversity, Landscape, and Environmental Management functions during the year under review reflects both progress and notable constraints. While Kumkani Mhlontlo Local Municipality implemented several greening and environmental maintenance activities, the Municipality continues to rely heavily on the O.R. Tambo District Municipality and the Department of Environmental Affairs for the execution of core environmental functions. This dependency is primarily due to limited internal capacity and the absence of formal institutional arrangements to independently drive biodiversity conservation and landscape management.

Despite these constraints, the Municipality undertook tree planting programmes across key areas, including municipal offices, cemeteries, and open public spaces in Qumbu and Tsolo. Regular vegetation management, such as monthly

grass cutting and clearing of public spaces, contributed to the maintenance of clean, safe, and visually appealing environments. These interventions supported urban greening efforts and contributed to improving the overall ecological quality of municipal landscapes.

However, the Municipality's contribution remained largely operational and supportive in nature, while the main responsibility for biodiversity protection, environmental planning, and landscape management continued to be carried out by the District Municipality. Activities such as ecosystem management, environmental compliance monitoring, and broader conservation initiatives therefore fell outside the Municipality's direct capacity.

Overall, while Kumkani Mhlontlo Local Municipality performed well within the limits of its available resources—particularly in environmental maintenance and community greening initiatives—the full execution of biodiversity and landscape functions remains constrained by capacity gaps, lack of specialised environmental personnel, and incomplete institutional structures. Strengthening these areas will be critical for improving environmental performance in future financial years.

T 3.16.7

COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH

The municipality observed all health protocols as directed by the department of health. Furthermore, employee wellness programmes were hosted during the reported financial year.

T 3.17

3.19 CLINICS

INTRODUCTION TO CLINICS

The municipality has no clinic under its management but there are twenty-nine (29) clinics within the municipal jurisdiction.

T 3.17.1

3.20 FIRE

INTRODUCTION TO FIRE SERVICES

The Municipality does not provide fire services directly and relies on the O.R. Tambo District Municipality for the delivery of this function. Due to capacity and resource limitations at the local level and powers and functions, the District remains responsible for fire response, fire prevention, and related emergency services within Kumkani Mhlontlo Local Municipality. The Municipality continues to coordinate with the District to ensure community safety and effective response to fire incidents as they arise.

The municipality does not provide fire services but relies on the district municipality for this function.

T 3.21.1

3.21 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

The municipality does not have any ambulances under its management.

T 3.18.1

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

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

The municipality did not conduct any health inspections, food and abattoir licensing during the 2023/24 financial year. This function is provided by OR Tambo District.

T 3.19.1

COMPONENT G: SECURITY AND SAFETY

This component includes a range of safety and regulatory functions such as policing, fire services, disaster management, licensing and control of animals, and control of public nuisances, among others. These services collectively contribute to the safety, stability, and orderly functioning of communities within Kumkani Mhlontlo Local Municipality (KMLM).

Police Services

Kumkani Mhlontlo Local Municipality is served by four (4) police stations, namely:

- Qumbu Police Station
- Tsolo Police Station
- Sulenkama Police Station
- Tina Falls Police Station

These police stations play a major role in maintaining law and order, preventing crime, conducting crime investigations, and ensuring safety and security across the Municipality’s jurisdiction. Although policing is a national competency, the Municipality works in collaboration with SAPS through community safety structures and crime prevention initiatives.

Security services is responsible for the safeguarding of all municipal property and personnel. It is also responsible for monitoring private security companies that provide security services to the municipality.

T 3.20

3.23 POLICE

INTRODUCTION TO POLICE

Kumkani Mhlontlo Local municipality provides security and safety by participation in community safety forums. The projects prioritised were revival of community safety forums.

Coordination of community safety forums.

T 3.20.1

Metropolitan Police Service Data					
Details		Year -1		Year 2	Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	405	350	405	405
2	Number of by-law infringements attended	256	300	256	256
3	Number of police officers in the field on an average day	7	14	10	14
4	Number of police officers on duty on an average day		14	10	14

T 3.20.2

COMMENT ON THE PERFORMANCE OF SECURITY & SAFETY

In general, the Municipality has been fairly effective in delivering traffic law enforcement services through its law enforcement officers , although staffing levels remain insufficient to fully meet operational demands. To strengthen capacity, the Department augmented its workforce by deploying EPWP Law Enforcement recruits, which contributed to improved traffic visibility, road safety operations, and control at busy intersections and events.

Regarding broader community safety, the Municipality has adopted a Community Safety Plan, and implementation is currently ongoing in collaboration with SAPS, community structures, and provincial safety authorities. The plan provides a framework for promoting safer neighbourhoods and enhancing public confidence in local safety initiatives.

During the financial year under review, the Municipality's progress in by-law enforcement was previously constrained by delays in the gazetting of key municipal by-laws and limited enforcement capacity. However, the by-laws have since been gazetted, enabling the Municipality to lawfully enforce compliance across various service areas.

To operationalise this mandate and improve enforcement capacity, the Municipality is in the process of recruiting Law Enforcement Wardens, who will support by-law enforcement functions, monitor compliance, address public nuisances, and strengthen municipal authority in maintaining order and safety. This recruitment process is expected to significantly improve the Municipality's ability to enforce by-laws consistently and effectively.

T 3.20.2.1

Police Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3
		Target *(iii)	Actual (iv)	*Previous Year (v)	Target *(vi)	*Current Year (vii)	Target *(ix)	
Service Objective xxx								
<i>Reduction in road accidents</i>	x% reduction in road accidents over the target for the previous year	T0% reduction in year -1	A0% reduction in year -1	T1% reduction in year 0	T1% reduction in year 0	A1% reduction in year 0	T2% reduction in year 1	T5% reduction in year 3
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are universal municipal indicators: * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.								

Employees: Police Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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

T 3.20.4

Financial Performance Year 0: Police					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Police Officers					
Other employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

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

T 3.20.5

Capital Expenditure Year 0: Police					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

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

T 3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL

Traffic Services within Kumkani Mhlontlo Local Municipality play a central role in promoting road safety, regulating traffic flow, and ensuring compliance with the National Road Traffic Act and relevant municipal by-laws. The Department continues to operate under resource constraints, yet remains committed to providing essential traffic law enforcement and licensing services to the community.

Operational Deployment and Coverage

Law Enforcement officers are deployed six (6) days per week, ensuring consistent road safety operations across the Municipality. To maintain adequate service coverage, officers remain on standby on Sundays, enabling the Department to respond to emergencies, special events, and unforeseen incidents that may require traffic control or enforcement. This arrangement enhances road safety visibility and supports the Municipality's efforts to maintain orderly traffic conditions.

Priority Projects and Core Functions

During the financial year under review, the Traffic Services unit implemented a number of priority projects aimed at strengthening compliance, improving service quality, and supporting safer roads:

1. **Traffic Law Enforcement:**
Continuous enforcement operations were conducted to address speeding, unroadworthy vehicles, reckless driving, and failure to comply with road regulations. Visibility patrols were intensified in high-risk areas, contributing to reduced incidents of road traffic violations.
2. **Learner's and Driving Licence Testing:**
The Municipality prioritised the administration of Learner's Licence and Driving Licence tests at the Qumbu centre. These services support road safety by ensuring that drivers meet the required competency levels before accessing the road network.
3. **Registering and Licensing of Motor Vehicles:**
The licensing unit processed applications for the registering and licensing of vehicles, renewal of licence discs, and updating of motorist information. This service ensures vehicle compliance and supports the Municipality's revenue base.
4. **Selective Law Enforcement Operations:**
Specific enforcement strategies were applied in accident-prone zones, busy intersections, and along the Municipality's main entrance and exit routes. These targeted interventions aimed to reduce road crashes, fatalities, and dangerous driving behaviour.

By-Law Enforcement

Although by-law enforcement was conducted, it occurred to a limited extent during the reporting period. Contributing factors included:

- Insufficient dedicated law enforcement personnel
- Competing operational priorities
- Ongoing efforts to build enforcement capacity

However, following the gazetting of municipal by-laws, the Municipality has initiated the recruitment of Law Enforcement Wardens. This development is expected to significantly improve by-law enforcement performance, particularly in areas such as control of public nuisances, enforcement of trading regulations, management of animals, and compliance with traffic-related by-laws.

Key Challenges Affecting Performance

Despite progress, several challenges impacted Traffic Services operations:

- Staffing shortages, especially the need for more qualified traffic and law enforcement officers
- Limited enforcement capacity, affecting the Municipality's ability to conduct consistent patrols and operations
- High levels of non-compliance related to speeding, drunken driving, and unlicensed drivers
- Increasing traffic volumes, linked to population growth and economic activity
- Limited equipment, such as speed measuring devices and patrol vehicles, affecting operational reach

Overall Performance Assessment

Overall, the Municipality has made notable progress in maintaining road safety and providing essential traffic services within the limits of available resources. The prioritisation of testing services, licensing operations, and selective law enforcement demonstrates the Municipality's commitment to traffic safety. With the recruitment of Law Enforcement Wardens underway and the by-laws now gazetted, further improvements in enforcement and compliance are expected in the upcoming financial years.

T 3.20.7

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

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

The functions of Disaster Management, Animal Licensing and Control, and the regulation of Public Nuisances form a core part of Kumkani Mhlontlo Local Municipality's broader mandate to promote community safety, public health, and environmental wellbeing. These responsibilities contribute to creating safe, orderly, and stable living environments for all residents, in line with the constitutional obligations of local government.

Disaster Management

Although Disaster Management is primarily the responsibility of the O.R. Tambo District Municipality, Kumkani Mhlontlo Local Municipality plays an important supportive and coordination role. This includes assisting with early warning dissemination, reporting incidents, supporting emergency response activities, facilitating community awareness campaigns, and coordinating with district and provincial structures to strengthen resilience and preparedness at local level.

Animal Licensing and Control

Animal licensing and control is an important municipal function aimed at promoting public safety, preventing the spread of diseases, and ensuring the responsible management of domestic animals. Through municipal by-laws, the Municipality regulates the keeping of animals, responds to complaints about stray or dangerous animals, conducts inspections, and ensures that animal-related activities do not pose risks or disturbances to communities.

Control of Public Nuisances

The regulation of public nuisances is critical to maintaining clean, orderly, and peaceful communities. This function focuses on addressing issues such as noise disturbances, illegal dumping, uncontrolled burning of waste, illegal trading, and any behaviour or activity that may threaten public peace, safety, or environmental hygiene. Enforcement of by-laws is central to this function, ensuring compliance by residents, businesses, and visitors.

Integrated Community Safety Approach

Together, these regulatory and support functions contribute to an integrated community safety approach. By working collaboratively with SAPS, O.R. Tambo District Municipality, provincial departments, and community structures, Kumkani Mhlontlo Local Municipality aims to strengthen compliance, improve service coordination, and effectively respond to emerging public safety risks and nuisances.

3.22.1

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

Two animal pounds, located in Qumbu and Tsolo, were effectively managed during the 2024/2025 financial year. These facilities play an important role in regulating the keeping of animals, controlling stray livestock and domestic animals, and ensuring compliance with municipal by-laws. The pounds assist in preventing road accidents caused by stray animals, reducing public nuisances, and maintaining public safety within the Municipality.

Disaster Management, however, remains a function of the O.R. Tambo District Municipality. Kumkani Mhlontlo Local Municipality supports the District by assisting with incident reporting, community awareness, coordination at local level, and facilitating response efforts where required.

T 3.22.2

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

As part of its infrastructure program, the municipality builds community sports fields and community halls. In terms of the roll-out of these facilities, the municipality is not doing great because only 5 of the 26 wards have community halls. There are only 3 sports fields not yet complete and a history of 4 that was left incomplete and needs rework.

T 3.23

3.25 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

Three sports fields are under construction and four that were left incomplete are scheduled to be completed in the next IDP term.

Capital Expenditure Year 0: Sport and Recreation					
Capital Projects	Budget	Adjustment Budget	Year 0 Actual Expenditure	Variance from original budget	Total Project Value
Total All	R 3 973 374,05	R 3973 374,05	R5 235 912,43	-132%	
SPORTSFIELD(Tsolo)	R3 973 374,05	-	R5 235 912,43	-132%	R 31 312 022,00
SPORTSFIELD (Mvumelwano Phase 1)	R0	R -	R -		R 10 968 041,11
SPORTSFIELD (Qumbu Sports Field)	R0	R -	R -	0%	R 31 531 914,27
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORTS FIELD PROGRAMMES OVERALL:

The municipality has prioritised three sports field namely Tsolo; Mvumelwano phase 2 and Qumbu Sports Field planned to be completed by the end June 2025. Tsolo Sports Field the progress as at end of financial year was Site Clearance, excavation of trenches footings, surface beds relating to construction of ablution facilities have been completed. In relation to construction of the Sewer lines laying of PVC pipes is complete, in Construction of pressure pipes for all sizes is complete, stormwater management laying of pipes is still under construction. On renovations most of the work is still underway completed areas is around combo-courts, basketball court and the running track. Overall work completed is at 60%. Cashflow management has caused delays in the project.

Qumbu Sports Field the progress as at end of financial year was Site establishment, Clearing & grub, excavation of trenches and column bases, Steel fixing to base, casting of concrete to trenches, Brick to foundation, brick to super structure, plastering internal and external walls, roof structure, installation of ceiling and electrification all those items were completed. Works that still to be completed is installation of aluminium windows, floor covering construction of ablution facilities are underway. Generally, the works completed is at 85%. Major delay in the project was lack of the crusher run from the quarry due to construction on 2, and the closing of the quarry by the community members. The project is at halt due to the issue of work permit for the construction that expired, and the contractor has submitted termination by contractor on the 4th of April 2025.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Most of the policies and guiding documents are in the following directorates and/or departments: Budget and Treasury office, Corporate Services Department , LEDPARD, Office of the Municipal Manager and Information Communication Technology, with Council having by-laws as well.

T 3.24

3.26 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

The executive is composed of the mayor, who is elected by other councillors during the first council sitting. Mayor then appoints Portfolio Heads from amongst the members of Council. In addition to the mayor, the executive is also made up of the councillors and the municipal manager. They assist the mayor to execute his duties.

The Municipal Council has 26 ward councillors and 25 proportional representative councillors. For Council to take a decision, it needs simple majority, where the meeting forms a quorum i.e., 50 of councillors plus one councillor.

T 3.24.1

[illegible]

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.24.4					

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.24.5					

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.24.6					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Municipal executive and council performed according to its mandate in 2023/24 financial year. All council committees were appointed and functioning and that includes the audit and risk committees.

Oversight was exercised monthly by the executive, quarterly by standing committees and quarterly by council.

T 3.24.7

3.27 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

Financial services, an administrative support service, generated an operating surplus of R 169.4 million for the 2024/2025 financial year mainly due to the property rates revenue recognised at this cost centre. The surplus is used to subsidise other community and subsidised services. No administrative costs were charged out to trading and economic services.

T 3.25.1

Details of the types of account raised and recovered	Debt Recovery						R'	
	Year -2023		Billed in Year	Year -2024		Year -2025		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %		Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year		Estimated Proportion of accounts billed that were collected %
Property Rates	31 091 969	76%	33 278 037	33 278 037	61%	34 609 158	63%	
Refuse	1 810 647	38%	2 031 968	2 031 968	-23%	2 113 247	20%	

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

The municipality's collection rate is of great concern especially on refuse removal services. Collection rate has decreased drastically to a negative 23% when compared to the 2022 financial year.

T 3.25.2.1

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2020/2021			2021/22			2023/24	
		Target	Actual	Actual	Previous Year (iii)	Actual	Target	Current Year (viii)	Target Current Year (ix)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To develop and fully implement a Revenue Enhancement and Management Strategy by 2022	Percentage of debt collection rate	Collection rate of 100% on arrear debt (Government) by 30th June 2021	R1.0 million collected since July 2020	Collection rate of 100% on arrear debt (Government) by 30th June 2021	Collection rate of 100% on Government debt by June 2022	R1.6 million collected since July 2021	Collection rate of 100% on Government debt by June 2022	N/A	N/A
To develop and fully implement a Revenue Enhancement and Management Strategy by 2022	Percentage of debt collection rate	To ensure monthly collection rate of 30% on arrear debt (Businesses) by 30th June 2021	R1.9 million collected since July 2020	To ensure monthly collection rate of 30% on arrear debt (Businesses) by 30th June 2021	Collection rate of 50% on debt Businesses by June 2022	R1.1 million collected since July 2021	Collection rate of 50% on debt Businesses by June 2022	N/A	N/A
To develop and fully implement a Revenue Enhancement and Management Strategy by 2022	Percentage of debt collection rate	Collection rate of 30% on arrear debt (Households) by 30th June 2021	R789 thousand collected since July 2020	Collection rate of 30% on arrear debt (Households) by 30th June 2021	Collection rate of 30% on Household debt by June 2022	R1.8 million collected since July 2021	Collection rate of 30% on Household debt by June 2022	N/A	N/A
To develop and fully implement a Revenue Enhancement and Management Strategy by 2022	Number of General Valuation roll and Supplementary valuation roll	Completion of 1 Supplementary valuation roll by 31st March 2021	One Supplementary roll completed	Completion of 1 Supplementary valuation roll by 31st March 2021	Completion of 1 Supplementary valuation roll by June 2022	One Supplementary roll completed	Completion of 1 Supplementary valuation roll by June 2022	N/A	N/A
To develop and fully implement a Revenue Enhancement and Management Strategy by 2022	Number of reviewed revenue management strategy	Implement revenue enhancement strategy by 31st March 2021	Revenue enhancement strategy not reviewed	Implement revenue enhancement strategy by 31st March 2021	Review 1 revenue enhancement strategy by June 2022	Revenue enhancement strategy not reviewed	Review 1 revenue enhancement strategy by June 2022	N/A	N/A
Compliance with payment schedule	30 days turnaround time	100% Compliance with payment schedule (30 days turnaround time) by 30th June 2021	Creditors paid within 30 days on receipt of an invoice	100% Compliance with payment schedule (30 days turnaround time) by 30th June 2021	100% Compliance with payment schedule (30 days turnaround time)	Creditors paid within 30 days on receipt of an invoice	100% Compliance with payment schedule (30 days turnaround time)	N/A	N/A
To ensure credible budgeting and proper financial reporting in line with relevant legislation by 2021	Credible budget	Formulate 1 credible budget by 31st March 2021	One annual funded annual and adjusted budget completed	Formulate 1 credible budget by 31st March 2021	Formulate 1 credible budget	One annual funded annual and adjusted budget completed	Formulate 1 credible budget	N/A	N/A
To ensure that assets are managed and utilised in line with relevant policies and procedures	Updated Asset Register in line with GRAP Standard	1 Update assets register to be GRAP compliant by 30th June 2021	One GRAP compliant fixed asset register maintained	1 Update assets register to be GRAP compliant by 30th June 2021	1 Updated assets register to be GRAP compliant	One GRAP compliant fixed asset register maintained	1 Updated assets register to be GRAP compliant	N/A	N/A
To ensure that supply chain policies comply with MFMA and all relevant regulations	Procurement Plan	100% compliance with the SCM policy and procurement plan by 30th June 2021	72% compliance with procurement plan	100% compliance with the SCM policy and procurement plan by 30th June 2021	100% compliance with the SCM policy and procurement plan	87% compliance with procurement plan	100% compliance with the SCM policy and procurement plan	N/A	N/A
									T 3.25.3

Job Level	Employees: Financial Services				
	Year -2023	Posts	Year -2024	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.	No.	No.	No.	%
4 - 6	21	21	11	10	48%
10 - 12	4	4	4	0	0%
13 - 15	10	10	8	2	20%
16 - 18	2	2	2	0	0%
Total	37	37	25	12	32%

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

T 3.25.4

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The main challenges experienced during the compilation of the **2024/25 MTREF** have not changed to those experienced in the previous financial year as well as the budget review process, for ease of reference they have been summarized as follows:

- The on-going difficulties in the national and local economy.
- Aging and poorly maintained roads.
- The need to reprioritize projects and expenditure within the existing resource envelope.
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2024/2025 MTREF process; and
- The collection of outstanding debtors remains a challenge and requires that far more attention is needed to be paid to minimizing debt at an early stage, that is, before it reaches 90 days.

T 3.25.7

3.28 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is a unit under corporate services directorate and is responsible for the support all other directorates of the municipality through recruitment and selection, leave management, skills development, payroll management, occupational health and safety and council support.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human resources supported all 5 directorates of the municipality according to its responsibilities stated above.

T 3.26.2

[illegible]

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

Financial Performance Year 0: Human Resource Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.26.5

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

T 3.26.7

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information and Communication Technology (ICT) unit operates under the Corporate Services department and is tasked with managing all ICT-related services within the municipality. This unit plays a pivotal role as an innovative enabler, ensuring that the municipality achieves its primary objective of delivering efficient and effective services to the community through the adoption of the latest technologies.

The ICT unit actively supports municipal objectives by implementing and maintaining technology solutions that enhance service delivery. It oversees the management of the municipality's digital infrastructure, ensuring that all systems are reliable, secure, and scalable. The unit provides comprehensive technical support to municipal departments, facilitating seamless communication and effective data management. The ICT unit fosters innovation, improves operational efficiency, and ensures that the municipality remains responsive to the needs of the community. Through its strategic initiatives, the unit reinforces the municipality's commitment to leveraging technology as a tool for sustainable development and improved public service delivery.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

The Information and Communication Technology (ICT) unit is responsible for the deployment of ICT infrastructure and application platforms aimed at enhancing system performance across the municipality. This includes ensuring the efficient operation of hardware, software, and digital tools necessary for delivering high-quality services. The unit also plays a critical role in managing municipal data integrity, safeguarding the accuracy and security of data, and providing advanced data analysis services to support informed decision-making and strategic planning.

The ICT unit oversees the development and continuous maintenance of the municipal website, ensuring it remains a dynamic and user-friendly platform for community engagement and information dissemination. It is also responsible for formulating and implementing the municipality's ICT strategy, as well as developing robust ICT policies and procedures to ensure compliance with industry standards and legislative requirements.

The unit takes charge of systems and network administration, guaranteeing stable, secure, and reliable connectivity across all municipal operations. It also manages statutory configurations to align with regulatory requirements and ensure optimal performance.

T 3.27.2

Job Level	Employees: ICT Services				
	Year – 2023	Posts	Year 2024/25		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	0	0	0	0	
7 - 9	0	0	0	0	
10 - 12	2	2	2	2	
13 - 15	0	0	0	0	
16 - 18	1	1	1	0	
19 - 20	0	0	0	0	
Total	3	3	3	3	

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

T3.27.4

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Information and Communication Technology (ICT) department successfully implemented most of the projects planned for the financial year. These included the review of the ICT strategy, the development and implementation of the municipal intranet and website, as well as the provision of printing services. All projects were completed within the allocated budget, ensuring that the financial resources were effectively utilized.

T3.27.7

3.29 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The municipality owns properties around Qumbu and Tsolo towns and are managed by the LED unit within the municipality.

Legal services are outsourced to a panel of attorneys appointed over a period of 3 years.

Risk management functions are conducted by the internal audit unit and procurement services are managed by the supply chain management unit.

T3.28.1



CHAPTER 4

ORGANISATIONAL DEVELOPMENT
PERFORMANCE

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

INTRODUCTION

To ensure that the organization's effectiveness is increased, the municipality conducts personnel needs analysis and makes the necessary provision in the municipal budget on an annual basis. To ensure effectiveness and efficiency within the organization, the municipality annually develops a workplace skills plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources. Employees are also provided with all the necessary tools including, but not limited to, ICT tools, furniture, and equipment.

Necessary policies, systems, procedures, and mechanisms are put in place to ensure organizational development. These include, but are not limited to, recruitment, selection, training, discipline, and the retention of staff. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential.

Changes in business process and changing environment requires the organization to review its organizational structure on a regular basis.

Human Resources Plan

The Human Resources Plan seeks to address issues that are related to the implementation of the Skills Development Act, Labour Relations, Human Resources, Integrated Health and Wellness including Occupational Health and Safety programs and the implementation of the provisions of the Main Collective agreement as well as the Basic Conditions of Employment Act.

The Human Resources Plan (HRP) is aligned with the municipal Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) that will ensure that challenges and risks identified are addressed and that the various departmental managers are also playing an active role whilst the Department of Corporate Services provides professional support and development of personnel within the municipality.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Department	Year -2024 Approved post No.	Employees No.	Vacancies No.	Vacancies %	Year- 2025
Municipal Manager's Office	11	10	11	100%	10
Infrastructure Development and Planning	3	21	5	167%	21
Budget and Treasury office	11	36	14	127%	14
Community Services	32	85	52	163%	85
Local Economic Development	4	12	5	125%	12
Corporate Services	6	33	17	283%	3
Totals	67	197	104	155%	197

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram. (OBJ)

Designations	Vacancy Rate: Year 2024/25		
	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	14 Months (420 days)	1,12%
CFO	1	7 Months (210 days)	1,12%
Other S56 Managers (excluding Finance Posts)	5	8 Months (240 days) Senior Manager Corp Serv. 11 Months (330 days) Senior Manager Comm Serv 22 months (780 days) Senior Manager LED	5,6%
Deputy Directors	12	22 Months (660 days)	13%
Traffic officers	11	20 months (600 days)	12%
Fire fighters	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	46	Ass. Manager Operations- 20 months (600 days) PMS Coordinator 2months (60 days) Ass.Manager Communications 4 months (120 days)	51%
Senior management: Levels 13-15 (Finance posts)	9	20 months (600 days)	10%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	4	20 months (600 days)	4,5%
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0
Total	89	170	98,34%

T 4.1.19T 4.1.2

Details	Turn-over Rate		Turn-over Rate*
	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	
Year -2023/24	19	8	42%
Year -2024/25	19	6	31%

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Elementary/entry level vacancies are advertised on local media and municipal notice boards while vacancies at management, skilled and professional occupations are advertised using both local and national media in line with the recruitment policies to ensure sufficient coverage.

All senior management positions were filled. Appointments on an acting basis were made while recruitment processes were underway.

The employment equity plan is always considered when making appointments. The turnaround time for the filling of vacant posts varies depending on the scarcity of skills in the labour market, qualifications and experience required. The target turnaround time to fill a vacancy is three (03) months.

The reason for turnover is mainly due to resignations, retirement, death, and to a limited extent dismissal. Employees mainly resign as a result of career advancement. We have an inactive Employee Assistance Programme in place and also had staff wellness events during the year. There is also a long service recognition system in place which is implemented in terms of the conditions of service and internal policies.

Due to other institutions offering more benefits than we can afford, it is not always possible to retain scarce and skilled employees.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality is structured in such a way it meets its objectives in terms of the integrated development plan. There are 5 departments and Office of the Municipal Manager in the municipality, and they are in line with the key functions of the municipality. They are Infrastructure & Service Delivery, Community Services, Corporate Services, Local Economic Development and Budget and Treasury Department. The municipality has developed its policies that guide the institution and has instilled a culture of good management ethics.

T 4.2.0

4.2 POLICIES

NAME OF POLICY		POLICIES AND PLANS COMPLETED	REVIEWED	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
BTO	- BANKING AND INVESTMENT POLICY - BUDGET POLICY - TARIFF POLICY - UIFW POLICY - INDIGENT POLICY - COST CONTAINMENT POLICY - CREDIT CONTROL POLICY - ASSET MANAGEMENT POLICY1. - FLEET MANAGEMENT POLICY - LOSS CONTROL POLICY	100%	2024 08-11 April	June 2024
ISD	- OPERATION AND MAINTENANCE POLICY - CONTRACT MANAGEMENT POLICY	100%	2024 08-11 April	27 June 2024
COMMUNITY SERVICES	- POUND POLICY - CEMETERY MANAGEMENT POLICY - FIREARM POLICY - PAUPER BURIAL POLICY	100%	2024 08-11 April	27 June 2024
OFFICE OF MUNICIPAL MANAGER	- CONSEQUENCE MANAGEMENT POLICY - IGR FRAMEWORK POLICY - COMMUNICATION POLICY - DISABILITY POLICY - GENDER AND WOMEN EMPOWERMENT - SOCIAL INTERVENTION & BURSARY FUND POLICY - WHISTLE BLOWING POLICY - FRAUD PREVENTION PLAN	100%	08-11 April 2024	27 June 2024
CORPORATE SERVICES	- CAR ALLOWANCE POLICY - CELL PHONE AND MOBILE DATA POLICY - CIVIL FUNERAL POLICY FOR COUNCILLORS AND TRADITIONAL LEADERS - CONFIDENTIALITY POLICY - CUSTOMER CARE POLICY	100%	2024 08-11 April	27 June 2024

NAME OF POLICY		POLICIES AND PLANS COMPLETED	REVIEWED	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
	- DISCIPLINARY CODE AND PROCEDURES - EMPLOYEE RETENTION POLICY - EMPLOYEE REWARDS AND RECOGNITION - GRIEVANCE POLICY - HIV AND AIDS POLICY - IMPRISONMENT EMPLOYEES POLICY - INCAPACITY POLICY - MUNICIPAL TELEPHONE POLICY - OCCUPATIONAL HEALTH AND SAFETY POLICY - ORGANIZATIONAL ESTABLISHMENT - PAYROLL MANAGEMENT AND ADMINISTRATION POLICY - PERFORMANCE MANAGEMENT AND DEVELOPMENT POLICY - PLACEMENT POLICY - POLICY ON CODE OF CONDUCT FOR OFFICIALS - POLICY ON CONTRIBUTION TOWARDS THE BURIAL OF WARD COMMITTEES - PUBLIC PARTICIPATION POLICY - RECRUITMENT MANAGEMENT REGULATION - RELOCATION POLICY - SEXUAL HARASSMENT POLICY - STANDBY ALLOWANCE POLICY - STANDING RULES OF ORDER - STRIKE MANAGEMENT POLICY - SYSTEM OF DELEGATION - TERMINATION OF EMPLOYMENT POLICY - BACKUP AND RESTORE POLICY - DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN - ICT ASSET MANAGEMENT POLICY - ICT RISK MANAGEMENT POLICY - ICT CHANGE MANAGEMENT POLICY - ICT INTEGRATED POLICIES - INFORMATION SECURITY POLICY - CORPORATE GOVERNANCE OF ICT - ICT GENERAL CONTROLS FRAMEWORK - ICT STRATEGY PLAN - MUNICIPAL CORPORATE GOVERNANCE OF ICT CHARTER - NETWORK SECURITY POLICY - USER ACCESS MANAGEMENT POLICY - EMPLOYMENT EQUITY POLICY			

NAME OF POLICY		POLICIES AND PLANS COMPLETED	REVIEWED	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
	- JOB EVALUATION POLICY - OVERTIME UNDER TIME FLEXITIME POLICY - SECONDMENT POLICY			
LED PARD	- INFORMAL TRADING BYLAW - BUILDING MANAGEMENT BYLAW - AGRARIAN REFORM POLICY - CATERING POLICY - LAND INVASION POLICY	100%	08-11 April 2024	27 June 2024

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Although most policies are in place and approved by council, compliance with policies and the ability of management to enforce compliance with policies remains a challenge and requires attention. Knowledge and understanding of policies by all staff also remain an issue of concern and therefore it becomes crucial to improve and accelerate awareness activities amongst staff. Workplace policies are developed and reviewed as and when necessary, in consultation with labour as prescribed by the relevant pieces of labour legislation and signed collective agreements.

T 4.2.1.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

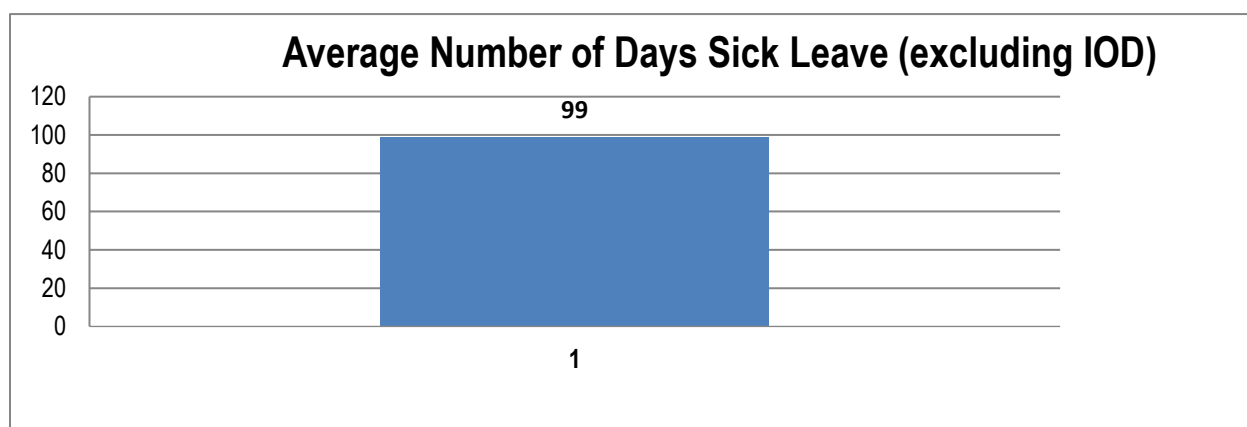
Position	Number and Period of Suspensions			Date Finalised
	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	
CFO			Dismissal	
Manager IDP&PMS			Dismissal	

T 4.3.1

Row Labels	Sum of Amount	Sum of Sick leave taken
Highly skilled production (levels 6-8)	162,573.14	118.00
Highly skilled supervision (levels 9-12)	264,000.96	102.00
Lower skilled (Levels 1-2)	67,333.16	71.00
Senior management (Levels 13-15)	201,252.71	44.00
Skilled (Levels 3-5)	199,037.60	158.00
Grand Total	894,197.57	493.00

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total leave	sick	Proportion of sick leave without medical certification	Employees using sick leave	*Average sick leave per Employees	Estimated cost
	Days		%	No.	Days	R' 000
Lower skilled (Levels 1-2)	71		0%	8	8.88	67,333
Skilled (Levels 3-5)	158		0%	12	13.17	199,038
Highly skilled production (levels 6-8)	118		0%	6	19.67	162,573
Highly skilled supervision (levels 9-12)	102		0%	9	11.33	264,001
Senior management (Levels 13-15)	44		0%	4	11.00	201,253
MM and S57	0			0		
Total	493		0	39	64	894,198
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

T 4.3.2

**T 4.3.3****COMMENT ON INJURY AND SICK LEAVE:**

No serious injuries recorded. Awareness campaigns on Health and safety issues were conducted. Only sick leaves with medical certificate were recorded.

T 4.3.4

Position	Nature of Alleged Misconduct, holding an unauthorized meeting	Number and Period of Suspensions		Date Finalized
		Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not finalized	
Manager IDP&PMS Mr Loyiso Yalezo			Dismissal	
CFO Ms Nandipha Sibobi			Dismissal	

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

No cases were identified in the year under review.

T 4.3.7**4.4 PERFORMANCE REWARDS**

There were no performance rewards for year under review.

Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).

T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

Performance assessments were conducted, however there were no performance rewards paid to municipal employees in 2024/25 financial year.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Workplace Skills Plan is in place to guide all the training and development initiatives of the municipality. To improve the training and skills development the municipality is busy sourcing out funds to assist its employees and the Councillors as well as for the community of kumkani Mhlontlo.

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient, and accountable way.

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female								0	0				
	Male								0	0				
Councillors, senior officials and managers	Female		16						16	16		16	16	
	Male		12						12	12		12	12	
Technicians and associate professionals*	Female		0						0	0		0	0	
	Male		1						1	1		1	1	
Professionals	Female		13						13	13		13	13	
	Male		11						11	11		11	11	
Sub total	Female		19						19	19		19	29	
	Male		12						12	24		24	24	
Total		0	53	0	0	0	0	0	53	53	0	53	53	
*Registered with professional Associate Body e.g CA (SA)														T 4.5.1

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

T 4.5.1

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

T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	-	1	-	1	1
Chief financial officer	1	-	1	-	1	1
Senior managers	4	-	4	-	3	3
Any other financial officials	13	-	13	-	-	13
Supply Chain Management Officials						
Heads of supply chain management units	1	-	1	-	1	1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Supply chain management senior managers	2	-	2	-	1	2
TOTAL	22	0	22	1	8	21

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

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

Training plan was implemented partially due to limited funds that are available for training. The Variance between training budget and the actual budget is caused by the money paid for accommodation. The municipality is planning to increase the training budget through sourcing of funds from outside funders', i.e., SETA's. In terms of the MFMA Competency Regulations, the range of officials to which it relates and the deadline of 2013 by which it will become fully effective. 20 Municipal Senior management and the relevant officials are competent in terms of the MFMA.

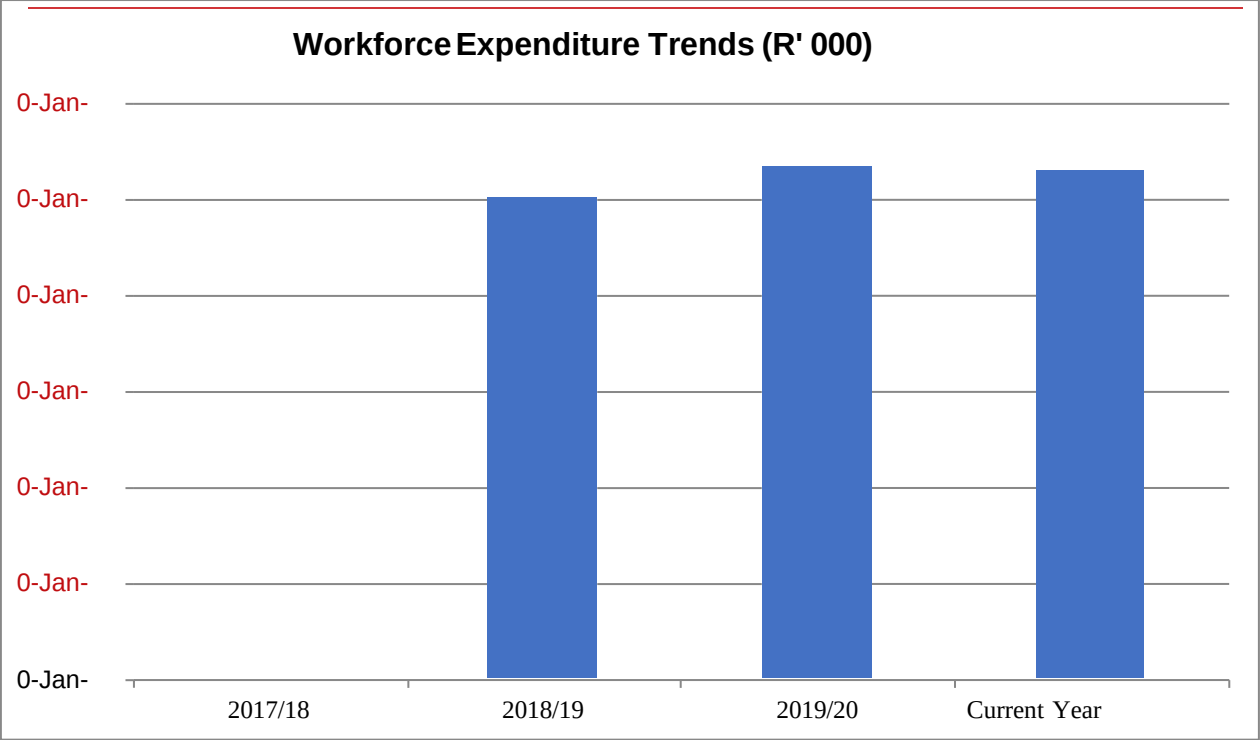
T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The personnel expenditure has been kept under the budget as reflected in the financial statements for 2023/2024 financial year. The trends show that personnel expenditure in the year under review increased. In 2023/2024 the employee expenditure was R88 million whilst in 2023/2024 it has increased to R104 million. Councilor's allowances show an increase from R20 million to R21.3 million going to 2023/2024 financial year. In overall, personnel expenditure was within the budgeted amount.

EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.

COMMENT ON WORKFORCE EXPENDITURE:

Expenditure in this regard has been stable compared to previous years because the municipality has not yet implemented Task Job Evaluation which has the potential of increasing workforce expenditure. Job evaluation exercise is still underway. There were no employee's salaries that were adjusted during the financial year due to the Job Evaluation process.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels9-12)	Female	
	Male	
Senior management (Levels13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as

T 4.6.2

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

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

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

The municipality has implemented the TASK job evaluation, as a result salaries are paid based on remuneration system. The disputes that were there between the unions and the municipality regarding this process has been addressed and the job evaluation was implemented during the financial year 2024/2025.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Officials and councillors declared their financial interests for 2023/24 financial year and declarations are done annually by all staff and councillors to foster a culture of integrity and accountability and to give high priority towards the needs of communities as per the code of conduct for both officials and councillors in terms of the municipal systems act.

T 4.6.6



CHAPTER 5

FINANCIAL PERFORMANCE

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash Flow Management and Investments
- Component D: Other Financial Matters

The overall operating results achieved for the past financial year closed off with a surplus of R31 059 565 - million compared the prior year deficit of R15 681 601. Operating revenue for the year is R437 416 139 (2024: R370 259 367), which reflects an increase.

The operating expenditure for the year is R406 356 574 (2024: R385 940 968), which reveals an increase.

The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R96 093 260. This includes R93 564 270 from government grants, and the rest from own cash resources.

Cash and short-term investments decreased to R73 788 485 (2024: R113 552 380).

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

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

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Operating revenue excluding capital grants and subsidies for the year is R307 873 417 (2024: R300 799 744), which shows an increase of 2,3%.

Included in the above figure are operating government grants to the amount of R235 511 655, which constitute 85% of total revenue.

Service charges comprise 2% of total revenue and increased by R50 590 thousand from R2 440 712 to R2 491 302 in the reporting financial year.

Property rates constitute 10% of revenue and increased by 0.2% from the previous financial year.

Interest received has increased from R10 126 344 to R11 063 763, which can mainly be attributed to the interest rate increases during the year.

Revenue from fines decreased by R73 267 the previous year.

The operating expenditure for the year is R384 925 098 (2024: R372 993 636), which indicates an increase of 3,19% from the previous financial year.

The main expenditures are employee-related costs at R113 213 234 (2024: R104 425 699), remuneration of councillors at R21 858 437, depreciation, and amortization R32 482 798, general expenses at R157 065 426.

Repairs and maintenance expenditure are included in the general expenses figure.

Capital expenditure for the year amount to R65 797 616. This includes capital grants of R48 947 000 and R16 850 616 of internally generated funds.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2024/25							
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Actual Outcome as % of Original Budget
R thousands	1,00	2,00	3,00	6,00	7,00	9,00	10,00	11,00
Financial Performance								
Property rates	37 887	–	41 787	41 787	43 028	5 141	1	1
Service charges	1 807	–	3 260	3 260	4 086	2 280	1	1
Investment revenue	12 777	–	12 777	12 777	8 965	(3 812)	#DIV/0!	#DIV/0!
Transfers recognised - operational	254 252	–	279 572	279 572	252 384	(1 868)	1	2
Other own revenue	10 318	–	10 562	10 562	7 376	(2 942)	1	1
Total Revenue (excluding capital transfers and contributions)	317 041	–	347 957	347 957	315 839	(1 202)	1	1
Employee costs	121 854	–	125 615	125 615	121 898	44	1	1
Remuneration of councillors	22 935	–	23 590	23 590	24 071	1 135	#DIV/0!	#DIV/0!
Debt impairment	–	–	–	–	–	–	1	1
Depreciation & asset impairment	49 435	–	31 420	31 420	29 004	(20 431)	0	0
Finance charges	–	–	–	–	–	–	–	–
Materials and bulk purchases	9 944	–	10 689	10 689	8 322	(1 622)	–	–
Transfers and grants	2 500	R –	3 150	3 150	2 740	240	1	1
Other expenditure	141 735	–	213 398	213 398	146 445	4 710	1	1
Total Expenditure	348 403	R –	407 862	407 862	332 479	(15 923)	1	1
Surplus/(Deficit)	(31 362)	R –	(59 905)	(59 905)	(16 640)	14 722	0	0
Transfers recognised - capital	87 922	R –	126 530	126 530	115 274	27 351	#DIV/0!	0
Contributions recognised - capital & contributed assets	R –	R –	R –	R –	R –	R –	0	1
Surplus/(Deficit) after capital transfers & contributions	56 560	R –	66 625	66 625	98 633	42 073	0	1
Share of surplus/ (deficit) of associate	–	R –	–	–	–	–	–	–
Surplus/(Deficit) for the year	56 560	–	66 625	66 625	98 633	42 073	0	1
	R –		R –	R –	R –	R –		
Capital expenditure & funds sources								
Capital expenditure		–		R –			1	1
Transfers recognised - capital	87 922	–	109	109	66	27 351	1	1
Borrowing	R 65 122,00		R 109 332,00	–	R 65 562,00	R 43 769,00	#DIV/0!	#DIV/0!
Internally generated funds	–		–	R 24 430,00	–	–	0	0
Total sources of capital funds	R 36 592,00	–	R 24 430,00	R 133 761,00	R 4 692,00	R 43 769,00	1	1
	R 101 714,00		R 133 761,00		R 70 254,00	R 43 769,00		
Financial position								
Total current assets	140 804		188 182	188 182	126 745			
Total non current assets	575 548		650 352	650 352	624 666			
Total current liabilities	52 265		186 273	186 273	68 724			
Total non current liabilities	–		–	–	–			
Community wealth/Equity	664 087		652 261		584 054			
Cash flows								
Net cash from (used) operating	138 032		216 040	216 040	22 993	115 039		
Net cash from (used) investing	(111 549)		(158 444)	(158 444)	(174 251)	62 702		
Net cash from (used) financing	–		–	–	–	–		
Cash/cash equivalents at the month/year end	26 483		57 596	57 596	(151 258)	177 741		
T 5.1.1								

Financial Performance of Operational Services R '000

#REF!	2023/24	2024/25			2023/24 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Waste Management	R 21 459,00	R 29 465 116,00	R 28 486 186,00	R 20 546 934,00	16%	-32%
Sport and recreation	–	R 444 628,00	R 396 129,00	R 192 895,00	0%	0%
Component A: sub-total	R 21 459,00	R 29 909 744,00	R 28 882 315,00	R 20 739 829,00	16%	-32%
Waste Water (Stormwater Drainage)	–	–	–	–	0%	0%
Roads	R 21 459,00	R 80 933 255,00	R 93 257 080,00	R 84 040 248,00	16%	-32%
Internal audit	–	R 50 000,00	R 50 000,00	R 36 671,00	0%	0%
Component B: sub-total	R 21 459,00	R 80 983 255,00	R 93 307 080,00	R 84 076 919,00	16%	-32%
Finance and administration	–	R 101 483 101,00	R 121 919 896,00	R 88 173 535,00	0%	0%
Local Economic Development	R 23 582,00	R 36 440 718,00	R 41 774 965,00	R 38 235 501,00	-32%	-21%
Component C: sub-total	R 23 582,00	R 137 923 819,00	R 163 694 861,00	R 126 409 036,00	-32%	-21%
Planning (Strategic & Regulatory)	R 77 372,00	R 58 490 971,00	R 67 125 757,00	R 62 455 104,00	14%	2%
Local Economic Development	–	–	–	–	#DIV/0!	#DIV/0!
Component D: sub-total	R 77 372,00	R 58 490 971,00	R 67 125 757,00	R 62 455 104,00	14%	2%
Community & Social Services	R 7 169,00	R 1 609 151,00	R 1 609 151,00	R 1 352 906,00		
Security and Safety	R 31 338,00	R 39 485 822,00	R 53 243 023,00	R 37 445 622,00	-10%	-17%
Component E: sub-total	R 38 507,00	R 41 094 973,00	R 54 852 174,00	R 38 798 528,00	13%	8%
Total Expenditure	R 182 379,00	R 348 402 762,00	R 407 862 187,00	R 332 479 416,00	R 0,11	-R 0,00
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown						
						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

The actual performance indicates less expenditure was incurred than the budget, resulting in an unfavourable variance of R99 000.

T5.1.3

5.2 GRANTS

R' 000					
Description	2023/24			2023/24 Variance	
	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants					
National Government:	R 254 217,00	R 254 217,00	R 260 217,00		
Equitable share	R 229 195,00	R 229 195,00	R 229 195,00	0%	0%
Finance Management	R 2 300,00	R 2 300,00	R 2 300,00	0%	0%
EPWP Incentive	R 1 754,00	R 1 754,00	R 1 754,00	0%	0%
Integrated National Electrification Programme	R 20 968,00	R 26 968,00	R 26 968,00		
Provincial Government:	R 550,00	R 550,00	R 550,00		
Library & Subsidies	R 550,00	R 550,00	R 550,00	0%	0%
District Municipality:	R 2 623,00	R 2 447,00	R 2 447,00		
Communications grant	–	–	–		
MIG - Operational	R 2 623,00	R 2 447,00	R 2 447,00		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.					T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

The equitable share is an unconditional grant, and the full gazetted amount of R229 195 000 was received. The Finance Management Grant was utilised for the internship program and for consultants to assist with the compilation of an infrastructure asset register. The amount was fully utilized at year end.

The EPWP incentive grant is utilised for job creation projects. During the year, R1 754 000 was spent to employ temporary workers for street cleaning and cleaning of overgrown main streets.

The municipal infrastructure grant is for constructing basic municipal infrastructure. An amount of R2 447 000 was gazetted and received. This is for employee related costs.

The Financial Management Grant is utilised financial systems support and stipends for Interns. During the year, R 2 300 000 was utilised during the year.

Integrated National Electrification Grant of R20 968 000 was gazetted. This amount was later revised to R26 968 000, this amount was fully utilised by the municipality.

T 5.2.2

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Asset Management Policy is developed to comply with all relevant legislative requirements and complies with the standards specified by the Accounting Standards Board. Asset management within the municipality is overseen by the Chief Financial Officer (CFO).

Fixed Asset Register

The CFO established and maintained an asset register containing key financial data on each item of property, plant, or equipment that satisfies the criterion for recognition.

Organizing Asset Management, Staff Involved, and Delegations

The CFO is responsible to the Municipal Manager and needs to ensure that the financial investment in the municipality's assets is safeguarded and maintained.

The Assistant Manager - Assets ensures that appropriate physical management and control systems are established and maintained for all assets in their area of responsibility and that the municipal resources assigned to them are utilized effectively, efficiently, economically, and transparently. The Asset Champions must assist the Asset Manager in performing his/her functions and duties in terms of asset management.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2023/24				
Asset 1				
Name	Tsolo bulk storm water			
Description	Tsolo bulk storm water			
Asset Type	Infrastructure Assets			
Key Staff Involved	Technicians			
Staff Responsibilities	Mrs Y. Nqatyelwa			
	Year -3	Year -2	Year -1	Year 0
Asset Value		1 286 317	10 157 995	8 146 960
Capital Implications	MIG funded and the asset was cash purchased			
Future Purpose of Asset	Stormwater maintenance			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Nomhala-St Curthbets Access Road			
Description	Nomhala-St Curthbets Access Road			
Asset Type	Road infrastructure assets			
Key Staff Involved	Technicians			
Staff Responsibilities	Mrs Y. Nqatyelwa			
	Year -3	Year -2	Year -1	Year 0
Asset Value			7 822 220	2 610 515
Capital Implications	MIG funded and the asset was cash purchased			
Future Purpose of Asset	Road Maintainance			
Describe Key Issues	MIG funded and the asset was cash purchased			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Sports Field-Mvumelwano phase 2			
Description	Sports Field-Mvumelwano phase 2			
Asset Type	Community assets			
Key Staff Involved	Technicians			
Staff Responsibilities	Mrs Y. Nqatyelwa			
	Year -3	Year -2	Year -1	Year 0
Asset Value	537 242	494 153	2 717 559	5 459 665
Capital Implications	MIG funded and the asset was cash purchased			
Future Purpose of Asset	Sporting facility			
Describe Key Issues	MIG funded and the asset was cash purchased			
Policies in Place to Manage Asset	Asset Management Policy and Fleet Management Policy			
				T 5.3.2

COMMENT ON ASSET MANAGEMENT

With reference to the three projects approved in the year, these projects were evaluated from a cost and revenue perspective, including municipal tax and tariff implications in accordance with Section 19(2)(a) and (b) and MSA Section 74(2)(d), (e) and (i).

The responsible implementing departments ensure that project files are maintained, and these files are readily accessible for audit inspection. Financial data regarding asset management may be sourced from MBRR Table A9.

T 5.3.3

Repair and Maintenance Expenditure: 2023/24				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	R 39 945 000,00	R 62 316 236,00	R 62 121 034,00	0,31%
T 5.3.4				

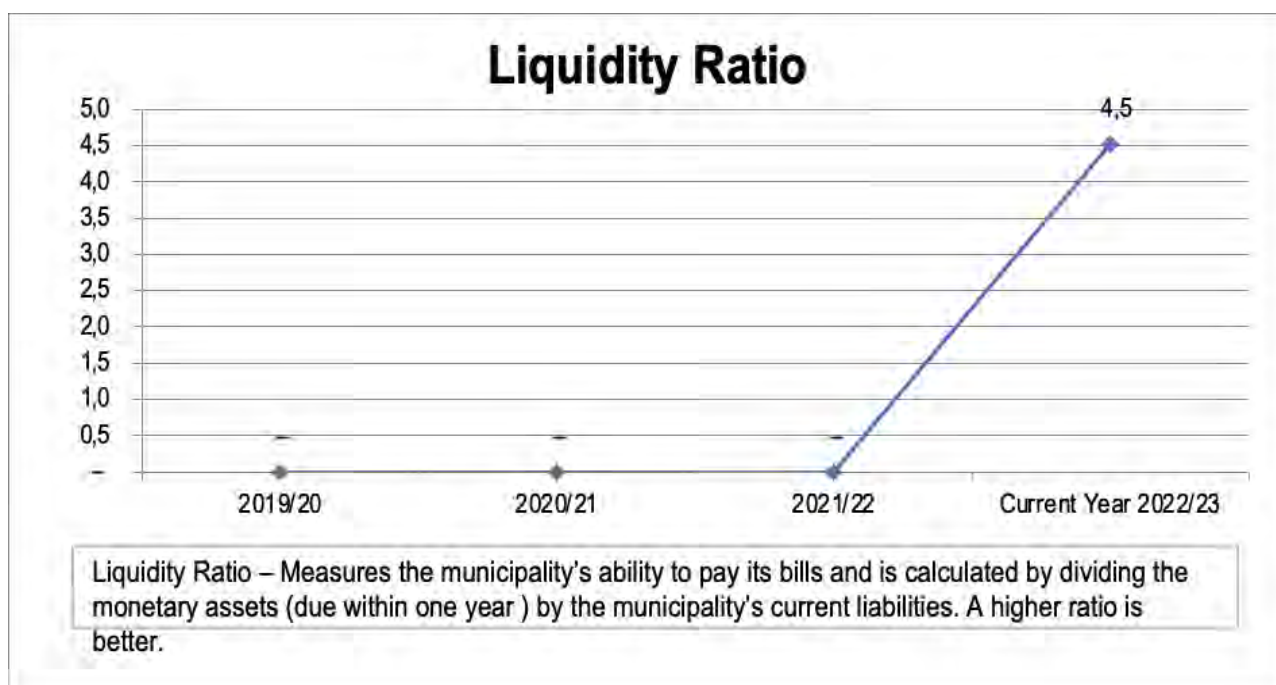
T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The aging infrastructure of the municipality requires that larger amounts be made available for the maintenance and replacement of rural roads. However, the pressure placed on budget provision for the extension of infrastructure to cater for new developments limits the availability of funds for maintenance purposes. The intention is to substantially increase maintenance expenditure in future budgets. The amount spent on repairs and maintenance is for materials only and decline proportionate to the budget considering the increases in other expenditures.

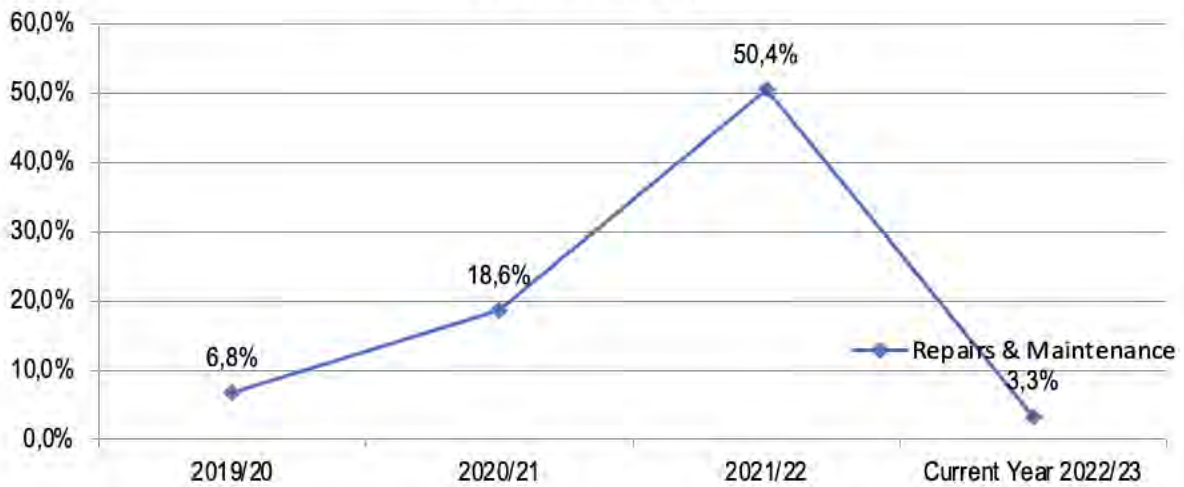
T 5.3.4.1

5.4PUFINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T 5.4.1

Cost Coverage

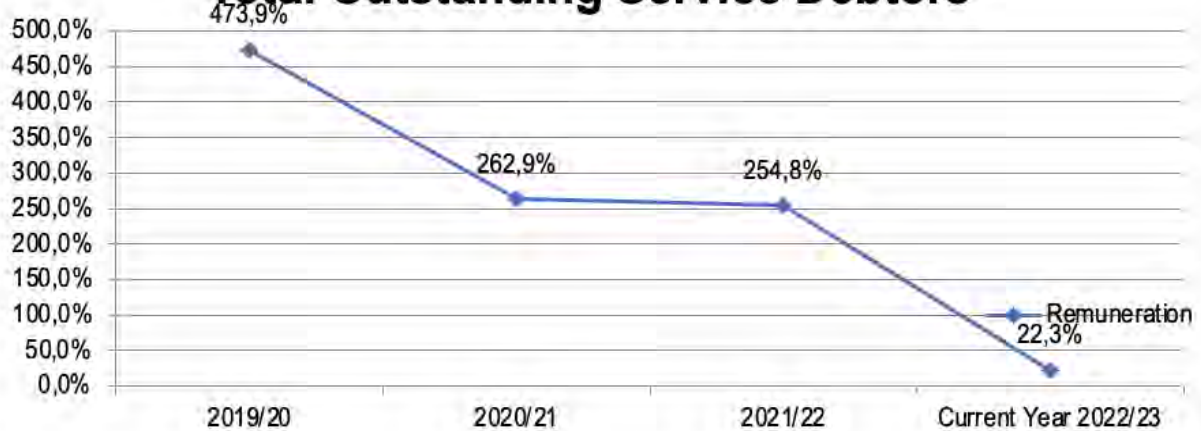


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

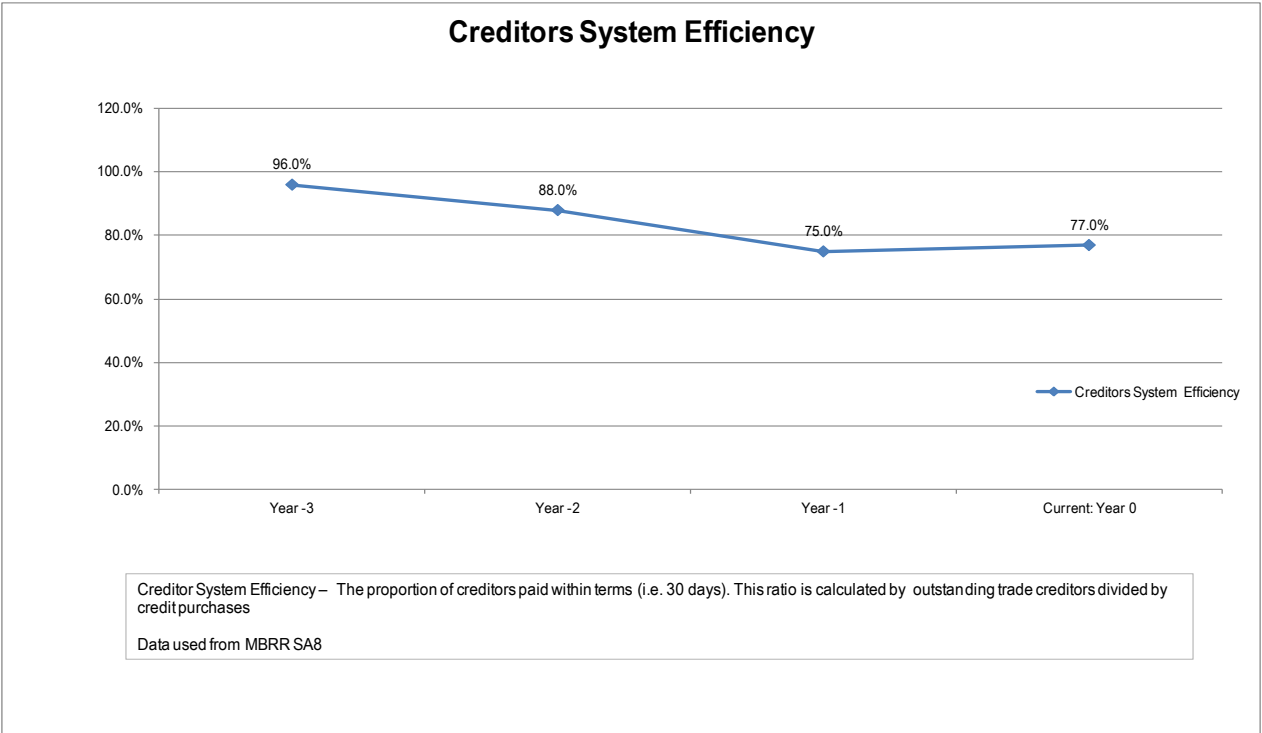
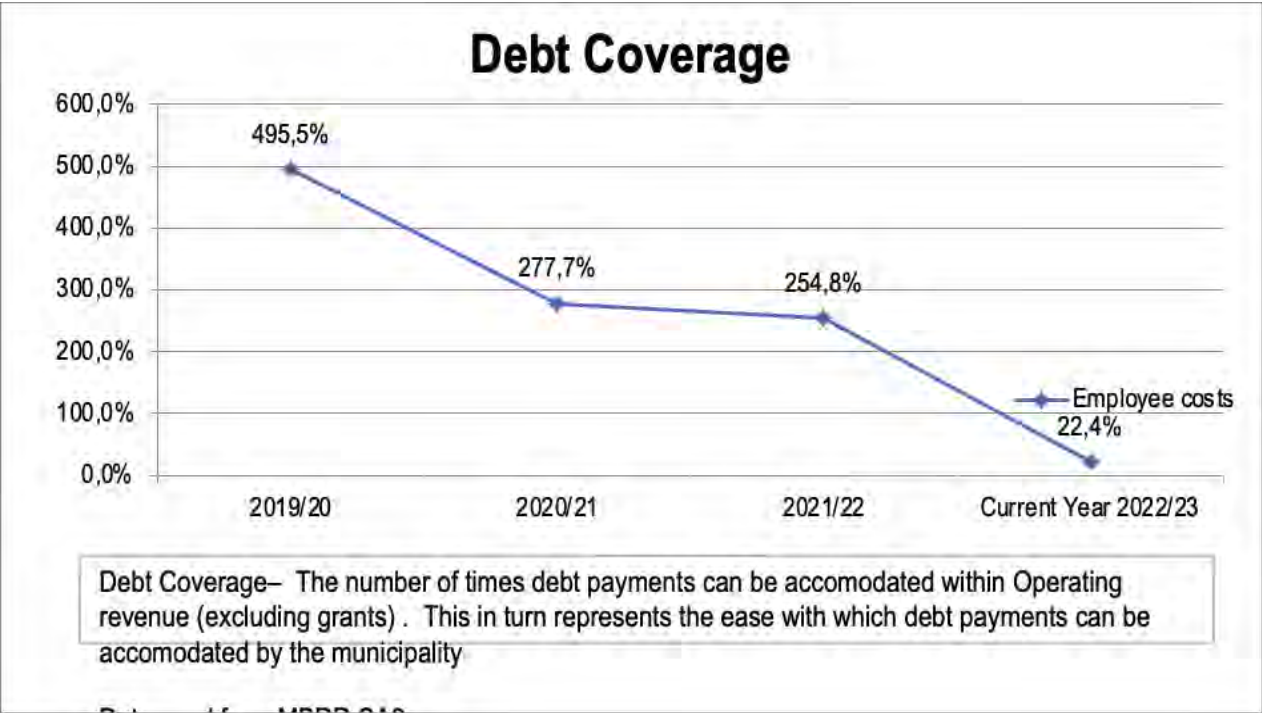
T 5.4.2

Total Outstanding Service Debtors



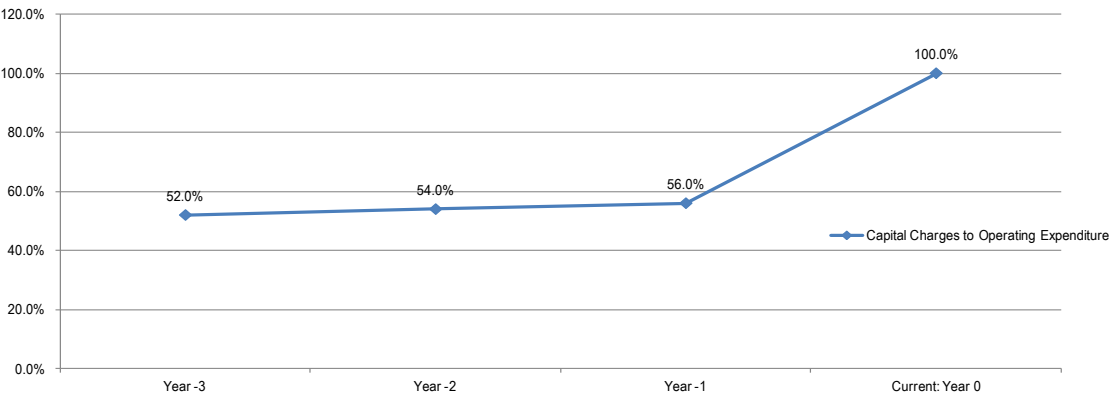
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3



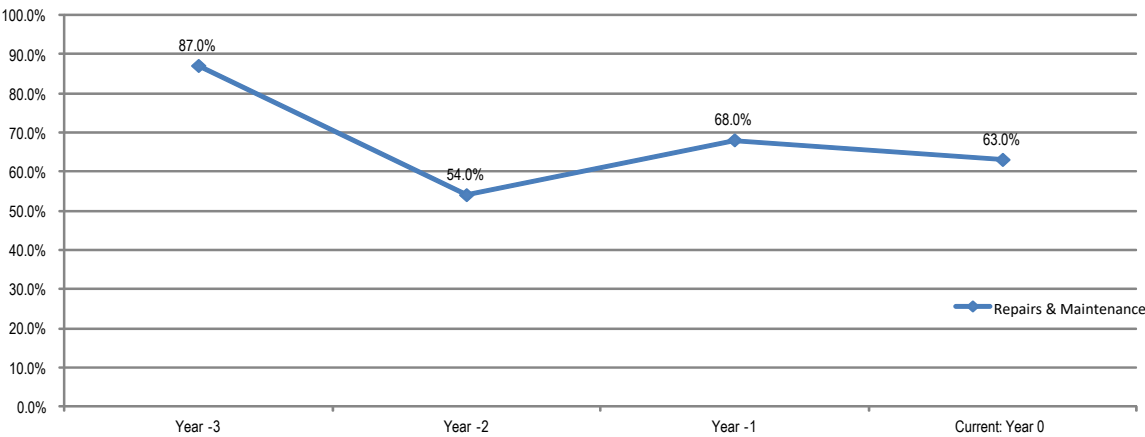
T 5.4.5

Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.
Data used from MBRR SA8

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.
Data used from MBRR SA8

T 5.4.6

T 5.4.7**T 5.4.8****COMMENT ON FINANCIAL RATIOS**

The liquidity ratio measures the extent to which the municipality has cash and short-term investments available to settle short-term liabilities. The ratio has increased, meaning the municipality can settle its short-term liabilities with cash and short-term investments.

The cost coverage ratio indicates the time taken to pay for expenditure incurred; this has decreased. It thus indicates that we can pay creditors faster.

Total outstanding service debtors to revenue has increased. This reveals that more accounts are irrecoverable in proportion to billed revenue.

The total outstanding net consumer debtors are unacceptably high.

Debt coverage ratio indicates the ease with which debt payments can be honoured. The municipality's debt coverage is not healthy.

Repairs and maintenance have decreased. This highlights that municipal assets are not well maintained. These ratios are derived from table SA8 of the MBRR.

T 5.4.9**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET****INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

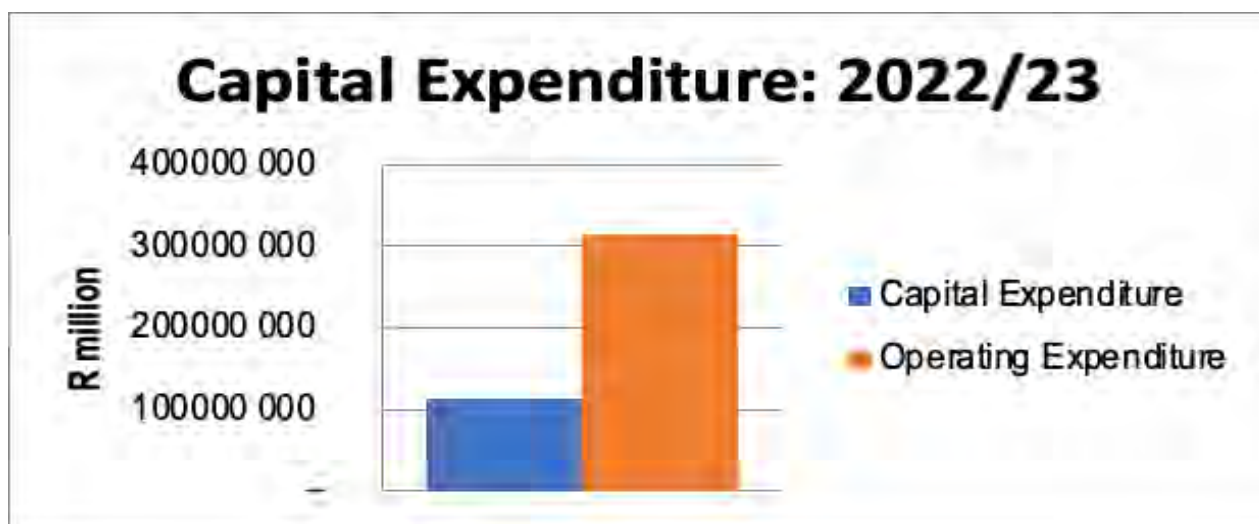
Capital expenditure relates mainly to the construction of assets that will have value, lasting over many years. Capital expenditure is funded from grants, and surpluses.

During the financial year under review, capital expenditure amounts to R65 797 616. The capital expenditure for the year has decreased by 1,8% when compared to the previous year expenditure (R67 009 727).

The capital expenditure realized on roads and storm water amounts of R62 436 623, and other capital expenditure amounts to R3 360 993. The capital budget was funded by government grants amounting to R48 947 000, and the balance was funded internally.

T 5.5.0

5.5 CAPITAL EXPENDITURE



T 5.5.

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0						
R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	0,00	0,00	0,00	0	0,00%	0,00%
Public contributions and donations	0,00	0,00	0,00	0	0,00%	0,00%
Grants and subsidies	20 554 205	37 221 000	26 432 155	-102 900	-28,99%	-100,28%
Other	0,00	25 000 000	16 521 004	0	-33,92%	-100,00%
Total	20 554 205	62 221 000	42 953 158	-102 900	-62,90%	-200,28%
Percentage of finance						
External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants and subsidies	100,0%	59,8%	61,5%	100,0%	46,1%	50,1%
Other	0,0%	40,2%	38,5%	0,0%	53,9%	49,9%
Capital expenditure						
Water and sanitation	0,00	0,00	0	0		
Electricity	0,00	0,00	4 600 000	0		
Housing						
Roads and storm water	17 422 761	26 497 697	24 402 216	41 795 733	-7,91%	57,73%
Other	3 131 445	41 548 569	13 950 942	584 125	-66,42%	-98,59%
Total	20 554 205,33	68 046 265,81	42 953 158,42	42 379 858,00	-74,33%	-40,86%
Percentage of expenditure						
Water and sanitation	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Electricity	0,0%	0,0%	10,7%	0,0%	0,0%	0,0%
Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Roads and storm water	84,8%	38,9%	56,8%	98,6%	10,6%	-141,3%
Other	15,2%	61,1%	32,5%	1,4%	89,4%	241,3%

T 5.6.1

COMMENT ON SOURCES OF FUNDING

Capital expenditure is mainly financed by conditional grants and a portion of reserves.

T 5.6.1.1

CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2021/22			Variance: Current 2021/22	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Rehabilitation of Qumbu sport field	7 000 000	7 000 000	7 538 022	-8%	0%
B - Gravel Access Road - Gqunu farms (Ward 15)	6 887 000	4 041 061	1 719 992	75%	41%
C - Gravel Access Road - Sboko to stadium (Ward 14)	7 135 000	4 735 000	6 089 878	15%	34%
D - Tsolo Stormwater drainage	5 506 011	30 815 335	8 810 390	-60%	-460%
E - Electrification of Amacwerha	18 520 999	18 520 999	18 520 999	0%	0%
* Projects with the highest capital expenditure in 2019/20					
A - Rehabilitation of Qumbu sport field					
Objective of the Project	To improve scosio economic conditions of the community.				
Delays	Rainfall that had damaged the completed works, business forum demanding to be employed				
Future Challenges	Maintenance				
Anticipated citizen benefits	Access to dignified sporting facilities				
B - Gravel Access Road - Gqunu farms (Ward 15)					
Objective of Project	Provisioning of Access Road for the community				
Delays	Delays are as a result of disastrouse rainsfalls that tends to damage the work in progress and also the business forum that had stopped the projects demanding to be apointed				
Future Challenges	Maintenance				
Anticipated citizen benefits	Access to dignified sporting facilities				
C - Gravel Access Road - Sboko to stadium (Ward 14)					
Objective of Project is to improve accessibility for the community of ward 14	Access to road infrastructure				
Delays	Disasterous rainsfalls that tends to damage the work in progress and also the business forum that had stopped the projects demanding to be apointed				
Future Challenges	Maintenance				
Anticipated citizen benefits	Access to road infrastructure				
D - Tsolo Stormwater drainage					
Objective of Project	To adress the issues of stormwater that tends to flood the businesses and the residential homes in Tsolo when ever it rains				
Delays	Delays are as a result of desasterouse rainsfalls that tends to damage the work in progress				
Future Challenges	None				
Anticipated citizen benefits	Maintenance				
E - Electrification of Amacwerha					
Objective of Project	Provisioning of Access Road for the community				
	None				
Future Challenges	Maintenance				
Anticipated citizen benefits	Access to electricity				
T 5.7.1					

COMMENT ON CAPITAL PROJECTS

Capital expenditure relates mainly to the construction of assets that will have value, lasting over many years. Capital expenditure is funded from grants, and surpluses. During the financial year under review, capital expenditure amounts to R79 million. The capital expenditure for the year has increased by 3% when compared to the previous year expenditure.

The capital expenditure realized on roads and storm water amounts of R30 million, and other capital expenditure amounts to R36 million. The capital budget was funded by government grants amounting to R65 million, and the balance was funded internally.

T 5.7.1.1

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Shortage in refuse collection trucks results in a backlog in household refuse collections which could not be collected daily.

T 5.8.1

Service Backlogs as at 30 June 2024				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	Households (HHs) % HHs
Water				
Sanitation				
Electricity				
Waste management	644	40%	967	60%
Housing				
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure 2023/24 on Service backlogs R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	R 51,761,431.00	R 54,585,638.00	R 39,976,915.00	77%	73%	
Total				%	%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water, Sanitation, Roads, Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.8.3
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
Total				%	%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water, Sanitation, Roads, Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.8.3

COMMENT ON BACKLOGS

Shortage in refuse collection trucks results in a backlog in household refuse collections which could not be collected daily.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections are done monthly, and cash not immediately required is invested for a better return on the short-term.

T 5.9

5.8 CASH FLOW

Cash Flow Outcomes				
	2022/23	Current: 2023/24		
	Actual	Original Budget (OB)	Adjustment Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	R 320 562 021	R 330 661 000	R 373 344 000	R 367 486 174
Ratepayers and other	R 20 871 866	R 22 443 000	R 22 443 000	R 18 585 375
Government - capital and operational	R 291 472 733	R 297 437 000	R 334 620 000	R 321 381 172
Interest	R 5 274 489	R 6 148 000	R 11 648 000	R 11 063 763
Service charges	R -	R 1 208 000	R 1 208 000	R -
Other revenue	R 2 942 933	R 3 425 000	R 3 425 000	R 16 455 864
Donations		-	-	-
Payments	-R 256 904 353	-R 257 273 000	-R 216 046 000	-R 321 104 286
Suppliers and employees	-R 256 904 353	-R 257 273 000	-R 216 046 000	-R 321 104 286
Finance charges		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	R 63 657 668,00	R 73 388 000,00	R 157 298 000,00	R 46 381 888,00
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts	R -	R -	R -	R -
Proceeds on disposal of PPE	R 1 412 615	R -	R -	R 2 614 715
Decrease (Increase) in non-current debtors	R -	R -	R -	R -
Decrease (increase) other non-current receivables	R -	R -	R -	R -
Decrease (increase) in non-current investments	R -	R -	R -	R -
Payments	R -	R -	R -	R -
Capital assets	-R 61 773 037	-R 101 969 000	-R 133 761 000	-R 62 825 484
NET CASH FROM/(USED) INVESTING ACTIVITIES	-R 60 360 422,00	-R 101 969 000,00	-R 133 761 000,00	-R 60 210 769,00
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts	R -	R -	R -	R -
Short term loans	R -	R -	R -	R -
Borrowing long term/refinancing	R -	R -	R -	R -
Increase (decrease) in consumer deposits	R -	R -	R -	R -
Payments	R -	R -	R -	R -
NET CASH FROM/(USED) FINANCING ACTIVITIES	R -	R -	R -	R -
NET INCREASE/ (DECREASE) IN CASH HELD	R 3 297 246	-R 28 581 000	R 23 537 000	-R 13 828 881
Cash/cash equivalents at the year begin:	R 169 332 520	R 170 390 000	R 124 982 000	R 127 381 261
Cash/cash equivalents at the year end:	R 172 629 766	R 141 809 000	R 148 519 000	R 113 552 380
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES

The cash flow from operating activities indicates a positive cash flow of R113 552 380. Further, R60 210 769 was utilized on investment activities mainly to purchase property, plant, and equipment.

Considering the above movements, the net cash position at financial year end is R113 552 380, which indicates an increase.

The net cash position of the municipality has remained stable over the past three years. This is a good indication that the municipality has and will meet its obligations in the future.

T 5.9.1.1

5.9BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

External borrowings are obtained to supplement the municipal capital program. During the financial year under review, no external loans were taken up.

Surplus cash not immediately required for operations and cash backed internal reserves are invested on a short-term basis.

Fuds are only invested with A1 rating banks and according to the municipality’s investment policy. Municipality’s internal reserves over the past year have remained stable and have increased.

T 5.10.1

Municipal and Entity Investments			
R' 000			
	2021/22	2022/23	2023/24
Investment* type	Actual	Actual	Actual
Municipality			
Securities - National Government	R -	R -	R -
Listed Corporate Bonds	R -	R -	R -
Deposits - Bank	R 172 421 760,00	R 127 381 261,00	R 113 970 020,00
Deposits - Public Investment Commissioners	R -	R -	R -
Municipal Bonds	R -	R -	R -
Other	R -	R -	R -
Municipality sub-total	R 172 421 760,00	R 127 381 261,00	R 113 970 020,00
Consolidated total:	R 172 421 760,00	R 127 381 261,00	R 113 970 020,00
			T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS

The municipality did not have any borrowing at year end.

T 5.10.5

5.10 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

No public private partnerships were entered into.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Council has developed an SCM Policy and practices in compliance with the guidelines set out by the Supply Chain Management Regulations, 2005, which was approved in May 2024 with effect from 01 July 2024.

The SCM policy incorporating the above-mentioned regulations, as well as all other relevant legislation pieces received during the budget preparation process.

Three bid committee systems have been established, and supply chain management officials are attending trainings provided by Treasury office.

The SCM unit consists of (6) six personnel, including the SCM Manager. The municipality is in the process of ensuring that the SCM unit is adequately capacitated in terms of skills and actual personnel.

The municipality reviewed its policy to ensure that the policy was in line with the SCM Model Policy and covers the guidelines set out in SCM Regulations of 2005.

Bid committees were in place for the duration of the 2023/24 financial year and no councillors were part of the committees.

T 5.12.1

5.12 GRAP COMPLIANCE

GRAP COMPLIANCE

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

T 5.13.



CHAPTER 6

AUDITOR GENERAL REPORT ON THE
FINANCIAL STATEMENTS: YEAR 2024

CHAPTER 6: AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2023

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

T 6.2.5

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.

Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
COUNCIL MEMBERS	FULL TIME/ PART TIME	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
CLLR JARA	FT	COUNCIL MAYOR, EXCO	ANC PR	76%	24%
CLLR PULA	FT	SPEAKER OF THE COUNCIL	ANC PR	76%	24%
CLLR GCABA	FT	WHIP OF COUNCIL, WOMEN'S CAUCUS	ANC PR	84%	16%
CLLR MVANYASHE	PT	COUNCIL, COMMUNITY SERVICES, WOMEN'S CAUCUS	ANC PR	80%	20%
CLLR NANIWE SAYITI	PT	COUNCIL, EXCO, HUMAN SETTLEMENT WOMEN'S CAUCUS	ANC PR	76%	24%
CLLR SIPHENKOSI VOKO	FT	COUNCIL, EXCO, LED	ANC PR	52%	48%
CLLR NCEDISWA /UNATHI SOCIKWA	PT	COUNCIL, EXCO, SPU AND WOMEN'S CAUCUS	ANC PR	76%	24%
CLLR SIGCINE KHAHLA	FT	COUNCIL, EXCO, CORPORATE SERVICES.	ANC PR	80%	20%
CLLR. NTOMBOXOLO MBUNJANA	PT	COUNCIL, HUMAN SETTLEMENT, LED & WOMEN'S CAUCUS	ANC PR	84%	16%
CLLR. NOBUNTU WALAZA	PT	COUNCIL, PUBLIC PARTICIPATION, ETHICS & WOMEN'S CAUCUS.	ANC PR	84%	16%
CLLR MANDISA R. GIYOSE	PT	COUNCIL, HUMAN SETTLEMENT & WOMEN'S CAUCUS.	ANC PR	44%	56%
CLLR. GLADYS MAZITSHANA	PT	COUNCIL, WOMEN'S CAUCUS, ISD (SECTION 79 COMMITTEE	ANC PR	60%	40%
CLLR. BABALWA RASMENI	PT	COUNCIL, MPAC, CORPORATE SERVICES, COMMUNITY SERVICES, PUBLIC PARTICIPATION & WOMEN; S CAUCUS.	ANC PR	64%	36%
CLLR. BULELWA MADIKIDA	PT	COUNCIL, CORPORATE SERVICES, HUMAN	ANC PR	84%	20%

Councillors, Committees Allocated and Council Attendance					
COUNCIL MEMBERS	FULL TIME/ PART TIME	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
		SETTLEMENT, SPU & WOMEN'S CAUCUS.			
CLLR S. MAKHU	PT	COUNCIL, MPAC, LOCAL LABOUR FORUM.	UDM	60%	40 %
CLLR. NOLUNGILE ZIKOLO	PT	COUNCIL, WOMEN'S CAUCUS	UDM	52%	48%
CLLR. Z. NONDAKA	PT	COUNCIL, PUBLIC PARTICIPATION, LED	UDM	76%	24%
CLLR. SIZWE EDWIN BONTSA	PT	COUNCIL, MPAC	DA	60%	40%
CLLR. MAKABONGWE LIBAZI	PT	COUNCIL. ETHICS, BTO	EFF PR	28%	72%
CLLR. KHUNGEKA MPULA	PT	COUNCIL, SPU, MPAC, PUBLIC PARTICIPATION & PETITIONS, WOMENS CAUCUS	EFF PR	28%	82%
CLLR.MXOLISI FUNO	PT	COUNCIL, MPAC, WOMEN'S CAUCUS	EFF PR	80%	20%
CLLR PHILEMON TYWAKU	PT	COUNCIL, BTO, CORPORATE SERVICES	ATM PR	68%	32%
CLLR.LULAMILE ALFRED BOYANA	PT	COUNCIL, COMMUNITY SERVICES	ATM PR	52%	48%
CLLR. NOSIPHO TIWANE	PT	COUNCIL, COMMUNITY SERVICES, MPAC, WOMEN'S CAUCUS	INSANCO PR	64%	36%
CLLR. SIMPHIWE MNGCOTANA	PT	COUNCIL, SPU & WOMEN'S CAUCUS.	WARD 01 ANC	64%	36%
CLLR. NTSIKELELO RANGA	PT	COUNCIL, ETHICS AND BTO	WARD02 ANC	64%	36%
CLLR. SIMTEMBILE MBOLA	PT	COUNCIL, CORPORATE SERVICES, INFRASTRUCTURE	WARD 03 ANC	64%	38%
CLLR SIVUYILE SYDNEY SOPHANGISA	PT	COUNCIL, LED, MPAC,	WARD 04 ANC	68%	32%
CLLR SIGCINE KHAHLA	FT	COUNCIL, CORPORATE SERVICES, .	WARD 05 ANC	80%	20%
CLLR MBULELO VUNGUVUNGU	PT	COUNCIL, BTO, ISD	WARD 06 ANC	72%	38%
CLLR.THEMBELANI GUGA	PT	COUNCIL, PUBLIC PARTICIPATION, COMMUNITY SERVICES.	WARD 07 ANC	72%	38%
CLLR. VELISANI NODODANA	PT	COUNCIL, MPAC, BTO, ETHICS,	WARD 08 ANC	88%	22%
CLLR. ANDILE NOMBWU	PT	COUNCIL, CORPORATE SERVICES.	WARD 09 ANC	68%	42%
CLLR. SINETHEMBA MTWAZI	PT	COUNCIL, COMMUNITY SERVICES,	WARD10 ANC	68%	42%
CLLR. LAWUKAZI DLOVA	EXCO	COUNCIL, BTO WOMEN'S CAUCUS	WARD 11 ANC	52%	58%
CLLR SIMFUMENE NTUKUNTEZI	PT	COUNCIL, MPAC, ISD	WARD 12 ANC	80%	20%
CLLR. THANDIWE TITSHANA	PT	COUNCIL, BTO, WOMENS CAUCUS	WARD13 ANC	76%	24%
CLLR. BHEKIZENZO GIGI	PT	COUNCIL, SPU AND COMMUNITY SERVICES	WARD14 ANC	72%	28%

Councillors, Committees Allocated and Council Attendance					
COUNCIL MEMBERS	FULL TIME/ PART TIME	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
CLLR ZIZAMELE RENENE		COUNCIL, PUBLIC PARTICIPATION & PETITIONS SPU	WARD 15 ANC	60%	40%
CLLR BONGINKOSI MTHITSHANA		COUNCIL, MPAC ETHICS CORPORATE SERVICES	WARD 16 ANC	72%	28%
CLLR. MZUVUMILE PRIZEMAN BONTSA	PT	COUNCIL, SPU, COMMUNITY SERVICES. Ethics	WARD 17 ANC	88%	12%
CLLR. TAMSANQA WISEMAN MAGUGU	PT	COUNCIL, ETHICS AND MEMBERS INTEREST	WARD 18 ANC	84%	16%
CLLR. MZIMKHULU JIKIJELA		COUNCIL, PUBLIC PARTICIPATION & PETITIONS, LED	WARD 19 ANC	52%	48%
CLLR MZIWAKHE THEMBELA		COUNCIL, BTOP, HUMAN SETTLEMENT	WARD 20 Cllr ANC	84 %	16%
CLLR. NIKELWA KHEMTSHE	PT	COUNCIL, SPU, HUMAN SETTLEMENT.	WARD 21 ANC	64%	36%
CLLR. SIPHENKOSI MASTER HLATHI	PT	COUNCIL, Public Participation and petition, INFRASTRUCTURE	WARD 22 ANC	76%	34%
CLLR. SOLOMZI MHLEKWA	PT	COUNCIL, PUBLIC PARTICIPATION AND PETITIONS	WARD 23 ANC	80%	20%
CLLR. WITNESS BADANILE NTAMO	PT	COUNCIL, MPAC, ISD	WARD 24 ANC	76%	24%
CLLR. NTOMBEKHAYA NCAPAYI	PT	COUNCIL, ETHICS & MEMBERS INTEREST, WOMEN'S CAUCUS	Ward 25 ANC	56%	44%
CLLR. CHUMISA MAQEBULA	PT	COUNCIL, SPU, WOMEN'S CAUCUS	WARD 26 ANC	80%	20%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMUNITY SERVICES	Policy formulation, implementation, and monitoring within the functional areas of Parks and Recreation; pound, disaster, law enforcement and traffic.
STANDING COMMITTEE	To formulate, implement and monitor a policy in relation to human resources, Support services, IT services
CORPORATE SERVICE	
BUDGET AND TREASURY OFFICE	Policy formulation, implementation, and monitoring of functional areas within asset, revenue, credit, and budgetary issues
PLANNING RESEARCH AND INTERGOVERNMENTAL RELATIONS	Ensure IGR sit and intergrade SISTA department with programmes of municipality, planning Of IDP programmes, Research needs of Mhlontlo community
SPECIAL PROGRAMMES UNIT	
LOCAL ECONOMIC DEVELOPMENT AND PLANNING	Policy formulation, implementation, and monitoring within the functional areas of Planning function, strategic development, environmental planning, Economic development, and local tourism.
INFRASTRUCTURE DEVELOPMENT	Policy formulation, implementation, and monitoring within the functional areas of electricity and energy, transport, roads, and storm water.
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Hold the Executive and the administration accountable on the manner in which Municipal resources are used in the implementation of Service Delivery objectives of the council
WOMEN'S CAUCUS	Look after the vulnerable children, protects woman and children against violence and abuse.

PUBLIC PARTICIPATION AND PETITIONS COMMITTEE ETHICS AND MEMBERS INTEREST RULES COMMITTEE	Is to set out the Committees authority, role, and responsibilities as well as the requirements for its composition and meeting procedures.
	Investigate and make a finding on the interests of Councillors.
	To investigate and make a finding on any alleged breach of the Code and to make appropriate recommendations to Council;
	(b) to investigate and make a finding on non-attendance of meetings and to impose a fine as determined by the standing rules and orders of Council. (a) to investigate and make a finding on any alleged breach of the Code and to make appropriate recommendations to Council;
AUDIT COMMITTEE	(b) to investigate and make a finding on non-attendance of meetings and to impose a fine as determined by the standing rules and orders of Council.
	To report on the activities of the audit committee to the Council.

APPENDIX D – FUNCTIONS OF MUNICIPALITY

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

* If municipality: indicate (yes or No); * If entity: Provide name of entity

T D

APPENDIX E – WARD REPORTING

Ward Name (Number)	Functionality of Ward Committees				
	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Hon Cllr S Mngcotana 10 ward committee members elected	Yes	12	12	4
2	Hon Cllr N Ranga 10 ward committee members elected	Yes	12	2	4
3	Hon Cllr S Mbola 10 ward committee members elected	Yes	12	4	4
4	Hon Cllr S Sophangisa 10 ward committee members elected	yes	12	8	4
5	Hon Cllr S Kahla 10 ward committee members elected	Yes	12	5	4
6	Hon Cllr M Vunguvungu 10 ward committee members elected	Yes	12	12	4
7	Hon Cllr TS Guga 10 ward committee members elected	Yes	12	9	4
8	Hon Cllr V Nododana 10 ward committee members elected	Yes	12	7	4
9	Hon Cllr A Nombewu 10 ward committee members elected	Yes	12	2	4
10	Hon. Cllr S Mtwazi 10 ward committee members elected	Yes	12	6	4
11	Hon Cllr L Dlova 10 ward committee members elected	Yes	12	5	4
12	Hon Cllr S Ntukuntezi 10 ward committee members elected	Yes	12	1	4
13	Hon Cllr T Titshana 10 ward committee members elected	Yes	12	6	4
14	Hon Cllr Gigi 10 ward committee members elected	Yes	12	5	4
15	Hon Cllr Z Renene 10 ward committee members elected	Yes	12	6	4
16	Hon Cllr B Mthitshana 10 ward committee members elected	Yes	12	2	4
17	Hon Cllr BP Bontsa 10 ward committee members elected	Yes	12	11	4
18	Hon Cllr T Magugu 10 ward committee members elected	Yes	12	11	4
19	Hon Cllr M Jikijela 10 ward committee members elected	Yes	12	4	4
20	Hon Cllr Tembela 10 ward committee members elected	Yes	12	12	4
21	Hon Cllr Khemtshe 10 ward committee members elected	Yes	12	4	4
22	Hon Cllr SM Hlathi 10 ward committee members elected	Yes	12	4	4
23	Hon Cllr Mhlekwana 10 ward committee members elected	Yes	12	11	4
24	Hon Cllr B Ntamo 10 ward committee members elected	Yes	12	8	4
25	Hon Cllr NV Ncapayi 10 ward committee members elected	Yes	12	3	4
26	Hon Cllr C Maqebula 10 ward committee members elected	Yes	12	3	4

APPENDIX F – WARD INFORMATION

MIG 2024/2025

Priority No	Project Name	Ward	Project Status
1.	Nomhala to St Cuthberts access road	3	Complete
2.	Rehabilitation of Qumbu Sports Field	15	Construction
3.	Nodali to Madiba	12	Reconstruction
4.	Tar to Suthwini Access Road	07	Complete
5.	Tsolo Bulk Stormwater Phase 1	06	Complete
6.	Tsolo Storm Water Management Phase2	06	Construction
7.	Qumbu Sport Field	01	Construction
8.	T123 – Cameron Ngudle access road	05	Construction
9.	Ntibane Mabheloni access road	20	Construction
10.	Tsolo Sports Field	06	Construction
11.	Caweni to Dumaneni access road	15	Complete
12.	Mchathu Sdwadweni Community Hall	03	Construction
13.	Sigubudwini/Sthangam Community Hall	18	Construction
14.	Ntibane Early Childhood Development Centre	07	Construction
15.	Tsolo New Homes Early Childhood Development Centre	06	Construction

CONDITIONAL GRANT 2024/2025

Priority No	Project Name	Ward	Project Status
1.	Cesane access road	24	Construction
2.	Nestad via Godini access road	13	Construction
3.	Luxeni to Nkokweni access road	22	Construction
4.	Chokomfeni to Nozityana access road	23	Construction
5.	Nnyilkila to Mbeza access road	19	Construction
6.	Sulenkama Access Road access road	21	Construction
7.	Nkingeni to Zixhotyeni access road	11	Construction
8.	Qebeyi to Xelegu access road	08	Construction

Electrification Programme

Priority No	Project Name	Financial Year	Ward	Project Status
1.	Mhlontlo Electrification of 303in various wards	2023/2024	25,23,21,10 and 15	Complete
2.	Upgrading of Qumbu Tshola 19,5 kilometres link line	2023/2024	10 15 21 23 25	

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/2024

DATE OF COMMITTEE	MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS COMMITTEE RECOMMENDATIONS DURING YEAR 2023/2024	RECOMMENDATIONS ADOPTED (ENTER YES) IF NOT ADOPTED (PROVIDE EXPLANATION)
26 July 2024	That the AFS should include the financial ratios for decision making when they are submitted to Internal Audit for review and AGSA	Yes
26 July 2024	That management to implement resolutions of the audit committee	Yes
26 July 2024	That the accounting officer to ensure that the PMS & IDP unit is capacitated to produce credible SDBIP	Yes
26 July 2024		Yes
26 July 2024	That the draft annual performance report be referred to management to update the report and incorporate comments raised, as advised by the Committee.	Yes
26 July 2024		Yes
26 July 2024	That the accounting officer ensure that the final document is prepared in a credible and consistent manner before submitting to the AGSA for auditing	Yes
26 July 2024	That the annual report be referred to management to update the report and incorporate comments raised, as advised by the Committee.	Yes
26 July 2024		Yes
26 July 2024	That the accounting officer ensure that the final document is prepared in a credible and consistent manner before submitting to the AGSA for auditing.	Yes
26 July 2024		Yes

DATE OF COMMITTEE	MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS COMMITTEE RECOMMENDATIONS DURING YEAR 2023/2024	RECOMMENDATIONS ADOPTED (ENTER YES) IF NOT ADOPTED (PROVIDE EXPLANATION)
26 July 2024	That all tables as per the MFMA s71 be included as part of the report.	Yes
26 July 2024	That the accounting office should ensure that variances are explained, financial ratios are included, prior year figures are included	Yes
26 August 2024	That the Accounting Officer ensure that all the resolutions of the Risk Management Committee are implemented without delay to improve the risk environment within the Municipality.	Yes
26 August 2024	That the reviewed risk management committee charter be noted by the Council	Yes
26 August 2024	That the accounting officer ensure that the final document is credible before submitting to the AGSA for auditing.	Yes
26 August 2024	That the accounting officer ensure that the final document is credible before submitting to the AGSA for auditing.	Yes
26 August 2024		Yes
26 August 2024	That the accounting officer ensure that the final document is credible before submitting to the AGSA for auditing.	Yes
30 June 2025	That the Audit Action Plan be updated on a quarterly basis That an Accounting Officers ensures that a detailed Audit Action Plan is submitted to the committee members	Yes
30 June 2025	That the Accounting Officer ensures that the Interim financial statements are submitted to Internal Audit unit for review	Yes
30 June 2025	That the Accounting Officer ensures that the completed sections should be submitted to Internal Audit before that 15/08/2025	Yes
30 June 2025	That management should consider the historical rate to avoid over budgeting That the Accounting Officer should ensure that the 2025/26 Budget document be submitted to the committee	Yes
30 June 2025	That the accounting officer ensures that all UIFW registers are submitted to MPAC for investigation through the Council.	Yes
30 June 2025	That the Accounting Officer ensures that the critical vacant posts are filled That the management should provide plans for completing the sports fields and the challenges that caused the delays	Yes
30 June 2025	That the Accounting Officer should ensure that the list of sustained businesses and the level of job creation be provided That the consolidated report that provides the economic impact, employment creation and business support across all wards be submitted in our next meeting	Yes
30 June 2025	That the Corporate Services report for the quarter be noted That the Accounting Officer should consider permanently employing the cleaning staff and not outsourcing those services. That the Accounting Officer ensures that they monitor the accreditation of the panel of trainers as it changes from time to time That the council calendar is circulated to Audit Committee members	Yes
30 June 2025	That the internal audit progress report on implementation of 2024/2025 risk-based plan for quarter 3 be noted.	Yes
30 June 2025	That the Accounting officer should ensure that there is a financial plan for the review of the AFS	Yes
30 June 2025	That the ICT Committee Report for the quarter be noted. That the Accounting Officer ensure that all the resolutions of the ICT Committee are implemented without delay to improve the ICT environment of the Municipality.	
		T G

[illegible]

[illegible]

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

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

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
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

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	26,485	23,572	28,075	23,042	-2%	-22%
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%
Dividends received	1,254	1,003	1,191	1,354	26%	12%
Fines	2,516	2,063	2,264	2,340	12%	3%
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%
Agency services	12,546	10,413	11,793	11,542	10%	-2%
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%
Other revenue	48,542	40,776	48,542	46,115	12%	-5%
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG					
R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Neighbourhood Development Partnership Grant					
Public Transport Infrastructure and Systems Grant					
Other Specify:					
Total					
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.					
T L					

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

T L.1

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

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

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

Table continued from previous page							
Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							
T M.1							

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

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

Table continued from previous page

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

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

T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
"Project A"			
"Project B"			
Sanitation/Sewerage			
Electricity			
Housing			
Refuse removal			
Stormwater			
Economic development			
Sports, Arts & Culture			
Environment			
Health			
Safety and Security			
ICT and Other			
			T O

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

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

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

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

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

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

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

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





ANNUAL PERFORMANCE PLAN

SECTION 1 - INTRODUCTION

1.1 OVERVIEW

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

The Constitution of the Republic of South Africa 1996, section 152, in dealing with the objectives of local government paved the way for performance management with the requirements of 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 resources.
- The accountable public administration.
- To be transparent by providing information.
- To be responsive to the needs of the community; and
- To facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act 2000 (Act 32 of 2000), requires municipalities to establish a performance management system. Additionally, the same act and the Municipal Finance Management Act 2003 (Act 53 of 2003) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and be monitored for the performance of the budget against the IDP through the Service Delivery and Budget Implementation Plan (SDBIP)

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

1.2 LEGISLATIVE REQUIREMENTS

- 1.2.1** The SDBIP is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and the format of the SDBIP is prescribed by the MFMA Circular 13 from National Treasury.
- 1.2.2** Section 41 (1) (e) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), prescribes that a process must be established for regular reporting to Council.
- 1.2.3** The table below summarises the results of the adjustment of the Service Delivery and Budget Implementation

Plan: Table 1: Summary of Adjustment SDBIP 2024/25

DEPARTMENT TOTAL NUMBER OF INDICATORS

DEPARTMENT	TOTAL NUMBER OF INDICATORS
Infrastructure Services	54
Local Economic Development	13
BTO	20
Good Governance and Public Participation	27
Institutional Services	27
Community services	29
TOTAL	170

PMS Compliance

Performance Management Structures & Compliance Documents	Performance Management Policy	Approved SDBIP 2024/25 & Adjusted SDBIP	Signed Performance Agreements	Quarterly Performance Reporting to Council	Mid-year & Annual Reporting to Council	Oversight by MPAC	Oversight by APAC
In place	Yes	Yes	Yes	Yes	Yes	Yes	Yes

SECTION 2 - MUNICIPAL OVERVIEW

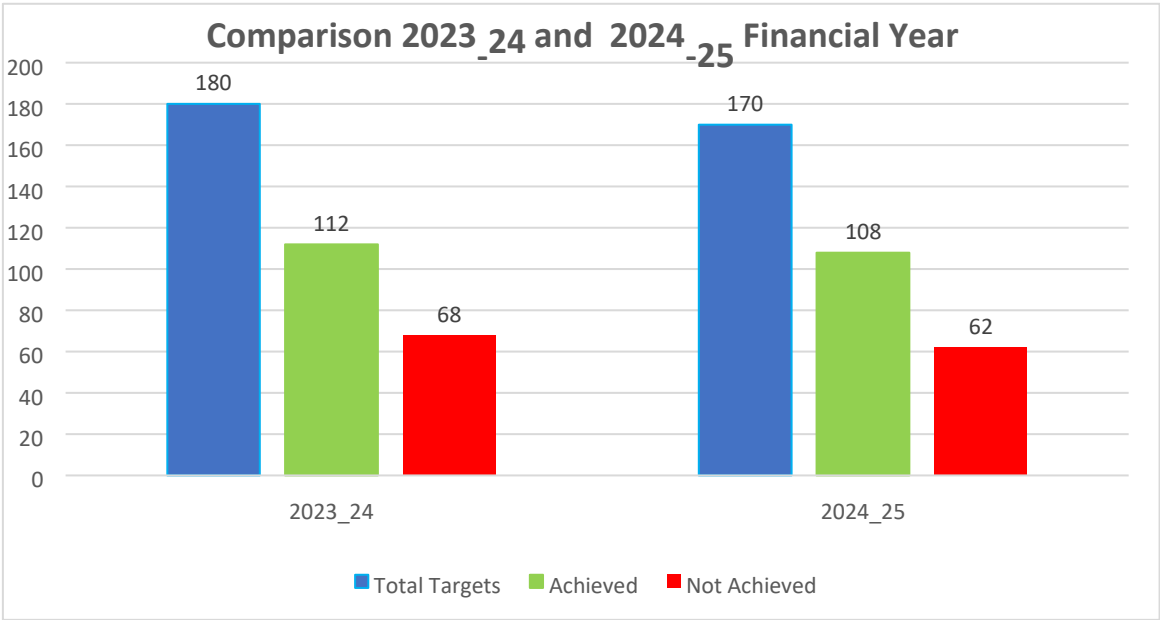
2.1 ORGANISATIONAL PERFORMANCE

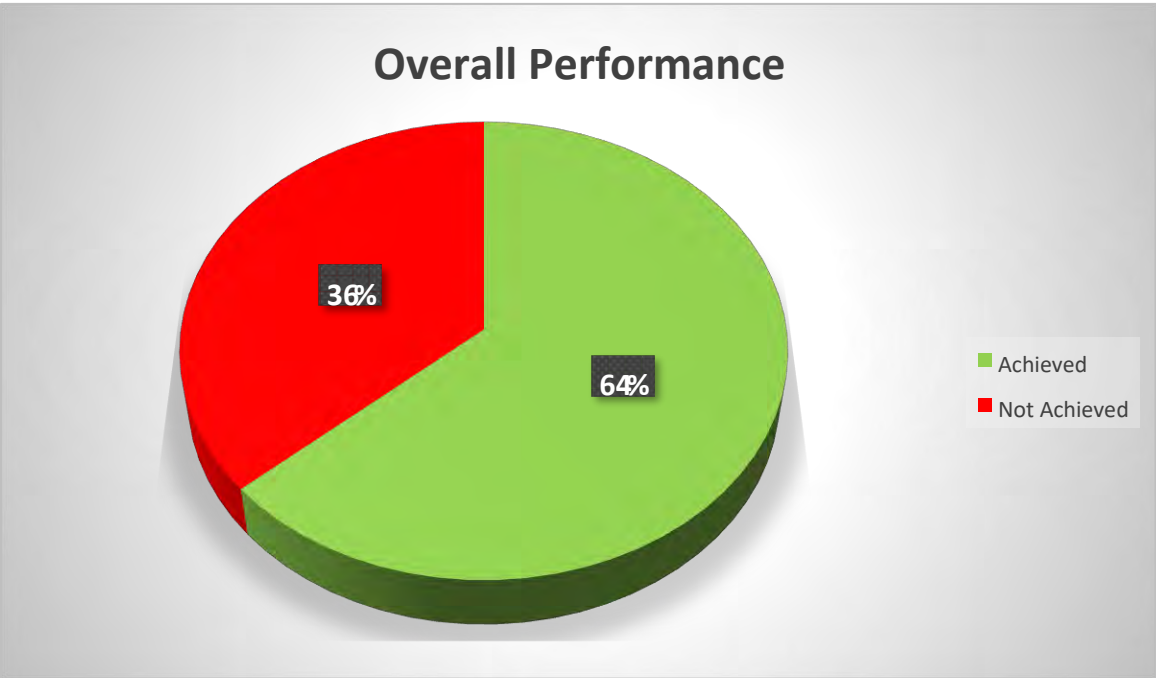
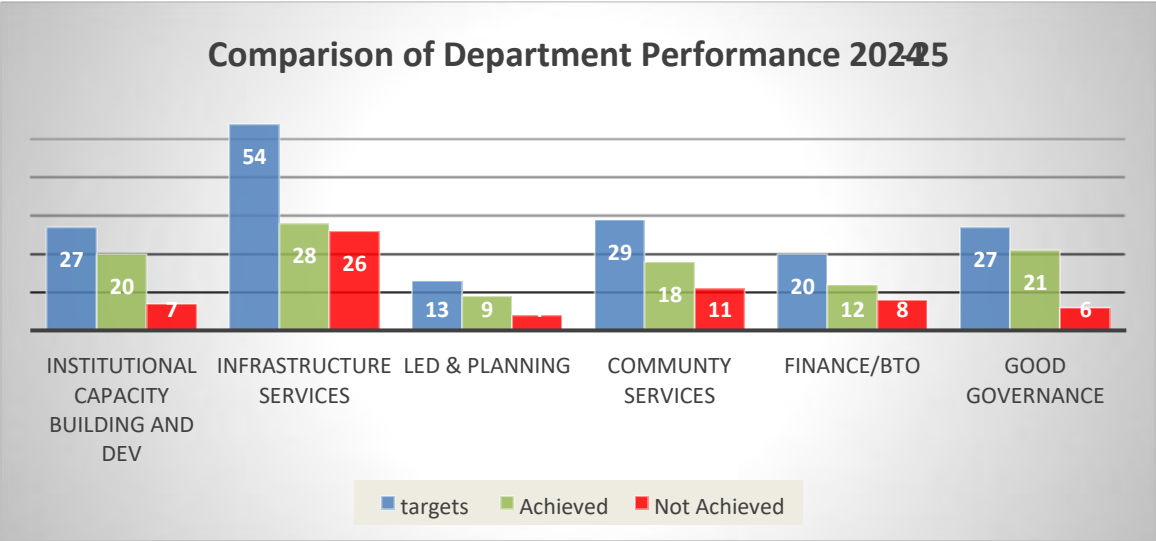
KPA NO.	KEY PERFORMANCE AREA	TOTAL # OF KPIs	# OF KPIs ACHIEVED	% OF KPIs ACHIEVED	# OF KPIs NOT ACHIEVED	% OF KPIs NOT ACHIEVED
1	Infrastructure Services	54	28	52%	26	48%
2	Local Economic Development	13	09	69%	04	31%
3	BTO	20	12	60%	08	40%
4	Good Governance and Public Participation	27	21	77%	6	23%
5	Institutional Services	27	20	74%	07	26%
6	Community Services	29	18	62%	11	45%
	TOTAL	170	108	64%	62	36%

2.2 PERFORMANCE SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2024/2025

Performance Management Structures & Compliance Documents	Performance Management Policy	Approved SDBIP 2024/25 & Adjusted SDBIP	Signed Performance Agreements	Quarterly Performance Reporting to Council	Mid-year & Annual Reporting to Council	Oversight by MPAC	Oversight by APAC
In place	Yes	Yes	Yes	Yes	Yes	Yes	Yes

2.3 COMPARISON OF PERFORMANCE OVER THE YEARS





SECTION 3 ANNUAL PERFORMANCE REPORT: 2024/2025

INFRASTRUCTURE SERVICES												
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION FOR VARIANCE	POES	
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of gravel access roads identified for construction	Retention monies for complete d 12.9km of gravel access road at Nomhala to St Curthbert s in ward 3 released	R 1 244 555,64	Release retention monies for completed construction of 12.9km of gravel access road at Nomhala to St Curthberts in ward 3 by 30 th June 2025	Achieved	All the snags had been addressed, and the final completion certificates was issued on the 27th of September 2024.	There is no remedial action needed	There is no reason for variance	Final Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of complete d gravel access roads identified for construction	Retention monies for complete d 10 km of gravel access road at Gqubela- Mhlabathi in ward 8 released	R 2 160 443,06	Release retention monies for completed construction of 10 km of gravel access road at Gqubela- Mhlabathi gravel access road in ward 03 by 30 th June 2025	Achi	All the snags had been addressed, and the final completion certificates was issued on the 23rd of September 2024.	There is no remedial action needed	There is no reason for variance	Final Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of storm- water access roads identified for construction	Retention monies for complete d 3.27km bulk storm- water with related manhole facilities in Tsolo town released.	R 1 023 000,00	Release retention monies for completed construction of 3.27km bulk storm- water with related manhole facilities in Tsolo town by 30 th June 2025.	Achieved	All the snags had been addressed, and the final completion certificates was issued on the 27th of September 2024.	There is no remedial action needed	There is no reason for variance	Final Completion Certificate
		Stormwater	Storm water			Complete						Final

INFRASTRUCTURE SERVICES												
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION FOR VARIANCE	POES	
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	facilities constructed in Tsolo and Qumbu	Inadequate stormwater management	Construction of 4,02 km of Tsolo Stormwater Phase 2 Completed	R 780 000,00	Construction of 4,02 km of Tsolo stormwater phase 2 by June 2025.	R 446 717,48	Not Achi	Site establishment, clearing and grubbing, bulk excavations are complete. 4,249 km of stormwater pipes, and construction 385 m of concrete channels	The contract must try and pressurise the concrete supplier to deliver on the days they agreed on. Communicate with OR Tambo municipality daily to manage their reservoir spillages	Scarcity of suppliers in the area, the one operating prioritises the service providers who buy in enormous bulks. They have paid the concrete supplier but most of the time they tell anecdotes when they must deliver. Spillages of the OR Tambo reservoir which floods our prepared trenches	Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Completed construction of 16 km of gravel access road at NodaliMadiba	R 2 596 248,11	Complete construction of 16 km of NodaliMadiba gravel access road in ward 12 by 30 th June 2025	R 3 951 814,91	Achi	All the snags had been addressed, and the final completion certificates was issued on the 27 th of June 2025	There is no remedial action needed	There is no reason for variance	Final Completion Certificate
				Complete			R 2	Achi				Final

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Completed construction of 10.2 km of gravel access road at T213 - Cameron Ngudle in ward 05 by 30 th June 2025	397 876,64	Achieved	All the snags had been addressed, and the final completion certificates were issued on the 12th of June 2025.	There is no remedial action needed	There is no reason for variance	Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Complete construction of 10 km Ntibanane - Mabheleni in ward 20 by 30 th June 2025	R 5 224 325,72	☐ Not achieved	Practical completion certificate was issued on the 18th of December 2024, and the Contractor has addressed the snag on the 25th of March 2025.	The contractor struggled to get from the suppliers and were forced to get a batching plant on site in order to attend the snag issued	All the snags will be addressed before the 30th of September 2025 and retention monies will be released.	Final Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Complete construction of 8.5 km Caweni-Dumaneni gravel access road in ward 11 by 30 th June 2025	R 5 379 059,66	☐ Not achieved	Roadbed formation for 8.5 km and installation of stormwater pipes, Tipping and processing for 8.5 km and construction of low-level crossing is complete.	The contractor needs to add more resource and implement a catch-up plan. The project will be completed	The progress is very slow due to heavy rainfalls and less resources	Practical Completion Certificate

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022 PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES	
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Complete construction of 8.5 km Matshona-Toleni gravel Access Road in ward 25 by 30 th June 2025	R 1 929 509,92	Not achieved	Construction of headwalls and stone pitching is 2025. Contractor is busy with concrete slab	on the 15th of August	The service provider was appointed on the 2 nd of April 2025 and the construction works has commenced	Practical Completion Certificate	
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Complete construction of 6km Mthozela gravel Access Road in ward 21 by 30 th June 2025	R 2 870 675,02	Not achieved	Site handover, Site establishment, grubbing of 6km, Roadbed preparation for 6km, Tipping and processing for 6km, Installation of pipes complete.	The procurement processes were delayed	The service provider was appointed on the 2 nd of April 2025 and the construction works has commenced	Practical Completion Certificate	
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Ward based plans are in place, Overall, 100 Kms of access roads identified for construction	Conduct Planning for construction 1.9 km of gravel access road and 2 Lower-level crossings at Ngcolokini-Gqunu via Madukuda	R 3 746 794,08	Achieved	Site handover, Site establishment, grubbing, roadbed preparation of 1.5km, sub-base of 1.5km, base of 1.2km, block pavement of	There is no remedial action	Construction of Lower Ngcolokini was overachieved because the project started before the	Design report	

INFRASTRUCTURE SERVICES										
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Lower Ngcolokin i-Gqunu via Madukud	Access road in ward 17 by 30 th June 2025	R 7 685 157,29	320m is complete. Excavations, drilling and installation of dowel, steel fixing for headwalls complete.	2025/26 financial year.		
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads	Complete planning and construction of 10 km of internal Surfacing of Qumbu Ext 5 Streets in ward 15 by 30 th June 2025.	R 3 071 839,68	Not achieved	Site handover, Site establishment, clearing and grubbing, roadbed preparation of 10km, Tipping and processing of 6km and installation of 3x600mm dia. Pipe crossings.	The service provider was appointed on the 2 nd of April 2025 and the construction works commenced		

INFRASTRUCTURE SERVICES										
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY PERFORMANCE INDICATOR 2021/2022	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 100 kms of constructed access roads with storm water management constructed	Construction of access roads based on plans are in place, Overall, 100 Kms of access roads identified for construction	Planning for 5 access road projects intended to be implemented in the outer years 30 th June 2025.	R 1 000 000,00	Achieved	Projects have been captured to the MIG MIS system	There is no remedial action needed	There is no reason for variance	Preliminary designs, sector departments, MIG1
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 200 kms of gravel access roads maintained	Maintenance of gravel access roads	200km Blading of gravel Access roads 40 km of patch-regraveling in rural by June 2024	R 2 200 000,00	Not achieved	51 km of blading achieved, 3.3km of patch regravelling.	Repair machinery intime additional of other machines and labour.	149km of blading, 36.7 km of patch regravelling.	Monthly Progress Report
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads maintained	Maintenance of gravel access roads	Rehabilitation of 34km of gravel Access roads from different wards of the municipality in line with the rehabilitation plan by June 2024	R 15 000 000,00	Not achieved	Roadbed 5.1 km, 7.1km Tippi ng, 10.2 km wearing skimming course, 2.9km	The contract for the panel of plant hire has lapsed in October 2024, and there are not enough funds to continue with the programme	Municipality need to source funds to continue with the programme for the next financial year by end June 2025.	Monthly Progress Report
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads rehabilitation on assessed and earmarked for rehabilitation.	Complete rehabilitation of Sulenkama Brigde with 5.2 km of Jokweni Access Road in ward 21 by 30 th June 2025	R 3 525 000,00	Achieved	Practical completion certificate was issued on the 5 th of March 2025.	There is no remedial action	There is no reason for variance	Practical Completion Certificate

INFRASTRUCTURE SERVICES												
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY PERFORMANCE INDICATOR 2021/2022		ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads on rehabilitati on	for road in road in for rehabilitati on	Complete d rehabilitat ion of 5 km of Cesane gravel access road by 30 th June 2025	R 2 375 000,00	R 7 781 539,22	Achi	Practical completion certificate was issued on the 17 th of October 2024	There is no remedial action	There is no reason for variance	Practical Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads on rehabilitati on	for road in road in for rehabilitati on	Complete d rehabilitat ion of 11.5 km gravel access road at Newstad via Godini to Buhlungwana access road in ward 13 by 30 th June 2025	R 3 467 5000,00	R 6 595 240,54	Achi	Practical completion certificate was issued on the 18 th of October 2024	There is no remedial action	There is no reason for variance	Practical Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads on rehabilitati on	for road in road in for rehabilitati on	Complete d rehabilitat ion of 6.9 km of gravel access road at Luxeni/N konkweni	R 1 250 000,00	R 7 719 103,05	Achieved	Practical completion certificate was issued on the 18 th of December 2024	There is no remedial action	There is no reason for variance	Practical Completion Certificate
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads on rehabilitati on	for road in road in for rehabilitati on	Complete d rehabilitat ion of 8 km of gravel access road at Chokomf eni to Nozityan a	R 1 400 000,00	R 5 700 492,96	Achi	Practical completion certificate was issued on the 9 th of December 2024	There is no remedial action	There is no reason for variance	Practical Completion Certificate

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE 2021/2022	KEY PERFORMANCE INDICATOR	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	POSSIBLE REASON FOR VARIANCE
To ensure universal access to basic socioeconomic services to communities and households	1.1. Deliver Roads and storm water infrastructure	A 170 kms of gravel roads rehabilitated	Gravel access roads rehabilitated	170 Kms of gravel access road in assessed and earmarked for rehabilitation	Complete d rehabilitation of 9.4 km of gravel access road at Nonyikila to Mbese	Complete rehabilitation of 9.4km Nonyikila to Mbese gravel access road in ward 19 by 30 th June 2025	R 2 396 352,29	☐ Not achieved	Site establishment, clearing and grubbing, roadbed, wearing course, 150 meters of the concrete slab has been completed,	We have advised the contractor to batch on site, to speed up the process. The progress by the contractor, cashflow problems	Scarcity of concrete suppliers in the area, heavy rains, slow progress by the contractor, cashflow problems
To ensure universal access to basic socioeconomic services to communities and households	1.1. Deliver Roads and storm water infrastructure	A 170 kms of gravel roads rehabilitated	Gravel access roads rehabilitated	170 Kms of gravel access road in assessed and earmarked for rehabilitation	Complete d rehabilitation of 6.2 km of gravel access road at Qebeyi to Xelegu	Complete rehabilitation of 6.2 km Qebeyi to Xelegu gravel access road in ward 8 by 30 th June 2025	R 4 664 321,56	☒ Achieved	Practical completion certificate was issued on the 8 th of January 2025	There is no remedial action	There is no reason for variance
To ensure universal access to basic socioeconomic services to communities and households	1.1. Deliver Roads and storm water infrastructure	A 170 kms of gravel roads rehabilitated	Gravel access roads rehabilitated	170 Kms of gravel access road in assessed and earmarked for rehabilitation	Complete site establishment, roadbed formation for tipping and processing of 6,5 km.	Completed 10,5km of roadbed formation, and 4km of tipping and processing		☒ Achieved	Practical completion certificate was issued on the 7 th of May 2025	There is no remedial action	Construction of Cingco access road was overachieved because there were more resources on site and activities were done concurrently.
To ensure universal access to basic socioeconomic services to communities and households	1.1. Deliver Roads and storm water infrastructure	A 170 kms of gravel roads rehabilitated	Gravel access roads rehabilitated	170 Kms of gravel access road in assessed and earmarked for rehabilitation		Completed 4,36km of roadbed formation, in ward 12 by June 2025 (Betane to Mdyobe Access Road)	R 4 411 287,32	☒ Achieved	Practical completion certificate was issued on the 29 th of May 2025	There is no remedial action	Construction of Betane to Mdyobe access road was overachieved because

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water infrastructure	A 170 kms of gravel access roads rehabilitated	Gravel access roads rehabilitated	for rehabilitation						there were more resources on site and activities were done concurrently.	
					Complete site establishment, roadbed formation for 7.5km, tipping and processing of 4.5 km. (Qutubeni Access Road)	R 4747 561.87	☒ Achieved	Site handover, site establishment, clear and grub of 7.5km. roadbed formation, tipping and processing of 7.5km, installation stormwater pipes, road signs and stone pitching are complete	There is no remedial action	Construction of Qutubeni access road was overachieved because there were more resources on site and activities were done concurrently.	RFQs, site handover register, minute and monthly Progress Report
					Complete site establishment, roadbed formation for 4.36km, tipping and processing of 4.36 km. (Ntubeni to Ngqwaneni Access Road)	R 6247 481.23	☒ Achieved	Practical completion certificate was issued on the 19 th of June 2025	There is no remedial action	Construction of Ntubeni to Ngqwaneni access road was overachieved because there were more resources on site and activities were done concurrently.	RFQs, site handover register, minute and monthly Progress Report
To ensure universal access to basic socioeconomic services to communities and households	1.1 Deliver Roads and storm water	A 170 kms of gravel access roads rehabilitated	Gravel access roads rehabilitated	170 Kms of gravel access	Release retention monies	0.00	☐ Not achieved	Practical completion certificate was issued	Release retention monies to	All the snags were identified	Final Completion Certificate

INFRASTRUCTURE SERVICES										
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY PERFORMANCE INDICATOR 2021/2022	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	POSSIBLE REASON FOR VARIANCE
To ensure universal access to basic socioeconomic services to communities and households	Infrastructure	roads rehabilitated	road in assessed and earmarked for rehabilitation					issued on the 22 nd of July 2024.	the contractor.	in 30 th January and there was no snag list and retention monies of Chulunca Bridge will be released in the beginning of the 2025/2026 financial year.
	1.1 Deliver Roads and storm water infrastructure	Maintenance of urban roads for 14km (Tsolo & Qumbu) completed	5.71km surfaced road and 8.3 km gravel road in existence.		Maintenance of 5.71km surfaced road, 8.3 of gravel access road Tsolo Urban Streets by June 2025.	0,00	☐ Not achieved	Tender documents were developed and submitted by service providers so that the procurement processes can proceed.	Speed up procurement processes	There were delays since this project had to be maintenance readvertised report
	1.1 Deliver Roads and storm water infrastructure	Maintenance of urban roads for 14km (Tsolo & Qumbu) completed	5.71km surfaced road and 8.3 km gravel road in existence.	R 3 000 000,00	Maintenance of 5.71km surfaced road, 8.3 of gravel access road Qumbu Urban Streets by June 2025.	0,00	☐ Not achieved	Tender documents were developed and submitted by service providers so that the procurement processes can proceed.	Speed up procurement processes	There were delays since this project had to be maintenance readvertised report
To ensure universal access to basic socioeconomic services to communities and households	Well maintained high mast street lighting erected throughout communities and households	Maintain high mast streetlights in both towns.	Report on maintained street and high mast lights in line with the	R 3 000 000,00	Maintain 55 of high mast and 106 streetlights as and when required by 30 th June 2025	0,00	☒ Achieved	Assessment and the maintenance report was developed and have submitted.	There is no remedial action needed.	There is no remedial variance. the maintenance report

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	the municipality	Electricity backlogs (4000 households) eliminated	Connection and energizing of 4 000 households	assessments report.	Complete and upgrading of 144 volts of 144 volts to Tshola 122KV Link (line) and connection of 263 house holds from ward 16 and 23	R 13 836 000,00	☒ Achieved	Upgrading of 7 volts link line (Qumbu Tshola L22kv line) and connection of 350 households from ward 16, 23, 08 and 03.	There is no remedial action needed.	Eskom did 137volts of Qumbu Tshola link line and the municipality did 7km and that leads to the high number (350) of house connected from ward 16,23,08 and 03.	Design Report and Monthly Progress Reports
	1.2 Energy supply	Ensure community participation during project implementation	To facilitate community involvement by conducting community meetings.	Ensure the community involvement to the project.	1 community meeting held per month during project implementation period	0,00	☒ Achieved	Community meetings were held every month during project implementation period	There is no remedial action	There is no reason for variance	Minutes of the site meeting and site induction report with register
ISD	Ensure community participation during project implementation	To facilitate community involvement by conducting community meetings.	There is an ISD officer appointed responsible for community representative needs.	Ensure the community involvement to the project.	Promote stakeholder involvement for capital projects under implementation through sitting of at least one (1) community meeting per month per project by 30 th June 2025.	R 0,00	☒ Achieved	Consolidation of nonfinancial reports monthly and quarterly for COGTA.	There is no remedial action	There is no reason for variance	non-financial reports
Budgeting and			100%		MIG	R 0,00	☒ Achieved	Prepare nonfinancial reports quarterly and monthly by 30 th June 2025			Annual

INFRASTRUCTURE SERVICES												
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
Financial Reporting	To ensure compliance with reporting requirements for Municipal Infrastructure Grant & INEP to reach 100% expenditure on all allocations	Financial reporting expenditure on conditional grants (MIG, INEP)		100% expenditure reports of INEP and MIG grant funds.	51 631 000	expenditure on conditional grants' allocation (MIG, and INEP) by 30 th June 2025		Achieved	All the conditional grants' funds were spent	There is no remedial action	There is no reason for variance	Expenditure Report
					INEP 13 836 000							
To ensure universal access to basic socioeconomic services to communities and households	1.6 Sports, Arts & Culture Facilities	Promotion and development of sport, arts and culture activities	4 sports fields require planning for completion; 3 sports fields under construction	Completed Rehabilitation of 1 sports field in Tsolo	R 2 095 597,87	Rehabilitation of Tsolo sports field by 30 th June 2025	R 4 625 786,46	☒ Not achieved	Site establishment, installation of stormwater pipes, sewer lines and pressure pipes are complete. Grandstands, construction of new ablutions, new change rooms, soccer pitch layer works, artificial turf, preparation of parking and driveway are in progress	The contractor to push up the progress on site, add more resources and labour.	Inclement weather, Late material deliveries, Vandalism.	Final Completion certificate

INFRASTRUCTURE SERVICES										
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022 PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	Arts & Culture Facilities	Sports, arts, culture facilities operational in all wards.	Promotion and development of sport, arts and culture activities	4 sports fields require planning for completion; 3 sports fields under construction	Rehabilitation of Qumbu sport field in ward 15 by 30 th June 2025	R870 000,00	Not achieved	Tipping of G5 material for the soccer/rugby field, netball court rehabilitation, plumbing, and construction of gravel access road to the field are complete.	The project is at halt due to the issue of work permit for the construction that expired and also the contractor has submitted termination by contractor on the 4th of April 2025.	Completion Certificate and the monthly progress report
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Infrastructure Services and facilities	Interests and needs of special and vulnerable groups protected	ECD Centres Construction	No early childhood development centres	Construction of one early childhood development centre completed at Ntibanane by 30 th June 2025	R 1 357 039,42	Not achieved	Practical completion was conducted of the 10th of December 2024, reviewed, and the retention monies will be released in the 2025/2026 financial year.	The Contractor could not finish up all the snag lists on site	Practical and Final Completion Certificates
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Infrastructure Services and facilities	Interests and needs of special and vulnerable groups protected	ECD Centres Construction	No early childhood development centres	Construction of one early childhood development centre completed at New Homes in Tsolo by 30 th June 2025	R 1 683 174,27	Not achieved	Site establishment, Trenches, Foundation footing and wall, surface beds, superstructure wall both main structure and ablutions, Floor tiles are complete.	We need to facilitate the engagement between the municipality, consultant and the contractor for the way forward.	Practical and Final Completion Certificates
			ECD				Not achieved	Need to		

INFRASTRUCTURE SERVICES											
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	ANNUAL TARGET	BUDG ET SPENT	ACHIEVED/ NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES	
			MANCANCE INDICATOR	ANNUAL BUDG ET							
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Services and Infrastructure	Interests and needs of special and vulnerable groups protected	Centres Construction	No early childhood development centres	Construction of one early childhood development centre completed at Gqukunqa by 30 th June 2025	R 233 005,47	Not achieved	Tender documents have been prepared to facilitate appointment of contractor.	fast-track procurement processes for the appointment of contractors.	There were delays on the procurement processes for the appointment of service providers.	Draft tender document and memo for specification.
				Complete construction of one early childhood development centre complete at Gqukunqa	Construction of one early childhood development centre completed at Qumbu New Homes by 30 th June 2025	R 233 005,47	Not achieved	Tender documents have been prepared to facilitate appointment of contractor.	Need to fast-track procurement processes for the appointment of contractors.	There were delays on the procurement processes for the appointment of service providers.	Draft tender document and memo for specification.
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Services and Infrastructure	Interests and needs of special and vulnerable groups protected	ECD Centres Construction	No early childhood development centres	Release retention monies for completed Completion of Qumbu Town Hall and Offices in ward 15 by 30th June 2025	0.00	Not achieved	Final handover was done on the projects and all snags were attended.	To priorities the payment of the contract on the 25/26 financial year.	The project was not budgeted for in the current financial year.	Final Completion
				Complete construction of one early childhood development centre complete at Qumbu New Homes	Construction of one early childhood development centre completed at Qumbu New Homes by 30 th June 2025	R 1 930 561,60	Not achieved	Final handover was done on the projects and all snags were attended.	To priorities the payment of the contract on the 25/26 financial year.	The project was not budgeted for in the current financial year.	Final Completion

INFRASTRUCTURE SERVICES													
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES	
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Services and Infrastructure	Deliver newly constructed community centers and maintenance of existing	Deliver resourced Community Centres	community centres (Ward centres)	Completed construction of one community centre at Mchathu Sdwadweni	R 3 630 971,20	Mchathu Sdwadweni Community centre development to be completed by 30 th June 2025.	R 463 005,27	Not achieved	Site establishment, bulk excavations.	Municipality need to facilitate the engagement between the municipality, consultant and the contractor for the way forward.	There was a community conflict which led into the suspension of site and the change of scope of works and drawings caused some of the delays in terms of workmanship on platforms where they must dig deeper to rich founding material.	Completion certificate & Monthly Progress reports.
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Services and Infrastructure	Deliver newly constructed community centers and maintenance of existing	Deliver resourced Community Centres	Six community centres (Ward centres)	Completed construction of one community centre at Sigubudweni / Sithanga men.	R 2 738 554,59	Construction of Sigubudweni/Sithanga Community centre development to be completed by 30 th June 2025	R 2 461 806,62	☒ Not achieved	Site establishment, stripping of topsoil, bulk excavations, brickwork in foundations, superstructure brickwork on offices and ablutions, septic tank, primer paint on ablutions are complete.	Contractor to push up the slow progress on site and add more resources.	Heavy rains, Late material delivery (steel frame) and less resource on site.	Practical Completion certificate & Monthly Progress reports.
					Complete		Planning for	0,00	☒				

INFRASTRUCTURE SERVICES												
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE KEY PERFORMANCE INDICATOR 2021/2022	PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES
To ensure universal access to basic socioeconomic services to communities and households	Deliver newly constructed community centres and maintenance of existing	Deliver resourced Community Centres	Six community centres (Ward centres)	To ensure universal access to basic socioeconomic services to communities and household	Construction of one community centre at Upper Malephelophe	Construction of Upper Malephelophe Community centre development centre in ward 24 by 30 th June 2025.	R 780 000	☒ Achi	Specification, and tender document has been prepared to facilitate appointment of service provider.	There is no remedial action needed	There is no variance	Draft tender document
To ensure universal access to basic socioeconomic services to communities and households	1.7 Social Services and Infrastructure	Urban centres of Tsolo and Qumbu towns revitalized	Revitalisation of Urban Centres	To ensure universal access to basic socioeconomic services to communities and household	Completion of planning for construction of one of one Tsolo Services Centre.	Conduct upgrading of Tsolo services centre by 30 th June 2025	R 250 000	☐ Not achieved	Design reports has been developed.	Municipality must source funding as this project required an enormous amount of funds to commence with the project.	The amount budgeted for is not	Minutes for site handover.
To ensure universal access to basic socioeconomic services to communities and households	Social Services and Infrastructure	Transport services managed in an integrated way	No. VTC available in the Municipal Jurisdiction	To ensure universal access to basic socioeconomic services to communities and households	Completed planning for construction of one VTC in Tsolo town.	Planning construction of one VTC in Tsolo by June 2025	R 0,00	☐ Not achieved	Design reports and Draft tender documents has been developed.	There is no remedial action	There is no reason for variance	Design report, tender document and Minutes for site handover.
To ensure universal access to basic socioeconomic services to communities and households	Social Services and Infrastructure	Transport services managed in an integrated way	Public Transport and Driver Licence Testing Centre (DLTC) infrastructure	Existing DLTC (There are bus/taxi ranks)	Completed planning for construction of one DLTC by June 2025.	Planning construction of one DLTC by June 2025	R 1 000 000	☐ Not achieved	Design reports and Draft tender documents has been developed.	There is no remedial action	There is no reason for variance	Design report, tender document and Minutes for site handover
To be a financially viable and sustainable municipality	3.2 Supply Chain Management	Supply chain management is effective and efficient	Effective, efficient and economical Supply chain management	60% adherence to the procurement plan	% adherence to procurement plan	80% adherence to the procurement plan by 30 th June 2024	R -	☐ Not achieved	There were projects that were procured in 24/25 financial year however, some	The municipality needs to start with procurement processes to	Some projects must be readvertised due to time lapsed period for validity.	Procurement plan progress report

INFRASTRUCTURE SERVICES																	
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATOR	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES						
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Risk Management	Strategic risk register developed	Strategic risk register	1 Annual submission of strategic register to council		Achieved	Annual strategic register was compiled and submitted to the council.	There is no remedial action	There is no reason for variance	Strategic risk register						
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Risk Management	Operational risk register	% of risks mitigation measures implemented	0% of risk mitigation measures implemented	R -	Achieved	Operational risk register has been updated.	There is no remedial action	There is no reason for variance	Operational risk register						
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Contract Management	Service level agreements and contracts	1 assessment report produced per project under implementation.	2 monthly reports on performance of service providers	R	Achieved	Assessment of service providers has been conducted for the running projects that are under implementation.	There is no remedial action	There is no reason for variance.	3 reports on performance of service providers						
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Audit Action Plan	Management report, audit report and audit action plan resolved	% of Auditor General findings resolved	0% AG findings for 2023/24 resolved	R -	Not achieved	AG findings for 2023/24 financial year were not fully resolved.	Need to a minimise AG fundings by taking proper actions and applying recommended procedures.	Municipality still waiting for the report from Cogta.	Audit action plan progress report						
A strong and capable municipal administration	NDP	Building a capable and development state	0	0	Signing of Performance agreements by all employees at	R -	Not achieved	All employee signed performance	Municipality needs to arrange sitting of	Individual performance for half year	Performance Agreements, evaluation report and						

INFRASTRUCTURE SERVICES													
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE PROGRAM	BASELINE KEY 2021/2022	PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REMEDIAL ACTION	REASON FOR VARIANCE	POES	
						infrastructure department and individual performance for half year and			agreements and individual performance for half year was not conducted	individual performance in time to avoid noncompliance.	was not conducted.	signed attendance Register	
						annual conducted by June 2025							

LOCAL ECONOMIC DEVELOPMENT													
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
To ensure universal access to basic socio-economic services to communities and households	1.4 Human Settlements	Low and middle income housing needs met.	Housing Needs Register	6004 housing beneficiaries administered (Housing Subsidy System)	% of up-to-date records	R200 000,00	Beneficiary administration for 1250 households completed by June 2025	R200 000,00	☐ Achieved	2949 applicants registered in the Housing Needs Register	N/A	N/A	Housing Need Register
	To ensure universal access to basic socio-economic services to communities and households	Unlock access to adequate land for human settlements	Housing Sector Plan	Out-dated housing sector plan	Completed human settlements	R 75 000,00	Monitor the implementation of the Kumkani Mhlontlo 260 Housing Project by June 2025	R 0.00	☐ Not achieved	The Kumkani Mhlontlo 260 Housing is implemented by the Department of Human Settlement, the KMLM is the beneficiary, and its role is on monitoring and reporting about the project execution in the Council.	There were contractors who were not performing well in the execution of the project and the Department of Human Settlement had some financial challenges to process payment certificates for the work done by other well-performing contractors	The Council supports the implementation of the programme by putting funds for its execution from municipal coffers.	Final Housing Sector Plan
To ensure universal access to basic socio-economic services to	Spatial planning and land use management	Spatial planning and land use management	Municipal Building Maintenance	Municipal building maintenance plan	Number of Municipal buildings maintained as per the building maintenance plan	R 1 000 000,00	Number of Municipal buildings maintained as per the building	R 1 000 000,00	☐ Achieved	Municipal building maintained as per the building maintenance plan	Achieved	Building maintenance was done according to the Building	Building Maintenance report, Appointment Letter

LOCAL ECONOMIC DEVELOPMENT										REMEDIAL POES		
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/VED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	ACTIONS
communities and households							maintenance plan by June 2025					Maintenance Plan
To ensure universal access to basic socio-economic services to communities and households	Spatial planning and land use management		GIS Assessment	Service Provider was appointed by KMLM in March 2024 to conduct GIS Needs Assessment	Number of GIS Needs Assessments done	R 320 825,00	Number of GIS Assessment Reports produced by 30 June 2025.	R 425 385,00	☐ Achieved	The GIS Assessment Report was developed and approved by the Council	N/A	N/A
Final GIS Assessment Report by 30 June 2025												
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Strategic economic sectors (agriculture and forestry, mining, Tourism, Retail) targeted for valued added growth and development	Hosting of an Annual Agricultural Show	There are existing programmes currently supported	Number of agricultural shows held	R 1 000 000,00	Hosting of an Annual Agricultural show by 30 June 2024	R 1 000 000,00	☐ Achieved	The 3 rd Annual Agricultural Show was hosted at TARDI on the 3 rd and 4 th April 2025.	N/A	N/A
Order / Appointment Letter, Attendance Register and Photos												
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Strategic economic sectors (agriculture and forestry, mining, Tourism, Retail) targeted for valued added growth and development	Agricultural Mentorship Programme (Animal and Crop Production)	There are existing programmes currently supported	Number of agricultural small-scale farmers mentored	R 1 300 000,00	Incubator programme targeting 6 commodities by 30 June 2024	R 969 450,00	☐ Achieved	6 commodities from various sector were supported with production material, tools and equipment.	N/A	N/A
List of assessed, identified farmers and Progress Report												

LOCAL ECONOMIC DEVELOPMENT STRATEGIC PRIORITY GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/ VED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Development of a Business Plan for Resource Mobilization for establishment of one Aquaculture Farm	No existing farms (Feasibility Study done for 5 sites)	Number of pilot aquaculture farms established	R 300 000,00	Development of an aquaculture business plan by 30 June 2025	R 235 750,00	☐ Achieved	Urban-Eco was appointed by KMLM to develop the Aquaculture Draft Business Plan, and it has been developed and presented to the municipality.	N/A	N/A	Aquaculture Draft Business Plan
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Representation of Kumlontlo in National and International Tourism Trade Shows	Baseline unknown	Number of KMLM tourism role players representing National and International Tourism Trade Shows	R 500 000,00	Representation of Mhlontlo in National and International Tourism Trade Shows	R 500 000,00	☐ Not achieved	KMLM selected 6 Beneficiaries showcasing at Durban Tourism Indaba that was held in June 2025	N/A	N/A	Attendance registers, Photos and Report
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Host Tourism Month event	Baseline unknown	Number of tourism events held	R 1 000 000,00	Host One Annual Tourism Month event by 30 June 2025	R 0,00	☐ Not achieved	The target was not achieved; the municipality was unable to attend because of financial constraints.	The municipality was unable to attend because of financial constraints.	To be prioritised in the 2025/2026 financial year.	Attendance registers, Photos and Report

LOCAL ECONOMIC DEVELOPMENT													
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	development											
		Strategic economic sectors (agriculture and forestry, mining, Tourism, Retail) targeted for valued growth and development	Bajodini Horse Racing event	Horse Racing Event held on the 26 th December 2025	Number of Horse Raising events held	R 600 000,00	Host 1 Bajodini Horse Racing event	R 600 000,00	☐ Not achieved	The Bajodini Horse-Racing Event was held on the 26 th December 2024.	N/A	N/A	Progress Report
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.3 Institutional Municipal Capacity	Enhance institutional capacity to drive LED	LED Forum Capacity Building	Number LED capacity building programmes	Number of LED Forum engagement sessions held	R 63 600,00	4 LED Sessions held	R 63 600,00	☐ Not achieved	Four LED Forum meetings were held as follows:	N/A	N/A	Attendance registers and report
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Strategic economic sectors (agriculture and forestry, mining, Tourism, Retail) targeted for valued growth and development	Appointment of a Panel of Consultants for rendering support to LED	Baseline unknown	Number of Panel of Consultants appointed for rendering support to LED	R 300 000,00	Number of Panel of Consultants appointed for rendering support to LED by 30 th June 2025.	R 00,00	☐ Not achieved	Terms of Reference were developed, but the project was not advertised because of financial constraints	Non-Availability of funds	The project will be implemented in the 2025/2026 financial year.	ToR's, Advert, Appointment Letter

LOCAL ECONOMIC DEVELOPMENT												
STRATEGIC GOAL	C PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS
A thriving economy that creates wealth, employment, and sustainable livelihoods for all	5.2 Strategic economic sector growth and development	Strategic economic sectors (agriculture and forestry, mining, Tourism, Retail) targeted for valued added growth and development	Rural Enterprise Support Programme	Baseline unknown	Number of rural enterprises supported	R 300 000.00	Support provided to 4 Rural Enterprises by 30 th June 2025	R 269 318.00	☐	Four rural enterprises were supported by trading stock in order to revive and sustain their spazas/shops.	N/A	N/A
									achieved			Concept Document, Order, Acceptance letter

NATIONAL KEY PERFORMANCE AREAS	LEAD DEPARTMENT	STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	BTO			ANNUAL BUDGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
								PERFORMANCE	QUALITY	ANNUAL TARGET							
1. DELIVERY ON BASIC SERVICES	Budget and Treasury Office	To ensure universal access to basic socioeconomic services to communities and households	1.2 Energy supply	All indigent people have access to free basic electricity (FBE)	Provide Free basic electricity (FBE)	Indigent register	Number of indigent households receiving FBE	R4 000000,00	Update Indigent register and 100% of indigent households receive FBE by 30th June 2025	R3 663 813	Review Achieved	Updated indigent register was submitted to Eskom and all	N/A	N/A		Indigent register, email confirming submission and Eskom payment vouchers	
1. DELIVERY ON BASIC SERVICES	Budget and Treasury Office	To ensure universal access to basic socioeconomic services to communities and households	1.2 Energy supply	All indigent people have access to free basic electricity (FBE)	Provide free basic alternative energy	Indigent register	Number of indigent households receiving FBE (paraffin)	R3 500 000,00	Update Indigent register and 100% of indigent households receive FBE by 30th June 2025 (paraffin)	R3 596 637	Achieved	Updated indigent register and payment vouchers as proof of delivery.	N/A	N/A		Update indigent register and payment vouchers.	
2: INSTITUTIONAL CAPACITY BUILDING AND TRANSFORMATION	All	A strong and capable municipal administration	2.6 Performance management	A fully cascaded municipal wide performance management system is implemented	A fully cascaded individual performance management	PMS policy and framework in place	Number of formal performance management to general workers.	R -	Signing of Performance agreements signed by all Managers and assistant managers in the department. Evaluation conducted to Managers and	R0	Review Not Achieved	Performance Plans and agreements were signed	Evaluation of employees below section 56 managers has not been conducted	Quarterly reviews will be conducted.	Evaluation report signed attendance Register		

NATIONAL KEY PERFORMANCE AREAS	LEAD DEPARTMENT	STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	BTO			AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
								ANNUAL BUDGET	ANNUAL TARGET	ANNUAL TARGET						
3. SOUND FINANCIAL MANAGEMENT	Budget and Treasury Office	To be a financially viable and sustainable municipality	3.1 Maximize Municipal Financial Resources	Increased contribution of own operational revenue to municipal financial resources	Maximize Revenue collection	60% monthly collection rate ((Opening balance + billed revenue/closing balance)/billed revenue) X100	Monthly debt collection rate		assistant managers.	R0	Not Achieved	56% collection rate has been achieved	Collection remains a challenge due to the culture of nonpayment by our residents.	Revenue enhancement strategy has been approved and will continue to be implemented in the 2025/26 financial year. Including the appointment of a debt collector	60% monthly collection rate (Opening balance + billed revenue - closing balance) (billed revenue)	
									60% collection on debtors		Not Achieved	Supplementary valuation roll is in place	N/A	N/A	Supplementary valuation roll.	
3. SOUND FINANCIAL MANAGEMENT	Budget and Treasury Office	To be a financially viable and sustainable municipality	3.1 Maximize Municipal Financial Resources	Increased contribution of own operational revenue to municipal financial resources	Grow revenue generated from properties	General Valuation roll and Supplementary valuation roll in place	General Valuation roll and Supplementary valuation roll	R 600 000,00	Compliance of 1 Supplementary valuation roll	R 104 869	Not Achieved	The department managed to achieve 70%.	This was due to delays in procurement process and	The municipality will develop a BID committee	Progress report and appointment letters.	
3. SOUND FINANCIAL MANAGEMENT	All	To be a financially viable and sustainable municipality	3.2 Supply Chain Management	Supply chain management is effective and efficient	Effective, efficient and economical Supply chain	80% adherence to the procurement plan	% adherence to procurement plan	R -	90% adherence to the procurement plan by 30th	R0	Not Achieved	The department managed to achieve 70%.	This was due to delays in procurement process and	The municipality will develop a BID committee	Progress report and appointment letters.	

NATIONAL KEY PERFORMANCE AREAS	LEAD DEPARTMENT	STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	BTO			ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED D	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
3. SOUND FINANCIAL MANAGEMENT	Budget and Treasury Office	ality	3.2 Supply Chain Management	Eliminated irregular expenditures	Effective, efficient and economical Supply chain management	R58 683 685 irregular expenditure	% reduction on irregular expenditure	R -	80% reduction	R0	During the current financial year,	BAC and BEC commit ee not seating on time. The fire that damaged the municipal building also contributed to the delays.	calendar that will be inline with the procurement plan.	MPAC reports and council resolution				
3. SOUND FINANCIAL MANAGEMENT	Budget and Treasury Office	To be a financially viable and sustainable municipality	3.3 Expenditure Management	Expenditure management is effective and efficient	Timely creditor payment	Incurring interest due to overdue accounts	% of invoices paid within 30 days of submission	R -	100% Creditors paid within 30 days	R0	On average the municipality pays invoices within 40 days.	Majority of the invoices that were not paid on time, were invoices in dispute.	The department will be developing a disputed invoice register that will be reviewed monthly. Once an invoice has been	12 months payment register and age analysis.				

NATIONAL KEY PERFORMANCE AREAS	LEAD DEPARTMENT	STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	BTO			ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
								PERFORMANCE	INDICATORS	UAL BUDGET								
																	corrected, the supplier will be required to issue a new one with an updated date	

NATIONAL KEY PERFORMAN CE AREAS	LEAD DEPART MENT	STRATEG IC GOAL	PRIORI TY AREA	MUNICIP AL OBJECTI VE	MUNICIP AL PROGRAM	BASELI NE 2023/202 4	KEY PERFORMAN CE INDICATORS	BTO			ANN UAL BUDG ET	ANNUA L TARGET	AMOUN T SPENT		ACHIEVED/ NOT ACHIEVED	REASON REMEDI FOR AL VARIEN ACTIONS CE	POES
3. SOUND FINANCIAL MANAGEM ENT	Budget and Treasur y Office	To be a financial ly viable and sustaina ble municip ality	3.3 Expend iture Manag ement	Expendi ture manage ment is effectiv e and efficient	Timeou s paymen t of third parties within 7 days after salaries	Incurring interest due to overdue accounts	% 3rd party's paid within 7 days after salary date	R -	100% payment of third parties	R0	☐ Achieved	N/A	All 3 rd party payments were paid 100% within 7days after the salary payment date for 12 months ending 30 June 2025.	N/A	Proof of submissio n to SARS and proof of payment s.		
3. SOUND FINANCIAL MANAGEM ENT	Budget and Treasur y Office	To be a financial ly viable and sustaina ble municip ality	3.4 Budgeti ng	Fiscal disciplin e is improve d to reduce unautho rised expendi ture	Budget for sustain ability	Budget in place and fully funded	Credible budget	R 1 000 000,0 0	Approv ed budget compli ant with requirem ents	R908 760	☐ Achieved	N/A	A funded 2025/26 FY budget was develop ed and approve d by council	N/A	Signed budget docume nt and Treasur e y confirm action.		

National Key Performance Areas	Lead Department	Strategic Goal	Priority Area	Municipal Objective	Municipal Action	Baseline 2023/2024	BTO			Annual Budget	Amount Spent	Actual Achievement	Reason for Variance	Remedial Actions	POEs	
							Key Performance Indicators	Performance	Annual Target							
3. SOUND FINANCIAL MANAGEMENT	Budget and Treasury Office	To be a financially viable and sustainable municipality	3.5 Asset Management	Assets utilised economically in a sustainable manner and effective management of liabilities	Effective asset management	GRAP compliant asset register	Updated Asset Register in line with GRAP Standard	1 300 000,00	R 1 300 000,00	Update GRAP compliant asset register	R862 879		GRAP in line Asset register is updated	N/A	N/A	GRAP Compliance asset register.
												Achieved				
3. SOUND FINANCIAL MANAGEMENT	BUDGET AND TREASURY OFFICE	To be a financially viable and sustainable municipality	3.5 Asset Management	Assets utilised economically in a sustainable manner and effective management of liabilities	Effective asset management	100% of municipal assets verified as at 31 August 2023	% of municipal assets verified	R0	R0	100% movable assets verified	Verification of municipal assets was done.	N/A	N/A	N/A	Verification report and register s.	
																Achieved
3. SOUND FINANCIAL MANAGEMENT	BUDGET AND TREASURY OFFICE	To be a financially viable and sustainable municipality	3.6 Fleet Management	Fleet utilised economically in a sustainable manner	Effective fleet management	100% of municipal fleet maintained as at 31 May 2024	% of municipal vehicles' individual costing	R0	R0	Annual costing report for 26 vehicles	Monthly costing report for 26 vehicles has been prepared	N/A	N/A	N/A	Quarter 4 Fleet management report.	
																Achieved
3. SOUND FINANCIAL MANAGEMENT	BUDGET AND TREASURY OFFICE	To be a financially viable and sustainable municipality	3.7 Effective financial management and reporting	Reliable financial reporting maintained	Maintained unqualified audit opinion	Qualified audit opinion for 2022/2023 financial year	Qualified audit opinion	R0	R0	Unqualified audit opinion	The institution in 2023/24 FY received qualified audit opinion	Due to noncompliance to prescriptions and laws	The finding will be addressed on the audit action plan and will	Copy of audit action plan on 2023/24 FY findings		
															Not Achieved	
3. SOUND FINANCIAL MANAGEMENT	BUDGET													be monitored quarterly	N/A	

NATIONAL KEY PERFORMAN CE AREAS	LEAD DEPAR TMENT	STRATEG IC GOAL	PRIORI TY AREA	MUNICIP AL OBJECTI VE	MUNICIP AL PROGRA M	MUNICIP AL PROGRA M	BASELI NE 2023/2024	KEY PERFORMAN CE INDICATORS	ANN UAL BUDG ET	ANNUAL TARGET	AMOUNT NOT SPENT			REASON REMEDI FOR AL VARIEN ACTIONS	POES
											Achieved	Not Achieved	Actual		
FINANCIAL MANAGEM ENT	AND TREASU RY OFFICE	To be a financially viable and sustainable municipality	3.7 Effective financial management and reporting	Reliable and relevant financial reporting maintained	Maintain unqualified audit opinion	Qualified audit opinion for 2022/2023 financial year	Qualified audit opinion			Monthly reconciliations performed and reviewed	Achieved	Not Achieved	Monthly reconciliations were performed and submitted to the mayor.		Signed quality certificate and system printout.
4. GOOD GOVERNAN CE AND PUBLIC PARTICIPA TION	All	A responsive, accountable, inclusive municipal governance and administ rative capacity	4.1 Good Govern ance and Public Particip ation	Improve d municipal efficiency	Risk Manag ement	Strategic risk register developed	Strategic register	R -	R0	1 Annual submission of strategic register to council	Achieved	Not Achieved	Strategic risk register was updated.	N/A	Strateg ic risk register s and council resoluti on
4. GOOD GOVERNAN CE AND PUBLIC PARTICIPA TION	All	A responsive, accountable, inclusive municipal governance and administ rative capacity	4.1 Good Govern ance and Public Particip ation	Improve d municipal efficiency	Risk Manag ement	Operatio nal risk register	% of risks mitigation measures implemeted	R -	R0	80% of risk mitigatio n measures implemet ed	Achieved	Not Achieved	Mitigation measures implemeted	N/A	Progres s report on risk manage ment and supporti ng docume nts.
4. GOOD GOVERNAN CE AND PUBLIC PARTICIPA TION	All	A responsive, accountable, inclusive municipal governance and administ rative capacity	4.1 Good Govern ance and Public Particip ation	Improve d municipal efficiency	Contract Manag ement	Service level agreeme nts and contracts	Number of monthly reports produced on performance of service providers	R -	R0	12 monthly reports on performa nce of	Achieved	Not Achieved	12 monthly reports submitted for performance of	N/A	Monthl y performa nce reports

NATIONAL KEY PERFORMAN CE AREAS	LEAD DEPAR TMENT	STRATEG IC GOAL	PRIORI TY AREA	MUNICIP AL OBJECTI VE	MUNICIP AL	MUNICIP AL PROGRA M	BASELI NE 2023/202 4	KEY PERFORMAN CE INDICATORS	BTO			ANN UAL BUDG ET	ANNUA L TARGET	AMOUN T		REASON REMEDI FOR AL VARIEN ACTIONS CE	POES			
									ACHIEVED	NOT ACHIEVED	NT									
4. GOOD GOVERNAN CE AND PUBLIC PARTICIPA TION	All		municip al governa nce and administ rative capacity	4.1 Good Govern ance and Public Particip ation	Improve d municip al efficien cy	Audit Action Plan	Manage ment report, audit report and audit action plan	% of Auditor General findings resolved	R -	R0	service providers			service providers	Some finding s are in progre ss	Majority of the findings will be resolv ed in August 2025.	Audit action plan progre ss report			
																		Not Achieved		
4. GOOD GOVERNAN CE AND PUBLIC PARTICIPA TION	Budget and Treasury Office		A responsi ble, account able, Inklusiv e municip al governa nce and administ rative capacity	4.1 Good Govern ance and Public Particip ation	Involve ment of commu nities in the matters of local govern ment, through open channel s of communi cation	Section 52 reports	Reports submitte d to council quarterly	Number of reports submitted to council	R 1 000 000,0 0	R351 000	4 reports	Achieved		Section 52 (d) reports are prepared signed for review by the Municipal manager and Mayor on a Quarterly basis.	N/A	N/A	Signed Section 52(d) Quarterl y reports.			

GOOD GOVERNANCE & PUBLIC PARTICIPATION									
STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PAL PROGR	BASELINE 2021/2022	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVE D/NOT ACHIEVE D
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Integrated development plan	2022-2027 IDP	Develop and review a 5-year IDP	R3097826.00	1 IDP reviewed		☒ Achieved
									Reviewed
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Risk Management	Strategic risk register developed	1 Strategic risk register submitted to Council	R-	1 Annual submission of strategic register to council by 30 June 2024	N/A	☒ Not Achieved
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Risk Management	Operational risk register	% of risks mitigation measures implemented	R-	60% of risk mitigation measures implemented by 30 June 2025	N/A	☒ Achieved
									Operational Risk Register
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Internal audit	2023/2024 Internal audit plan, Internal Audit Charter, 12 audit reports produced	Number of internal audit reports produced	R 1 300 000	12 internal audit reports produced by 30 June 2025		☒ Achieved
									12 internal audit reports produced
									N/A
									Signed reports
									N/A
									N/A
									Strategic risk register and council resolution

STRATEGIC GOAL		PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PAL	BASELINE 2021/2022	GOOD GOVERNANCE& PUBLIC PARTICIPATION					REASON FOR VARIANCE	REMEDIAL ACTIONS	POES	
						KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
Active capacity	A responsive, accountable, Inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Contract Management	Service level agreements and contracts	Number of monthly reports produced on performance of service providers	R-	12 monthly monitoring reports for performance of service providers produced			12 monthly monitoring reports for performance of service providers produced	N/A		Monthly performance report
A responsive, accountable, Inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Contract Management	Performance Management	6 organisational performance reports, one Annual performance report.	Number of organisational performance reports compiled	R-	5 performance reports compiled, and one annual performance report			5 performance reports compiled, one annual performance report and submitted to the council	N/A		Performance information report and council resolution
A responsive, accountable, Inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Contract Management	Service level agreements and contracts	Number of monthly reports produced on performance of service providers	12 monthly monitoring reports for performance of service providers produced	R-	60% AG findings resolved						

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	GOOD GOVERNANCE & PUBLIC PARTICIPATION						REASON FOR VARIANCE	REMEDIAL ACTIONS	POEs
				BASELINE 2021/2022	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED / NOT ACHIEVED			
Administrative capacity												
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Involvement of communities in the matters of local government, through open channels of communication	Section 46 reports	Annual report not submitted to council on time	Number of reports submitted to council		1 Annual report adopted by council		☒ Achieved	N/A	N/A	1 Annual report
A responsive, accountable, inclusive municipal governance and administrative capacity	4.3 Anticorruption and Crime Reduction	Successfully mitigated the risk of corruption through integrity promotion	Strengthen anticorruption and crime reduction	No tracked cases	1 Fraud and anticorruption awareness conducted		Conduct 1 awareness campaigns on fraud and anticorruption by 30 June 2025		☒ Not Achieved			Invite, program and attendance register
							Establish 1 fraud hotline and develop Fraud risk register by 30 June 2024		☒ Not Achieved	N/A	N/A	Attendance Register, Brochures and/or presentations
A responsive, accountable, inclusive municipal governance and administrative capacity	4.4 Intergovernmental relations	Strengthened Cooperative Governance	Enhance IGR performance to improve service delivery	IGR structure in place with no assessed integrated programmes	Number of Integrated programmes		IGR calendars developed, monitored with actions and 4 IGR meetings convened		☒ Achieved	N/A	N/A	IGR calendar and attendance register

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2021/2022	GOOD GOVERNANCE & PUBLIC PARTICIPATION				ACHIEVE D/NOT ACHIEVE D	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
					KEY PERFORMANCE INDICATORS	BUDGET	ANNUAL TARGET	AMOUNT SPENT					
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R390 000	Coordinate 3 successful SPU programmes (Children) coordinated per implementation plan and Purchase of Christmas presents for 20 babies born on Christmas day at Nessie Knight and Dr Malizo Hospitals by 30 June 2024	Not Achieved	Purchase of Christmas presents for 20 babies born on Christmas day at Nessie Knight and Dr Malizo Hospitals by 30 June 2024	N/A	N/A		Signed Implementation plan, signed attendees registers bearing the name, venue and date of the campaign, Signed beneficiary confirmation by 50 children and Signed beneficiary confirmation by principals
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, LGBTQI+)	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities)	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R450 000	No target						

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2021/2022	GOOD GOVERNANCE & PUBLIC PARTICIPATION					KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVE D/NOT ACHIEVE D	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POEs
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R450 000	Conduct 1 career expo/NSFAS Drive by 30 June 2025	Not Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Attendance registers	
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R450 000	Convene and conduct 1 Youth Conference and induction workshop for the newly elected Mhlontlo Youth	Not Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Attendance registers	
A responsive, accountable, inclusive	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R450 000	Council structure by 30 June 2025	Achieved	June 16 celebration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Attendance registers	

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2021/2022	GOOD GOVERNANCE & PUBLIC PARTICIPATION					ACHIEVED	REASON FOR VARIANCE	REMEDIAL ACTIONS	POINTS
					KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED				
municipal governance and administrative capacity	Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+		Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Implementation Plan			celebrations by 30 June 2025						
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R1305 550	Disability induction program. One Christmas party for Sinelitha disability centre by 30 June 2025		Achieved	Disability induction program. One Christmas party for Sinelitha disability centre	N/A	N/A	Attendance register
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes		Delivery of 32-wheel chairs for disabled people by 30 June 2025		Achieved	Delivery of 32-wheel chairs for disabled people	N/A	N/A	Delivery notes for 32-wheel chairs

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2021/2022	GOOD GORVENANCE& PUBLIC PARTICIPATION				ACHIEVE D/NOT ACHIEVE D	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POEs
					KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT					
	HIV/Aids) LGBTQI+		People living with disabilities, HIV/Aids) LGBTQI+										
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LGBTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes		Conduct 1 disability day by 30 June 2025	Achieved	Disability day	N/A	N/A		Attendance register
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BT	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R1139 950	Conduct 2 successful SPU programmes (Elderly) by 30 June 2025	Not Achieved	N/A	N/A	N/A		Signed attendance register

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	GOOD GOVERNANCE & PUBLIC PARTICIPATION						ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POINTS
				BASELINE 2021/2022	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED / NOT ACHIEVED				
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	QI+ Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes		Convene 2 meetings for the elderly and delivery of inputs to 2 elderly groups by 30 June 2025		☐ Not Achieved	Scm didn't award the service provider	N/A	N/A	N/A
										Military Veterans meetings and 1 military veterans	N/A	N/A	Attendance registers
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	QI+ Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R110 000	1. Convene 4 (Military Veterans) meetings and 1 military veterans 'day by 30 June 2025		☒ Achieved				
													Attendance registers
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Enhanced Focus on Vulnerable Citizens	QI+ Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids) LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R601 000	4 Successful SPU programmes completed (HIV/Aids and		☒ Achieved	Inkciyo event	N/A	N/A	Attendance registers

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	GOOD GOVERNANCE & PUBLIC PARTICIPATION					ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POES
				BASELINE 2021/2022	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT				
ve capacity	Veterans, People living with disabilities, HIV/Aids)LG BTQI+		Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+				conduction of 1 Inkciyo programmes by 30 June 2025					
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R230 000	4 Successful SPU programmes completed Women,s programmes by 30 June 2025		Women's day event	N/A	N/A	Attendance register
									achieved			
A responsive, accountable, inclusive municipal governance and administrative capacity	4.6 Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+	Enhanced Focus on Vulnerable Citizens	Special Programmes (Youth, Women, Children, Elderly, Military Veterans, People living with disabilities, HIV/Aids)LG BTQI+	Completion of Special Programmes Implementation Plan	Number of successful completed programmes	R190 000	Conduct 2 successful SPU programmes					

STRATEGIC GOAL		PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2021/2022		GOOD GOVERNANCE & PUBLIC PARTICIPATION					ACHIEVEMENT			REASON FOR VARIANCE	REMEDIAL ACTIONS	POEs
					KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTIONS	POEs				
																Attendance register	
											N/A	N/A					
Accountable, In A responsive, clusive municipal governance and administrative capacity	4.9	Communications and Public Relations	To ensure inclusive participation in all Municipal activities	Approved Public Information Communication	Communication Strategy and Policy in place	Number of successfully completed communication activities	R1337 391.00	Annual communication strategy activities implemented, tracked and monitored with actions	Achieved	communication strategy activities implemented, tracked and monitored with actions							
A responsive, accountable, Inclusive municipal governance and administrative capacity	4.9	Communications and Public Relations	To ensure inclusive participation in all Municipal activities	Public Information Communication	Approved Communication Strategy and Policy in place	Number of successfully completed communication activities		Annual communication strategy activities implemented, tracked and monitored with actions									
A responsive, accountable, Inclusive municipal governance and administrative capacity	9	Communications and Public Relations	To ensure inclusive participation in all Municipal activities	Public Information Communication	Approved Communication Strategy and Policy in place	Number of successfully completed communication activities		Annual communication strategy activities implemented, tracked and monitored with actions									
								Annual communication strategy activities	Achieved	communication strategy activities implemented	n/a	n/a				Attendance register	

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	GOOD GORVENANCE& PUBLIC PARTICIPATION						ACHIEVE D				REASON FOR VARIENC E	REMEDIAL ACTIONS	POEs
				KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	AMOUNT SPENT	ACHIEVE D/NOT ACHIEVE D	implement ed, tracked and monitored with actions			nted, tracked and monitore d with actions				
									Annual communic ation strategy activities implement ed, tracked and monitored with actions	Achie ved		communi cation strategy activities impleme nted, tracked and monitore d with actions	n/a	n/a	n/a	Attendance register
									Annual communic ation strategy activities implement ed, tracked and monitored with actions	ved		communi cation strategy activities impleme nted, tracked and monitore d with actions	N/A	N/A	N/A	Attendance register

STRATEGIC GOAL	PRIORITY AREA	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING										REASON FOR VARIANCE	REMEDIAL ACTION	POES
		MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATOR	ANNUAL BUDGET	ACTUAL BUDGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT				
To build a strong and capable municipal administration	Human resources alignment and development	To review and ensure maintain an IDP-aligned organisational structure by 30 June 2025 and beyond.	Organogram Review and alignment	Current organogram was reviewed in 23/24 FY	Reviewal of the current organogram	NIL	Final reviewed organogram for 24/25 Financial year	R0.00	Achieved	Final Organogram 2025/2026	N/A	N/A	Signed final organogram 2025/2026	
To build a strong and capable municipal administration	Human resources alignment and development	To review and ensure maintain an IDP-aligned organisational structure by 30 June 2025 and beyond.	Job Evaluation	2017/18 organogram was fully graded	Number of reports prepared on the implementation of Job evaluation final outcome results by 30 June 2025.	NIL	Two (2) reports prepared on the number of audited and implemented job evaluation results by 30 June 2025.	R 00.00	Not Achieved	One report compiled July 24 on the completion of the 1 st phase of the Job evaluation process.	The process is on the compilation of National Job Catalogue by SALGA	None	Report on implemented posts.	
To build a strong and capable municipal administration	Performance management	To review current, and implement a fully cascaded municipal-wide performance management system by 30 June 2025	Performance management implementation	2 Performance reviews conducted	One (1) Performance reviews for Mid-year and One (1) for annual conducted by 30 June 2025	NIL	Mid-year and Annual performance reviews for the corporate services employees conducted by 30 June 2025.	R0.00	Achieved	None	The delay is due to the disastrous fire incident that negatively affected the municipality	Assessments have been deferred to August 2025	N/A	
To build a strong and capable municipal administration	Human resources alignment and development	To review and ensure maintain an IDP-aligned organisational structure by 30 June 2025 and beyond	Skills Development and capacity building of personnel	20 municipal employees were trained.	Number of employees and Cllrs successfully attended skills programmes by 30 June 2025	R 1 362 828.26	Twenty 15 Municipal officials attended skills programmes by 30 June 2025	R	Achieved	OHS training for 15 employees. Minute taking and report	In house trainings accommodated more training beneficiaries within the available budget.		Attendance registers bearing the names of officials' attendance the training.	

Strategic Goal	Priority Area	Municipal Objective	Municipal Program	Baseline 2023/2024	Institutional Transformation and Capacity Building										Reason for Variance	Remedial Action	POEs		
					Key Performance Indicators	Annual Budget	Annual Target	Budget Spent	Achieved/Not Achieved	Actual Achievement									
To build a strong and capable municipal administration	Human resources alignment and development	To review and ensure maintain an IDP-aligned organisational structure by 30 June 2025 and beyond	Institutional Transformation	1 Employment Equity Plan was reviewed	No of employees and Council members funded for formal qualifications by 30 June 2025	Five (5) employees and five (5) Council members funded for formal qualification by 30 June 2025	R0.00	☒ Ach	writing for 15 employees . Firearm refresher course for 17 employees . Advanced excel for 15 municipal employees .	More number of employees and councilors applied for formal qualification s.	7 x Councilors and 12 employees	Proof of payment to various institutions of higher learning.							
													Reviewed employment equity plan and submission of the report to Department of Labour by 30 June 2025	Reviewed and implement ed Employmen t equity plan by June 2025.	Reviewed	EE reviewed and implement ed.	N/A	N/A	Reviewed EEP, Proof of submission or acknowledged receipt
	Institutional policies and systems	To align institutional policies and systems with best practise in local government by 30 June 2025	Develop, Review and Implement HR Policies and procedure manuals	All HR Policies were reviewed		5 reviewed policies and submitted to council by 30 June 2025.	R	☒ Ach	Signed 2025/2026 municipal policies	N/A	N/A	Signed 2025/2026 municipal policies, Council Resolution							

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING										REASON FOR VARIANCE	REMEDIAL ACTION	POES
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT						
To build a strong and capable municipal administration	OHS and Employee wellness	To promote a health and wellness culture among Councillors and municipal employees.	Sound OHS and Wellness environment	2 Wellness days were conducted	Number of wellness programmes conducted by 30 June 2025	R1 000.	Two (2) wellness programmes conducted by 30 June 2025	R	Achieved	The Wellness Day was successfully held at Qumbu New Homes Sports Field on 13 November 2024. In collaboration with SPU, a candlelight memorial was held on 21 May 2025, followed by Bonitas Wellness Day on 26 May 2025.	N/A	N/A	Wellness report signed by HOD, attendance registers, invites			
	OHS and Employee wellness	To promote a health and wellness culture among Councillors and municipal employees.	Sound OHS and Wellness environment	Four (4) site visits for OHS conducted and compliance letters issued by 30 June 2024	Number of site visits for OHS conducted and number of compliance letters issued for hazard identified by 30 June 2025	NIL	Four (4) site visits for OHS conducted and compliance letters issued by 30 June 2025	R0.00	Achieved	Site visits were conducted and compliance letters issued	N/A	N/A	Proof of site visits signed by site representative, site visit report and signed compliance letters.			
	OHS and Employee wellness	To promote a health and wellness culture among	Sound OHS and Wellness environment	4 Health and Wellness awareness conducted	Number of wellness programmes conducted by 30 June 2025	NIL	4 Health and Wellness education awareness	R	Achieved		N/A	N/A	Proof of distributed educational material			

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING										REASON FOR VARIANCE	REMEDIAL ACTION	POEs
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET GET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT						
administration		Councillors and municipal employees.				conducted by 30 June 2025									and report signed by HOD, Reviewed	
To build a strong and capable municipal administration	Cleaning services	To promote clean and health workplaces within municipal premises	Cleanliness of all municipal premises	20 Cleaning Equipment procured by 30 June 2025.	Number of Cleaning equipment procured by 30 June 2025.	R\$49 650	20 Cleaning Equipment procured by 30 June 2025.	Not Achieved	This was done and delivered on the 10.03.2025	N/A	N/A				Specification, delivery note and distribution register.	
To build a strong and capable municipal administration	Information and Communication Technology (ICT)	To ensure adequate availability of critical ICT Infrastructure and systems aligned with municipal strategy and governance policies	Sound ICT innovations and records management	Collection of Records from 4 departmental sections by 30 June 2024	Number of documents collected for filing by 30 June 2025	NIL	Collection of Records from 4 departmental sections by 30 June 2025	R0.00	Not Achieved	Collection of documents was conducted from the Office of the Municipal Manager (Operations Manager Office) for filing on the 03 rd of April 2025	N/A	N/A			Proof of receipt of documents from four departments, filling checklist signed by responsible official	
To build a strong and capable municipal administration	Records management	Facilitation of disposal of old records	To ensure adequate availability of critical ICT Infrastructure in line with the ICT strategy and governance policies by 30 June 2025.	Disposal of all old records by 30 June 2024	Disposal of old records by 30 June 2025	NIL	Disposal of old records by 30 June 2025	R0.00	Not Achieved	Disposal of old records was done by the 30 th of June 2025	N/A	N/A			List of old records, acknowledged receipt from DSRAC, attendance register, Disposal authority from DSRAC and destruction certificate	

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING							REASON FOR VARIANCE	REMEDIAL ACTION	POEs
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET GET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
To build a strong and capable municipal administration	Labour relations	To strengthen and maintain good relations within the workplace	Strengthening of labour relations	Six (06) LLF meetings convened by 30 June 2025	No of successful LLF meetings and functionality co-ordinated by 30 June 2025.		Six (6) LLF meetings convened by 30 June 2025.	R0.00	Achieved	Only 5 LLF meetings held on the 11 July 2024, 23 August 2024, 18 Sept 2024, 03 Dec 2024 and 11 June 2025	The LLF meeting did not sit on the 3 rd quarter due to scheduling conflicts with other committee commitments from both the labour representatives and the employer.	To be prioritised in the next quarter	Minutes, attendance registers
	Public Participation	Ensure meaningful and effective stakeholder participation in municipal IDP and Budget processes.	Conduct public participation meetings	Conduct 12 public participation meetings by 30 June 2024	Number of public participation meetings conducted by 30 June 2025.	NIL	Conduct 12 public participation meetings by 30 June 2025	R	Achieved	12 public participation meetings were held in 12 various wards by 30 June 2025 as reflected in the POEs	N/A	N/A	Signed minutes and attendance register reflecting ward numbers
	To build a strong and capable municipal administration	Public Participation	Ensure meaningful and effective stakeholder participation in municipal IDP and Budget processes.	Conduct public participation meetings	Conducted 4 awareness campaigns and meetings by 30 June 2024	Number of moral regeneration movement meetings and campaigns conducted by 30 June 2025.	R 500 000	Conduct 4 awareness campaigns and meetings by 30 June 2025	R	Achieved	4 Awareness campaigns and meetings were held by the 30 June 2025	N/A	N/A
	Public			One			One	R0.00	Achieved		N/A	N/A	N/A

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING							REASON FOR VARIANCE	REMEDIAL ACTION	POEs
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET GET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
To build a strong and capable municipal administration	Participation	Ensure meaningful involvement of Traditional leader's programs in municipal affairs.	Number of Heritage events hosted	heritage event hosted by 30 June 2024	Number of Heritage event hosted by 30 June 2025.	R660 000	heritage event hosted by 30 June 2025.		☒ Achieved	It could not be held Traditional Leadership indicated that there did not want it after the SDBIP was already developed			
				Batho-Pele not effectively implemented and monitored.	Progress with implementation of BathoPele principles Informed and satisfied customers	NIL	Implement and Monitor Customer Care System by 30 June 2025	R0.00	☒ Achieved	N/A	Implementation and Monitoring of Customer Care System was not budgeted for, it had no funds allocated to it.	Development of specification and submit to SCM office and ensuring the availability and allocation of funds to procure suggestion boxes.	Signed specification, delivery note and report on customer care and implement action
A responsive, accountable, Inclusive municipal governance and administrative capacity	Policies and by-laws	Stable governance based on the respect for the rule of law	Facilitate development of Municipal Policies and By-Laws	0	Number of by-laws gazetted by 30 June 2025	NIL	Three (3) By-laws gazetted by 30 June 2025	R0.00	☒ Achieved	N/A	Non submission of developed By-laws by department	HR to improve communication between her and affected department	N/A
				30 ward committee members attended skills	Number of ward committee members trained by 30 June 2025.	R1227 696.00	30 ward committee members attended skills	R	☒ Achieved	62 ward committee members attended the training	N/A		Signed attendance registers bearing the names of ward

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING										REASON FOR VARIANCE	REMEDIAL ACTION	POEs
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET GET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT						
		IDP and Budget processes.		programme by 30 June 2024			programme by 30 June 2025					due to the fact that the Service provider was appointed in the previous fy and did not implement the program due to the receipt of LGSETA funding for ward committee trainings to be implemented within 2023/24 fy..			committee members.	
To build a strong and capable municipal administration	Information and Communication Technology (ICT)	To ensure adequate availability of critical ICT Infrastructure and systems aligned with municipal strategy and governance policies	Sound ICT innovations and records management	ICT governance framework and policies in place	Reviewed and implemented ICT Management Strategy by 30 June 2025	R 400 000	Active Directory Audit and Patch management software installed by 30 June 2025	R	☐ Achieved	The software was installed, tested and operational in servers and user's machine.		N/A	N/A		Signed terms of reference, attendance register and software testing report	
									☐ Not Achieved							
To build a strong and capable municipal administration	Information and Communication Technology (ICT)	To ensure adequate availability of critical ICT Infrastructure and systems aligned with	Sound ICT innovations and records management	Four (4) signed operations and maintenance report register by	Number of signed ICT Operations & Maintenance report registers by 30 June 2025	NIL	Four (4) signed operations and maintenance report register by	R0.00	☐ Achieved	Four (4) operations and maintenance reports were prepared		N/A	N/A		Four (4) signed operations and maintenance reports were prepared	
									☐ Not Achieved							

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING										REASON FOR VARIANCE	REMEDIAL ACTION	POES
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT						
To build a strong and capable municipal administration	Information and Communication Technology (ICT)	municipal strategy and governance policies		30 June 2024		Number of ICT Steering Committee meeting convened by 30 June 2025		30 June 2025	R0.00	Achieved		and submitted				Signed minutes and attendance registers
		To ensure adequate availability of critical ICT Infrastructure and systems aligned with municipal strategy and governance policies		Four (4) ICT steering committee meeting convened by 30 June 2024				Four (4) ICT steering committee meeting convened by 30 June 2025			Achieved		The ICT Steering Committee meetings were convened quarterly as scheduled on the following dates: 17 July, 16 October, 21 January, and 15 April.	N/A	N/A	
To be a financially viable and sustainable municipality	Supply Chain Management	Supply chain management is effective and efficient	Effective, efficient and economical Supply chain management		% adherence to procurement plan		90% adherence to the procurement plan by 30th June 2025	Nil	Achieved		90% of corporate services projects as per the plan was procured and implemented successfully.		N/A	N/A		Procurement plan progress report
				60% adherence to the procurement plan												
A responsive, accountable, Inclusive municipal governance and administrative capacity	Good Governance	Improved municipal efficiency	Risk Management	New	% of adherence to Risk treatment plans		100% Adherence to Risk treatment plans	R0.00	Achieved		The planned risk mitigation plans were implemented		N/A	N/A		Strategic risk register

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	INSTITUTIONAL TRANSFORMATION AND CAPACITY BUILDING							REASON FOR VARIANCE	REMEDIAL ACTION	POEs
				BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	ANNUAL BUDGET GET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
A responsive, accountable, Inclusive municipal governance and administrative capacity	Governance	Improved municipal efficiency	Management	Operational risk register	% of risks mitigation measures implemented		40% of risk mitigation measures implemented		Achieved	The planned risk mitigation plans were implemented.			Progress report on risk management, operational risk register
A responsive, accountable, Inclusive municipal governance and administrative capacity	Good Governance	Improved municipal efficiency	Audit Action Plan	Management report, audit report and audit action plan	% of Auditor General findings resolved		60% AG findings resolved	R0.00	Achieved	60% AG findings that were related to Corporate Services Department were attended to.	N/A	N/A	Audit action plan progress report

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATOR	COMMUNITY SERVICES				ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTION	POES
						ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT						
To ensure universal access to basic socio-economic services to communities and households	1.5 Waste Management	To ensure full compliance with waste management laws and regulations	Effective Integrated Waste Management Planning.	2300 households receiving basic refuse removal service once per week	Number of households serviced per week	R2 000 000	Weekly collection of refuse in 2300 households and provision of 600 000 refuse bags per year	R 1 556 536,00	Achieved	Refuse collection done to all eligible households with refuse bags provided	N/A	N/A	Domestic Waste Collection Schedule, Household and Business register, Debtor's number / list	
To ensure universal access to basic socio-economic services to communities and households	1.5 Waste Management	To ensure full compliance with waste management laws and regulations	Landfill Site Rehabilitation	One (1) Permitted/licenced landfill site and transfer station	Number of operational landfill site	R450 000	One rehabilitated and Maintained land fill site as per the NEMA requirements (DWAF minimum standards)	R446 889, 92	Achieved	Rehabilitation and maintenance on going done by the inhouse plant	N/A	N/A	Rehabilitation and maintenance checklist and quarterly reports	
To ensure universal access to basic socio-economic services to communities and households	1.5 Waste Management	To ensure full compliance with waste management laws and regulations	Effective Integrated Waste Management Planning.	IWMP	Number of IWMP projects implemented	R2 000 000	One Waste Transfer Station fully constructed to fully implement IWMP	R0	Not Achieved	The project was advertised two times, and it was nonresponsive	Non response advertisement	The project will be rolled over to the next financial year 2025 and will be implemented by panel of building contractors as	Progress report	
												advertised by ISD		
1.5		To ensure	Effective	IWMP										

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	COMMUNITY SERVICES				ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTION	POES
						ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT						
To ensure universal access to basic socio-economic services to communities and house holds	Waste Management	full compliance with waste management laws and regulations	Integrated Waste Management Planning.		Number of IWMP maintenance projects implemented.	R900 000	Maintenance upgrade of one waste information system at landfill site at Qumbu to fully implement IWMP	R850 000	Achieved	Completed	The system has been installed and is functional	Not applicable	Not applicable	Upgraded of one waste information system at landfill site at Qumbu
	1.5 Waste Management	To ensure full compliance with waste management laws and regulations	To ensure universal access to basic socio-economic services to communities and house holds	EPWP Programmes	No of participants recruited to the EPWP	R1996 000	100 participants recruited to the EPWP	R1996 000	Achieved	Completed	Reporting done about EPWP project and expenditures monitored	N/A	N/A	EPWP contracts or Payroll list
To provide access to improved, sustainable and modernized infrastructure to the community	Promotion of a culture of lifelong learning	Promotion of a culture of life-long learning	Promotion of a culture of life-long learning	Library business plan	Number of literacy programmes conducted	R215 000	Three Literacy programmes conducted	R198 500	Achieved	Completed	Four Literacy programs were conducted during the year	N/A	N/A	Concept document and Attendance Registers
	Transport services managed in an integrated way	7 Social Services and Infrastructure	Transport Management and Traffic Management	12 monthly reports on registering and licensing authority	Number of licensed motor vehicles	R0	500 licenced motor vehicles	R0	Achieved	Completed	512 vehicles as of the month of June 2025	N/A	N/A	RE41 eNaTIS Report
To provide access to improved, sustainable and modernized infrastructure to the community	Transport services managed in an integrated way	Transport services managed in an integrated way	Transport Management and Traffic	12 registered examiners	number of learners for drivers tested	R0	2000 learner drivers tested		Not Achieved	Not Achieved	Currently the statistic for the year is 499 as per	The target was not achieved because of	N/A	R721 or R701 eNaTIS

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	COMMUNITY SERVICES					REASON FOR VARIANCE	REMEDIAL ACTION	POEs
						BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
sustainable and modernized infrastructure to the community	managed in an integrated way	integrated way	Management							the adjusted target	the seasonal nature of bookings which is tied to school holidays		Report or R73 eNatis reports
To provide access to improved, sustainable and modernized infrastructure to the community	Transport services managed in an integrated way	Transport services managed in an integrated way	Transport Management Services and Traffic Management	12 registered examiners	number of applicants tested for driving licenses		1596 applicants tested for driving licenses		☒ Achieved	Currently the statistic for the quarter is 966 as per the adjusted target	N/A	N/A	R721 or R701 eNatis Report or R73 eNatis reports
To provide access to improved, sustainable and modernized infrastructure to the community	Transport services managed in an integrated way	7 Social Services and Infrastructure	Road Marking and signs maintenance	Existence of testing route and manoeuvre s. 10km marked road	Number of KM of road markings maintained	R233 880	8 KM of road markings maintained		☒ Not Achieved	Road marking was done at identified areas in Qumbu and Tsolo as per the need and some road signs replaced	N/A	N/A	Monthly Activity reports by Manager Public Safety
To provide access to improved, sustainable and modernized infrastructure to the community	Transport services managed in an integrated way	7 Social Services and Infrastructure	Vehicle Testing Centre	No approved designs, plans	Number of milestones conducted in construction of Vehicle Testing Centre Phase 2	R 5 000 000	Milestone 1: Approval of designs and Milestone 2: site establishment	R 0	☒ Not Achieved	Project not achieved, the indicator has been reallocated to Infrastructure	The indicator has been reallocated to Infrastructure	n/a	Appointment letter, progress report, Designs
To provide access to improved, sustainable and modernized infrastructure to the community	To adequately manage e pounds	7 Social Services and Infrastructure	Pound Management	2 pounds existing in Qumbu & Tsolo	Number of planning and designed pounds completed	R400 000	Planning and designs of two pounds Qumbu &		☒ Not Achieved	Project not achieved due to supply chain responsiveness	The advertisement was not responsive	The next move is to piggyback on the ISD panel of consultants	Pound Designs developed

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	COMMUNITY SERVICES					REASON FOR VARIANCE	REMEDIAL ACTION	POEs
						BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT			
infrastructure to the community	and cemeteries						Tsolo			s; it was readvertised two times			
To provide access to improved, sustainable and modernized infrastructure to the community	To adequately manage pounds and cemeteries	7 Social Services and Infrastructure	Cemetery Management	2 cemeteries existing in Qumbu & Tsolo	No of complaint and fully protected cemeteries	R800 000	Fencing of Qumbu cemetery		☒ Achieved	The project has been implemented although it has some challenges of site at the inception	The project has been implemented although it has some challenges of site at the inception	N/A	Fencing of Qumbu Cemetery. Completion Certificate N/A
To provide access to improved, sustainable and modernized infrastructure to the community	To adequately manage pounds and cemeteries	7 Social Services and Infrastructure	Cemetery Management	2 cemeteries existing in Qumbu & Tsolo	No of complaint and fully protected cemeteries	R250 000	One Cemetery Management System	R391 477, 82	☒ Not Achieved	Service provider by the name of Smart Mun was appointed	The Service Provider will be working with the Municipality's IT department to completely update the system and IT servers are being repaired.	The Service Provider appointed has updated the system however since the fire disaster at the LM, Servers is not yet functional	Progress report
To provide access to improved, sustainable and modernized infrastructure to the community	.9 Community Safety and security	Communities that are safe from crime and violence in their homes	Community lead Safety and security programmes	Existence of community safety strategy.	Number of community Awareness Campaigns conducted	R0	Four community awareness campaigns	R0	☒ Achieved	Four community awareness campaign conducted in various wards as per June 2025	N/A	N/A	Attendance registers,
To ensure universal access to basic	Community Safety and security	Communities that are safe from crime and	Protecting municipal assets and facilities	Existence contracted security provider and two	Percentage reduction in cases of theft/damage to	R12 000 000	provision of security for municipality facilities		☒ Achieved	Security guards provided to all municipal sites and no	Investigations on-going by SAPS	Review of security risks and budget for security	Monthly reports

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	COMMUNITY SERVICES					ACTUAL ACHIEVEMENT	REASON FOR VARIANCE	REMEDIAL ACTION	POEs
					KEY PERFORMANCE INDICATORS	ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED				
socioeconomic services to communities and households		violence in their homes		incidents of theft reported	municipal properties		resulting in 50% reduction cases			cases of theft except the burning of municipal building have been reported for the period		improvement in the next financial year.	
					Review of security risks and current measures completed		Review of security risks and current measures completed		Achieved	Security Impact assessment conducted	N/A	N/A	Monthly reports
To be a financially viable municipality	Maximise Municipal financial resources	1 Increased contribution of own operational revenue to municipal financial resources	Maximising Revenue collection	20% annual collection	60% of issued fines collected	R0	60% of issued fines collected		Not Achieved	Less fines paid	Debt collection strategy, pay my fines subscription	Installation of backoffice system to administer fines and improve revenue	Revenue collection Reports
					R48 470								

To ensure universal access to basic socio-economic services to communities and house holds	Community Safety and security	Communities that are safe from crime and violence in their homes	Strengthen crime reduction	Crime statistics	Number of awareness held	R0	Conduct four awareness campaigns	R0	 Achieved	Four awareness campaigns conducted	N/A	N/A	Attendance registers
A responsive, accountable, inclusive municipal governance and administrative capacity	4.7 Policies and by-laws	Stable governance based on the respect for the rule of law	Enforcement of By-laws	Law enforcement in place and gazetted by-laws	Number of by-law enforcement campaigns	R0	Eight by-law enforcement campaigns conducted	R0	 Achieved	Eight Road Traffic by-law enforcement campaign conducted through joint operations by law enforcement officers	N/A	N/A	Enforcement Reports
A responsive, accountable, inclusive municipal governance and administrative capacity	4.7 Policies and by-laws	Stable governance based on the respect for the rule of law	Enforcement of By-laws	Law enforcement in place and gazetted by-laws	Number of tools and equipment	R637 347,00	One camera purchased with back-office system	R440 644,35	 Not Achieved	Service provider has been appointed to supply and deliver	Delays in the purchasing and authorisation by public prosecutor	Sourcing authorisation	Equipment with back-office system, road marking machine appointment letter
A responsive, accountable, inclusive municipal governance and administrative capacity	4.7 Policies and by-laws	Stable governance based on the respect for the rule of law	Enforcement of By-laws	Law enforcement in place and gazetted by-laws	Compliance, order and respect the rule of law in the Municipality	R350 000	Purchase protective clothing for seven protectors	R270 000	 Not Achieved	Service provider has been appointed to supply and deliver and delivery was received		N/A	Supply and delivery, Delivery notes or payment voucher

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	COMMUNITY SERVICES					REASON FOR VARIANCE	REMEDIAL ACTION	POES
						ANNUAL BUDGET TARGET	ANNUAL BUDGET SPENT	ACHIEVED/NOT ACHIEVED	ACTUAL ACHIEVEMENT				
To ensure universal access to basic socio-economic services to communities and house holds	1.5 Waste Management	To ensure full compliance with waste management laws and regulations	Effective Integrated Waste Management Planning.	IWMP	Number of waste management tools purchased	R 450 000	Purchase waste management tools and equipment as per the specification	R390 000	Not Achieved	Grass brush cutters were purchased as per the specification	Budget constraints	The project will be rolled over to next financial year	Appointment letter, Delivery note
	3.2 Supply Chain Management	Supply chain management is effective and efficient	Effective, efficient and economical Supply chain management	60% adherence to the procurement plan	% adherence to procurement plan.	R0	100% adherence to the procurement plan by 30th June 2025		Achieved	All projects due for advertisement were submitted to Budget and treasury for advertisement	N/A	N/A	Procurement plan report
To provide access to improved, sustainable and modernized infrastructure to the community	To adequately manage pounds and cemeteries	7 Social Services and Infrastructure	Pound Management	2 pounds existing in Qumbu & Tsolo	Number of compliant, accessible and fully utilised pounds	R415 599,14	Supply and deliver animal medicine as per specification	R0	Achieved	Animal medicine delivered per the specification	Supply chain processes	The project will be rolled over to next financial year	Delivery Note and Invoice
	To provide access to improved, sustainable and modernized infrastructure to the community	7 Social Services and Infrastructure	Pound Management	2 pounds existing in Qumbu & Tsolo	Supply and deliver animal feed as per the specification	R415 599,14	Supply and deliver animal feed as per specification	R 258 000	Achieved	Supply and delivery done as per the specification	N/A	N/A	Appointment letters
To provide access to improved, sustainable and modernized infrastructure to the community	Promotion of a culture of lifelong learning	Promotion of a culture of life-long learning	Libraries	Library business plan	Progress with construction	R3000 070	Maintenance of Tsolo Library as per the business plan	R0	Not Achieved	The ISD has advertised panel for building	N/A	N/A	Specification for library maintenance designs
	4.1		Risk			R0		R0		Submitted to	N/A	N/A	

STRATEGIC GOAL	PRIORITY AREA	MUNICIPAL OBJECTIVE	MUNICIPAL PROGRAM	BASELINE 2023/2024	KEY PERFORMANCE INDICATORS	COMMUNITY SERVICES							REASON FOR VARIANCE	REMEDIAL ACTION	POEs
						ANNUAL BUDGET	ANNUAL TARGET	BUDGET SPENT	ACHIEVED/NOT ACHIEVED		ACTUAL ACHIEVEMENT				
									ACHIEVED	NOT ACHIEVED					
xA responsive, accountable, inclusive municipal governance and administrative capacity	Good Governance and Public Participation	Improved municipal efficiency	Management	Strategic risk register developed	Strategic register		1 Annual submission of strategic register to council by June 2025		Achieved	Not Achieved	council once by Good Governance in July for adoption			Strategic risk register	
									☒	☐					
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Risk Management	Operational risk register	% of risks mitigation measures implemented	R0	40% of risk mitigation measures implemented by June 2025	R0	☒	Achieved	40% of risk mitigation measures were implemented.	N/A	N/A	Operational risk register	
									☒	☐					
A responsive, accountable, inclusive municipal governance and administrative capacity	4.1 Good Governance and Public Participation	Improved municipal efficiency	Audit Action Plan	Management report, audit report and action plan	% of Auditor General findings resolved	R0	60% AG findings resolved by June 2025	R0	N/A		No findings were raised directly for community services	N/A	N/A	Audit report	
															☒

CONCLUSION

For the 2024-25 financial year the institution set itself 170 indicators but managed to deliver positive results on 104 key performance indicators and 66 were not achieved during the year under review.

Lastly, this document represents the Kumkani Mhlontlo Local Municipality's detailed report back to citizens and stakeholders on the municipality's performance over the 2024-25 financial year. Moreover, it provides a lens through which scrutiny of the progress and performance of the municipality can be made in terms of assessing achievements in efforts to realize the objectives as set by Council. As such, this report not only reflects on milestones and challenges experienced, but also ongoing commitment to progressively deepen accountability and transparency to citizens of the whole Kumkani Mhlontlo Municipal Area.



Annual Financial Statements
for the year ended 30 June 2025

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act No. 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996).
Nature of business and principal activities	Provision of services to the community as prescribed by the Local Government: Municipal Structures Act (Act No. 117 of 1998) and the Constitution of the Republic of South Africa (Act No. 108 of 1996) as amended.
Legislation governing the municipality's operations	Local Government: Municipal Finance Management Act (Act No. 56 of 2003) Local Government: Municipal Systems Act (Act No. 32 of 2000) Local Government: Municipal Structures Act (Act No. 117 of 1998) Constitution of the Republic of South Africa (Act No. 108 of 1996) Municipal Property Rates Act (Act No. 6 2004) Division of Revenue Act (Act No. 1 of 2007)
Mayor	Cllr M.G. Jara
Speaker	Cllr E. Pula
Whip of Council	Cllr N. Gcaba
Executive Committee	Cllr N.M. Mvanyashe Cllr. L. Dlova (Ward 11) Cllr S. Voko Cllr N. Sayiti Cllr S. Kahla (Ward 5) Cllr M. Funo Cllr N. Zikolo Cllr U. Socikwa Cllr M.N. Mpheleli
PR Councillors	Cllr M.R. Giyose Cllr V.G. Mazitshana Cllr Z. Makinana Cllr N. Mbujana Cllr B. Rasimeni Cllr B. Madikida Cllr N. Walaza Cllr Z. Nondaka Cllr M. Libazi Cllr K. Mpula Cllr L. Boyana Cllr S. Bontsa Cllr P. Tiwani Cllr S. Makhu

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Councillors	Cllr S. Mngcotana (Ward 1) Cllr N. Ranga (Ward 2) Cllr S. Mbola (Ward 3) Cllr S. Sophangisa (Ward 4) Cllr M. Vunguvungu (Ward 6) Cllr T.S. Guga (Ward 7) Cllr V. Nododana (Ward 8) Cllr A. Nombewu (Ward 9) Cllr S. Mtwazi (Ward 10) Cllr S. Ntukuntezi (Ward 12) (MPAC Chairspeson) Cllr T. Tishana (Ward 13) Cllr B. Gigi (Ward 14) Cllr Z. Renene (Ward 15) Cllr B. Mthitshana (Ward 16) Cllr. M.P. Bontsa (Ward 17) Cllr T. Magugu (Ward 18) Cllr M. Jikijela (Ward 19) Cllr A.M. Thembela (Ward 20) Cllr N. Khemtshe (Ward 21) Cllr S.M. Hlanti (Ward 22) Cllr S. Hlekwa (Ward 23) Cllr B. Ntamo (Ward 24) Cllr N.V. Ncaphayi (Ward 25) Cllr C. Maqebula (Ward 26)
Traditional Leaders	Nkosi S. Mcelu Nkosi S.P. Bikwe
Grading of local authority	3
Audit Committee	Mr S. Nombembe - Chairperson Mr R. Vuzane - Risk Committee Chairperson Mr B. Khohliso Ms A. Ntanda Mr M. Litile - ICT Committee Chairperson
Acting Chief Finance Officer (CFO)	N.K Sibobi (Dismissed - 30 June 2025) M. Langa (Appointed 1st April 2025)
Accounting Officer	L. Ndabeni
Registered office	96 LG Mabindla Avenue Qumbu 5180
Business address	96 LG Mabindla Avenue Qumbu 5180
Postal address	5180 Qumbu 5180
Bankers	First National Bank - QUMBU
Auditors	Auditor General South Africa
Contact details	(043) 553 7000

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 13
Accounting Policies	16 - 31
Notes to the Annual Financial Statements	32 - 80

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

I am required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and I am responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is my responsibility as 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 (GRAP) and the MFMA 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 he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the council 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, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on pages 6 to 80 which have been prepared on the going concern basis, were approved and signed by the Accounting Officer on 25 November 2025.

X. Jikela
Acting Municipal Manager

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Restated	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	6 763 412	230 919
Receivables from non-exchange transactions	4	5 371 568	2 872 016
VAT input control	5	5 629 984	1 330 249
VAT receivable	6	4 817 790	1 570 917
Cash and cash equivalents	7	73 788 485	113 552 380
		96 371 239	119 556 481
Non-Current Assets			
Investment property	8	14 250 621	14 250 621
Property, plant and equipment	9	570 363 284	513 083 405
Intangible assets	10	24 183	42 137
		584 638 088	527 376 163
Total Assets		681 009 327	646 932 644
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	33 982 899	22 437 868
VAT Payable (SARS accrual)	12	6 971 740	68 884
Employee benefit obligation	13	18 529 592	17 580 531
Unspent conditional grants and receipts	14	7 629 911	28 524 062
		67 114 142	68 611 345
Non-Current Liabilities			
Employee benefit obligation	13	8 791 975	6 938 762
Provisions	15	7 854 582	6 343 161
		16 646 557	13 281 923
Total Liabilities		83 760 699	81 893 268
Net Assets		597 248 628	565 039 376
Accumulated surplus		597 248 628	565 039 376

* See Note 46

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Restated	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	4 086 431	2 491 302
Construction contracts	17	21 015 022	12 203 262
Rental of facilities and equipment	18	45 328	49 626
Agency services	19	1 129 610	1 242 354
Licences and permits	20	1 281 114	1 294 173
Gain on insurance recovery	27	3 664 734	-
Other income	21	272 726	155 310
Interest earned - Investments	22	8 961 014	11 063 763
Interest earned - Receivables	23	613 229	-
Gain on disposal of assets and liabilities	6	117 713	-
Fair value adjustments		-	8 327 000
Actuarial gains		-	1 064 974
Total revenue from exchange transactions		41 186 921	37 891 764
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	44 940 212	33 460 823
Interest earned - Outstanding debtors	23	3 545 088	-
Transfer revenue			
Government grants & subsidies	25	346 831 486	297 392 605
Recoveries		19 866	451 015
Fines	26	461 449	688 993
Commission received		305 396	374 167
Public contributions and donations		125 721	-
Total revenue from non-exchange transactions		396 229 218	332 367 603
Total revenue	27	437 416 139	370 259 367
Expenditure			
Employee related costs	28	(108 593 249)	(104 609 006)
Remuneration of councillors	29	(23 263 328)	(21 858 437)
Depreciation and amortisation	30	(36 070 870)	(32 482 798)
Impairments loss	31	(2 633 448)	(2 542 483)
Construction contract expenditure	32	(21 015 022)	(11 618 261)
Finance costs	33	(772 805)	(740 583)
Lease rentals on operating lease	34	(3 260 292)	(1 085 866)
Debt Impairment	35	(32 120 978)	(17 558 334)
Bad debts written off		(225 337)	(711 333)
Contracted services	36	(31 793 048)	(21 683 596)
Transfers and subsidies	37	(10 305 174)	(9 120 179)
Loss on disposal of assets	38	-	(3 685 595)
Actuarial losses		(315 641)	-
Movement in (interest)/change in estimate on Landfill Site	15	(680 621)	(488 508)
General expenses	39	(135 306 761)	(157 755 989)
Total expenditure		(406 356 574)	(385 940 968)
Surplus (deficit) for the year		31 059 565	(15 681 601)

* See Note 46

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Restated	Accumulated surplus	Total net assets
Restated balance at 01 July 2023	580 720 977	580 720 977
Changes in net assets		
Deficit for the year	(15 681 601)	(15 681 601)
Total changes	(15 681 601)	(15 681 601)
Restated* Balance at 01 July 2024	565 039 376	565 039 376
Changes in net assets		
Surplus for the year	31 059 565	31 059 565
Total changes	31 059 565	31 059 565
Balance at 30 June 2025	596 098 941	596 098 941
Note(s)		

* See Note 46

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Restated	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates taxes		14 281 197	18 585 375
Grants		342 340 253	321 381 172
Interest income		8 961 014	11 063 763
Other receipts		25 319 106	16 455 864
		<u>390 901 570</u>	<u>367 486 174</u>
Payments			
Employee costs		(128 878 165)	(125 135 772)
Suppliers		(207 405 423)	(195 968 514)
		<u>(336 283 588)</u>	<u>(321 104 286)</u>
Net cash flows from operating activities	41	<u>54 617 982</u>	<u>46 381 888</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(94 626 609)	(62 825 484)
Proceeds from sale of property, plant and equipment	9	244 732	2 614 715
Net cash flows from /(used in) investing activities		<u>(94 381 877)</u>	<u>(60 210 769)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(39 763 895)</u>	<u>(13 828 881)</u>
Cash and cash equivalents at the beginning of the year		113 552 380	127 381 261
Cash and cash equivalents at the end of the year	7	<u>73 788 485</u>	<u>113 552 380</u>

* See Note 46

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 807 000	1 427 000	3 234 000	4 086 431	852 431	N1
Construction contracts	-	-	-	21 015 022	21 015 022	N2
Rental of facilities and equipment	51 000	2 000	53 000	45 328	(7 672)	
Interest earned - Receivables	812 000	(1 000)	811 000	613 229	(197 771)	
Agency services	1 576 000	206 000	1 782 000	1 129 610	(652 390)	
Licences and permits	1 561 000	204 000	1 765 000	1 281 114	(483 886)	
Gain on insurance recovery	-	-	-	3 664 734	3 664 734	N3
Other income	126 269	16 000	142 269	272 726	130 457	N4
Interest received - investment	12 777 000	-	12 777 000	8 961 014	(3 815 986)	N6
Total revenue from exchange transactions	18 710 269	1 854 000	20 564 269	41 069 208	20 504 939	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	37 887 000	(390 000)	37 497 000	44 940 212	7 443 212	N7
Interest earned - Property rates	4 434 000	-	4 434 000	3 545 088	(888 912)	
Transfer revenue						
Government grants & subsidies	342 174 000	2 075 000	344 249 000	346 831 486	2 582 486	N8
Public contributions and donations	-	-	-	125 721	125 721	N9
Fines, Penalties and Forfeits	1 759 000	215 000	1 974 000	461 449	(1 512 551)	N10
Commission received	-	-	-	305 396	305 396	N11
Recoveries	-	-	-	19 866	19 866	
Total revenue from non-exchange transactions	386 254 000	1 900 000	388 154 000	396 229 218	8 075 218	
Total revenue	404 964 269	3 754 000	408 718 269	437 298 426	28 580 157	
Expenditure						
Personnel	(121 854 000)	(853 000)	(122 707 000)	(108 593 249)	14 113 751	N12
Remuneration of councillors	(22 935 000)	-	(22 935 000)	(23 263 328)	(328 328)	N13
Depreciation and amortisation	(49 435 000)	(1 395 000)	(50 830 000)	(36 070 870)	14 759 130	N14
Impairment loss/ Reversal of impairments	-	-	-	(2 633 448)	(2 633 448)	N15
Construction contracts expenditure	-	-	-	(21 015 022)	(21 015 022)	N16
Finance costs	-	-	-	(772 805)	(772 805)	N17
Lease rentals on operating lease	-	-	-	(3 260 292)	(3 260 292)	N18
Debt Impairment	(15 553 000)	(760 000)	(16 313 000)	(32 120 978)	(15 807 978)	N19
Bad debts written off	-	-	-	(225 337)	(225 337)	
Contracted Services	(41 971 000)	(18 296 000)	(60 267 000)	(31 793 048)	28 473 952	N20
Transfers and Subsidies	(2 500 000)	-	(2 500 000)	(10 305 174)	(7 805 174)	N21
General Expenses	(94 155 000)	(34 475 000)	(128 630 000)	(135 306 761)	(6 676 761)	N22
Total expenditure	(348 403 000)	(55 779 000)	(404 182 000)	(405 360 312)	(1 178 312)	

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Restated						
Operating surplus	56 561 269	(52 025 000)	4 536 269	31 938 114	27 401 845	
Loss on disposal of assets	-	-	-	117 713	117 713	N23
Actuarial gains/losses	-	-	-	(315 641)	(315 641)	N24
Movement in (interest)/change in estimate on Landfill Site	-	-	-	(680 621)	(680 621)	N25
	-	-	-	(878 549)	(878 549)	
Surplus (Deficit) for the year	56 561 269	(52 025 000)	4 536 269	31 059 565	26 523 296	

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Restated						

Statement of Financial Position**Assets****Current Assets**

Receivables from exchange transactions	4 116 000	-	4 116 000	6 763 412	2 647 412	N26
Receivables from non-exchange transactions	(1 254 000)	4 434 000	3 180 000	5 371 568	2 191 568	N27
VAT input control	(9 453 000)	(6 951 000)	(16 404 000)	5 629 984	22 033 984	N28
Other current assets	26 381 000	6 951 000	33 332 000	-	(33 332 000)	N29
VAT receivable	-	-	-	4 817 790	4 817 790	N30
Cash and cash equivalents	121 016 000	(63 207 000)	57 809 000	73 788 485	15 979 485	N31
	140 806 000	(58 773 000)	82 033 000	96 371 239	14 338 239	

Non-Current Assets

Investment property	5 983 000	-	5 983 000	14 250 621	8 267 621	N32
Property, plant and equipment	567 550 000	7 797 000	575 347 000	570 363 284	(4 983 716)	N33
Intangible assets	2 016 000	-	2 016 000	24 183	(1 991 817)	N34
	575 549 000	7 797 000	583 346 000	584 638 088	1 292 088	

Total Assets

716 355 000	(50 976 000)	665 379 000	681 009 327	15 630 327	

Liabilities**Current Liabilities**

VAT Payable (SARS accrual)	1 702 000	-	1 702 000	6 971 740	5 269 740	N35
Payables from exchange transactions	18 057 000	804 000	18 861 000	33 982 899	15 121 899	N36
Employee benefit obligation	3 713 000	-	3 713 000	27 321 567	23 608 567	N37
Unspent conditional grants and receipts	5 120 000	-	5 120 000	7 629 911	2 509 911	N38
Provisions	27 385 000	-	27 385 000	7 854 582	(19 530 418)	N39
	55 977 000	804 000	56 781 000	83 760 699	26 979 699	

Total Liabilities

55 977 000	804 000	56 781 000	83 760 699	26 979 699	

Net Assets

660 378 000	(51 780 000)	608 598 000	597 248 628	(11 349 372)	

Net Assets

Accumulated surplus	660 378 000	(51 780 000)	608 598 000	597 248 628	(11 349 372)	All above

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts**Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Restated						

Cash Flow Statement**Cash flows from operating activities****Receipts**

Property rates taxes	23 039 000	(593 000)	22 446 000	14 281 197	(8 164 803)	N40
Service charges	1 102 000	1 001 000	2 103 000	-	(2 103 000)	N41
Grants - Capital and Operating	342 174 000	2 075 000	344 249 000	342 340 253	(1 908 747)	N42
Interest income	12 777 000	-	12 777 000	8 961 014	(3 815 986)	N43
Other receipts	5 812 000	983 000	6 795 000	25 319 106	18 524 106	N44
	384 904 000	3 466 000	388 370 000	390 901 570	2 531 570	

Payments

Employee costs and suppliers	(246 871 000)	(70 240 000)	(317 111 000)	(336 283 588)	(19 172 588)	N45

Net cash flows from operating activities	138 033 000	(66 774 000)	71 259 000	54 617 982	(16 641 018)	

Cash flows from investing activities

Purchase of property, plant and equipment	(111 549 000)	(17 789 000)	(129 338 000)	(94 381 877)	34 956 123	N46

Net increase/(decrease) in cash and cash equivalents	26 483 000	(84 562 000)	(58 079 000)	(39 763 895)	18 315 105	All above

Cash and cash equivalents at the beginning of the year	124 982 000	-	124 982 000	113 552 380	(11 429 620)	N47

Cash and cash equivalents at the end of the year	151 465 000	(84 562 000)	66 903 000	73 788 485	6 885 485	

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Restated						

Material differences between budget and actual amounts

Only variances exceeding 10% are considered material and have been explained below.

STATEMENT OF FINANCIAL PERFORMANCE

N1 Variance is due to underbudgeting in service charges the increase in the number of billable properties was not taking into account when compiling the budget.

N2 The budget for construction contracts was included under Government grants and subsidies, hence the variance..

N3 The municipality did not budget for any insurance claims hence the variance. The gain is due to the municipality building was damaged by fire, settled by the insurance.

N4 The variance is due to underbudgeting in other income.

N6 The variance is due to overbudgeting in investment income. The municipality had anticipated a larger interest income to be received by the municipality, however due to decreases in cash inflow the municipality did not collect the anticipated revenue from investments.

N7 The municipality implemented a new General valuation roll on the 1st July 2024. This increase in the number of properties was not accounted for during the budgeting stage plus the increase in property values.

N8 The variance is less than 10% of the budget, thus immaterial.

N9 The municipality did not anticipate receiving any public contribution and donations as a result did not budget for it, hence the variance.

N11 The variance is due to underperformance in the collection of traffic fines and the municipality did not take into account the collection rate when budgeting.

N12 The variance is due to the number of budgtd vacant posts within the municipality that remain unfilled.

N13 The variance is less than 10% of the budget, thus immaterial.

N14 The variance is due to the municipality using prior year budgtd depreciated as a benchmark for budgeting insteading of the prior year actual amount. Also amortisation, depreciation and impairment are budgtd for under one line item and disclosed separately in the AFS.

N15 The variance is due to impairment asset budget amount being included in the budget depreciation, amortisation and impairment instead of impairment being a stand alone item.

N16 Construction contract expenditure was budgtd for under capital expenditure and under portion under contracted services hence the variance.

N17The municipality did not budget for any finance cost. The movement in actural benefits is budgtd for under provisions..

N18 Leases are budgtd for under general expenditure..

N19 The municipality used 90% collection rate when budgting for the impairment of debtors instead of the actual collection rate of 56%. The 56% was only calculated on the current year billable amount without including the historic debt.

N20 The variance is due to certain line items which are budgeted under contracted services being disclosed seperately at construction contract expenditure and another expenditure being under general expenses.

N21 The variance is due to certain mscoa votes being mapped under general expenditure in the AFS.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Restated

N22 The variance is due to certain mscoa votes which were budgted for under transfers and subsidies being disclosed under general expenditure.

N23 The municipality did not budget for any loss on disposal of assets.

N24 The municipality did not budget for any actuarial gains/losses, the movement was accounted for under the budget for provisions.Movement in (interest)/change in estimate on Landfill Site not budgeted for.

N25 The municipality did not budget for any movement in (interest)/change in estimate on Landfill Site in the statement of financial performance, the movement was included in the budget provisions.

STATEMENT OF FINANCIAL POSITION

N26 The variance is due to insurance receivables being disclosed in the AFS which was not budgted for.

N27 The variance is due to less collection of revenue in the current year which resulted in a huge increase in debt impairment provision and less net receivables.

N28 The variance is due to overbudgeting for VAT recievables. The VAT receivable and accrual is also disclose seperately in the AFS. The municipality had also budgeted for VAT payable instead of accrual.

N29 The municipality did not have item or spending under Other current assets. Hence the variance which was an error in budgeting for assets.

N30 The variance is due to VAT receivable being disclosed seperately from the VAT input accrual. The municipality had also budgeted for VAT payable instead of receivable.

N31 The municipality had under budgted for cash and cash equivalents. Also the budget for other current assets had significantly reduced the budget for cash and cash equivalents since it was disclosed seperately instead of being combined.

N32 The municipality had not accounted for the fair value adjustment that took place in the 2023/2024 financial year, when compiling its budget.

N33 The variance is due construction cost expenditure being disclosed under the Statement of financial performance.

N34 The variance is due to overbudgeting for intangible assets. The majority of IT expenditure for running costs.

N35 The VAT payable is due to the municipality having to declared VAT out on the INEP grant due to being a revenue from exchange item. The declaration covered 2021 to 2025 financial years.

N36 The municipality did not anticipate the municipal building will be damaged by fire in June, resulting in the finance department not making any payments in June due to the system that is down. Hence the variance.

N37 The variance is due to provisions and Employee benefit obligation being budgted for under one line-item in the budget and disclosed seperately in the AFS.

N38 The variance is due to Disaster Relief Grant which was received on 29 February 2024, thus resulting in Unspent conditional grant and subsidies in 2023/24 financial year. In 2025 financial had a similar issue however for a lessor hence the decrease.

N39 The variance is due to provisions and Employee benefit obligation being budgted for under one line-item in the budget and disclosed seperately in the AFS.

CASH FLOW STATEMENT

N40 The variance is due to municipalty collecting less than the anticipated revenue to due low collection rate and unwillingness from ratepayers to pay their debts.

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Restated						
N41 The variance is due to the revenue from services being included under Other receipts and low collection on refuse removal due to rural nature of the municipality.						
N42 The variance is less than 10% of the total budget thus deemed acceptable and immaterial.						
N43 The interest recieved is less than the anticipated budget due to low investments amounts and the resulting income.						
N44 The vriance is due to construction contract income not being included in the budget and a portion being included under capital budget.						
N45 The variance is due expenditure being budgtd for under capital expenditure which ended being operational expenditure (construction contracts)..						
N46 The variance is due to overbudgeting in PPE and some capital expenditure items like construction contract expenditure ended up being operational in nature.						
N47 The variance is due to overbudgeting for cash and cash equivalents and not taking into account the increased cash flow outflow commitments.						
s 16 to 31 and the notes on pages 32 to 80 form an integral part of the annual financial statements.						

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

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.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 33 Changes in accounting policy.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern.

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 / Held to maturity investments and/or loans and receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 receivables is calculated on a individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

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 15 - Provisions.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

The impairment of consumer debtors and other trade receivables exists predominantly due to the possibility that these debts will not be recovered. Receivables were assessed individually where applicable at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining this allowance estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile. The impairment is calculated by calculating historic payments ratios for the individual assets and by assuming that the future payment ratios would be similar to the historic payment ratios.

In determining the recoverability of receivables from non-exchange and receivables from exchange transactions the municipality considers any change in the credit quality of the debtor from the date that credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of debtors impairment.

1.4 Investment property

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

Investment property is initially 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.

Fair value

Subsequent to initial measurement, investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Property, plant and equipment

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.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Infrastructure:		
Roads, paving, kerbs, slabs, gabions, signs, guard rails	Straight line	10-50 years
Stormwater, culverts, grid inlets	Straight line	10-50 years
Electrical, LV Networks, High Mast Lights, Street Lights	Straight line	30-40 years
Bridges	Straight line	50-80 years
Community:		
Recreational facilities etc	Straight line	10-50 years
Cemeteries, perimeter protection, security	Straight line	20-25 years
Halls, steel cover, protections	Straight line	10-50 years
Libraries, footpaths, diesel tanks etc	Straight line	10-50 years
Centres, slabs, containers, plastics	Straight line	15-50 years
Other property, plant and equipment:		
Vehicles, trucks, buses, tractors, trailers	Straight line	4-15 years
Machinery and equipment	Straight line	5-7 years
Furniture and office equipment	Straight line	4-8 years
Computer equipment, printers, machines	Straight line	4-8 years
Landfill sites	Straight line	10-50 years

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Property, plant and equipment (continued)

Land	Not depreciated	Not depreciated
Buildings:		
Municipal offices, training centres, motor gates	Straight line	10-50 years

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.6 Intangible assets (continued)

Item	Amortisation method	Average useful life
Computer software	Straight line	3-6 years

1.7 Financial instruments

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
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial assets measured at fair value

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

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.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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.

1.8 Statutory receivables

Identification

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.8 Statutory receivables (continued)

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

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.

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.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.8 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality 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.

1.9 Leases

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

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

Operating leases - lessor

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

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

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.

1.10 Impairment of cash-generating assets

Identification

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.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Value in use

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.

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. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.11 Impairment of non-cash-generating assets

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.12 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.12 Employee benefits (continued)

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are 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.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity 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 recognise the expected cost of bonus, incentive and performance related payments when the entity 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: Defined contribution plans

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

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

1.13 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

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.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.13 Provisions and contingencies (continued)

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.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an municipality:

has a detailed formal plan for the restructuring, identifying at least:

- the activity/operating unit or part of an activity/operating unit concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both: necessarily entailed by the restructuring; and not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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 in the commitments note to the financial statements.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.14 Commitments (continued)

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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.

Interest

Revenue arising from the use by others of entity assets yielding interest 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.

1.16 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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.

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.

1.17 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).

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.17 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

It is not exposed to variability in the results of the transaction.

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure is defined in section 1 of the MFMA as expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) and includes:

overspending of the total amount appropriated in the municipality's approved budget;

overspending of the total amount appropriated for a vote in the approved budget;

expenditure from a vote unrelated to the department or functional area covered by the vote;

expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

spending of an allocation referred in bullet points 2, 3 and 4 of the definition of "allocation" otherwise than in accordance with any conditions of allocation; or

a grant by the municipality otherwise than in accordance with this Act.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.19 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure must be disclosed in the note to the annual financial statements.

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as expenditure that was made in vain and would have been avoided had reasonable care been exercised..

All expenditure relating to fruitless and wasteful expenditure must be disclosed in the note to the annual financial statements.

1.21 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:

- (a) expenditure incurred by the municipality in contravention of, or not in accordance with, a requirement of this Act, and has not been condoned in terms section 170;
- (b) expenditure incurred by the municipality in contravention of, or not in accordance with a requirement of the municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by the municipality in contravention of, or that is not in accordance with a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by the municipality in contravention of, or not in accordance with., a requirement of supply chain management policy of the municipality, or any municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

Irregular expenditure is recognised when a payment is made.

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.

1.22 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.

The reportable segments identified are those functional segments reported in the Government Finance Statistics (GFS's) format and the Municipal Vote (Departmental) format per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The Government Finance Statistics (GFS's) format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The Municipality uses the Municipal Vote (Departmental) as Primary, secondary and tertiary levels.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.22 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.

1.23 Budget information

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.

1.24 Related parties

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

2. New standards and interpretations**2.1 Standards and interpretations issued, but not yet effective**

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact
GRAP 104 (amended): Financial Instruments	April 1, 2025	Unlikely there will be a material impact
IGRAP 21: The effect on past decisions on materiality	April 1, 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

Refuse Removal	20 302 087	16 153 872
Allowance for Impairment	(20 011 393)	(15 983 816)
Housing debtor (Human Settlement)	2 747 121	-
Prepaid expenses	60 863	60 863
Insurance receivable	3 664 734	-
	6 763 412	230 919

Summary of debtors by customer classification:**Households**

Current (0-30 days)	542 763	264 670
31 - 60 days	530 597	262 222
61 - 90 days	262 590	130 052
91 - 120 days	260 489	130 006
121 - 365 days	13 682 587	11 120 395
	15 279 026	11 907 345

Commercial/Business

Current (0 - 30 days)	114 207	108 070
31 - 60 days	105 071	100 590
61 - 90 days	51 808	50 148
91 - 120 days	51 602	48 290
121 - 365 days	3 466 183	2 848 639
	3 788 871	3 155 737

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

3. Receivables from exchange transactions (continued)**National and provincial government**

Current (0 - 30 days)	30 234	32 613
31 - 60 days	26 636	29 145
61 - 90 days	12 201	13 028
91 - 120 days	12 201	12 072
121 - 365 days	1 099 700	1 003 932
	1 180 972	1 090 790

Total

Current (0 - 30 days)	687 204	405 353
31 - 60 days	662 304	391 957
61 - 90 days	326 599	193 228
91 - 120 days	324 292	190 369
121 - 365 days	18 248 471	14 972 965
Less: Allowance for impairment	(20 011 393)	(15 983 817)
	237 477	170 055

Fair value of Receivables from exchange transactions

Trade and other receivables	237 477	170 055

The fair value of trade and other receivables from exchange transactions approximates their carrying amount.

Trade and other receivables past due but not impaired

The normal credit term for the municipality is 90 days. At 30 June 2025, receivables of R2 055 729 (2024: R737 926) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows::

1 month past due	687 204	245 975
2 months past due	679 991	245 975
3 months past due	688 534	245 975

Reconciliation of allowance for impairment

Opening balance	15 983 817	14 347 222
Provision for impairment	4 027 576	1 636 595
	20 011 393	15 983 817

No debtors have been pledged as a collateral.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
4. Receivables from non-exchange transactions		
Consumer debtors - Rates	119 885 180	89 230 166
Payroll debtors	290 664	422 344
Traffic Fines	3 033 808	2 964 188
Allowance for impairment - Rates	(114 504 850)	(87 656 708)
Allowance for impairment - Traffic Fines	(3 333 234)	(2 087 974)
	5 371 568	2 872 016
Summary of debtors by customer classification:		
Households		
Current (0 - 30 days)	818 935	552 114
31 - 60 days	772 282	537 173
61 - 90 days	380 543	266 803
91 - 120 days	375 045	261 415
121 - 365 days	30 798 007	21 454 020
	33 144 812	23 071 525
Industrial/Commercial		
Current (0 - 30 days)	914 016	420 885
31 - 60 days	697 834	352 191
61 - 90 days	293 738	175 610
91 - 120 days	293 738	173 734
121 - 365 days	27 754 978	23 979 920
	29 954 304	25 102 340
Rates		
National and provincial government		
Current (0 - 30 days)	-	39 640
31 - 60 days	-	93 238
61 - 90 days	-	15 584
91 - 120 days	12 962	15 584
121 - 365 days	54 841 599	40 892 255
	54 854 561	41 056 301
Total		
Current (0 - 30 days)	1 732 951	1 012 639
31 - 60 days	1 470 116	982 602
61 - 90 days	674 281	457 996
91 - 120 days	681 745	450 733
121 - 365 days	113 394 584	86 326 195
Less: impairment	(114 504 850)	(87 656 708)
	3 448 827	1 573 457
Sundry debtors		
Traffic fines	3 033 808	2 964 188
Payroll debtors	290 664	422 344
Less: impairment	(2 581 322)	(2 087 974)
	743 150	1 298 558

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

4. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Included in Receivables from non-exchange transactions are statutory receivables of 2025: R3 448 827 (2024: 1 573 457). 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. Property Rates arise from the MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004 as amended by Municipal Property Rates Amendment Act, No. 29 of 2014. This should be read together with Government Gazette 32061, updated by Government Gazette 38259 dated 28 November 2014. Statutory receivables transaction amounts is determined via the municipalities approved rates policy.

Impairment of Statutory receivables are assessed based on indicators that exist at each reporting date. These include but not limited to payment history and the customers overall profile.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R5 106 784 (2024: R2 558,62) were past due but not impaired.

1 month past due	1 732 951	2 559
2 month past due	1 650 975	-
3 month past due	1 722 858	-

Reconciliation of allowance for impairment - Rates

Opening balance	87 656 707	72 035 019
Provision for impairment	26 852 143	15 621 688
	114 508 850	87 656 707

No debtors have been pledged as a collateral.

5. VAT input control

Transaction(s) arising from statute

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.

The municipality accounts for VAT on the accrual basis of accounting thus giving rise to statutory receivables in terms of GRAP108.

VAT	5 629 984	1 330 249

An amount of R29 294 865 has been received in the current year and therefore recoverability of the amount receivable from SARS is not remote.

6. VAT receivable

VAT receivable	4 817 790	1 570 917

VAT is accounted for on an accrual basis in the annual financial statements whilst VAT submissions to SARS are accounted for on a cash basis. VAT provision / VAT receivables invoiced but not yet received from customers or paid to suppliers.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 379	3 200
Bank balances	4 409 415	1 579 160
Short-term deposits	69 375 691	111 970 020
	73 788 485	113 552 380

There are no cash and cash equivalents pledged as collateral by the municipality.

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 - Business Call account Revolving Fund: 61399068117	60 153 267	80 988 931	112 546 485	60 153 267	80 988 931	112 546 485
FNB - Business NSTD call: Equitable share: 62027945809	795 804	714 063	118 478	795 804	714 063	118 478
FNB - Public Sector Cheque - Gqunu Lots: 62020395390	557 306	557 306	558 449	557 306	557 306	558 449
FNB - Public Sector Cheque Account - MIG: 62170844221	46 243	162 098	142 147	46 243	162 098	142 147
FNB - Commercial Call Account - FMG: 62280641244	64 421	14 421	14 421	64 421	14 422	14 421
FNB - Commercial Call Account - LED: 62075571713	1 197 101	1 197 101	1 197 101	1 197 101	1 197 101	1 197 101
FNB - Commercial Call Account - EPWP GRANT: 62075570137	18 699	52 699	52 699	18 699	52 699	52 699
FNB - Commercial Money Market Investment - Housing Projects: 62280645345	11 230	734 183	734 183	11 230	734 183	734 183
FNB - Money Market Investment: MDR Grant - 62280642416	4 111 260	25 045 515	5 108 276	4 111 260	25 045 515	5 108 276
FNB - Maturity Notice - Electrification program: 74638477254	77 391	46 927	139 740	77 391	46 927	139 740
FNB - Public Sector Cheque Account - Main Account: 62023382526	3 259 378	1 472 837	4 135 356	4 409 415	1 579 160	4 251 020
FNB - Public Sector Cheque Account - DOT: 62869688617	2 342 968	2 428 166	2 514 934	2 342 968	2 456 777	2 514 934
Cash on hand	-	-	-	3 379	3 200	3 327
Total	72 635 068	113 414 247	127 262 269	73 788 484	113 552 382	127 381 260

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 250 621	-	14 250 621	14 250 621	-	14 250 621

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	14 250 621	14 250 621

Reconciliation of investment property - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	5 982 621	(59 000)	8 327 000	14 250 621

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 properties have been pledged as securities.

Details of valuation

Valuations was performed by an independent valuer not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use. These assumptions are based on current market conditions.

The municipality performed a fair value adjustment in the value of properties in the current year 2023/24. The independent valuer is Henk Butler.

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025
Notes to the Annual Financial Statements

Restated

9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	14 065 591	-	14 065 591	14 065 591	-	14 065 591
Buildings	71 142 134	(22 202 259)	48 939 875	71 142 134	(20 141 331)	51 000 803
Strategic asset	3 294 733	(306 319)	2 988 414	3 294 733	(255 314)	3 039 419
Infrastructure	1 487 449 357	(1 176 729 573)	310 719 784	1 400 801 972	(1 146 552 989)	254 248 983
Community	62 976 862	(30 702 243)	32 274 619	61 137 468	(28 393 892)	32 743 576
Other property, plant and equipment	50 078 071	(18 146 481)	31 931 590	46 819 536	(14 137 990)	32 681 546
Work in progress	124 387 764	-	124 387 764	120 765 568	-	120 765 568
Landfill Site	9 685 312	(4 629 665)	5 055 647	8 854 512	(4 316 593)	4 537 919
Total	1 823 079 824	(1 252 716 540)	570 363 284	1 726 881 514	(1 213 798 109)	513 083 405

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposal through Derecognition	Transfers received	Depreciation	Impairment loss	Total
Land	14 065 591	-	-	-	-	-	14 065 591
Buildings	51 000 803	-	-	-	(2 060 928)	-	48 939 875
Strategic asset	3 039 419	-	-	-	(51 005)	-	2 988 414
Infrastructure	254 248 983	18 261 420	-	68 385 965	(29 262 424)	(914 160)	310 719 784
Community	32 743 576	1 839 394	-	-	(1 543 900)	(764 451)	32 274 619
Other assets	32 681 546	3 153 484	(127 019)	-	(2 822 193)	(954 228)	31 931 590
Work-in-progress	120 765 568	72 008 161	-	(68 385 965)	-	-	124 387 764
Landfill site	4 537 919	830 801	-	-	(313 073)	-	5 055 647
	513 083 405	96 093 260	(127 019)	-	(36 053 523)	(2 632 839)	570 363 284

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposal through Derecognition	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	14 065 591	-	-	-	-	-	-	14 065 591
Buildings	53 051 198	90 000	(27 681)	-	-	(2 112 714)	-	51 000 803
Strategic asset	3 090 565	-	-	-	-	(51 146)	-	3 039 419
Infrastructure	245 163 556	13 924 345	(51 687)	-	22 201 785	(25 456 019)	(1 532 997)	254 248 983
Community	37 652 021	-	(2 318 546)	-	-	(1 665 655)	(924 244)	32 743 576
Other assets	36 336 382	3 100 193	-	(3 847 484)	-	(2 863 908)	(43 637)	32 681 546
Work-in-progress	95 470 945	47 496 408	-	-	(22 201 785)	-	-	120 765 568
Landfill Site	4 703 222	170 800	-	-	-	(294 510)	(41 593)	4 537 919
	489 533 480	64 781 746	(2 397 914)	(3 847 484)	-	(32 443 952)	(2 542 471)	513 083 405

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

9. Property, plant and equipment (continued)

The below capital projects are included in the above work-in-progress:

Project 1 - Tsolo bulk storm water Phase Two

Start date: 06 September 2022

Planned completion date: 12 June 2023

Revised completion date: 30 September 2025

The project was delayed due to scarcity of concrete supply due to bulk supply to SANRAL who was constructing the N2 road..

- Cost to date

12 831 561 12 399 952

Project 2 - Qumbu Sports field

Start Date: 19 November 2018

Planned completion date: 29 November 2019

The contract was terminated due to the poor performance of the contractor.

Cost to date

28 067 317 28 067 317

Project 3 - Tsolo Sports Field

Start Date: 01 November 2018

Planned completion date: 20 November 2019

Revised completion date: 31 December 2020

Challenges were associated the disaster that washed away some of the work that was completed, differences between the joint venture parties and the delays in delivery of materials.

Cost to date

16 918 064 10 841 689

Project 4 - Mvumelwano Sports Field

Start Date: 23 October 2017

Planned completion date: 23 February 2019

Revised completion date: 30 November 2020

The project had been delayed by the variances from the original scope that needed additional funding which delayed to be approved by council.

Cost to date

18 580 846 18 580 846

Project 5 - Vehicle Testing Centre

Start Date: 23 October 2017

Planned completion date: 23 February 2019

Revised completion date: 30 November 2020

The project was not budgeted for in 2024/2025 Financial period. Phase 2 of the project will commence in the 2026/2027 Financial period.

Cost to date

4 115 443 4 115 443

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

9. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed (continued)

Project 6 - Construction of a steel warehouse for brick making incubator Start Date: 11 September 2019 Completion date: 30 June 2020 Revised completion date: 30 June 2025 The project was delayed by Covid-19 and thereafter consultant was terminated and it took plenty of time to appoint another consultant as the contractor also passed away. The project will be completed in the 2025/2026 financial year.	2 071 055	1 906 745
Project 7 - Tsolo Waste Transfer Station Start Date: July 2022 The project has not started, still on design stage. The delays are due to budget constraints	846 673	846 673
Project 8 - Weigh Bridge Start Date: 10 October 2019 Original Completion date: 30 June 2020 Revised Completion date: N/A The project were delayed due to COVID-19 and later budget constrains.	782 609	782 609
Project 9 - Building Entrance - Tsitsa Falls Start Date: 15 July 2014 Planned Completion date: 30 June 2015 The contract was terminated due to the poor performance of the contractor. Budget constraints put project on hold	490 800	490 800
Project 9 - Ablution Facility Tsitsa Falls Start Date: 25 July 2019 Planned Completion date: 30 June 2020 The project were delayed due to COVID-19 and later budget constrains..	182 090	182 090
Project 10 - Bajodini Ablution Facility Start Date: 25 July 2019 Planned Completion date: 30 June 2020 The project were delayed due to COVID-19 and later budget constrains	177 090	177 090

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

9. Property, plant and equipment (continued)**Reconciliation of Work-in-Progress 2025**

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	51 465 887	69 299 681	-	120 765 568
Additions/capital expenditure	78 860 493	12 161 309	1 087 200	92 109 002
Transferred to completed items	(86 647 385)	(1 839 394)	-	(88 486 779)
	43 678 995	79 621 596	1 087 200	124 387 791

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	32 167 792	63 303 149	95 226 502
Additions/capital expenditure	55 423 849	5 996 532	61 664 820
Transferred to completed items	(36 125 754)	-	(36 125 754)
	51 465 887	69 299 681	120 765 568

Expenditure incurred to repair and maintain property, plant and equipment**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Repairs and maintenance	41 581 277	64 407 722

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 properties have been pledged as securities.

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	116 223	(92 040)	24 183	116 223	(74 086)	42 137

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	42 137	(17 954)	24 183

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	80 985	(38 848)	42 137

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
11. Payables from exchange transactions		
Trade payables	2 829 590	5 238 852
Retention	13 059 497	11 592 846
Payments received in advance	481 471	845 106
Unallocated deposits	2 244 225	1 468 532
Creditor Accruals	14 447 455	3 051 880
Department of Transport	920 661	240 652
	33 982 899	22 437 868

12. VAT Payable (SARS Accrual)

SARS Accrual	6 971 731	68 885

VAT is payable/refundable on the receipts/payment basis. Only once payment is received from debtors, payment made to creditors, VAT is paid over/received from to SARS. At year end, the municipality is a net receiver and has off set the receivable.

VAT Payable relates to INEP output vat from prior years that was never declared by the .

VAT is accounted for on an accrual basis in the annual financial statements whilst VAT submissions to SARS are accounted for on a cash basis. VAT provision / accrual tracks VAT invoiced but not yet received from customers or paid to suppliers.

13. Employee benefit obligation

Bonuses

Bonuses are paid out to all employees, excluding some senior managers, in the month of their birthdays each year and are based on a 13th monthly basic salary.

Defined Benefit Plan

Long service awards

The obligation in respect of the long service awards is valued every year by independent qualified actuaries. The last actuarial valuation was performed on 30 June 2025 by One Pangaea Financial using the Projected Unit Credit Method. Long service awards to eligible employees are paid for services rendered by employees of 5 years and longer in five year intervals. The service awards are paid as per the municipality's policy which complies with the minimum thresholds per the collective agreement signed by the Bargaining Council. The basis on which this was calculated is as follows:

- After 5 Continuous Years of Service - 2% of Basic Annual Salary and 5 days accumulative leave
- After 10 Continuous Years of Service - 3% of Basic Annual Salary and 10 days accumulative leave
- After 15 Continuous Years of Service - 4% of Basic Annual Salary and 15 days accumulative leave
- After 20 Continuous Years of Service - 5% of Basic Annual Salary and 15 days accumulative leave
- After 25 Continuous Years of Service - 6% of Basic Annual Salary and 15 days accumulative leave
- After 30 Continuous Years of Service - 6% of Basic Annual Salary and 15 days accumulative leave
- After 35 Continuous Years of Service - 6% of Basic Annual Salary and 15 days accumulative leave
- After 40 Continuous Years of Service - 6% of Basic Annual Salary and 15 days accumulative leave
- After 45 Continuous Years of Service - 6% of Basic Annual Salary and 15 days accumulative leave

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Current service costs

Current service cost	674 119	991 215

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

13. Employee benefit obligation (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Bonus accrual	2 115 249	2 016 466
Leave pay accrual	16 414 343	15 106 090
Long service awards	8 791 975	7 396 737
	27 321 567	24 519 293
Non-current liabilities	(8 791 975)	(6 938 762)
Current liabilities	(18 529 592)	(17 580 531)
	(27 321 567)	(24 519 293)

Reconciliation of employee benefits - 2025

	Opening balance	Additions	Utilised during the year	Total
Bonus accrual	2 016 466	98 783	-	2 115 249
Leave pay accrual	15 106 090	1 384 368	(76 115)	16 414 343
Long service awards	7 396 737	1 762 565	(367 327)	8 791 975
	24 519 293	3 245 716	(443 442)	27 321 567

Reconciliation of employee benefits - 2024

	Opening balance	Additions	Utilised during the year	Total
Bonus accrual	1 840 153	176 313	-	2 016 466
Leave pay accrual	14 394 012	1 912 287	(1 200 209)	15 106 090
Long service awards	7 136 764	666 824	(406 851)	7 396 737
	23 370 929	2 755 424	(1 607 060)	24 519 293

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	7 396 737	7 136 764
Contributions by plan participants	(367 327)	(406 851)
Net expense recognised in the statement of financial performance	1 762 565	666 824
	8 791 975	7 396 737

Net expense recognised in the statement of financial performance

Current service cost	674 119	991 215
Past service cost	772 805	740 583
Interest cost	315 641	(1 064 974)
	1 762 565	666 824

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,28 %	10,78 %
Expected rate of return on assets	4,10 %	5,10 %
Expected rate of return on reimbursement rights	5,10 %	6,10 %
Actual return on reimbursement rights	3,98 %	4,42 %

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

13. Employee benefit obligation (continued)**Other assumptions**

The valuation basis assume that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 6.46% less than the corresponding discount rate in the long term. The effect of one percent increase or decrease in salary inflation rates is as follows:
Cost trends rates would have the followings:

Amounts for the current and previous four years are as follows:

	2025 R	2024 R	2023 R	2022 R	
Defined benefit obligation	8 791 975	7 396 737	7 136 764	7 932 937	-

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

LED	15 000	15 000
Library Assistance Grant	3 073 000	-
SETA Training Grants	-	480 000
EPWP DEDEAT	44 439	-
Municipal Disaster Relief Grant	4 064 390	25 025 050
Department of Transport (Surface road rehabilitation fund)	429 070	3 000 000
Human Settlements Graduate stipend Grant	4 012	4 012
	7 629 911	28 524 062

Movement during the year

Balance at the beginning of the year	28 143 606	5 120 495
Additions during the year	94 145 509	105 547 173
Income recognition during the year	(114 659 204)	(82 143 606)
	7 629 911	28 524 062

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 19 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

15. Provisions**Reconciliation of provisions - 2025**

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	6 343 161	830 800	680 621	7 854 582

Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	5 854 653	488 508	6 343 161

Environmental rehabilitation provision

The rehabilitation cost provision is for the current operational site which is evaluated each year-end to reflect the best estimate at reporting date. The site under consideration is Qumbu landfill site. The valuation was performed by A.J. Bowers from EMS Advisory. Mr Bowers is a waste management specialist and professional engineer.

Key financial assumptions used were a CPI of 5.92%, a discount rate of 11.530% . The adjustment made to the discounting rate was made due to various risks pertaining to the specific landfill site which influences the cash flows and therefore the discounting rate.

The landfill site closure provision is calculated as the net present value of future cash flows based on the expected remaining life and on the size of the area that has been used for waste removal as at 30 June 2025.

16. Service charges

Refuse Charges -Business	2 525 994	810 217
Refuse charges - Households	1 391 393	1 503 131
Refuse charges - Government	169 044	177 954
	4 086 431	2 491 302

17. Construction contracts

Electrification - INEP	12 031 304	11 618 262
RDP Housing - Human settlements	6 408 776	585 000
DR08167 - Department of Transport	2 574 942	-
	21 015 022	12 203 262

18. Rental of facilities and equipment**Facilities and equipment**

Commonage	42 812	36 194
Municipal Hall	2 516	13 432
	45 328	49 626

19. Agency services

Driver's Licences and vehicle registrations	1 129 610	1 242 354

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
20. Licences and permits		
Business licences	233 283	135 572
DLTC learners and drivers licences	1 047 831	1 158 601
	1 281 114	1 294 173
21. Other income		
Advertising fees	91 688	90 122
Sundry income	146 729	28 493
Clearance certificates	506	44
Cemetery fees	26 575	31 827
Building plan fees	7 228	4 824
	272 726	155 310
22. Interest earned - Investments		
Interest revenue		
Bank	8 961 014	11 063 763
23. Interest earned - Receivables		
Interest - Receivables from exchange transactions (Service Charges)	613 229	-
Interest - Receivables from non-exchange transactions (Property rates)	3 545 088	-
	4 158 317	-
24. Property rates		
Rates received		
Residential	4 255 526	4 091 968
Commercial	11 194 765	5 631 922
Government	29 595 247	24 218 404
Small holdings and farms	682 294	262 944
Less: Income forgone	(787 620)	(744 415)
	44 940 212	33 460 823
Valuations		
Residential	203 576 345	421 769 000
Commercial	572 187 230	259 378 000
Government	1 066 102 501	879 081 000
Municipal	142 763 437	91 652 001
Small holdings and farms	299 164 001	271 699 003
Places of public worship	33 656 000	15 722 000
Vacant Land	50 604 301	14 992 000
Public Benefit Organisation	-	4 739 000
	2 368 053 815	1 959 032 004

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
25. Government grants and subsidies		
Operating grants		
Equitable share	241 156 000	229 195 000
Library Assistance	1 102 000	550 000
Financial Management Grant	2 300 000	2 300 000
EPWP casual workers	1 966 000	1 754 000
EPWP DEDEAT	955 561	-
Human Settlements training grant	53 412	137 609
LG SETA Training Grant	1 669 853	1 070 046
	249 202 826	235 006 655
Capital grants		
Municipal Infrastructure Grant	51 631 000	48 947 000
Municipal Disaster relief Grant	45 997 660	13 438 950
	97 628 660	62 385 950
	346 831 486	297 392 605
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	114 659 204	68 782 605
Unconditional grants received	241 156 000	229 195 000
	355 815 204	297 977 605
Municipal Infrastructure Grant		
Current-year receipts	51 631 000	48 947 000
Conditions met - transferred to revenue	(51 631 000)	(48 947 000)
	-	-
LED		
Balance unspent at beginning of year	15 000	15 000
There was no movement during the current financial period.		
Finance Management Grant		
Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	-	-

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

25. Government grants and subsidies (continued)**Expanded Public Work Program**

Current-year receipts	1 966 000	1 785 000
Conditions met - transferred to revenue	(1 966 000)	(1 785 000)
	-	-

Library Assistance Grant

Current-year receipts	4 175 000	550 000
Conditions met - transferred to revenue	(1 102 000)	(550 000)
	3 073 000	-

Conditions still to be met - remain liabilities (see note 14).

The municipality received an additional funding of R3 073 000 on the 31 March 2025 from the Department of Sports and Recreation. This amount is meant for repairs and maintenance on the Library infrastructure.

LG SETA

Balance unspent at beginning of year	480 000	-
Current-year receipts	1 189 853	1 550 046
Conditions met - transferred to revenue	(1 669 853)	(1 070 046)
	-	480 000

Integrated Electrification Program

Current-year receipts	13 836 000	13 361 000
Conditions met - transferred to revenue	(13 836 000)	(13 361 000)
	-	-

Expanded Public Works (DEDEAT)

Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(955 561)	-
	44 439	-

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
25. Government grants and subsidies (continued)		
Municipal Disaster Relief/Recovery Grant		
Balance unspent at beginning of year	25 025 050	5 100 000
Current-year receipts	25 037 000	33 364 000
Conditions met - transferred to revenue	(45 997 660)	(13 438 950)
	4 064 390	25 025 050

Conditions still to be met - remain liabilities (see note 14).

The R25 037 000 was received in tranches and was supposed to run for 12 months starting from 1 October 2024 to 30 September 2025.

Department of Transport (Surface road rehabilitation Grant)

Balance unspent at beginning of year	3 000 000	-
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	(2 574 942)	-
	425 058	3 000 000

Conditions still to be met - remain liabilities (see note 14).

The municipality has signed a memorandum of understanding with the Department of Transport to act as an implementing agent for the rehabilitation of the surface road N2 to Shawbury. Part of that memorandum of understanding included the department making a deposit in advance for professional fees.

Human Settlements Training Grant

Balance unspent at beginning of year	4 012	5 495
Current-year receipts	49 400	148 075
Conditions met - transferred to revenue	(53 412)	(149 558)
	-	4 012

The department has placed a number of Graduate interns within the LED department in order to gain work experience. This Grant is used to pay their stipends.

Human Settlements housing Grant

Current-year receipts	3 669 679	585 400
Conditions met - transferred to revenue	(6 408 776)	(585 400)
	(2 739 097)	-

The municipality has signed a memorandum of understanding with Human Settlements to act as an implementing agent on RDP houses to be built within the jurisdiction of the municipality.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

26. Fines, Penalties and Forfeits

Traffic Fines	139 240	526 500
Pound Sales	308 870	143 191
Pound fees	13 339	19 302
	461 449	688 993

27. Revenue

Service charges	4 086 431	2 491 302
Construction contracts	21 015 022	12 203 262
Rental of facilities and equipment	45 328	49 626
Interest received (trading)	613 229	-
Agency services	1 129 610	1 242 354
Licences and permits	1 281 114	1 294 173
Actuarial gain/loss	-	1 064 974
Gain on insurance recovery	3 664 734	-
Fair value adjustments	-	8 327 000
Gain on disposal of assets and liabilities	117 713	-
Other income	272 726	155 310
Interest received - investment	8 961 014	11 063 763
Property rates	44 940 212	33 460 823
Property rates - penalties imposed	3 545 088	-
Government grants & subsidies	346 831 486	297 392 605
Public contributions and donations	125 721	-
Fines, Penalties and Forfeits	461 449	688 993
Commission on payroll	305 396	374 167
Recoveries	19 866	451 015
	437 416 139	370 259 367

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	4 086 431	2 491 302
Construction contracts	21 015 022	12 203 262
Rental of facilities and equipment	45 328	49 626
Interest received (trading)	613 229	-
Agency services	1 129 610	1 242 354
Licences and permits	1 281 114	1 294 173
Gain on insurance recovery	3 664 734	-
Actuarial gain/loss	-	1 064 974
Fair value adjustment	-	8 327 000
Gain on disposal of assets and liabilities	117 713	-
Other income	272 726	155 310
Interest received - investment	8 961 014	11 063 763
	41 186 921	37 891 764

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
27. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	44 940 212	33 460 823
Property rates - Interest earned	3 545 088	-
Transfer revenue		
Government grants & subsidies	346 831 486	297 392 605
Public contributions and donations	125 721	-
Fines, Penalties and Forfeits	461 449	688 993
Commission on payroll	305 396	374 167
Recoveries	19 866	451 015
	396 229 218	332 367 603

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
28. Employee related costs		
Basic	61 043 117	59 366 736
Bonus	5 078 429	4 527 497
Medical aid - company contributions	6 884 477	6 408 517
UIF	593 252	585 513
SDL	1 205 551	1 123 660
Other payroll levies	29 834	32 318
Leave pay provision charge	1 384 368	1 912 287
Backpay	1 344 612	59 465
Defined contribution plans	9 361 872	8 453 354
Travel allowance	11 003 153	10 378 625
Overtime payments	1 103 085	2 039 521
Long-service awards	429 924	991 215
Acting allowances	(18 345)	999 269
Housing benefits and allowances	3 551 250	3 314 898
Allowance- standby	2 531 055	2 125 447
Temporal employees	2 381 152	1 804 422
Allowance -cellphone	686 463	486 262
	108 593 249	104 609 006

Remuneration of Municipal Manager (Mr L. Ndabeni)

Basic salary	667 901	722 531
Backpay	55 901	50 381
Car allowance	166 975	305 429
Contribution to Medical and Pension Funds	42 300	61 086
Residential allowance	180 333	61 086
	1 113 410	1 200 513

Remuneration of Chief Financial Officer (Ms. N.K Sibobi)

Basic salary	730 276	155 772
Backpay	14 058	-
Car allowance	168 525	45 331
Contribution to Medical and Pension Funds	41 341	9 066
Residential allowance	182 007	9 066
	1 136 207	219 235

Ms N.K Sibobi was dismissed Chief Financial on the 30 June 2025.

Remuneration of Senior Manager - Corporate Services (Ms. T.T Madotyeni)

Basic salary	337 050	113 862
Backpay	9 372	-
Car allowance	81 595	13 599
Contributions to UIF, Medical and Pension Funds	108 795	18 133
Leave Pay	58 604	-
	595 416	145 594

Ms T.T. Madotyeni resigned on the 05 January 2025 as Senior Manager: Corporate services.

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

28. Employee related costs (continued)

Remuneration of Senior Manager - Infrastructure Services (Ms. Z. Petse)

Basic salary	537 374	654 152
Backpay	56 231	58 362
Car allowance	181 268	271 902
Contributions to UIF, Medical and Pension Funds	27 561	54 381
Residential allowance	121 338	54 381
Leave Pay	387 161	-
	1 310 933	1 093 178

Ms Z. Petse resigned in March 2025 as the Senior Manager: ISD.

Remuneration of Senior Manager - Community Services (Mr. M. Sineke)

Basic salary	720 887	155 772
Backpay	14 058	-
Car allowance	168 525	27 198
Contributions to UIF, Medical and Pension Funds	223 349	36 265
	1 126 819	219 235

Remuneration of Senior Manager - Local Economic Development (Mr. S.C. Ntinzi)

Acting allowance	5 384	-
Basic salary	674 101	113 862
Backpay	9 372	-
Car allowance	168 525	13 599
Contributions to UIF, Medical and Pension Funds	223 349	18 133
	1 080 731	145 594

Mr S.C. Ntinzi was appointed Acting Senior Manager: ISD on the 1st April 2025.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
29. Remuneration of councillors		
Mayor	1 069 041	1 002 349
Speaker	863 990	811 535
Whip of Council	813 009	763 833
Executive Committee Members	5 510 188	5 172 890
Ordinary Councillors	15 007 100	12 277 556
	23 263 328	20 028 163
Mayor		
Basic salary	941 578	914 763
Backpay	80 459	40 794
Cell allowance	43 200	43 004
Data allowance	3 804	3 788
	1 069 041	1 002 349
Speaker		
Basic salary	565 009	548 859
Backpay	63 640	32 931
Cell allowance	43 200	43 004
Data allowance	3 804	3 788
Car allowance	188 337	182 953
	863 990	811 535
Whip of council		
Basic salary	529 639	514 556
Backpay	59 820	30 967
Cell allowance	43 200	43 004
Data allowance	3 804	3 788
Car allowance	176 546	171 519
	813 009	763 834
Executive committee		
Basic Salary	3 739 015	3 504 962
Backpay	361 754	213 496
Cell allowance	385 200	379 836
Data allowance	33 919	33 458
Car allowance	990 300	1 041 138
	5 510 188	5 172 890
Ordinary councillors		
Basic salary	9 367 052	8 969 016
Backpay	961 868	539 043
Car allowance	1 684 800	2 798 280
Cell allowance	148 356	1 655 654
Data allowance	2 845 024	145 838
	15 007 100	14 107 831

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

29. Remuneration of councillors (continued)

In-kind benefits

The Mayor, Speaker and Chief Whip are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor, Speaker and Chief Whip have use of a Council owned vehicle for official duties. The Mayor has three full-time bodyguards and the Speaker has three full-time bodyguards.

The accounting officer confirms that the salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution.

30. Depreciation and amortisation

Property, plant and equipment	36 052 916	32 443 951
Intangible assets	17 954	38 847
	36 070 870	32 482 798

31. Impairment of assets

Impairments

Property, plant and equipment	2 633 448	2 542 483

32. Construction contract expenditure

Electrification - INEP	12 031 304	11 618 262
RDP Housing - Human settlement	6 408 776	58 500
DR08167 - Department of Transport	2 574 942	-
	21 015 022	11 676 762

2025

	Cost incurred to date	Recognised surplus(less deficit) to date
Electrification - INEP	12 031 304	-
RDP Housing - Human settlements	6 408 776	-
DR08167 - Department of Transport	2 574 942	-
	21 015 022	-

2024

	Cost incurred to date	Recognised surplus(less deficit) to date
Electrification - INEP	11 618 261	-
RDP Housing - Human settlements	585 000	-
	12 203 261	-

The municipality receives INEP grant which it uses to construct the electricity network around Kumkani Mhlontlo area, these assets do not belong to the municipality. They belong to Eskom, thus their expenditure is expense when incurred instead being capitalised.

The municipality also has a service level agreement with the department of transport to construct the N2 to Shawbury Tar road, however that road belongs to the Department of Transport not the municipality. It is still at the planning stage.

The municipality has a service level agreement with the Department of human settlements to build RDP houses on behalf of the department.

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
33. Finance costs		
Interest on long service awards	772 805	740 583
34. Lease rentals on operating lease		
Contractual amounts	3 260 292	1 085 866
35. Debt impairment		
Consumer debtors and traffic fines	32 120 978	17 558 334
36. Contracted services		
Security Services	16 335 611	11 724 783
Consultants and Professional Services		
Business and Advisory services	-	142 000
Legal Cost	15 457 437	9 816 813
	31 793 048	21 683 596

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
37. Transfers and subsidies		
Other subsidies		
Indigent Subsidy	10 305 174	9 120 179
The municipality subsidises indigent households with Free basic electricity of 50kW per month or provider alternative energy in the form of 20L of paraffin per quarter.		
38. Loss on disposal of assets		
Gains or losses arising from a change in fair value less point of sale costs	-	3 689 671
39. General expenses		
Advertising	904 436	1 679 879
Animal Feed	392 401	55 755
Audit committee expenses	1 174 337	729 942
Audit fees (Refer to note 27)	6 241 088	4 659 285
Bank Charges	188 589	160 652
Cleaning	1 721 555	946 045
Conferences and seminars	44 762	-
Consulting and professional fees	4 606 248	3 813 766
Consumables/Cemetery tagging	1 009 964	1 119 471
EPWP stipends	9 398 511	5 591 858
Electricity purchases	3 313 708	2 647 404
Entertainment and catering	4 003 523	4 555 410
Fines and penalties	24 794	-
Fuel and oil	2 109 720	3 028 844
Hiring charges	8 651 640	14 145 276
Social facilitation	1 339 988	1 097 328
Agricultural development	4 266 019	5 801 543
Insurance	636 711	854 562
Medical expenses	-	112 253
Motor vehicle expenses	304 389	266 282
Office expenses	45 658	51 253
Pound claims	28 111	30 395
Printing and stationery	3 502 985	2 329 270
Protective clothing	672 922	(303 856)
Repairs and maintenance	41 715 371	65 885 722
Software expenses	5 550 291	3 379 840
SMME Support	2 758 832	1 381 254
Subscriptions and membership fees	1 429 558	2 518 002
Survey and Planning	2 034 973	2 064 126
Telephone and fax	5 687 797	7 629 795
Tourism development	718 500	1 591 416
Training	3 613 823	5 599 744
Travel - local	8 080 601	6 343 373
Ward committee stipend	9 134 956	7 990 100
	135 306 761	157 755 989
40. Auditors' remuneration		
Fees	6 241 088	4 659 285

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
41. Cash generated from operations		
Surplus (deficit)	31 059 565	(15 681 601)
Adjustments for:		
Depreciation and amortisation	36 070 870	32 482 798
Loss on sale of assets and liabilities	(117 713)	3 685 595
Fair value adjustments	-	(8 327 000)
Impairment reversal/loss on assets	2 633 448	2 542 483
Debt impairment	32 120 978	17 558 334
Bad debts written off	225 337	711 333
Movements in employee benefit obligations	2 802 274	1 148 364
Movements in provisions	680 000	488 508
Movement in tax receivable and payable	(19 866)	-
Increase in provisions relating to employee cost	(772 805)	(740 583)
Actuarial loss	315 641	(1 064 973)
Other non-cash items	(3 970 130)	(374 167)
Changes in working capital:		
Receivables from exchange transactions	(6 532 493)	(653 915)
Receivables from non-exchange transactions	(28 742 968)	(17 776 256)
Payables from exchange transactions	11 545 031	6 627 660
VAT	(406 984)	2 351 741
Unspent conditional grants and receipts	(20 894 151)	23 403 567
Movement in provisions	(1 378 052)	-
	54 617 982	46 381 888

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

42. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables are amounts owed by consumers and are presented net of impairment losses. The municipality's constitutional mandate compels the municipality to provide minimum basic services to all its residents without recourse of creditworthiness.

The municipality endeavours to collect all its debts by sending monthly invoices, and levying of penalties. All rates and services accounts are payable within 30 days from invoice date.

Cash and cash equivalents consist of short term investments, the primary bank account and petty cash of the municipality. Short term investments are held at First National Bank.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	73 788 485	113 552 380
Receivables from exchange transactions	6 763 412	230 919
Receivables from non-exchange transactions	290 664	422 344

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The municipality is not exposed to commodity price risk as it does not hold commodities on an open market platform.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

43. Financial instruments disclosure**Categories of financial instruments****2025****Financial assets**

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	6 763 412	6 763 412
Receivables from non-exchange transactions	-	290 664	290 664
Cash and cash equivalents	73 788 485	-	73 788 485
	73 788 485	7 054 076	80 842 561

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	33 982 899	33 982 899

2024**Financial assets**

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	230 919	230 919
Receivables from non-exchange transactions	-	422 344	422 344
Cash and cash equivalents	113 552 380	-	113 552 380
	113 552 380	653 263	114 205 643

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	22 437 867	22 437 867

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
44. Contingent assets and Liabilities		
TDH Tsolo Junction vs Mhlontlo Local Municipality (Case No: 463/20) The plaintiff is suing the Municipality for breach of contract. This is contractual dispute case where TDH I suing the municipality an amount of R50 000 000.	50 000 000	50 000 000
Municipality vs Buhlungu (Case No.3561/20) The respondents unlawfully manufacturing building blocks and building materials at ERF 641 causing nuisance.	200 000	200 000
Municipality vs Lizomac Architecture (Case No.4322/20) The plaintiff is suing the municipality for breach of contract. This is an action matter were the plaintiff is suing the municipality for breach of contract for an amount of R243 278,73.	543 279	543 279
Municipality vs Fundiswa Ngebe (Case No. 2170/20) The plaintiff is suing the Municipality for unlawfully demolishing of their properties. The plaintiff is claiming an amount of R244 000.	544 000	544 000
Zukisani Msawenkosi vs Mhlontlo Local Municipality (Case No: 2173/20) The plaintiff is suing the Municipality for unlawfully demolishing of their property for an amount of R234 000.	534 000	534 000
Kumkani Mhlontlo vs Likhona Saul (Case No. 2176/20) The plaintiff is suing the Municipality for unlawfully demolishing of their properties. The plaintiff is claiming an amount of R400 000.	700 000	700 000
Municipality vs Nandipha Delihlazo (Case No. 2177/20) The plaintiff is suing the Municipality for unlawfully demolishing of their properties. The plaintiff is claiming an amount of R400 000.	428 431	428 431
Municipality vs Zwelixelile Matinize (Case No. 1471/20) The applicant brought an ex parte interdict against Mhlontlo Local Municipality from demolishing his structure built at Farm Mbuto Administrative Area. Part A has been successfully rescinded on 12th August 2021. Part B of the review is pending before Court.	300 000	300 000
Thando Mgaweni & Others vs Mhlontlo Local Municipality(Case No: 3127/2021) This is a review application against the decision of the Municipality to replace District representatives.	500 000	500 000
Municipality vs Fikiswa Eusehell Mihla ERF 214 (Case No. 1753/2022) This is an application brought by the Municipality to Demolishing and Excavate and remove all rubble in the property situated within its municipal's jurisdiction. To prevent unlawful conduct done within those abandoned property.	300 000	300 000
Municipality vs Zidalele Eric Nyembe (Case No. 1752/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Sogenge Richard Ntizi (Case No. 1756/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Memka John (Case No. 1755/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
44. Contingent assets and Liabilities (continued)		
Municipality vs Hubert Veli Mangxaba (Case No. 1754/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Tunzi Dorothy Noluthando (Case No. 1750/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Sindiso Rum (Case No. 1758/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Mpehle Grace Ntomboxolo (Case No. 1759/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Mhlanga Justice Memka (Case No. 1757/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Janet Botya (Case No. 1751/2022) This is an application brought by the Municipality to demolishing, excavate and remove all rubble in the property situated within its jurisdiction. To prevent unlawful conduct done within those abandoned properties.	300 000	300 000
Municipality vs Zwelixelile Matinise & Ntlangano Project Cc (Case No. 96/21) This is an application against the Applicant Zwelixelile Matinise & 1st Respondent Ntlangano Project CC. Land claims, Eviction proceedings, Demolishing Structures.	300 000	300 000
Bongithemba Props Pty Ltd vs The municipality (ERF 159) Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Kantoor Family Trust Pty Ltd vs The Municipality (ERF 116) Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
An & AT Potelwa Family Trust vs The Municipality (ERF 129) Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Jame Kobi vs The Municipality (ERF 193)) Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Property owner (ERF 627) vs The Municipality Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Property owner (ERF 629) vs The Municipality Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
44. Contingent assets and Liabilities (continued)		
Property owner (ERF 625) vs The Municipality Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Property owner (ERF 631) vs The Municipality Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
Property owner (ERF 628) vs The Municipality Land Matters: Land claims, Eviction proceedings, Demolishing Structures. Awaiting for the allocation of a date from the court.	300 000	300 000
One Grid Projects vs The Municipality (Case No. 727/20) The Plaintiff is suing the Municipality for the breach of contract. The was on roll on the 7th December 2021 to comple the municipality to file the discovery affidavit. The Plaintiff is claiming the money that was paid to the Respondent for the work that has not done. The total value for the specified work, including vat, was amount sued is R 27 879 372.95)	2 000 000	2 000 000
Mhlontlo Encroachments This is an application for illegal encroachment of the land of the Municipality. The occupant does not the title deeds	500 000	500 000
Pumzile Nomfenge vs The Municipality (Case No. 2651/2018) The municipality is sued for the breach of contract. The amount sued is R 871 771-55. Rule 30 Notice was served and filed by the Plaintiff and was no response since then.	500 000	500 000
Malibongwe Mfobo & other vs The Municipality (Case No. 1997/20) This is an application for illegal encroachment of the land of the municipality. The occupant does not have the title deeds. The matter went to court and the eviction order was granted. Sheriff was instructed to serve the court orders to the illegal occupiers. Matter is finalised.	-	500 000
Florence Jojo & Others vs The Municipality (Case No. 2178/2020) This is an action proceeding wherein the plaintiff is suing the Municipality for the demolishing of her house. She demanded the payment being the value of the house. The matter is still in the pleading stage.	2 000 000	2 000 000
Mzuvukile Ngeke & others vs Kumkani Mhlontlo local Municipality (Case No. 11/2019) This is an application for interdict and restraining from demarcating, sub dividing, developing any structure of any nature of the land.	1 000 000	1 000 000
F.N. Themba & Others vs Kumkani Mhlontlo local Municipality This is an application for unlawful occupiers on the Municipality's land.	500 000	500 000
Spar/Shoprite/Usave & others vs Kumkani Mhlontlo local Municipality This was a complaint that was laid by the numerous residents and business owners about sewerage and spillages around the town of Qumbu.	-	500 000
Enye Mapatwana & Ors vs Kumkani Mhlontlo local Municipality (Case No. 2917/2013) This is a matter for illegal occupiers of the land in qumbu. The Matter was heard on the 13 June 2024 before Justice Majiki J. The matter was removed from the roll pending the withdrawal notice from the respond's attorneys.	500 000	500 000

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
44. Contingent assets and Liabilities (continued)		
Thumeka Mabono vs Kumkani Mhlontlo local Municipality (Case No: 184/2024) The applicant instituted review application proceedings in the Labour Court, Gqeberha. The matter concerns a dispute arising from the appointment of an individual to a position within the municipality. The applicant alleges that the municipality acted unfairly by appointing Xolisa Mpatane to the position and contends that she was the most suitable and deserving candidate for promotion. The applicant referred the dispute to the relevant bargaining council for arbitration. At the arbitration hearing, the respondent raised a jurisdictional point, arguing that the Commissioner lacked the necessary jurisdiction to entertain the dispute. The matter was dismissed by the Commissioner in favour of the respondent. The applicant has since lodged an application at the Labour Court in Gqeberha. The applicant is yet to set the matter down for any appearance at the Labour Court.	1 000 000	700 000
Loyiso Yalezo vs Mhlontlo Local Municipality (Case No: 808/2025) This is a matter where the applicant instituted an application against the respondent for the review of the termination of his employment contract. The matter was heard on an urgent basis on 1 April 2025 in the Makhanda High Court before Moloney AJ. The application was dismissed with each party to pay their own costs. The matter is currently being appealed by the applicant. The application for leave to appeal was dismissed with costs at the Makhanda High Court on 6 June 2025. They have now referred the matter to the Supreme Court of Appeal which is being opposed by our office.	3 000 000	-
Thembelani Phembeshiya & Others vs Mhlontlo LM & Others (Case No: 4482/2024) The applicant brought a 2 part application, part A, seeking an interim interdict pending the finalisation of part B of the application. Part A challenges a resolution taken by the municipality appointing the 3rd respondent (N Sibobi) as the CFO. Part A of the application was heard at the Mthatha High Court before Mhambi AJ and it was dismissed with no order as to costs. Part B was set down by the applicant's attorneys for hearing in October 2025.	3 000 000	-
Mthembu Mvelase & One Grid vs Mhlontlo Local Municipality & Others (Case No: 4659/2023) This is an application brought by the applicants' attorneys seeking the court to order the offer of settlement made by Mr N Mtshabe of NZ Mtshabe Inc on behalf of the respondent and accepted by the applicant, to be made a valid and binding settlement agreement. The application was opposed and was heard before the Mthatha High Court and the matter was dismissed with costs.	2 000 000	-
EFF vs Kumkani Mhlontlo local Municipality (Case No. 983/2021) EFF requests that the wearing of their red regalia be allowed by the Municipality in that the court should rule the resolution which bared them from wearing their red regalia be declared as unconstitutional.	825 000	750 000
Batabile Costruction vs Kumkani Mhlontlo local Municipality (Case No. 865/2020) Batabile Construction was being sued by Telkom for cutting their lines and Batabile claims that Mhlontlo LM is to be blamed , however we managed to succeed in misjoinder of Mhlontlo LM.	99 000	90 000
Upper Ndwana community & Others vs Kumkani Mhlontlo local Municipality (Case No. 978/2022) This matter with many others that follow emanate from the people who have no houses. They claim that the Municipality must build houses for them. The matter is being processed on the basis that the Municipality is not responsible for building houses, this the terrain of the Department of Housing and Human Settlements	1 485 000	1 350 000
	78 158 710	70 639 710

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
45. Related parties		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Mayor	Cllr M.G. Jara	
Speaker	Cllr E. Pula	
Whip of Council	Cllr N. Gcaba	
Executive Councillors	Cllr L. Dlova (Ward 11) Cllr S. Voko Cllr N. Sayiti Cllr N.M. Mvanyashe Cllr M. Fune Cllr N. Zikolo Cllr S. Kakha (Ward 5) Cllr U. Socikwa Cllr M. N. Mpheleli	
PR Councillors	Cllr M.R. Giyose Cllr V.G. Mazitshana Cllr Z. Makinana Cllr N. Mbunjana Cllr B. Rasimeni Cllr B. Madikida Cllr N. Walaza Cllr Z. Nondaka Cllr M. Libazi Cllr K. Mpula Cllr L. Boyana Cllr S. Bontsa Cllr N. Tiwani Cllr S. Makhu	
Councillors	Cllr S. Mngcotana (Ward 1) Cllr N. Ranga (Ward 2) Cllr S. Mbola (Ward 3) Cllr S. Sophangisa (Ward 4) Cllr M. Vunguvungu (Ward 6) Cllr T.S. Guga (Ward 7) Cllr V. Nododana (Ward 8) Cllr A. Nombewu (Ward 9) Cllr S. Mtwazi (Ward 10) Cllr S. Ntukuntezi (Ward 12) Cllr T. Tishana (Ward 13) Cllr B. Gigi (Ward 14) Cllr Z. Renene (Ward 15) Cllr B. Mthishana (Ward 16) Cllr M.P. Bontsa (Ward 17) Cllr T. Magugu (Ward 18) Cllr M. Jikijela (Ward 19) Cllr A.M. Thembela (Ward 20) Cllr N. Khemtshe (Ward 21) Cllr S.M. Hlanti (Ward 22) Cllr S. Hlekwa (Ward 23) Cllr M. Ntamo (Ward 24) Cllr N.V. Ncaphayi (Ward 25) Cllr C. Maqebula (Ward 26)	
Traditional Leaders	Nkosi S. Mcelu Nkosi S.P. Bikwe	

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

45. Related parties (continued)

Members of key management	
Municipal Manager	Mr. L. Ndabeni
Chief Financial Officer	Ms N.K. Sibobi (Dismissed 30 June 2025)
Senior Manager: Infrastructure services	Ms. Z. Petse (Resigned in March 2025)
Senior Manager: Corporate services	Ms. T.T. Madotyeni (Resigned in January 2025)
Senior Manager: Local Economic Development	Mr. S.C. Ntinzi
Senior Manager: Community Services	Mr N.M. Sineke

There were no related party transactions. Apart from the remuneration, no further transactions occurred with councillors and section 56 managers. Refer to Note 26 & 27.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

46. Prior period errors

The current year comparatives have been adjusted as follows

Statement of Financial Position	Previously stated	Adjustment	Reclassification	Restated Balance
Property, plant and equipment	514 099 275	(1 015 870)	-	513 083 405
VAT Receivable	2 832 282	(1 502 033)	-	1 330 249
VAT Input accrual	-	1 570 917	-	1 570 917
VAT Payables (SARS accruals)	-	(68 884)	-	(68 884)
	516 931 557	(1 015 870)	-	515 915 687

Property, plant and Equipment

Work-in-progress was overstated by an amount of R1 066 523,15 which was relating to repairs and maintenance of access roads and should have been expenditure. That error has now been corrected.

Work-in-progress was also understated by an amount of R50 652,56 relating to the construction of incubator. This amount should have been capitalised, however it was erroneously expensed.

VAT Receivable/

VAT is accounted for on an accrual basis in the annual financial statements whilst VAT submissions to SARS are accounted for on a cash basis. VAT provision / accrual tracks VAT invoiced but not yet received from customers or paid to suppliers. This has been reclassified.

VAT Payables (SARS Accruals)

VAT is accounted for on an accrual basis in the annual financial statements whilst VAT submissions to SARS are accounted for on a cash basis. VAT provision / accrual tracks VAT invoiced but not yet received from customers or paid to suppliers. This has been reclassified

Statement of Financial Performance	Previously Stated	Adjustment	Reclassification	Restated Balance
Service charges	2 570 004	(78 702)	-	2 491 302
Property rates	35 798 206	(2 337 383)	-	33 460 823
Construction contract expenditure	-	-	(11 618 261)	(11 618 261)
Transfers and subsidies	(20 738 440)	-	11 618 261	(9 120 179)
Contracted Services	(21 541 596)	-	(142 000)	(21 683 596)
General Expenditure	(157 065 426)	-	(690 563)	(157 755 988)
	(160 977 252)	(2 416 085)	(832 563)	(164 225 899)

Transfers and subsidies

There has been a reclassification from Transfers and subsidies to Construction contract expenditure expenditure.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024
47. Unauthorised expenditure		
Opening balance as previously reported	12 479 476	10 554 476
Opening balance restated	-	-
Add: Expenditure identified - current	-	1 925 000
Less: Approved/condoned/authorised by council	(12 479 476)	-
Closing balance	-	12 479 476

The council approved a write-off during the 2024/25 financial year.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Cash	-	1 925 000

Analysed as follows: non-cash

Legal Fees	-	1 925 000

No unauthorised expenditure was identified in the 2024/2025 Financial year.

48. Fruitless and wasteful expenditure

Opening balance as previously reported	18 875 850	17 842
Opening balance	18 875 850	17 842
Add: Expenditure identified - prior period	-	18 875 850
Less: Amount written off - current	-	(17 842)
Closing balance	18 875 850	18 875 850

Fruitless and wasteful expenditure incurred of R18 875 850 relates long outstanding projects (Qumbu sports field and Tsolo sports). The projects have been vandalised and some materials stolen.

All registers from prior year Fruitless and wasteful expenditure were submitted to MPAC for investigation.

49. Irregular expenditure

Opening balance as previously reported	42 265 890	28 947 289
Opening balance as restated	42 265 890	28 947 289
Add: Irregular Expenditure - current	10 592 188	13 329 101
Less: Amounts recoverable - current	(27 600)	(10 500)
Less: Amount written off - current	(6 717 126)	-
Closing balance	46 113 352	42 265 890

Details of irregular expenditure

The municipal recovered an amount of R27 600 in the current financial year which relates to prior year amount deemed irregular by AG.

All register were submitted to MPAC for investigation during the 2024/25 Financial year.

The MPAC committee has recommended that irregular expenditure of R6 717 126 be written off in the current financial year. The remaining irregular expenditure is still being investigated by the committee.

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

50. Commitments**Already contracted for but not provided for****Already contracted for but not provided for**

Property, plant and equipment

108 396 921 85 062 762

This committed capital expenditure relates to roads and other infrastructure developments, building of town halls and other goods and services and will be financed by available bank facilities, retained surpluses, as well as Grant funding and existing cash resources.

51. Additional disclosure in terms of Municipal Finance Management Act**Contributions to organised local government**

Current year subscription / fee

1 256 280 1 410 449

Amount paid - current year

(1 256 280) (1 410 449)

- -

Audit fees

Current year subscription / fee

6 241 088 4 659 285

Amount paid - current year

(6 241 088) (4 659 285)

- -

PAYE, SDL and UIF

Current year subscription / fee

23 055 812 21 207 367

Amount paid - current year

(23 055 812) (21 207 367)

- -

Pension and Medical Aid Deductions

Current year subscription / fee

19 869 382 25 930 003

Amount paid - current year

(19 869 382) (25 930 003)

- -

VAT

VAT receivable

5 629 984 1 330 249

VAT input accrual

4 817 790 1 570 917

10 447 774 2 901 166

All VAT returns have been submitted throughout the year. SARS has paid all VAT claims and no penalties have been incurred in the current year.

Councillors' arrear consumer accounts

There were no councillors who had arrear accounts outstanding for more than 90 days at 30 June 2025:

Supply chain management regulations

There were no deviation in the current year.

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

52. Events after the reporting date

The municipality had the following adjusting event that ccured after reporting date.

- The main municipal building in Qumbu was damaged due to arson on the 1st June 2025. Subsequently the municipality cliamed from the Insurance company and claim was approved in September 2025. The Insurance is going to settle 39% of the damages due to the building being under insured.
- The Insurance recievable has been disclosed in Receivables from exchange transactions
- The municipality manager was suspended in August 2025, although this has no barring on the preparation of the financial statements..

53. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 596 098 941 and that the municipality's total assets exceed its liabilities by R 597 248 628.

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

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

54. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangement(s).

Details of the arrangment(s) are as follows:

The municipality acts an an agent for the Department of Transport whereby it administers the provision of motor vehicle licences and registrations as we as driver's licences. It receives compensation for these servcies based on binding arrangement with the department.

The municipality is the principal or agent. Refer to note 1.18 for significant judgement applied in making this assessment.

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 R1 129 610 (2024: R1 242 345).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

Category 1 - Motor Vehicle Licences and Registrations

Funds owing to the principal	920 661	240 652
All categories		
Funds owing to the principal	920 661	240 652

Kumkani Mhlontlo Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated	2025	2024

55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of the following functional areas: Community and Social Services, Executive and council , Finance and administration, Planning and Development, Public Safety, Road Transport and Waste Management. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

These reportable segments as well as the goods and/or services for each segment are set out below:

- Trading services (Refuse reomove and property rates) (Primary segment)
- Public safety and Community services (Secondary segment)
- Technical services, roads and transport (Tertiary segment)

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Trading services (Primary segment)	Public safety and Community services (Secondary segment)	Technical services, Road and Transport (Tertiary segment)	Segment Total	Eliminations (Non- segment)	Total
Revenue						
Revenue from exchange transactions	4 086 431	-	-	-	-	4 086 431
Service charges	-	13 432	-	13 432	31 896	45 328
Rental of facilities and equipment	-	1 129 610	-	1 129 610	-	1 129 610
Agency services	-	1 281 114	-	1 281 114	-	1 281 114
Licences and permits	-	-	-	-	21 015 022	21 015 022
Construction contracts	-	-	-	-	240 899	272 726
Other income	-	31 827	-	31 827	8 961 014	8 961 014
Interest earned - investments	-	-	-	-	613 229	613 229
Interest earned - Receivables	613 229	-	-	613 229	-	613 229
Gain on insurance recovery	-	-	-	-	3 664 734	3 664 734
Gain on disposal of assets and liabilities	-	-	117 713	117 713	-	117 713
Revenue from non-exchange transactions						
Property rates	44 940 212	-	-	44 940 212	-	44 940 212
Government grants & subsidies	-	-	346 831 486	346 831 486	-	346 831 486
Interest earned - Outstanding debtors	3 545 088	-	-	3 545 088	-	3 545 088
Fines	-	461 449	-	461 449	-	461 449
Recoveries	-	-	-	-	19 866	19 866
Commission received	-	-	-	-	305 396	305 396
Public contributions and donations	-	-	-	-	125 721	125 721
Total municipal revenue	53 184 960	2 917 432	346 949 199	398 965 160	34 364 548	437 416 139
Municipality's revenue						437 416 139

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

	Trading services (Primary segment)	Public safety and Community services (Secondary segment)	Technical services, Road and Transport (Tertiary segment)	Segment Total	Eliminations (Non-segment)	Total
55. Segment information (continued)						
Expenditure						
Employee related costs	(16 557 555)	(16 369 525)	(13 769 124)	(46 696 204)	(61 897 225)	(108 593 249)
Remuneration of councillors	-	-	-	-	(23 263 328)	(23 263 328)
Depreciation and amortisation	-	-	(36 070 870)	(36 070 870)	-	(36 070 870)
Impairments loss	-	-	(2 633 448)	(2 633 448)	-	(2 633 448)
Finance costs	-	-	-	-	(772 805)	(772 805)
Lease rentals on operating lease	-	-	-	-	(3 260 292)	(3 260 292)
Debt Impairment	(32 120 978)	-	-	(32 120 978)	-	(32 120 978)
Bad debts written off	(225 337)	-	-	(225 337)	-	(225 337)
Contracted services	-	-	-	-	(31 793 048)	(31 793 048)
Transfers and subsidies	-	-	-	-	(10 305 174)	(10 305 174)
Construction contracts expenditure	-	-	-	-	(21 015 022)	(21 015 022)
Actuarial losses	-	-	-	-	(315 641)	(315 641)
Movement in (interest)/change in estimate on Landfill Site	-	-	-	-	(680 621)	(680 621)
General expenses	(3 109 282)	(3 018 283)	(74 328 531)	(80 456 096)	(54 850 665)	(135 306 761)
Total segment expenditure	(52 013 152)	(19 387 808)	(126 801 973)	(198 202 933)	(208 153 821)	406 356 574
Total municipality's surplus/(deficit)						31 059 565
Total segment revenue						398 965 160
Total segment expenditure						(198 202 933)
Segment surplus (deficit) for the year						200 762 227
Municipality's surplus (deficit) for the period						31 059 565

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

55. Segment information (continued)

Assets

Receivables from exchange transactions	298 718	-	-	298 718	6 464 694	6 763 412
Receivables from non-exchange transactions	4 073 010	876 214	-	4 949 224	422 344	5 371 568
VAT Input control	-	-	-	-	5 629 984	5 629 984
VAT Receivables	-	-	-	-	4 817 790	4 817 790
Cash and cash equivalents	-	-	-	-	73 788 485	73 788 485
Investment property	-	-	-	14 250 621	14 250 621	14 250 621
Property, plant and equipment	-	-	-	570 363 284	570 363 284	570 363 284
Intangible assets	-	-	24 183	24 183	-	24 183
Total assets	4 371 728	876 214	24 183	589 886 030	675 737 202	681 009 327
Total assets as per Statement of financial Position						681 009 327

Liabilities

Payables from exchange transactions	-	-	(13 059 497)	(13 059 497)	(20 923 402)	(33 982 899)
Employee benefits	-	-	-	-	(27 321 567)	(27 321 567)
Unspent conditional grants	-	-	-	-	(7 629 911)	(7 629 911)
Provisions	-	-	-	-	(7 854 582)	(7 854 582)
VAT Payable (SARS accrual)	-	-	-	-	(6 971 740)	(6 971 740)
Total liabilities	-	-	(13 059 497)	(13 059 497)	(70 701 202)	(83 760 699)
Total segment assets						589 886 030
Total segment liabilities						(13 059 497)
Net segment assets						576 826 533
Municipalities' net assets						597 248 628

2024

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

55. Segment information (continued)

Revenue	2 491 302	-	-	2 491 302	-	Total
Revenue from exchange Transactions						2 491 302
Service charges	-	13 432	-	13 432	36 194	49 627
Rental of facilities and equipment	-	1 242 354	-	1 242 354	-	1 242 354
Agency services	-	1 158 601	-	1 158 601	135 572	1 294 173
Licences and permits	12 203 262	-	-	12 203 262	-	12 203 262
Construction contract	-	31 827	-	31 827	123 482	153 310
Other income	-	-	-	-	11 063 763	11 063 763
Interest earned - Investments	-	-	-	-	8 327 000	8 327 000
FV adjustment	-	-	-	-	1 064 974	1 064 974
Actuarial gains	-	-	-	-	-	-
Revenue from non-exchange Transactions	33 460 823	-	-	33 460 823	-	33 460 823
Property rates	31 514 313	42 996 914	106 860 830	181 372 057	116 605 548	297 977 605
Government grants and subsidies	-	688 993	-	688 993	-	688 993
Fines	-	-	-	-	451 015	451 015
Recoveries	-	-	-	-	374 167	374 167
Commission recieved	-	-	-	-	-	-
Total municipalities revenue	79 669 700	46 132 121	106 860 830	232 662 651	138 181 715	370 259 367
Municipality's revenue						370 259 367

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

	Total					
55. Segment information (continued)						
Expenditure						
Employee related costs	(16 557 555)	(16 369 525)	(13 769 124)	(46 696 204)	(57 729 498)	(104 425 702)
Remunerations of councillors	-	-	-	-	(21 858 437)	(21 858 437)
Depreciation and amortisation	-	(1 628 073)	(25 792 187)	(27 420 260)	(5 062 538)	(32 482 798)
Impairment of assets	-	-	(2 542 483)	(2 542 483)	-	(2 542 483)
Finance costs	-	-	-	-	(740 583)	(740 583)
Lease rentals on operating lease	-	-	-	-	(1 085 866)	(1 085 866)
Debt impairment	(17 258 282)	(300 052)	-	(17 558 334)	-	(17 558 334)
Bad debts written off	(711 333)	-	-	(711 333)	-	(711 333)
Contracted services	-	(11 724 583)	-	(11 724 583)	(9 959 013)	(21 683 596)
Transfers and subsidies	-	-	-	(9 120 179)	(9 120 179)	(9 120 179)
Loss on disposal of assets	-	-	-	-	(3 689 671)	(3 689 671)
Construction contract expenditure	-	-	-	(11 618 261)	(11 618 261)	(11 618 261)
Movement in (interest)/change in estimate on Landfill site	-	(488 508)	-	(488 508)	-	(488 508)
General expenses	(3 109 282)	(3 018 283)	(74 328 531)	(80 456 096)	(76 603 793)	(157 059 889)
Total expenditure	(37 636 452)	(33 529 024)	(116 432 325)	(208 336 241)	(197 467 839)	(385 061 561)
Total municipality's surplus/(deficit)						(15 681 601)
Total segment revenue					232 662 651	232 662 651
Total segment expenditure					(208 336 241)	(208 336 241)
Segment surplus (deficit) for the year					<u>24 326 410</u>	<u>24 326 410</u>
Municipality's surplus (deficit) for the period						(15 681 601)

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

	Total					
55. Segment information (continued)						
Assets						
Receivables from exchange transactions	170 056	-	-	170 056	60 863	230 919
Receivables from non-exchange transactions	1 573 458	876 214	-	2 449 672	422 344	2 872 016
VAT Input control	-	-	-	-	1 330 249	1 330 249
VAT Receivable	-	-	-	-	1 570 917	1 570 917
Cash and cash equivalents	-	-	-	-	113 552 380	113 552 380
Investment property	-	-	-	-	14 250 621	14 250 621
Property, plant and equipment	4 537 919	32 868 375	250 717 779	288 124 073	225 975 202	514 099 275
Intangible assets	-	-	-	-	42 138	42 138
Total assets	6 281 433	33 744 589	250 717 779	290 743 801	357 204 714	646 932 644
Total assets as per Statement of financial Position						646 932 644
Liabilities						
Payables from exchange transactions	-	-	(11 592 846)	(11 592 846)	(10 845 022)	(22 437 868)
Employee benefit obligation	-	-	-	-	(24 519 293)	(24 519 293)
Unspent conditional grants and receipts	-	-	(25 025 050)	(25 025 050)	(3 499 012)	(28 524 063)
Provisions	-	(6 343 161)	-	(6 343 161)	-	(6 343 161)
VAT Payable (SARS accrual)	-	-	-	-	(68 884)	(68 884)
Total liabilities	-	(6 343 161)	(36 617 896)	(42 961 057)	(38 932 211)	(81 893 269)
Total segment assets						290 743 801
Total segment liabilities						(42 961 057)
Total segments net assets						247 782 744
Total liabilities as per Statement of financial Position						565 039 376

Kumkani Mhlontlo Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Restated

55. Segment information (continued)

Measurement of Specific information

The accounting policies of the respective segments are the same as the prescribed in the summary of accounting policies and therefore the basis of measurement between the segment reporting and the annual financial statements are consistent

The municipality has no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from prior year.

The municipality's has aggregated some of its reportable segment (Secondary and Tertiary segments) as they share similar economic activity.

Basis of accounting for transactions between reportable segments

The non-segment included above is the reconciliation between totals of segment revenues, reported segment surplus or deficit, segment assets and segment liabilities to the corresponding municipality amounts as per the statement of financial performance and statement of financial position.

Geographic Segment Reporting

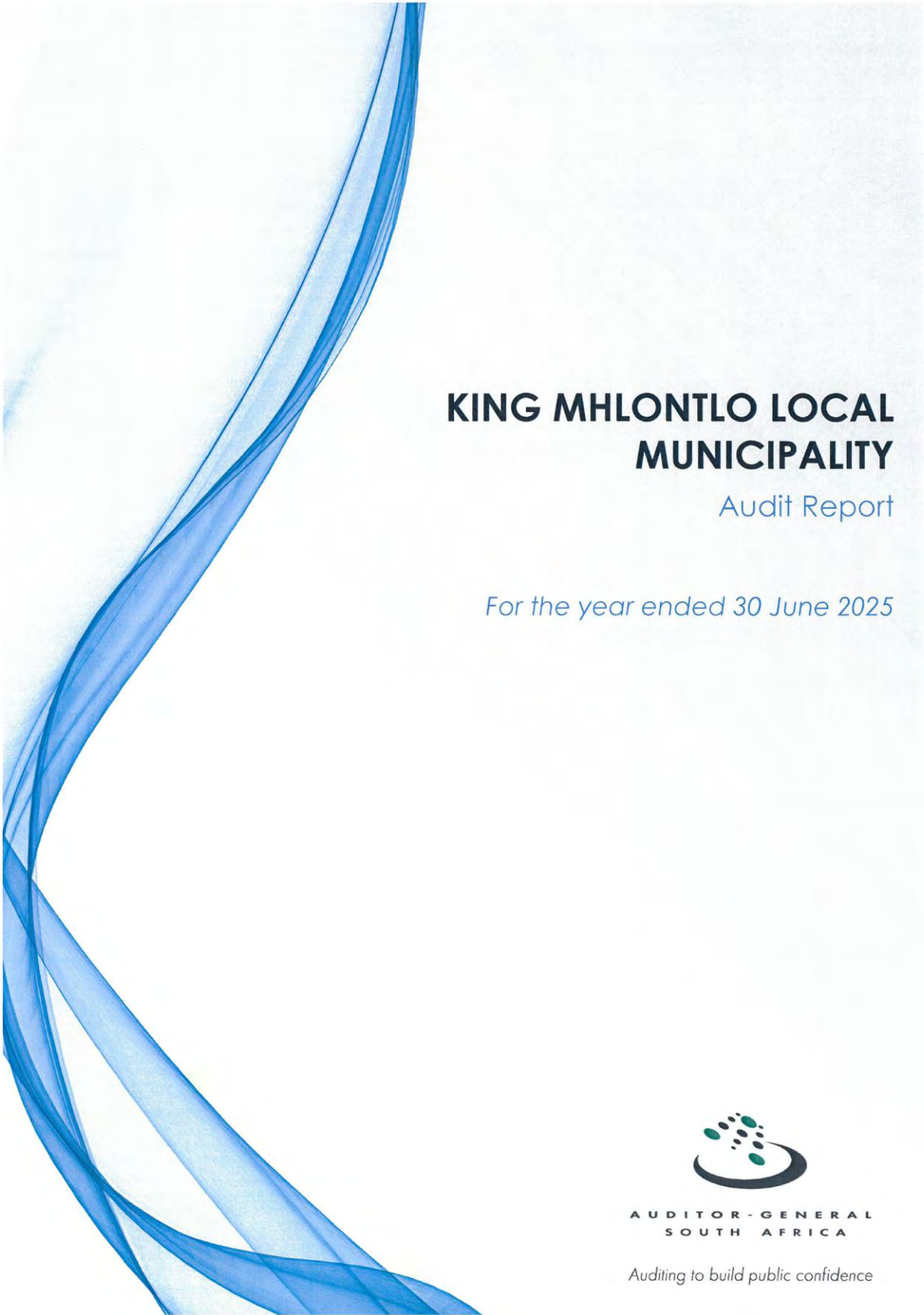
Although the municipality's operations in a number of geographic areas (i.e. wards) in and around Qumbu and Tsolo area, the geographic information is not considered relevant to management decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the municipality has assessed that it operates in a single geographic area.



KUMKANI MHLONTLO
LOCAL MUNICIPALITY

AUDIT REPORT

AUDIT REPORT



Report of the auditor-general to the Eastern Cape Provincial Legislature and the council of the Kumkani Mhlontlo Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Kumkani Mhlontlo Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and the 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 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 Kumkani Mhlontlo Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the South African 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

Irregular expenditure

3. The irregular expenditure incurred during the current financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure incurred during the financial year stated at R10,59 million in note 49 to the financial statements as it was impracticable to do so.

Context for opinion

4. 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.
5. 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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.
8. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2024 were restated because of an error in the financial statements of the municipality as at, and for the year ended, 30 June 2025.
9. As disclosed in notes 3 and 4 to the financial statements, receivables from exchange and non-exchange transactions had a provision for impairment of R20,01 million (2023-24: R15,98 million) and R117, 83 million (2023-24: R 89,74 million) respectively, due to the slow recovery of old consumer debts.
10. As disclosed in Note 44 to the financial statements, the municipality has contingent liabilities of R78,16 million (2023-24: R70,64 million) arising from various lawsuits, including land claims and cases where the plaintiff is suing the municipality for breach of contract. No provision for any potential liabilities has been recognised, as the outcomes of these cases cannot be determined at this stage.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. In terms of section 125(2)(e) of the MFMA, the 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 financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance

but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

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

18. I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Infrastructure services	XX	The provision of basic services for roads infrastructure, electricity and refuse removal

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported measures taken to improve performance

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

22. The material findings on the reported performance information for the development priority are as follows:

Infrastructure services

Various indicators

23. Various indicators were not clearly defined during the planning process. Consequently, the indicators are not useful for measuring and reporting on progress against planned objectives.

Indicator	Target	Detail
Blading of 200km and patch re-gravelling of gravel access roads completed	200km Blading of gravel Access roads 40 km of Patch-re-gravelling in rural by June 2024	The target had not been clearly defined during the planning process, and the target was not specific
Maintenance of 5,71km surfaced road and 8,3 gravel access roads maintained in Tsolo town	Maintenance of 5,71km surfaced road, 8,3 of gravel access road Tsolo Urban Streets by June 2025	The target had not been clearly defined during the planning process, and the target was not specific

Various indicators

24. A comparison of the actual performance for the year against the planned targets and the prior year performance was not included in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement for the following indicators:

- Construction of 4.02 km of Tsolo Stormwater Phase 2 completed
- Completed construction of 16 km of gravel access road at Nodali - Madiba
- Completed construction of 10.2 km of gravel access road at T213 -Cameron Ngudle in Ward 5
- Completed construction of 10 km of gravel access road at Ntibane -Mabheleni
- Completed construction of 8.5 km of gravel access road at Caweni to Dumaneni
- Completed construction of 8.5 km of gravel access road at Matshona -Toleni
- Completed construction of 6 km of gravel access road at Mthozela
- Completed construction of 10 km of gravel access road at Upper Magxeni via Diphini to Mdabukweni

- Completed rehabilitation of Sulenkama Bridge with 5.2 km of gravel access road in Jokweni
- Completed rehabilitation of 5 km of Cesane gravel access road
- Completed rehabilitation of 11.5 km of gravel access road at Newstad via Godini to Buhlungwana
- Completed rehabilitation of 6.9 km of gravel access road at Luxeni/Nkonkweni
- Completed rehabilitation of 8 km of gravel access road at Chokomfeni to Nozityana
- Completed rehabilitation of 9.4 km of gravel access road at Nonyikila to Mbese
- Completed rehabilitation of 6.2 km of gravel access road at Qebeyi to Xelegu
- Completed construction of one early childhood development centre at Gqukunqa
- Completed construction of one early childhood development centre at Qumbu New Homes

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
27. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Targets achieved: 59%		
Budget spent 71%		
Key indicators not achieved	Planned target	Reported achievement
Construction of 4,02 km of Tsolo Stormwater Phase 2 completed	Complete construction of 4,02 km of Tsolo stormwater phase 2 by June 2025	Site establishment, clearing and grub, bulk excavations are all complete. 4.249 km of stormwater pipes, and construction 385 m of concrete channels
Completed construction of 8.5 km of gravel access road at Caweni to Dumaneni	Complete construction of 8.5 km Caweni - Dumaneni gravel access road in ward 11 by 30th June 2025	Roadbed formation for 8.5 km and installation of stormwater pipes Tipping and processing for 8.5 km and construction of low-level crossing is complete.

		Construction of headwalls and stone pitching is complete. Contractor is busy with concrete slab
Completed construction of 8.5 km of gravel access road at Matshona-Toleni	Complete construction of 8.5 km Matshona-Toleni gravel Access Road in ward 25 by 30th June 2025	Site handover; site establishment; clearing and grub of 8.5km completed. Roadbed preparation of 4km complete
Completed construction of 6 km of gravel access road at Mthozela	Complete construction of 6km Mthozela gravel access road in ward 21 by 30th June 2025	Site handover; site establishment; clearing and grubbing of 6km; roadbed preparation for 6km; tipping and processing for 6km; installation of pipes complete
Completed construction of 10 km of gravel access road at Upper Magxeni via Diphini to Mdabukweni	Complete construction of 10 km Upper Magxeni via Diphini to Mdabukweni gravel access road in ward 19 by 30th June 2025	Site handover; site establishment; clearing and grubbing; roadbed preparation of 10km; Tipping and processing of 6km and installation of 3x600mm dia pipe crossings
Blading of 200km and patch re-gravelling of gravel access roads completed	200km blading of gravel access roads; 40 km of patch re-gravelling in rural by June 2025	45 km of blading achieved, 4.07km of patch re-gravelling
Completed rehabilitation of 9.4 km of gravel access road at Nonyikila to Mbesa	Complete rehabilitation of 9.4km Nonyikila to Mbesa gravel access road in ward 19 by 30th June 2025	Site establishment, clearing and grub, roadbed, wearing course, 150 meters of the concrete slab has been completed
Maintenance of 5,71 km surfaced road and 8,3 gravel access roads maintained in Tsolo town	Maintenance of 5,71km surfaced road, 8,3 of gravel access road Tsolo Urban Streets by June 2025	Tender documents were developed and have submitted by service providers so that the procurement processes can proceed
Completed rehabilitation of 1 sports field in Tsolo	Rehabilitation of Tsolo sports field by 30th June 2025	Site establishment, installation of stormwater pipes, sewer lines and pressure pipes are complete. Grandstands, construction of new ablutions, new change

		rooms, soccer pitch layer works, artificial turf, preparation of parking and driveway are in progress
Completed rehabilitation of 1 sports field in Qumbu ward 15	Rehabilitation of Qumbu sport field in ward 15 by 30th June 2025	Tipping of G5 material for the soccer/rugby field, netball court rehabilitation, plumbing and construction of gravel access road to the field are complete
Completed construction of one early childhood development centre completed at Tsolo New Homes	Construction of one early childhood development centre completed at New Homes in Tsolo by 30th June 2025	Site establishment, trenches, foundation footing and wall, surface beds, superstructure wall both main structure and ablutions, floor tiles are complete
Completed construction of one early childhood development centre completed at Gqukunqa	Construction of one early childhood development centre completed at Gqukunqa by 30th June 2025	Tender documents have been prepared to facilitate appointment of contractor
Completed construction of one early childhood development centre completed at Qumbu New Homes	Construction of one early childhood development centre completed at Qumbu New Homes by 30th June 2025	Tender documents have been prepared to facilitate appointment of contractor
Completed construction of one community centre at Mchathu Sdwadweni	Construction of Mchathu Sdwadweni Community Development Centre in ward 26 to be completed by 30th June 2025	Site establishment, bulk excavations
Completed construction of one community centre at Sigubudwini / Sithangameni	Construction of Sigubudwini/Sithangameni Community Development Centre in ward 18 to be completed by 30th June 2025	Site establishment, stripping of topsoil, bulk excavations, brickwork in foundations, superstructure brickwork on offices and ablutions, septic tank, primer paint on ablutions are complete

Material misstatements

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the development priority. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

29. 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.
30. 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.
31. 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.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R10,59 million, as disclosed in note 49 does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with requirements of the Preferential Procurement Policy Framework Act and its regulations.

Strategic planning and performance management

34. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting, improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Annual financial statements, performance and annual reports

35. 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 non-current assets, current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

36. The preference point system was not applied for some of the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.

37. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
38. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information in the annual report

39. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
40. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
41. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

42. 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.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
44. The municipality did not have an effective system in place to collate and report on performance information, and this resulted in material misstatements in the performance report submitted for auditing. Furthermore, the audit action plan that had been created was not effectively implemented as repeat findings were identified in the performance reporting processes.
45. Management did not implement adequate financial management disciplines throughout the year, which include the timely reconciliation of accounting records to achieve accurate and reliable reporting.
46. Management did not implement adequate monitoring of compliance with laws and regulations to ensure the compliance with legislative requirements.

Material irregularities

47. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

48. The material irregularities identified are as follows:

Qumbu Sportsfield – athletic track not installed

49. The municipality did not comply with the MFMA section 62(1)(c)(i) which provides that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent systems of financial and risk management and internal control.

50. The municipality paid R3,35 million on constructing the Qumbu sports field, which was never completed, and it was further determined that material had been paid for but could not be observed on-site during the physical verification.

51. I notified the accounting officer of the material irregularity on 23 May 2025 and invited them to make a written submission on the actions that had been, or would be, taken to address the matter. The accounting officer responded on actions to be taken to address the material irregularity on 18 July 2025 and an updated response was submitted by the accounting officer on 28 November 2025.

52. The accounting officer committed to the following actions in response to the material irregularity:

- The municipality will launch a project monitoring tool to track infrastructure projects, identify delays early, and take timely corrective action on monthly basis.
- The infrastructure department is developing a checklist for all material deliveries procured through cessions.
- The municipality engaged the supplier regarding the material stored in Durban for delivery to the Qumbu municipal premises. The supplier committed to commencing delivery of the artificial grass material after the contractor's holiday break by January 2026.
- The municipality is awaiting the final investigation report and will take appropriate action once the recommendations are finalised by Eastern Cape Cooperative Governance and Traditional Affairs (Cogta) and will submit it within 14 days of receipt.

53. I will follow up on the implementation of the planned actions during my next audit.

Construction of the Tsolo Sportsfield not completed

54. The municipality did not comply with the MFMA section 62(1)(c)(i) which provides that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the

municipality has and maintains an effective, efficient and transparent systems of financial and risk management and internal control.

55. The municipality paid R6,48 million on constructing the Tsolo Sportsfield, which was never completed, and it was further determined that material had been paid for but could not be observed on-site during the physical verification.
56. I notified the accounting officer of the material irregularity on 15 October 2025 and invited them to make a written submission on the actions that had been, or would be, taken to address the matter. The accounting officer responded on actions to be taken to address the material irregularity on 14 November 2025 and an updated response was submitted by the accounting officer on 26 November 2025.
57. The accounting officer committed to the following actions in response to the material irregularity:
 - The municipality will launch a project monitoring tool to track infrastructure projects, identify delays early and take timely corrective action on monthly basis.
 - Contractors are required to maintain strict site security and conduct regular patrols around the sport field, especially at night, and the current contractor has already strengthened security measures.
 - The municipality requested contract management training from the Provincial Treasury, which has been approved and the training for municipal officials is scheduled for the first week of December 2025.
 - The municipality will use the retention money and surety, previously withheld from the cancelled contractor, to recover the financial loss.
 - The municipality is awaiting the final investigation report and will take appropriate action once the recommendations are finalised by Cogta.
58. 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 development priority and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

AUDIT ACTION PLAN

[illegible]



KUMKANI MHLONTLO
LOCAL MUNICIPALITY

ORGANOGRAM

ORGANOGRAM 2024/25

MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

FINAL ORGANOGRAM 2024/2025



MHLONTLO MUNICIPALITY
MUNICIPAL MANAGER
04 JUL 2024
SIGNATURE: QUMBU & TSOLO

MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

LEGEND

Vacant funded

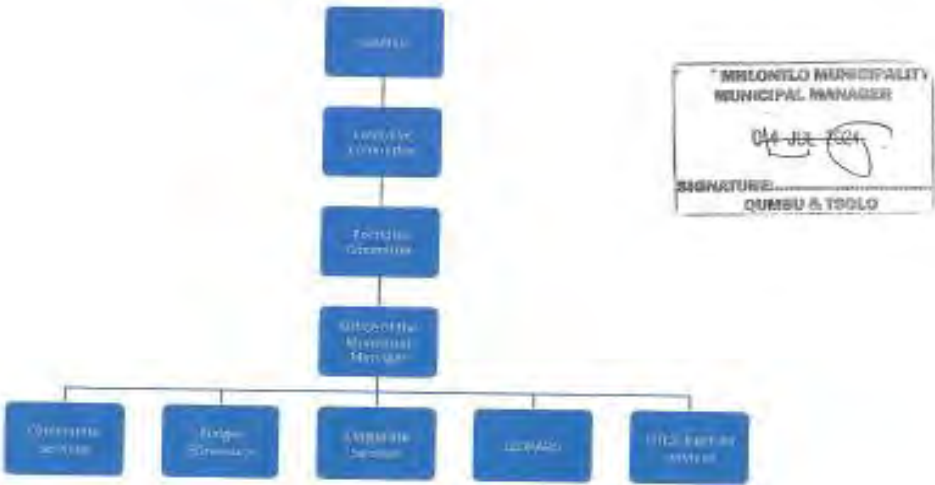
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MHLONTLO MUNICIPALITY
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04 JUL 2024
SIGNATURE: QUMBU & TSOLO

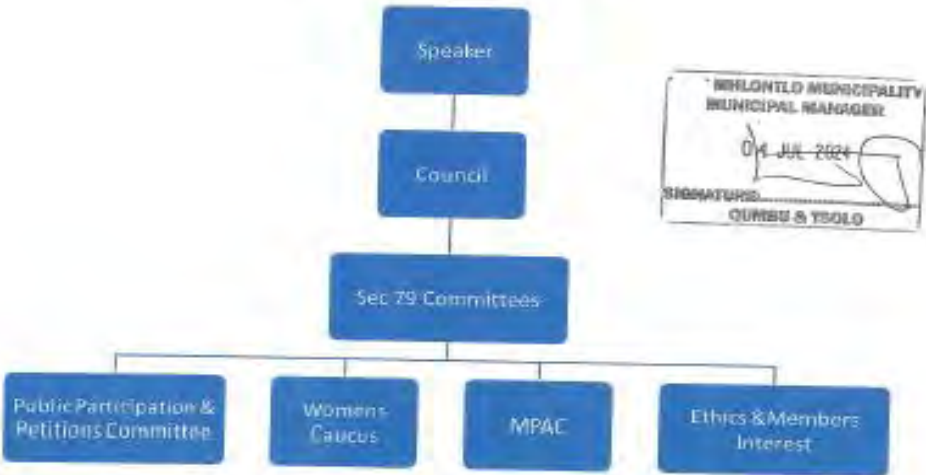
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COUNCIL STRUCTURE 24/25 FY



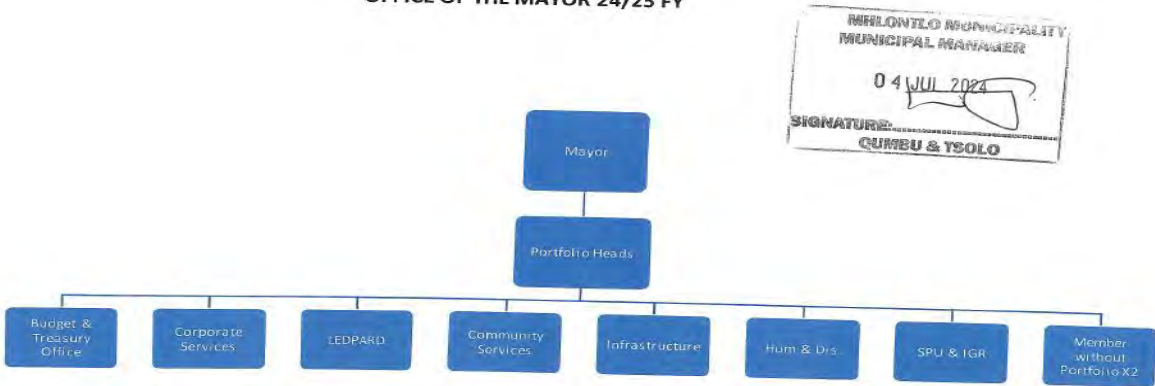
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OFFICE OF THE SPEAKER 24/25 FY



MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

OFFICE OF THE MAYOR 24/25 FY



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04 JUL 2024
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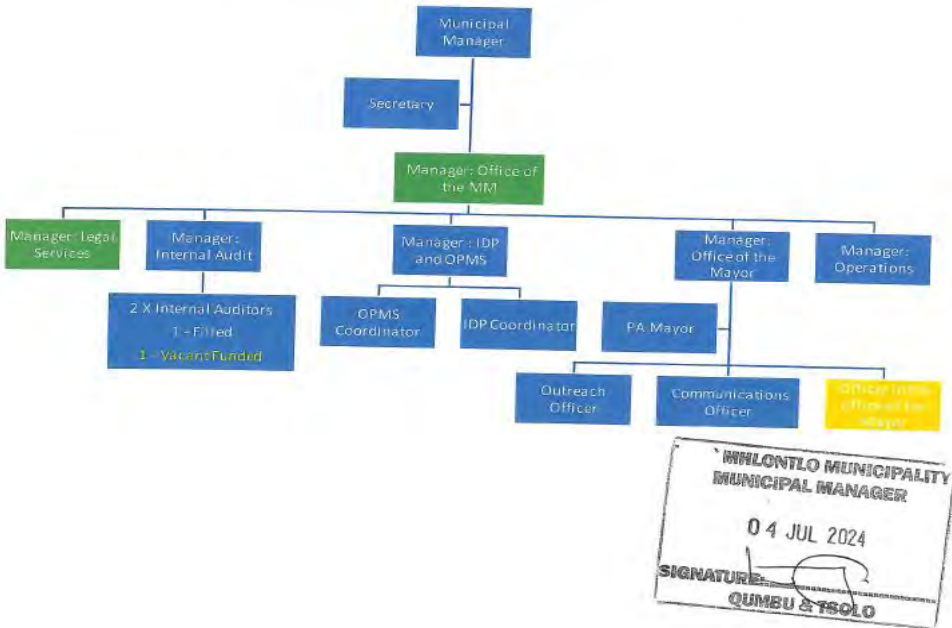
OFFICE OF THE MUNICIPAL MANAGER 24/25 FY



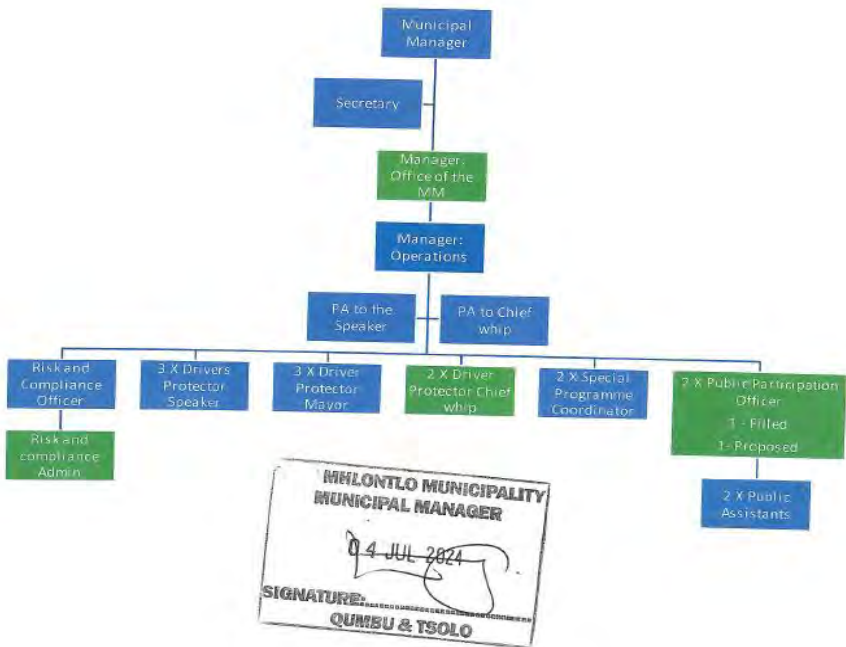
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MUNICIPAL MANAGER
04 JUL 2024
SIGNATURE: QUMBU & TSOLO

MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

OFFICE OF THE MUNICIPAL MANAGER 24/25FY

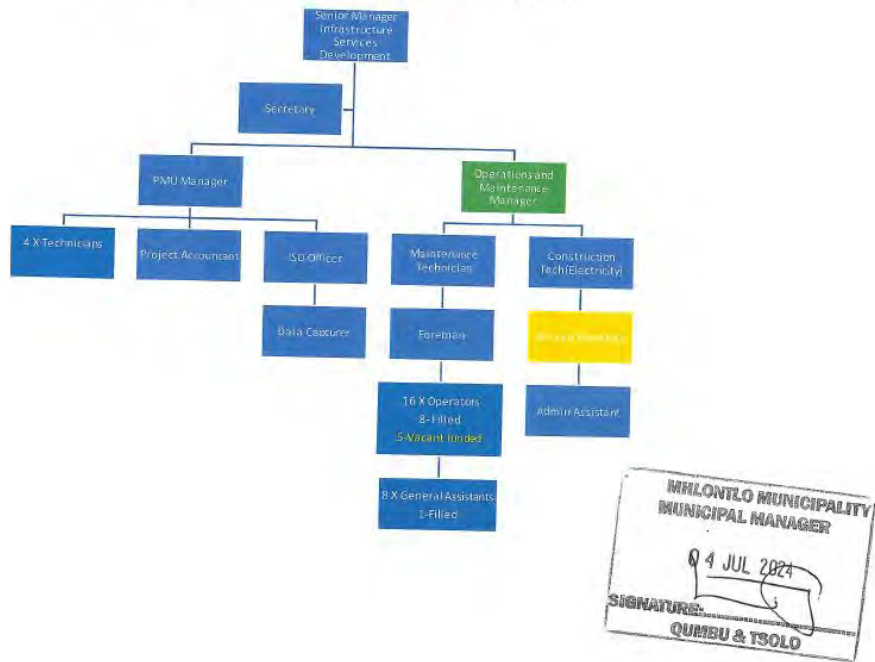


MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR



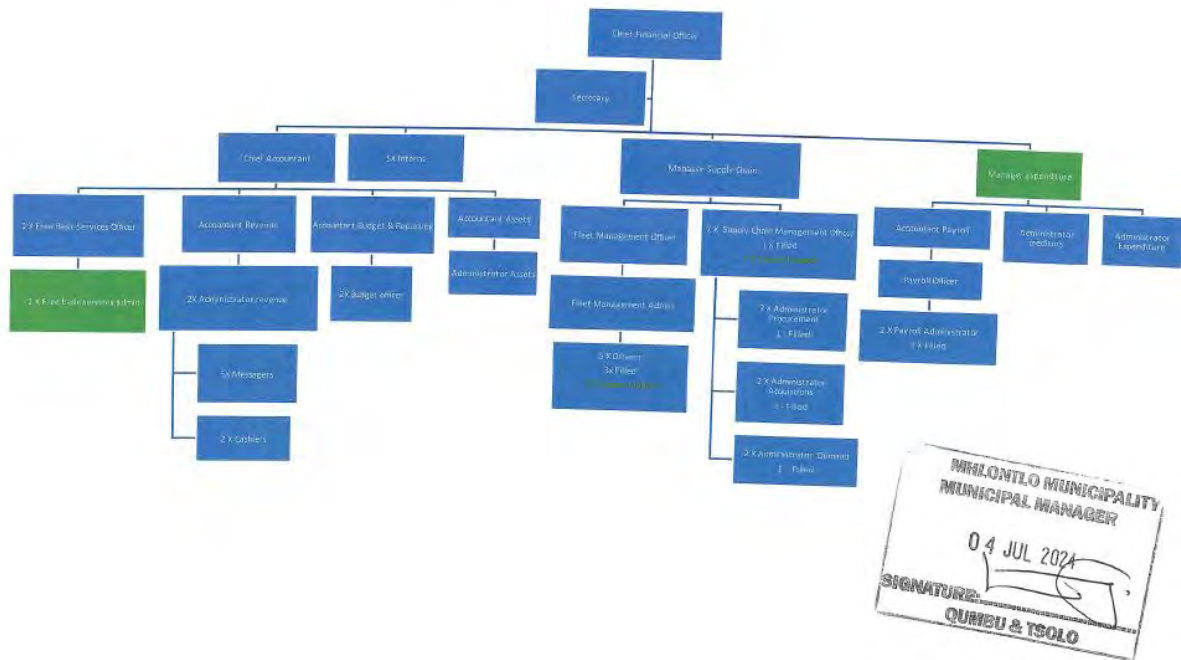
MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

INFRASTRUCTURE SERVICES DEVELOPMENT 24/25 FY



MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

BUDGET AND TREASURY OFFICE 24/25 FY



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graph TD; A[Senior Manager Community Services] --> B[Secretary]; A --> C[Manager Solid Waste and Social Services]; A --> D[Manager: Public Safety];
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MFHLONTLO MUNICIPALIT
MUNICIPAL MANAGER
 04 JUL 2024
 SIGNATURE: 
QUINBU & TSOLO

MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

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graph TD
    Manager[Manager Solid Waste and Cemetery Services] --> Waste[Waste Management Office]
    Manager --> Admin[Admin Office, Cemetery Services]
    Manager --> Coord[L2/3 Coordinator]
    Manager --> Support[Support Office]
    
    Waste --> ForemanSolid[Foreman Solid Waste X.1  
1 Filled  
1 Vacant Position]
    Waste --> ForemanGreen[Foreman Greening and Landscaping]
    
    ForemanSolid --> PlantOp[Plant Operator X1]
    ForemanSolid --> Trainers[Trainers X.2]
    ForemanSolid --> TeamLead[Team Leader X.2]
    
    Trainers --> TrainLeads[Train Leads X.1]
    TrainLeads --> GenAsst1[General Assistant X.1 Filled  
1 Vacant Position]
    
    TeamLead --> GenAsst2[General Assistant X.1 Filled  
1 Vacant Position]
    
    Admin --> Lib[Library Assistants]
    Admin --> CemAsst[Cemetery Assistant X2]
    
    Support --> Header[Header 10 Filled]
    Support --> Singers[6 Singers  
2 Filled  
4 Vacant Position]
    Support --> Admins[Board Administrator]
  
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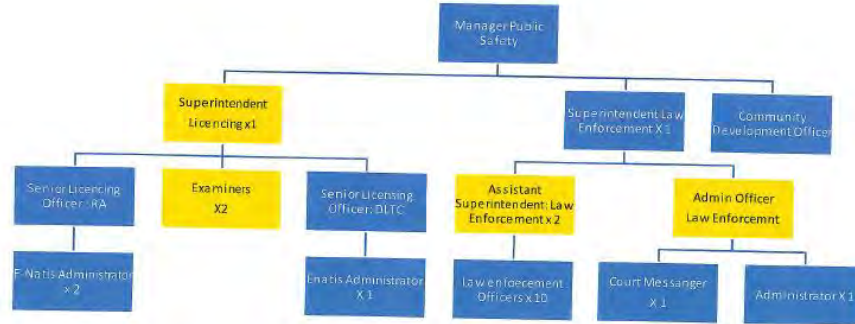
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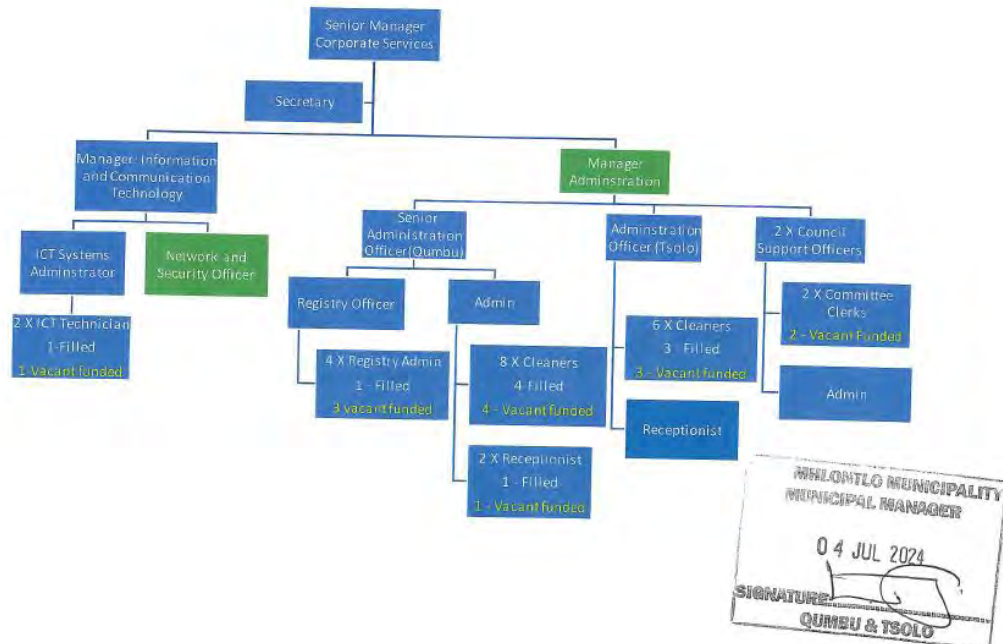
COMMUNITY SERVICES 24/25 FY



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04 JUL 2024
SIGNATURE
QUMBU & TSOLO

MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

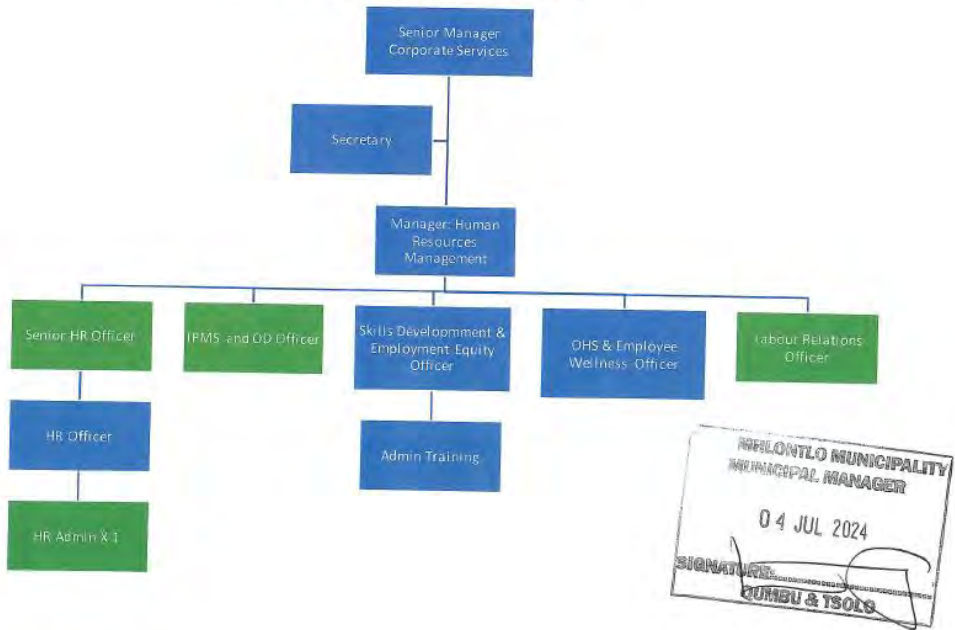
CORPORATE SERVICES 24/25 FY



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04 JUL 2024
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QUMBU & TSOLO

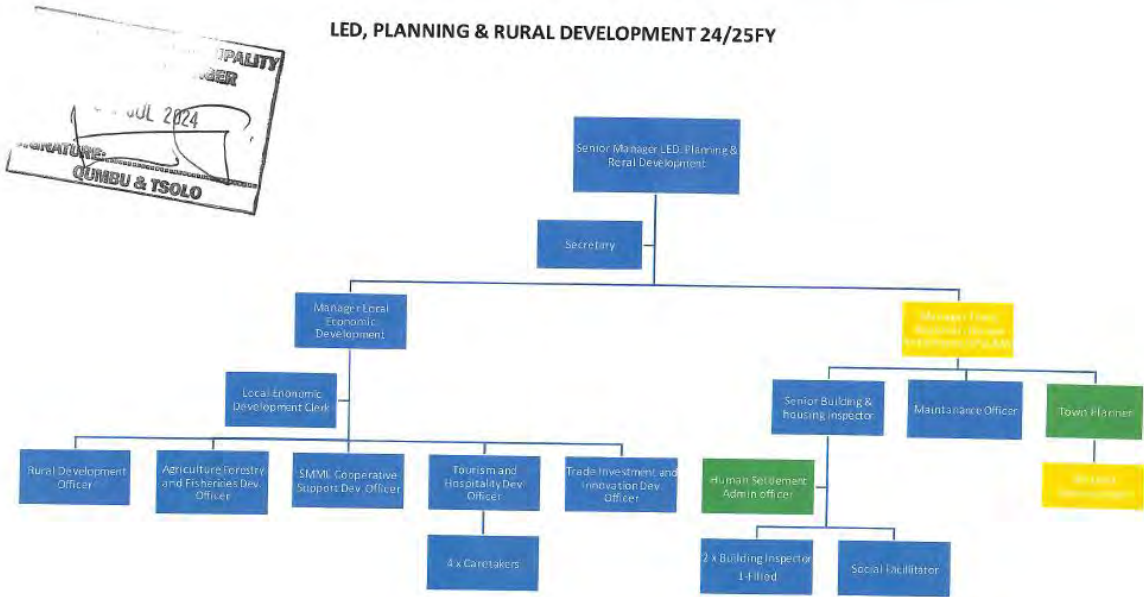
MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

CORPORATE SERVICES 24/24 FY



MHLONTLO LOCAL MUNICIPALITY DRAFT ORGANOGRAM 2024/2025 FINANCIAL YEAR

LED, PLANNING & RURAL DEVELOPMENT 24/25FY



MUNICIPAL ORGANOGRAM

APPROVED BY



Mr L Ndabeni

Municipal Manager

KUMKANI MHLONTLO LOCAL MUNICIPALITY

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Eastern Cape
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info@mhlontlomunicipality.gov.za

Date: 31 March 2026

OFFICE OF THE SPEAKER

Ifoni/Tel: 047-5537000
Email: kndevu@mhlontlom.gov.za
Imibuzo/Enquiries: Ms KNdevu
Date: 31 March 2026

OFFICE OF THE SPEAKER

Notice : Is hereby given in terms of Section 29(1) of the Local Government; Municipal Structures Act, (Act 117 of 1998) as amended in conjunction with section 19 & 20 of the Local Government Municipal Systems Act (32 of 2000 as amended) that Speaker hereby convenes the **Special Council Meeting** of Kumkani Mhlontlo Local Municipality, to be held on Tuesday 31 March 2026 at 10H00 in the Municipal Council Chambers to discuss the agenda items as set out here underneath:

6.4 Adoption of Annual Report 2024/2025

Resolution No. 07-2025/2026

The Council resolved to adopt the Annual Report for 2024/2025 FY.

Cllr. S. Ntunkunzezi.
Acting Speaker of the Council

