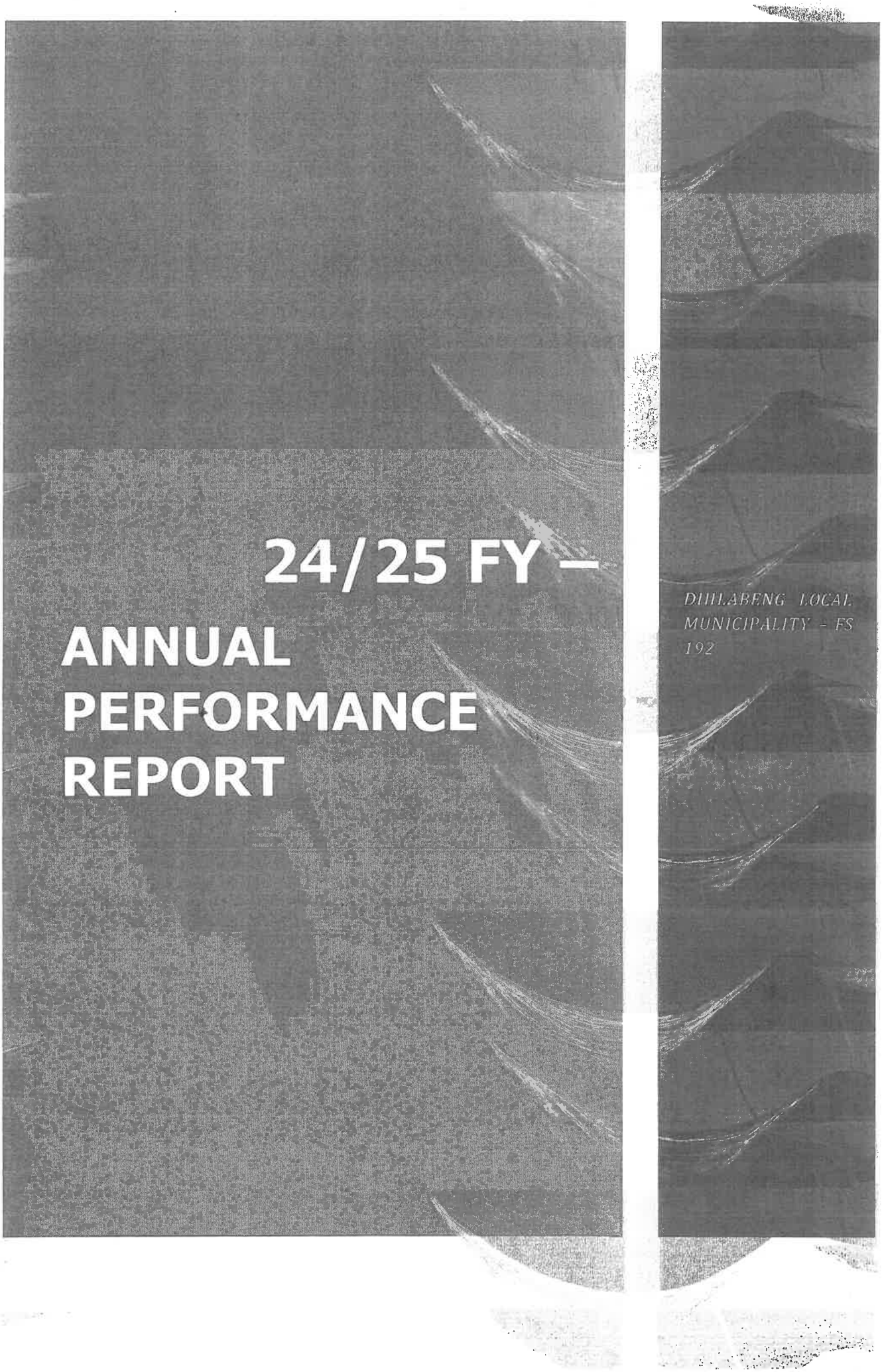


24/25 FY – ANNUAL PERFORMANCE REPORT

DIHLABENG LOCAL MUNICIPALITY - FS 192

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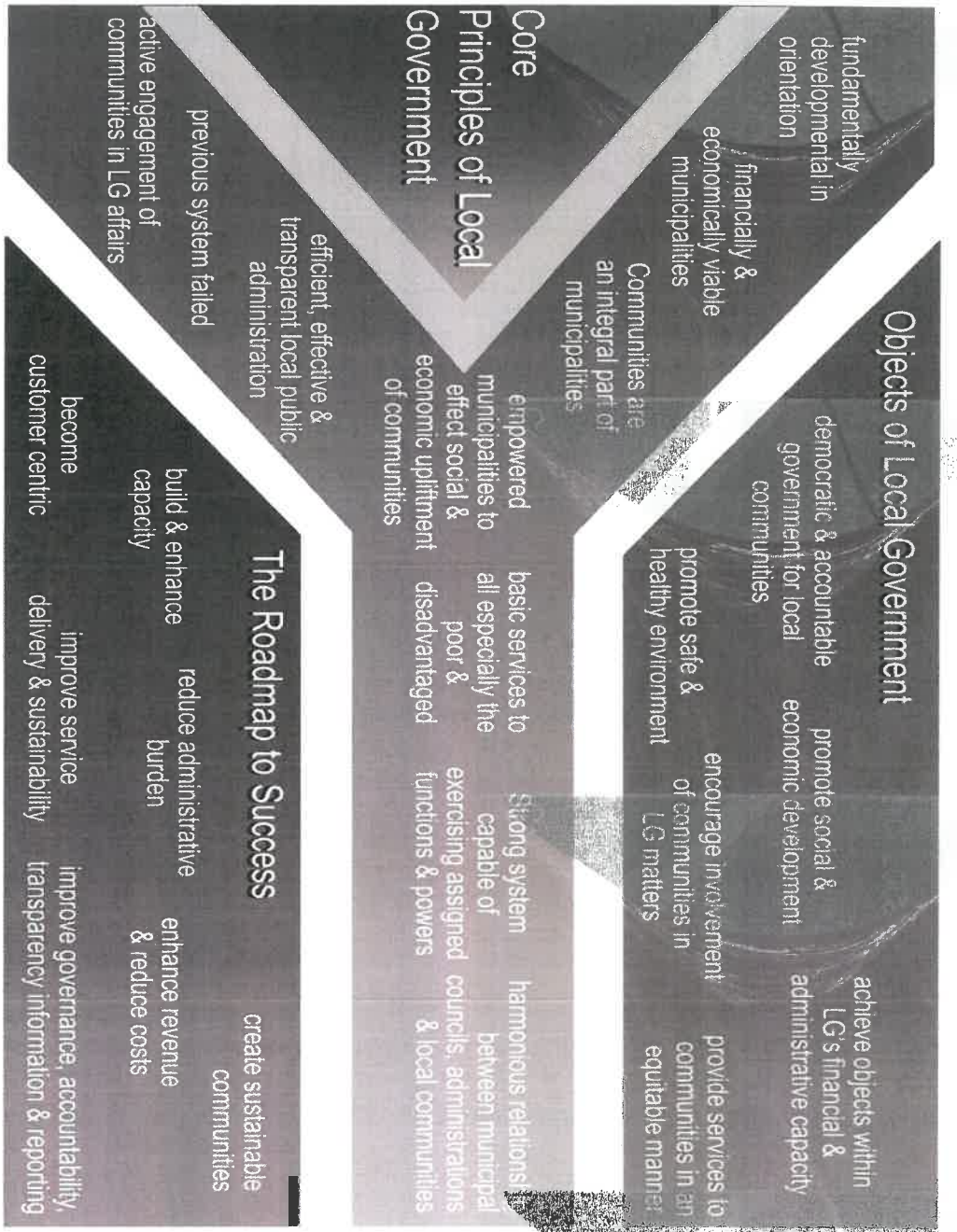
ANNUAL PERFORMANCE REPORT

DIHLABENG LOCAL MUNICIPALITY

A GOOD STORY TO TELL!

Everyone, Every Household, Every Entity –
A Testimony of our Excellent Service!

Our dream of a "Developmental Local Government"



"ALL HANDS ON DECK – TOGETHER MOVING DIHLABENG BEYOND 2030"

Part A: General Information

1. GENERAL INFORMATION

PHYSICAL ADDRESS:	HEAD OFFICE: 09 Muller Street East BETHLEHEM 9700
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2. LIST OF ABBREVIATIONS/ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CBP	Community-Based Planning
CDWs	Community Development Workers
CFO	Chief Financial Officer
Cllr	Councillor
DFA	Development Facilitation Act
DLM	Dihlabeng Local Municipality
DORA	Division of Revenue Act
HIV	Human Immunodeficiency Virus
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FET	Further Education and Training
FSGDS	Free State Growth and Development Strategy
GDP	Gross Domestic Product
GRAAP	Generally Accepted Accounting Practices
HDI	Historically Disadvantaged Individual
ICT	Information Communication Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LGSETA	Local Government Sector Education and Training Authority
LUMS	Land Use Management System
MAYCO	Mayoral Committee
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act
MTSF	Medium-Term Strategy Framework
MTREF	Medium-Term Revenue Expenditure Framework
NAS	National AIDS Strategy
NDP	National Development Plan
NKPI	National Key Performance Indicator
NSDP	National Spatial Development Plan
PGDS	Free State Provincial Growth Development Strategy
PMS	Performance Management System
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SMME	Small Medium and Micro Enterprise
SSA	Statistics South Africa
USDG	Urban Settlement Development Grant
VIP	Ventilated Improved Pitt
WTW	Water Treatment Works

3. STRATEGIC OVERVIEW

3.1 VISION

A vision statement reflects the perfect future and enables an organization to focus on future success. An all-encompassing vision will allow employees to be motivated and focused on the bigger picture of the municipality. Our dream is:

"To be people centered, people driven and self-sufficient municipality committed to the provision of effective and quality services to its community.

Revised:

"To be a self-sufficient municipality committed to the provision of quality service"

3.2 MISSION

A mission statement reflects the way in which Dihlabeng Local Municipality will conduct its everyday business. It describes the purpose of the Municipality and the area on which the Municipality should focus to achieve its vision. The Dihlabeng Local Municipality is:

"To provide effective and efficient people centered governance that will facilitate the developmental role of Local Government"

Revised:

"To provide basic services to our communities in an efficient, effective, accountable and sustainable manner"

3.3 CORE VALUES

Values are the nexus to our future progress, and they are an expression of our emotional truths. They serve to guide our decision making and conduct. It is the Devine to the minds of men and women of Dihlabeng to seek and pursue a better life for all, and in no order of significance, they are:

- ✓ ***Dedication***
- ✓ ***Discipline***
- ✓ ***Sacrifice; and***
- ✓ ***Accountability***

3.4 STRATEGIC OUTCOME ORIENTATED GOALS

Based on the Municipality's Turnaround Strategy, our strategic objectives were refined to be as follows:

- ✓ ***Provide democratic and accountable government for local communities.***
- ✓ ***Be responsive to the needs of the local municipality.***
- ✓ ***Ensure the provision of services to communities in a sustainable manner.***
- ✓ ***Promote social and economic development.***
- ✓ ***Promote a safe and healthy environment.***
- ✓ ***Encourage the involvement of communities and community organizations in the matters of local government.***
- ✓ ***Facilitate the culture of public service and accountability amongst staff and***
- ✓ ***Assign clear responsibilities for the management and co-ordination of administrative units and mechanisms.***

4. LEADERSHIP AND MANAGEMENT STRUCTURE

- The following Political Parties are represented in the Council.

Political Party	Ward Councillors	Proportional Councillors	Total
African National Congress	17	5	22
Democratic Alliance	1	6	7
Freedom Front Plus	0	2	2
Economic Freedom Fighters	1	4	5
Independent	1	0	1
All Unemployment Labour Alliance	0	2	2
Forum 4 Service Delivery	0	1	1
Total	**20**	**20**	**40**

- The following are the Names of Political Party's Representatives in the Council.

NAME	DETAILS	NAME	DETAILS
Councillor T J Tseki	*EXECUTIVE MAYOR*	Councillor M E Sempe.	*Ward 15 (ANC)*
Councillor N P Mofokeng	*SPEAKER*	Councillor D L Sibisi	*Ward 16 (ANC)*
Councillor M M Mokotla	*COUNCIL WHIP*	Councillor M Mofokeng	*Ward 17 (EFF)*
Councillor M M Twala	Chairperson MPAC	Councillor N E Mabizela	*Ward 18 (ANC)*
Councillor J T Sibisi	*MMC LED*	Councillor T V Tsibela	*Ward 19 (ANC)*
Councillor M E Sempe	*MMC Human Settlements & Rural Development*	Councillor J J Nhlapo	*Ward 20 (ANC)*
Councillor M D Makhathini	*MMC I D P , Evaluation a n d Monitoring*	L U Makhalema	*PR Councillor ANC*
Councillor M D Makhathini	*ACTING - MMC Finance*	N P Mofokeng	*PR Councillor ANC*
Councillor S M Jacobs	*MMC Community Services*	T M Mofokeng	*PR Councillor ANC*
Councillor P R Van Wyk	*MMC Corporate Services*	M M Mokotla	*PR Councillor ANC*
Councillor M A Mokwena	*MMC Women, Disability and Vulnerable Groups*	S M Jacobs	PR Councillor ANC
Councillor J Twala	MMC Infrastructure and Technical Services	N J Nhlapo	PR Councillor AULA
Councillor J T Sibisi	*Ward 1 (ANC)*	L R Mohlophehi	PR Councillor AULA
Councillor M M Twala	*Ward 2 (ANC)*	L V Mosala	PR Councillor F4SD
Councillor P R Van Wyk	*Ward 3 (ANC)*	W H Theunissen	PR Councillor DA
Councillor L L Radebe	*Ward 4 (ANC)*	E T Motloung	PR Councillor DA
Councillor M Miya	*Ward 5 (ANC)*	M J Mokoena	PR Councillor DA
Councillor J Twala	*Ward 6 (ANC)*	I L Rugheimer	PR Councillor DA
Councillor M D Makhathini	*Ward 7 (ANC)*	S P Mokoena	*PR Councillor DA*
Councillor V J Hadebe	*Ward 8 (ANC)*	D L Xaba	PR Councillor DA

Councillor P A Maasdorp	*Ward 9 (DA)*	M A Vilakazi	PR Councillor EFF
Councillor I Laesecke	*Ward 10 (IND)*	M A Motaung	PR Councillor EFF
Councillor M G Masangane	*Ward 11 (ANC)*	V M Maseko	*PR Councillor EFF*
Councillor M A Mokwena	*Ward 12 (ANC)*	N J Ngqubuka	*PR Councillor EFF*
Councillor M S Mosia	*Ward 13 (ANC)*	A Wolmarans	*PR Councillor FFP*
Councillor T J Tseki	*Ward 14 (ANC)*	H R Liebenberg	*PR Councillor FFP*

4.1 EXECUTIVE LEADERSHIP

THE EXECUTIVE MAYOR



HONOURABLE Cllr T J TSEKI



MADAM SPEAKER

Cllr N P MOFOKENG



COUNCIL WHIP

Cllr MM MOKOTLA



CHAIRPERSON: MPAC

Cllr MM TWALA



Cllr. MD Makhathini
MMC IDP & PMS



Cllr. PR van Wyk
MMC Corporate Services



Cllr. TJ Sibisi
MMC D&TP



MMC S M JACOBS
Community Services
Acting MMC Finance



MMC J TWALA
Technical Services



MMC M A MOKWENA
Women, Disability & Vulnerability



MMC M E SEMPE
Human Settlement & Rural Development

4.2 EXECUTIVE MANAGEMENT



Municipal Manager: M Nthch



Chief Financial Officer
Mr. Raymond Provis



Director: Technical Services
Ms. Lungile Mokoteli



Director: Community Services
Ms. Thokozile Vanqa

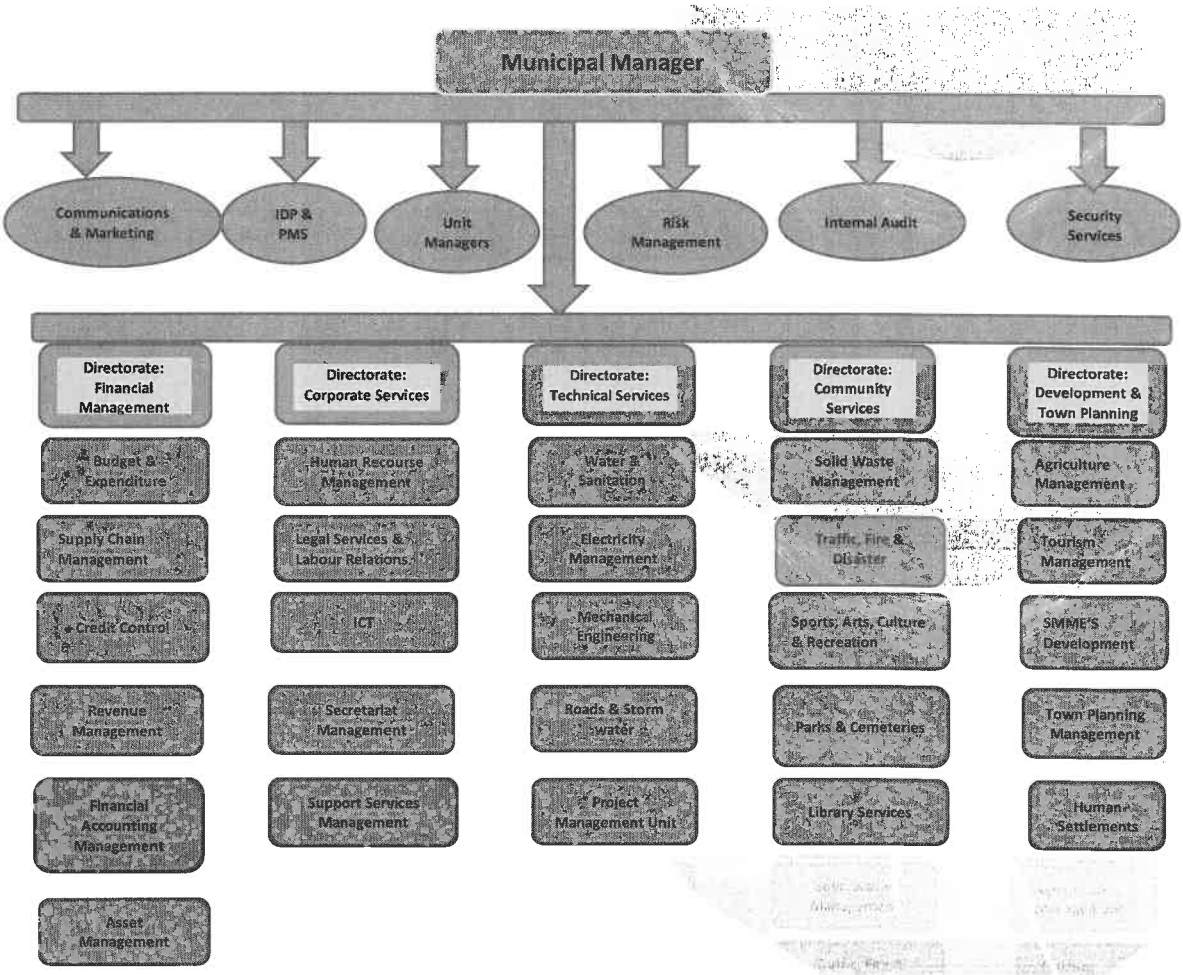


Director: Corporate Services
Mr. Selby Lengoabala



Director: Development & TP
Mr. Tsoeu Mokomatsili

Functional View of Dihlabeng Local Municipality



4.3 MANAGEMENT TEAM

DESIGNATION	NAME	DESIGNATION	NAME
Municipal Manager	Mr. M Ntheli	Manager: Libraries	Mrs. M Sethole
Chief Financial Officer	Mr. R P Provis	Manager: Water & Sanitation	Mr. L Ramulwela
Director: Corporate Services	Mr. M S Lengoabala	Manager: Assets	Mr. Q Letlatla
Director: Technical Services	Ms. H N L Mokoteli	Manager: Internal Audit	Mr. M Ndabezitha
Director: Community Services	Ms. T Vanqa	Manager: IDP	Mr. J Potsane
Director: Development and Town Planning	Mr. T P Mokomatsili	Manager: Sport & Recreation	Ms. N P Mdakane
Project Management Unit	Ms. J Mkontwane	Manager: Solid Waste	Ms. M Makibinyane
Unit Manager: Clarens	Mr. K Mokoena	Manager: Revenue	Mr. L Mabula
Unit Manager: Fouriesburg	Mr. L P Ncala	Manager: Secretariat	Mr. J L Botha
Acting Unit Manager: Paul Roux	Mr. TMH Mofokeng	Manager: PMS	Mr. M Zondo
Acting Unit Manager – Rosendal	Mr. M St V Mofokeng	Acting Manager: Human Resources	Ms. M Dlamini
Manager: Financial Accounting	Ms. L Mosia	Manager: Roads & St Water	Mr. S Thobejane
Acting Manager: Supply Chain	Mr. L Matsoso	Acting Manager: Legal Services	Ms. T Mokoena
Manager: Budget & Expenditure	Mr. K V Mokhele	Manager: Marketing/Communication	Mr. T E Maitse
Manager: Human Settlement	Mr. M Nhlapo	Manager: Mechanical	Mr. J Delport
Manager: Tourism	Mr. T Dladla	Manager: Public Safety	Mr. L Fukisi
Manager: Electricity	Mr. S Masoeu	Acting Manager: Town Planning	Ms. N Lesuthu
Manager: Risk	Vacant	Manager: SMME Development	Ms. P R Lengoabala
Strategic Manager: Office of the Executive Mayor	Mr. TMH Mofokeng	Manager: Security Services	Ms. D Sehlabaka
Manager in the MPAC Office	Mr. S Malinga	Manager: Support Services	Ms. N Mfundisi
Manager: Agriculture	Ms. M Mokoena	Manager: Office of the Speaker	Mr. R Mokoena
Manager: Fleet	Vacant	Manager: Debt Collection	Ms. H N Zondo
Manager: Business Development	Vacant	Manager: Parks	Vacant
Manager: Office of the MM	Vacant	Manager: Arts & Culture	Vacant

Draft FOREWORD: EXECUTIVE MAYOR



Hon. T J Tseki

This Annual Report that we present here gives a comprehensive overview of our performance against predetermined strategic objectives during the 2024/2025 financial year.

Every effort has been made to ensure that the details of our performance as reported are accurate and a true reflection of our achievements during the 24/25 financial year. We achieved 64% of our planned targets compared tothe 57% achieved in the previous financial year. This represent a slight improvement in our performance going forward.

2024/2025 was a challenging year for the Municipality as we had to do our outmost best with limited resources, given that the expectations of the community remains high as we endure to the tackle the triple challenges of poverty, inequality and unemployment. We acknowledge our shortcoming and low revenue collection rates within our operations thus leading to inadequacies in meeting the needs of our people within the expected turn-around times.

We continue to make service excellence an enduring habit to our approach to service delivery and in order to address challenges faced by our local community, we will continue to focus and implement for following strategic objectives:

- Putting our people and their concerns first and ensure constant contact with communities through effective public participation platforms.
- Creating conditions for decent living by consistently delivering municipal services of the right quality and standard. This includes planning for and timely delivery of infrastructure and public amenities, maintenance and upkeep, including the budgeting to do this. Ensuring no collapse in services and where there are, restore services with urgency.
- Demonstrate good governance and administration by cutting wastages, spending public funds prudently, hire competent staff and ensure transparency and accountability.
- Ensure sound financial management and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities.
- Build and maintain sound institutional and administrative capabilities, administered and managed by dedicated and skilled personnel at all levels.

We recognized the need for unity and the pursuit for a better life for all. On that note, I would like to thank the Speaker, Members of the Executive Committee, Comrades and Fellow Councilors, Officials and the Community of Dihlabeng.

.....
Honorable Cllr. T J Tseki
EXECUTIVE MAYOR –
DIHLABENG

CHAPTER 2: Introduction and Overview of Dihlabeng

1. INTRODUCTION AND OVERVIEW OF DIHLABENG LOCAL MUNICIPALITY

1.1. LOCATION, COMPOSITION AND SIZE

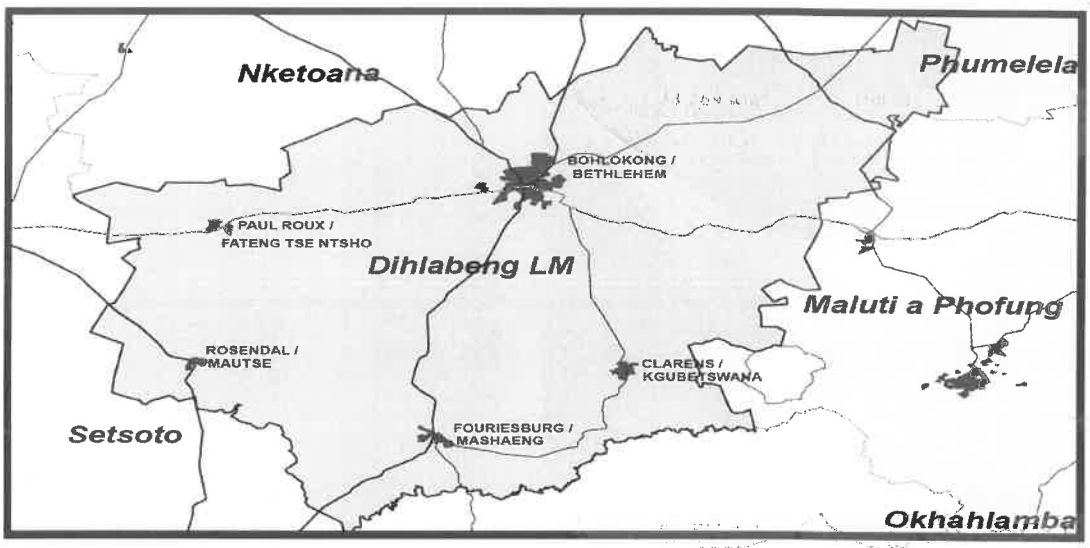
The Dihlabeng Local Municipality is located within the Thabo Mofutsanyana District Municipality which is one of the four (4) districts in the Free State Province, which covers an area of approximately 129 825 km². The total district population was 736 238 as per the Statistics South Africa Census 2011. The 2016 Community Survey estimated the district population to 779 600. This indicates rapid population growth in the district within five (5) years.

Dihlabeng Local Municipality makes up approximately 18.0% of the population of Thabo Mofutsanyana District Municipality. The figures below depict the total population of the district. The District Municipality is made up of the following Local Municipalities:

Figure 1: DISTRICT MUNICIPALITY CONFIGURATION

Local Municipality	Population	Area	%
Maluti-a-Phofung Local Municipality	335 784	4 338 km²	13.0%
Dihlabeng Local Municipality	128 704	4 880 km²	14.7%
Setsoto Local Municipality	112 597	5 966 km²	17.9%
Nketoana Local Municipality	60 324	5 611 km²	16.9%
Mantsopa Local Municipality	51 056	4 291 km²	12.9%
Phumelela Local Municipality	47 772	8 183 km²	24.6%
Thabo Mofutsanyane District Municipality	**736 238**	**33 269 km²**	**100%**

Source: Statistics South Africa 2011, Community Survey 2016



The Dihlabeng Local Municipality is one of six local municipalities within the Thabo Mofutsanyana District Municipality within the eastern Free State. The municipality is surrounded by the Maluti-a-Phofung Local Municipality to the East, the Lesotho to the South, Setsoto Local Municipality to the West, Nketoana Local Municipality to the North, and the Phumelela Local Municipality to the North-East. The Dihlabeng Local Municipality consists of the following major settlements:

Bethlehem/ Bohlokong (Area 27.8km2)

The town is strategically located in the heart of the Picturesque Eastern Free State. It is the principal town of the Eastern Free State as it originally developed as a service center and still plays this role on a regional level. It is situated approximately 240 km north-east of Bloemfontein, 140 km East of Kroonstad, 90 km west of Harrismith and 75 km from QwaQwa. Growth is stimulated by the strategic location and its positionadjacent to the N5 between Bloemfontein and Durban.

Clarens/ Kgubetswana (Area: 13.7 km²)

This scenic town with splendid views of the Maluti Mountains often referred to as the "Switzerland of South Africa" is situated approximately 34 km south-east of Bethlehem and approximately 20 km from the Golden Gate Highlands National Park. The Lesotho highlands Water Project has also played an important part in the development of the town. The town has experienced a rapid growth in terms of tourism and is also one of the most popular tourist attractions areas in the Free Sate.

Fouriesburg/ Mashaeng (Area: 12.8 km²)

This town predominantly functions as a small service center to the surrounding agricultural communities and is increasingly being supported by the tourism industry. It is situated on the R26 route and is approximately 10 km from the border of Lesotho. Fouriesburg is located approximately 49 km south from Bethlehem and 49 km north-east from Ficksburg.

Paul Roux/ Fateng-Tse-Ntsho (Area: 6.6 km²)

This town is located in an area of agricultural and tourism significance and mainly provides related services to the surrounding rural areas. It is located along the N5 approximately 35 km west of Bethlehem and 36km from Senekal within the Setsoto Local Municipality. The area is a service center that has seen a significant growth in size and development.

Rosendal/ Mautse (Area: 8.5 km²)

The town is also located in an area of agricultural significance and mainly provides related services to the surrounding rural areas, tourism is also gaining momentum although as at a relatively slow pace. It is located at the foot of the Witteberg mountain range on the R70. The area is approximately 64 km southwest of Bethlehem, 41 km south-east of Senekal and 45 km north of Ficksburg.

MUNICIPAL POPULATION PROJECTIONS

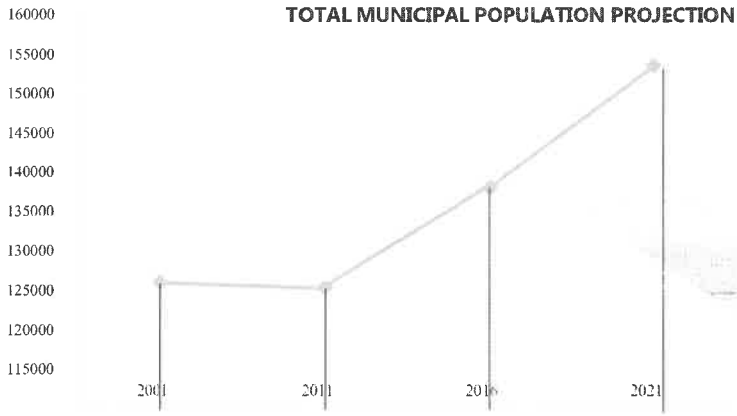
The population within the Municipality has increase by approximately 11 340 persons within a period of five (5) years. This equates to a 1.8% per year population growth rate and an 8.8% population growth ratewithin a five (5) year period. Based on the current statistics, by 2021, it is estimated that the population will grow to 153 836 people in the next five (5) years. By the year 2050, it is estimated that the population will grow to approximately 258 073 people, should the municipality continue to grow at a steady rate of 1.8% per year below is population size growth estimates,

Figure 2: POPULATION DIFFERENCE



Source: Dihlabeng Draft Spatial Development Framework 2021

Graph 1: POPULATION PROJECTIONS



Source: Dihlabeng Draft Spatial Development Framework 2021

Table 1: NODAL AREA POPULATION

Towns	Population	%
Bethlehem/Bohlokong	89 778	69
Clarens/ Kgubetswana	7 014	5
Paul Roux/ Fateng Tse Ntsho	7 905	6
Fouriesburg /Mashaeng	19 725	15
Rosendal/ Mautse	6 611	5
Dihlabeng Municipality 2011	128 704	
Dihlabeng Municipality 2016	140 044	

Source: Dihlabeng Draft Spatial Development Framework 2021

Population Group Distribution

The majority of this population constitutes of the Black African population group. There are other noticeable population groups within the Municipality, including Coloured, Indian/Asian, White, although ina smaller percentage, as per the Statistics South Africa Census 2011.

Despite an increase to the population, the distribution between the population groups remains relatively similar, with the Black African, White and Indian/ Asian population groups increasing while the coloured population group decreased by 381 people, as depicted below. Due to pattern of migration to bigger cities, there is a possibility that people migrate to Bethlehem in search of job opportunities. Farm evictions are also experienced within the province which has resulted in the increase of a number of people in DihlabengLocal Municipality living in backyards and informal settlements. The table below provides a comparison ofthe population group distribution within each major town:

Table 2: DIHLABENG POPULATION GROUP WITHIN MAJOR TOWNS

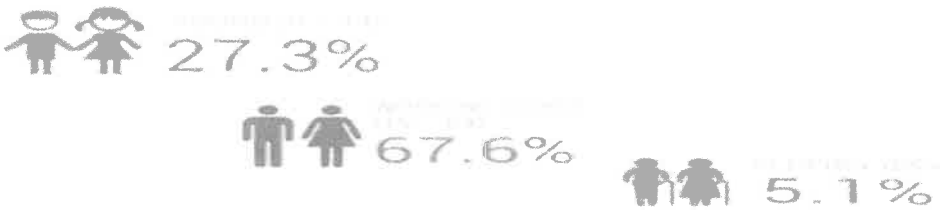
TOWNS	BLACK AFRICAN	COLOURED	INDIAN /ASIAN	WHITES
Bethlehem/Bohlokong	75.1	88.5	77.61	90.9
Clarens/ Kgubetswana	*5.2*	*2.3*	*4.97*	*3.3*
Paul Roux/ Fateng Tse Ntsho	*5*	*3.7*	*4.14*	*2.71*
Fouriesburg /Mashaeng	*11.1*	*2.1*	*11.94*	*2.42*
Rosendal/ Mautse	*3.6*	*1.4*	*1.32*	*0.61*
TOTAL Composition: Census 2011	*87.6*	*1,5*	*0.5*	*10.4*
TOTAL : Composition : CS 2016	*90.3*	*2*	*0*	*10*

Source: Dihlabeng Draft Spatial Development Framework 2021/2022& Stats SA CS 2016

Population Age Groups

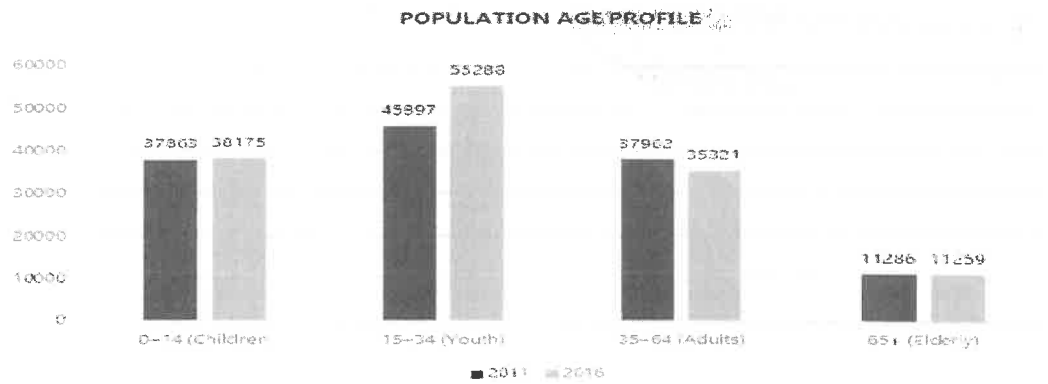
Based on the Statistics South Africa Census 2011 and the Community Survey 2016, the children and youth populations have increased, the adults category has however decreased by more than 2000 people, equating to approximately 9.3%. This poses a serious issue within the Municipality as these are the people that contribute to the local economy, employment statistics, etc. According to Statistics South Africa Community Survey 2016, 65.4% of Dihlabeng population are persons with age below 35 years. The age group between the ages of 35 to 59 comprises 29.4% of the population and those 60 and above comprises 5.1% of the population. The economically active age group from 15 to 64 years comprises 67.6% of the population.

Figure 3: POPULATION BY AGE



Source: Dihlabeng Draft Spatial Development Framework 2021 /2022& Statssa CS 2016

Graph 2: POPULATION BY AGE



Source: Dihlabeng Draft Spatial Development Framework 2021 /2022& Statssa CS 2016

Population Gender Distribution

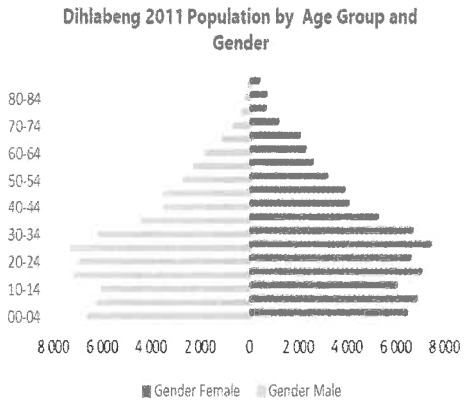
The gender profile of the municipality is typical of the trend in most other municipal areas in the country. There are a greater number of females estimated at 52% as compared to males which make up 48% of the population.

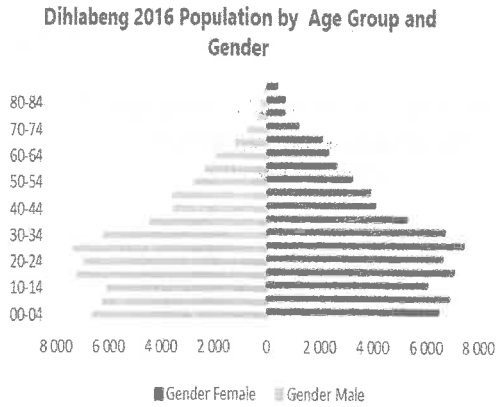
Figure 4: POPULATION BY GENDER



The gender distribution of the municipality indicates a high female population. This means that there should be services provided such as clinics dedicated for pregnant women and childcare, etc. in order to cater for the higher female population group within the municipality. The female population comprises 52% of the overall Municipal population, as per the Statistics South Africa CS 2016

Graph 3: POPULATION AGE GROUP BY GENDER





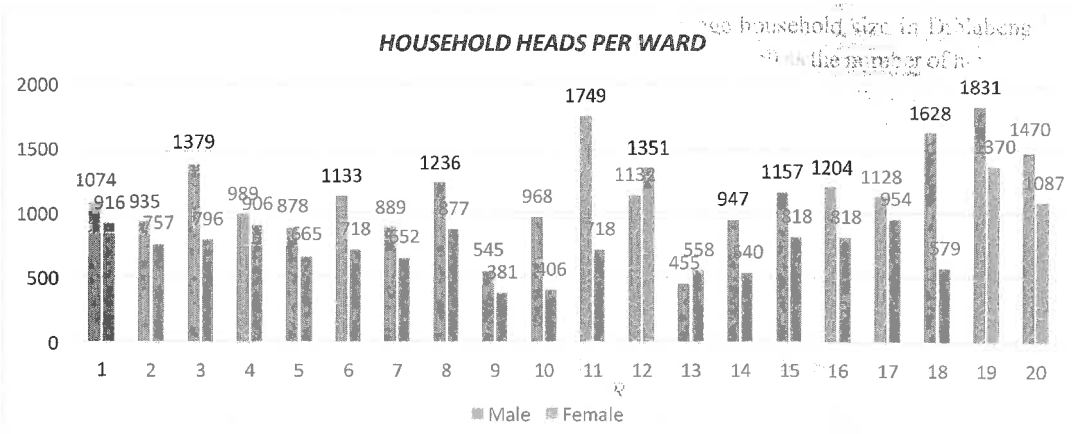
MUNICIPAL HOUSEHOLDS

Below is the total population number of households as well as average household size in Dihlabeng local Municipality between the 2011 and 2016. Although the total population as well as the number of householdhas increased the average household size has decreased from 3.3 to 3.0 but in principle it remains constantto 3 members per household.

HOUSEHOLDS			
Census 2011		Community Survey 2016	
Total households	Household Size	Total households	Household Size
38 593	3.3	46 857	3.0

Table 3: HOUSEHOLDS

Graph 4: DIHLABENG HOUSEHOLD HEADS BY GENDER

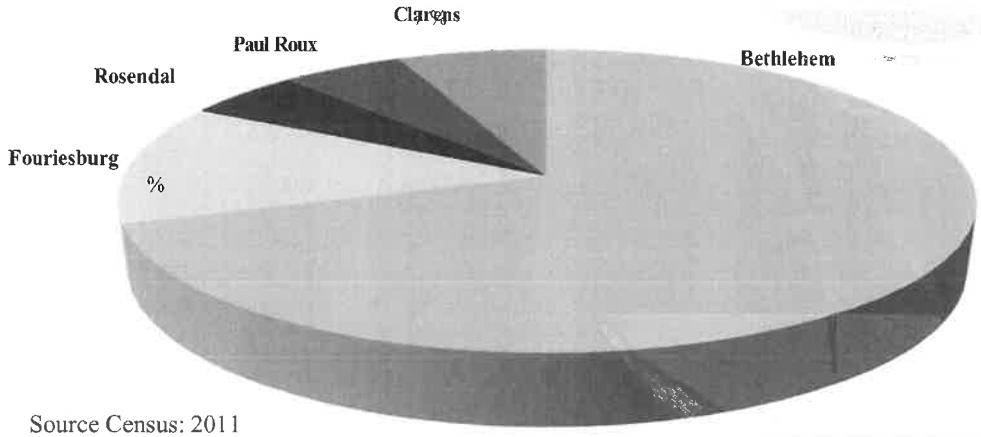


Statssa: Census 2011

Households Distribution by Town

The chart below shows that largest number of households are found in Bethlehem as this is the town withthe highest population. It is followed by Fouriesburg, which is the town with the second largest household population. Census 2011 also revealed that majority of households are male headed households at 58% with 42% being female headed households.

Graph 5: HOUSEHOLD DISTRIBUTION BETWEEN AREAS

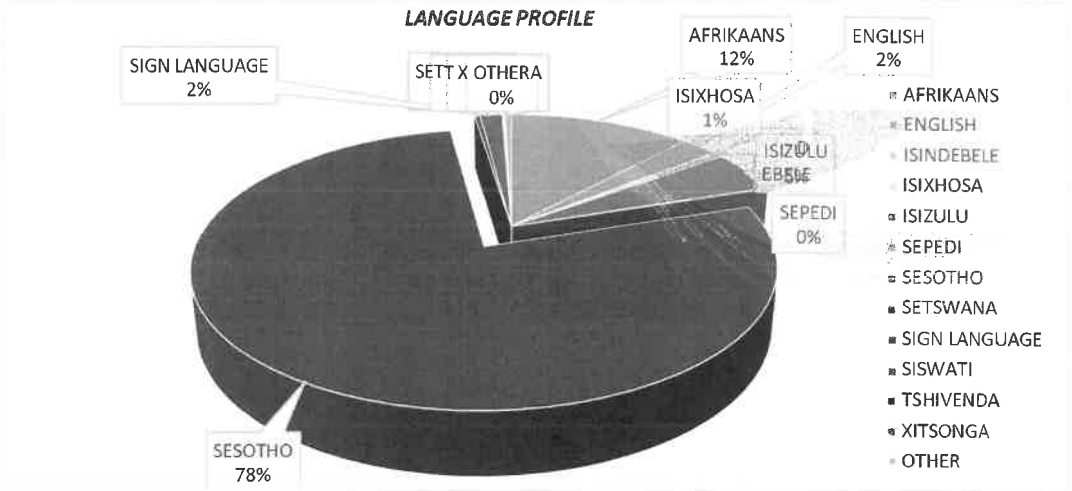


Source Census: 2011

Language Profile

From the Census 2011 it was evident that in Dihlabeng the most dominant language is Sesotho with 78%, followed by Afrikaans with 12%. Other languages used are spoken by the minority groups in the area.

Graph 6: LANGUAGE PROFILE



Statssa: Census 2011

SOCIAL FACILITIES PROFILE

Consideration should especially be given to the disadvantaged and/or marginalised population groups, asthis will guide poverty reduction efforts effectively. During the analysis process an overview of social strengths and weaknesses within the municipality was done, as well as the opportunities and threats outside the municipality. This enables the identification of Social; Economical; and Environmental needs and constraints that need to be considered and addressed during the process. Based on the analysis done,the following were identified:

Community Facilities

Access to and availability of social facilities is an important factor which attracts and keeps people in an area. Therefore, the section below indicates the number of social facilities within the municipality jurisdiction. The Council for Scientific Research (CSIR), in December 2011, compiled a draft report containing guidelines for the planning of social facilities and recreational facilities.

This study is a valuable resource for determining the thresholds for various facilities and the minimum site requirements for various facilities in urban areas. The standards provided were developed based on South African and international standards and guidelines. The provided standards aim to:

- Determine the threshold populations for facilities and basic land requirements.
- Serve as a departure point for negotiations with respect to land provision between developers and municipalities.
- Provide a basis for developing a spatial distribution network for a facility; and
- Provide an input to prioritise capital investment based on relative backlog with respect to standards.

The section below aims to highlight the number of social facilities which are currently Accessible to the people of the Municipality, as well as determine if these social facilities are sufficient to cater to the population as per the CSIR thresholds.

Table 4: EDUCATION FACILITIES PER AREA

AREAS	PRIMARY SCHOOL	SECONDARY SCHOOL	COMBINED SCHOOL	PRIVATE SCHOOL	INTERMEDIATE SCHOOL	ABET FACILITIES
Bethlehem	8	5	1	6	2	1
Clarens	2	1	1	1	2	-
Paul Roux	2	1	1	1	-	-
Fouriesburg	3	1	-			-
Rosendal	2	1	-			
Total	**17**	**9**	**3**	**8**	**5**	**1**

Source: Dihlabeng Draft Spatial Development Framework 2021 /2022

Education Facilities

From the information depicted below, it is clear that the existing education facilities are not sufficient to cater for the existing population. There is a shortage in the number of Primary and Secondary Schools provided. In terms of the CSIR Guidelines approximately 5 ABET facilities are required to serve the area, however only one currently exists within the Municipal area.

Table 5: EDUCATION FACILITIES

FACILITY	EXISTINF NO. OF FACILITIES	REQUIRED NO. OF FACILITIES
Primary School	17	20
Secondary/High School	9	11
ABET Facilities	1	4

Source: Dihlabeng Draft Spatial Development Framework 2021 /2022

Community Facilities

According to the information presented below, the community facilities existing within the municipality are not sufficient to serve the community.

Table 6: COMMUNITY FACILITIES

Facilities	Number of Available Facilities	Number of Required Facilities
Police Station	7	7
Post Office	5	3
Library	9	22
Fire Station	4	2
Cemeteries	14	28
Stadiums	10	Variable
Golf Course	1	Variable
Heritage Site	14	Variable
Facilities		
Clinic	8	Variable
Mobile Clinic	4	2
Hospital	5	Variable
Medical Centre	3	7

Source: Dihlabeng Draft Spatial Development Framework 2021 /2022

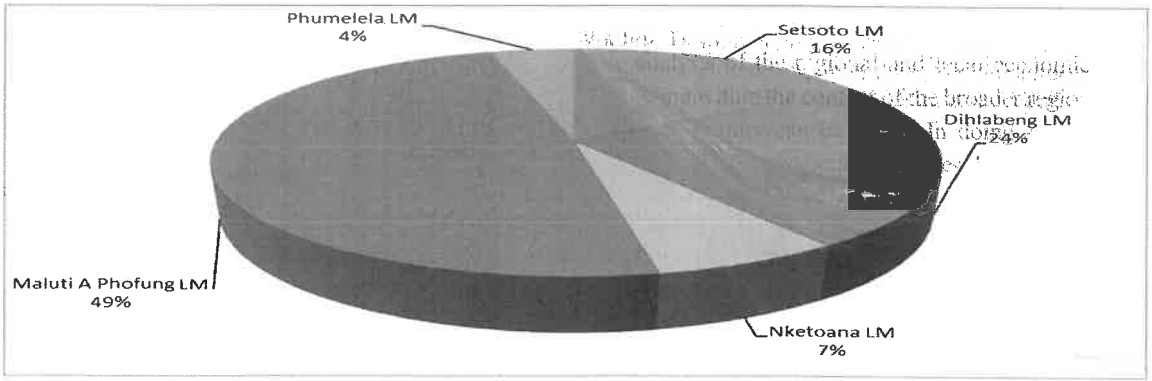
According to the information above, the only community facility which poses a major issue is that of the cemeteries in all major settlements throughout the Municipality. Despite having Access to 14 cemeteries, these are currently at full capacity levels and need to be expanded or closed. Based on the CSIR guidelines, there should be 28 cemeteries within the Municipality. Land for the development of cemeteries requires specialist studies, these must be conducted to identify the most favourable of these areas.

1.2 SOCIO-ECONOMIC PROFILE

The purpose of this Section is to provide a broad economic analysis of the regional and local economic development. It is important to understand the economy of Dihlabeng within the context of the broader region so that comparisons and linkages with the broader economic community can be made. In doing so, this Section discusses and analyses each economic sector in terms of a sectoral analysis and identifies thosesectors with growth potential.

The GDP contribution of the Dihlabeng Local municipality in comparison to the other 4 local municipalities in the Thabo Mofutsanyana District. Dihlabeng contributed the second most (24%) to the District economy, followed by Setsoto (16%). Overall, Maluti-a-Phofung contributed (49%) to the economy of Thabo Mofutsanyana.

Graph 7: ECONOMIC GROWTH



Dihlabeng Local Municipality LED Strategy

Dihlabeng experience an average annual growth rate of 2.9%, compared to a 2.1% growth rate in Thabo Mofutsanyana and the Free State. The graph indicates the annual growth from 2001 to 2011 in Dihlabeng, compared with the District and the Province. The economic activities within the Municipality are dominated by:

- Agriculture (29.4%);
- Business (17.2%)
- Social Services (±15%)
- Trade (±11%)

There are more than 3 000 hectares of farmlands in the Eastern Free State, 34% thereof is located within the Dihlabeng Local Municipality. The normal industrial incentives, with specific reference to affordable purchase prices, endorsed by Dihlabeng Local Council, ensure growth in the industrial area.

Lesotho Highlands Water and the Bethlehem Hydro Electricity projects are also relevant in this regard. Upmarket Residential, Business and Tourism Development at a large scale is currently taking place in the region. The agricultural sector of the Dihlabeng region is extremely prominent.

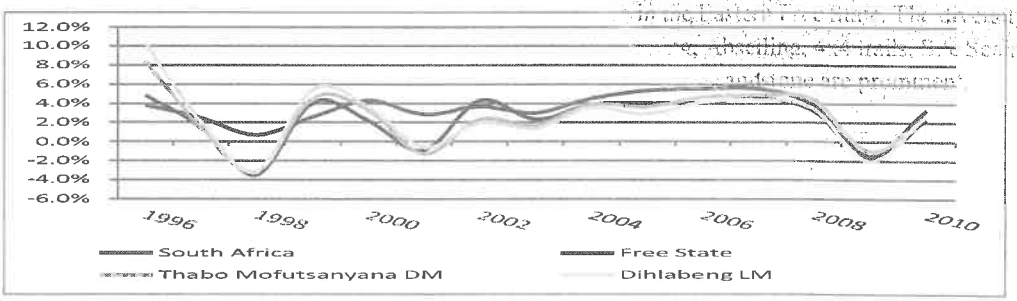
Considering small scale processing industries and intensive farming activities will result in future economic growth in the Agriculture Sector. Effective productive grazing and small-scale farming programmes on the existing and identified land for commonage have future growth potential. As part of the DRDLR Programme, emerging farmers are trained and supported to ensure productive farming practices, which ensures economic growth in Dihlabeng.

Dihlabeng has some of the best tourist attractions and facilities in the Eastern Free State. The diversity of the center ranges from Cultural, Heritage, Water related, Hiking, Fishing, Abseiling, 4x4 trails, Site Seeing, Bird & Game watching and Shopping. Proclaimed historical monuments in sandstone are prominent.

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Graph 8: NATIONAL COMPARISON WITH NATIONAL ECONOMIC TRENDS



Source: Dihlabeng LED Strategy

Economic Sector Contribution

Based on the table below, it is evident that the Dihlabeng economy has a comparative advantage in the following sectors with regards to the District economy, as identified within the DLM LED Strategy 2011:

- Agriculture
- Manufacturing
- Trade
- Transport
- Government Services

A quotient larger than one indicates a comparative advantage and a smaller one indicates a comparative disadvantage in an economic activity. A quotient greater than five indicates a dependence onan industry sector.

Table7: DIHLABENG LOCATION QUOTIENT

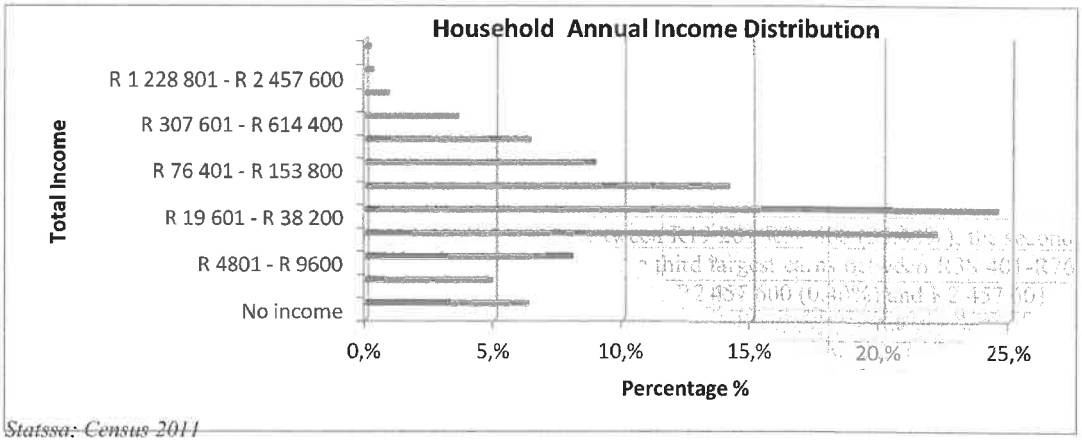
ECONOMIC SECTOR	SECTORAL CONTRIBUTION	GDP (%)	LOCATION QUOTIENT
Agriculture	6.2%	6.4	1.0
Mining	0.4%	0.3	0.8
Manufacturing	13.3%	13.2	1.0
Electricity	2.6%	0.9	0.3
Construction	2.1%	1.9	0.9
Trade	15.6%	18.1	1.2
Transport	7.2%	9.2	1.3
Finances	21.7%	19.9	0.9
Services	30.8%	30.1	1.0
TOTAL	**100**	**100**	**1**

The largest group of businesses in the municipal area are involved with the procurement and sale of food, beverage and liquor related (11.9%) products. The second largest group of businesses in the area are involved with clothing and fashion Accessories (8.5) %, while the 3rd largest group is involved in beauty care and hair salons (8.3%). There is also a significant amount of businesses involving medical related services (7.3%)

Income Distribution

The majority of the population of the municipality earns between R19 201-R38 400 (25.44%), the second largest group earns between R9 601-R19 200 (21.39%) and the third largest earns between R38 401-R76 800 (17.51%). The smallest population earns between R1 228 801-R2 457 600 (0.40%) and R2 457 601 or more (0.22%).

Graph 9: INCOME DISTRIBUTION



Statssa: Census 2011

Household Income Levels

The income levels of households are considerably low considering the increased cost of living. Below are the Poverty line categories:

- Poverty line: It is a measure used to separate the poor and the non-poor by determining the amount of money required to purchase enough food for survival. This is equivalent to R561 or R18.70/day. 54% of South Africans live below this level of income.
- Upper bound poverty line: R1227 defines the upper poverty line in South Africa. People who have this much to spend can buy essential food items and spend R666 a month on essential nonfood items.
- Lower Bound Poverty Line: Is defined as R810 per person per month or R27 per day. People at this level of income probably have to sacrifice some food items to be able to afford to buy essential non-food items if these items cost more than R249 a month. Lower poverty line is defined as an income of R335 per person per month/R11.00 per day. People who live below this line struggle to afford their daily food requirements.

This shows that majority of the population live below the South African Poverty line. This is worrying as growing number of forecasts have concluded that food prices will rise sharply throughout the years. The agriculture industry is struggling due to droughts South Africa has faced in 23 years. Inflation has adjusted the poverty line by 27% from R441 in 2015 to R561 in 2019.

Table 8: Persons Indicators

POVERTY LEVELS				HOUSEHOLDS			
2011		2016		2011		2016	
Headcount	Intensity	Headcount	Intensity	Total	Size	Total	Size
6.1%	42.3%	5.2%	42.4%	38 593	3.3	46 857	3.0

Stats SA:

Employment Status

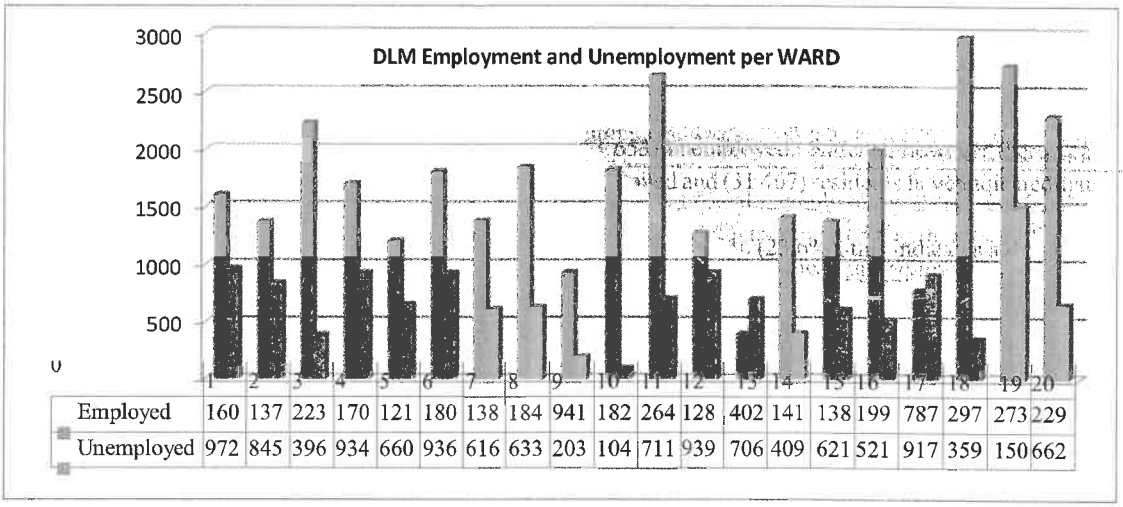
The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e., people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work.

Approximately 23% of the Free State population was regarded as officially employed in 2011. The Thabo Mofutsanyana District Municipality had the lowest percentage of employment in 2011 with only 19.5% of the region's population officially employed. A high percentage of the population is unemployed (43%), this unemployment is of concern as the total labour force is unemployed. Interventions for job creation in the formal and informal sector are needed as less than half of the population is employed (40%). A significant amount of the population is economically inactive (17%).

In terms of the Dihlabeng Local Municipality there are (13 653) unemployed residents, however there is a substantial number of residents (33 843) that are currently employed and (31 467) residents have indicatedthat they are not economically active.

Unemployment in the municipality has decreased from 2011 (43%) to 2016 (23.6%), this indicates a decrease of 19.4%. Employment has increased from 2011 (40%) to 2016 (44.43%), this indicates an increaseof 4.43%. Although this is the case, there has been a significant increase of the population that iseconomically inactive (23.69%).

Graph 10: EMPLOYMENT STATUS IN THE MUNICIPALITY



Employed	160	137	223	170	121	180	138	184	941	182	264	128	402	141	138	199	787	297	273	229
Unemployed	972	845	396	934	660	936	616	633	203	104	711	939	706	409	621	521	917	359	150	662

Source: Census 2011

2. HOUSEHOLD ACCESS TO MUNICIPAL SERVICES

2.1 Access to Water

The Dihlabeng Local Municipality as a Water Service Authority (WSA) is committed to improve the physical, socio-economic and institutional environment in order to address poverty and promote infrastructure development. The Municipality is assisted by the Department of Water Affairs to review its Water Service Development Plan (WSDP).

The WSDP outlines service level profiles, resources profile and future bulk needs, as well as programmes that must be pursued in order to address the identified challenges. The WSDP provides a holistic integrated view of the water and sanitation service requirements and planning within the Dihlabeng Municipal area.

Table 9: PROVISION OF WATER SERVICE

Water Service Provision				
Status of Sector Plan (WSDP)				Draft 2015 WSDP
Availability and status of operation and maintenance plan.				Available and in use.
Status of bulk supply storage.				Sufficient except in Rosendal/ Mautse
National target for water service.				100% Access to all
Is the Municipality the Water Service Authority? (Yes/No) Indicate the arrangements for service delivery of water.				Yes the Municipality delivers water to all residents.
Approved service level of Municipality.				
Formal Areas				Basic yard connection. (37 729)
Informal Areas				Communal standpipe. (847)
Number of HH with Access to water				
Total HHs-	RDP and Above	Below RDP	No Service	**Interventions Required**
38 593 Census 2011	37 827	766	0	
46 857 CS 2016				

Table 10: DISTRICT ACCESS TO WATER

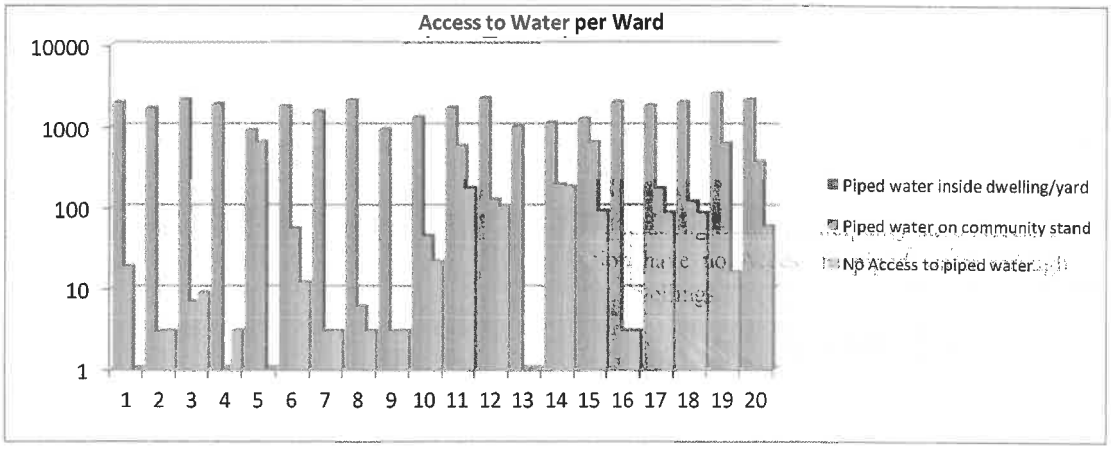
Census 2011			**Community Survey 2016**	
MUNICIPALITY	**Households with Access to pipe water**	**Households without Access to pipe water**	**Households with Accessto pipe water**	**Households without Access to pipe water**
Setsoto	33057	631	33 513	3 875
Dihlabeng	**37739**	**854**	**43 926**	**2 931**
Nketoana	16372	946	18 960	704
Maluti A Phofung	96300	3927	93 304	17 420
Phumelela	12372	516	13 091	1 495
Mantsopa	14993	176	15 806	1 145
Thabo Mofutsanyana	210834	7051	218 601	2 757

Source: Census 2011 / Community Survey 2016

Dihlabeng has a high number of households with RDP water services standards with 88, 4% of households receiving water. With a backlog of 2 931 according to 2016 Community Survey and this shows a need for improved service delivery, especially in rural areas. Access to clean drinking water is part of one's basic human rights as it provides Access to a healthy wellbeing and sanitary environments.

The table below indicates that the majority of people in the Dihlabeng Local Municipality have Access to piped water. Only 4, 5 % of the Municipalities population have no Access to piped water through community standpipes, inside the yard as well as inside their dwellings.

Graph 11: ACCESS TO PIPED WATER



Source: Stats SA Census 2011

Water service provision in the municipality indicates that all five towns have Access to water services, and it is evident that the provision of water has increased from 2011 to 2016. Most areas in the Municipality have Access to water (according to RDP standards) except informal areas.

TOWN	HOUSEHOLDS CENSUS 2011	HH RDP WATER SERVICE LEVELS 2011 CENSUS		WATER BACKLOG 2011 CENSUS	HOUSEHOLDS COMMUNITY	WATER BACKLOG 2016 COMMUNITY SURVEY
		NUMBER	%	NUMBER		NUMBER
Bethlehem	26 996	24 556	90.0	2 448		No Access to piped water
Clarens	2 557	2 131	83.3	426		
Paul Roux	2 083	1 824	87.6	256		
Rosendal	1 975	1 244	62.9	729		
Fouriesburg	4 982	4 372	87.8	607		
TOTAL	**38 593**	**34 127**	**88.4**	**4 466**	**46 857**	**2 931**

Table 11: WATER SERVICE LEVELS

Source: Census 2011/ Community Survey 2016

Water Service Institution	**Dihlabeng Local Municipality**
Water Service Provider	Dihlabeng Local Municipality

Municipal Green Drop Score	
2021 Green Drop Score	**49%↑**
2013 Green Drop Score	**47 %**
2011 Green Drop Score	**32 %**
2009 Green Drop Score	**0%**

VROOM Impression (Towards restoring functionality):
Civil and mechanical works dilapidated - upgrades underwaySub-standard workmanship - PST, weir, concrete quality

2. Staff facilities and fencing
3. Major flooding and pollutions events
4. SBR aerators
5. - 8 months not operational - effluent quality compromised
6. Grounds keeping lacking **VROOM Estimate: -** R17,496,000

Key Performance Area	**Weight**	**Bethlehem**	**Clarens**	**Mashaeng**	**Mautse**	**Paul Roux**
A. Capacity Management	15%	80.0%	70.0%	70.0%	70.0%	74.0%
B. Environmental Management	15%	55.0%	52.0%	54.0%	39.0%	54.0%
C. Financial Management	20%	30.0%	27.5%	27.5%	27.5%	27.5%
D. Technical Management	20%	55.0%	47.0%	35.0%	37.0%	44.5%
E. Effluent & Sludge Compliance	30%	21.0%	44.0%	21.0%	24.0%	21.0%
F. Bonus		56.0%	42.5%	27.5%	8.0%	20.0%
G. Penalties		0.0%	0.0%	0.0%	-25.0%	-25.0%
H. Disqualifiers		None	None	Intent to Directive	None	None
Green Drop Score (2021)		**51%**	**52%**	**41%**	**33%**	**38 %**
2013 Green Drop Score		**49%**	**32%**	**28%**	**27%**	**47 %**
2011 Green Drop Score		**34%**	**22%**	**16%**	**23%**	**18 %**
2009 Green Drop Score		**0%**	**0%**	**0%**	**0%**	**0%**
System Design Capacity	Ml/d	25.6	2.5	1.1	2	1.2
Design Capacity Utilization (%)		84%	56%	45%	17%	33%
Resource Discharged into		Jordan River	Little Caledon River	Meiringspoort spruit	Meulspruit	Sand River
Microbiological Compliance	%	17%	9%	17%	0%	17%
Chemical Compliance	%	38%	97%	42%	60%	50%
Physical Compliance	%	69%	91%	58%	56%	72%
Wastewater Risk Rating (CRR% of CRR_{max})		**Bethlehem**	**Clarens**	**Mashaeng**	**Mautse**	**Paul Roux**
CRR (2011)	%	70.4%	76.5%	82.4%	88.2%	**94.1%**
CRR (2013)	%	55.6%	76.5%	76.5%	58.8%	76.5%
CRR (2021)	%	66.7%	**47.1%**	70.6%	70.6%	70.6%

2.2 Access to Sanitation

Access to sanitation is equally important as Access to water. The figure below indicates that the majority of people within the Municipality have Flush toilets (connected to sewerage system) as sanitation facilities. There is only a small number of people who don't have Access to flush toilets, which are connected to the municipal sewer system or septic tank. It is a matter of concern that there is a large number of people thatuse a Pit latrine without ventilation. There is also a number of households which have no Access to sanitation. According to the 2016 Community Survey, the figure below indicates that the majority of peoplewithin the Municipality have Flush toilets (connected to sewerage system) as sanitation facilities.

Table 12: Sanitation Service Levels

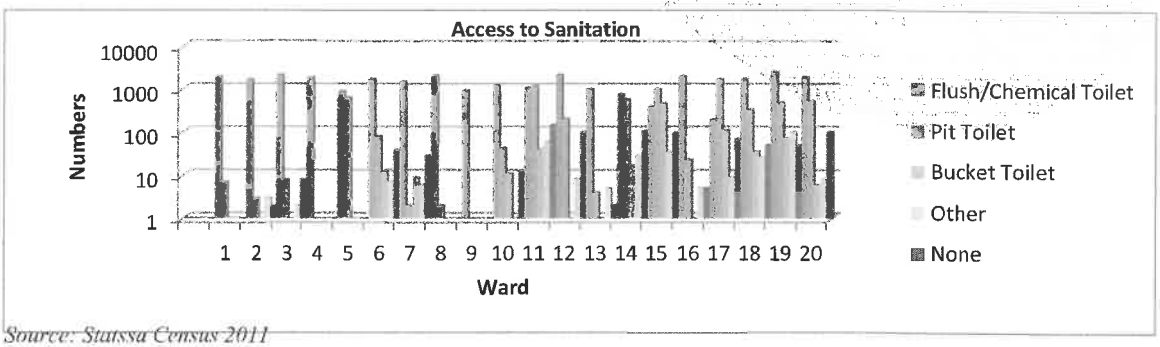
STATUS OF SECTOR PLAN (WSDP)				**PHASE 1**
Availability and status of operation and maintenance plan.				Available and in use.
Status of bulk supply storage.				Good, sufficient to provide for 38 593 HHs
National target for sanitation service.				100% Access to all
Is the Municipality the service authority? (Yes/No) Indicate the arrangements for service delivery of sanitation				Yes the Municipality delivers Sanitation to all residents.
Approved service level of Municipality.				
Formal Areas				Basic Household waterborne
Informal Areas				Communal VIP toilets
Number of HH with Access to sanitation				**Interventions Required**
Total HHs-	RDP & above	Below RDP	No Service	
38 593	37 827	766	0	Bulk water supply in Rosendal/ Mautse

TABLE 13: DISTRICT ACCESS TO SANITATION

CENSUS 2011			**Community Survey 2016**		
Municipality	**Flush/chemical toilet**	**Other**	**Flush/chemical toilet**	**Other**	**None**
Setsoto	20 743	11 568	25 816	11 572	560
Dihlabeng	**29 890**	**7 881**	**40 016**	**6 841**	**249**
Nketoana	11 217	5 607	16 563	3101	354
Maluti-a-Phofung	35 636	61 951	40 470	70254	1 865
Phumelela	8 136	3 951	10 264	4323	400
Mantsopa	10 677	4 106	14 869	2083	144
Thabo Mofutsanyana	116 298	95 065	147 997	98174	3 572

Stats SA: Census 2011 and Community Survey 2016.

Graph 12: ACCESS TO SANITATION AT WARD LEVEL



Source: Statssa Census 2011

Table 14: INFORMAL SETTLEMENTS WITH NO ACCESS TO SANITATION AS PER RDP STANDARD

TOWN	INFORMAL SETTLEMENTS	INFORMAL AREAS
Bohlokong	Captain Charles / Mthombeni	1097
Kgubetswana	Mokobobong	300
Fateng tse Ntsho	Makwetu	93
Mashaeng	None	None

Dihlabeng Local Municipality

Table 15: SERVICE LEVEL FOR THE CORE FUNCTION SANITATION

UNIT	HOUSEHOLD CENSUS 2011	SANITATION SERVICELEVEL		SANITATION 2011CENSUS BACKLOG		HOUSEHOLD COMMUNITY SURVEY 2016	2016 SANITATION BACKLOG
		Number	%	Number	%		
Bethlehem	26 996	23 458	86.9	3 538	13.1		NO ACCESS
Clarens	2 557	1 912	74.8	645	25.2		
Paul Roux	2 083	195	9.4	1 888	90.6		
Rosendal	1 975	388	19.6	1 587	80.4		
Fouriesburg	4 982	3 938	79.0	1 044	21.0		
TOTAL	**38 593**	**29 891**	**75.1**	**8 702**	**24.9**	**46 857**	**249**

Table 15: TYPES OF SANITATION SYSTEMS

UNITS	UNITS	OFF SITE / Informal Settlement
Bethlehem/Bohlokong	Bethlehem/Bohlokong	Waterborne system on Communal Toilets
Clarens/Kgubetswana	Clarens/Kgubetswana	VIP
Paul Roux/Fateng tse Ntsho	Paul Roux/Fateng tse Ntsho	VIP
Rosendal/Mautse	Rosendal/Mautse	VIP
Fouriesburg/Mashaeng	Fouriesburg/Mashaeng	

The overview of the utilization the Water Treatment Works (WTW) and Wastewater Treatment Works (WWTW) in the DLM presents an unsettled picture as shown: Several of the plants are currently utilized at maximum level.

Table 16: WASTEWATER TREATMENT WORKS

TOWN	NAME OF TREATMENT	% CAPACITY	AVAILABLE CAPACITY	PROPOSED PLANS
Bethlehem/Bohlokong	Sol Plaatjie WTW	75	25	The Treatment Works may be upgraded through Bethlehem/Fouriesburg Bulk Water Pipeline project.
	Bethlehem WWTW	75	25	
Clarens/Kgubetswana	Clarens WTW	100	0	The Treatment Works upgraded.
	Clarens WWTW	60	40	
Fouriesburg/Mashaeng	Fouriesburg WTW	60	40	New Bethlehem/ Fouriesburg Bulk Water constructed due to unreliable Raw Water Availability.
	Mashaeng WWTW	100	0	The Treatment Works upgraded.
Rosendal/Mautse	Rosendal	90	10	The Treatment Works may be upgraded through Rosendal Dam project.
	Mautse	100	0	The Treatment Works upgraded.
Paul Roux/Fateng tseNtsho	Paul Roux	80	20	Bulk Water service to be supplied through Bethlehem/Paul Roux Bulk Water Pipeline project.
	Fateng tse Ntsho	100	0	WWTW conducted.

Table 17: REASONS FOR HH WITHOUT ACCESS TO SANITATION

Name of settlement	Ward	Total Nr of HH	Reasons
Bohlokong (Captain Charles Selahliwe, Riverside)	5,7,19	±1097	INFORMAL SETTLEMENT
Fateng tse Ntsho	17	±93	
Kgubetswana	20	±300	
Mashaeng	12,13,14	±200	
Status of the provision of Free basic sanitation			
Is there an approved FBS policy? (Yes/No)			

2.3 Access to Electricity

Communities in the Municipality are fairly well supplied with electricity. The Census 2011 statistics indicate that 84.9% of the households of DLM have Access to electricity, Bethlehem has the highest percentage of households with Access to electricity.

STATUS OF SECTOR PLAN (ENERGY PLAN)	STATUS
Availability and status of operation and maintenance plan.	Available and in use.
National target for electricity service.	100% by 2030 to households
Is the Municipality the service authority? (Yes/No) Indicate the arrangements for delivery of electricity.	Yes Eskom: Bohlokong, Mautse, Mashaeng, Clarens, Kgubetswana Municipality: Bethlehem, Paul Roux, Fateng Tse Ntsho Rosendal, Fouriesburg
Approved service level of Municipality.	
Formal Areas	32 723 house connections
Informal Areas	5 870 (none)
What are the reasons for HHs without Access or below RDP Access?	None availability of Network in the rural areas (farms).
Areas or settlements without Access to basic services standard/level.	Informal settlement.
Status of the provision of free basic Electricity.	
Is there approved FBS policy? (Yes/No)	Yes
If no indicate reasons	N/A
How many HHs are benefiting from the Council approved FBS.	5 870
Challenges.	

Table 18: PROVISION OF ELECTRICITY

The Dihlabeng Local Municipality has realized the need to explore other forms of energy, which includes renewable energy, beyond focusing on coal generated electricity as the main supply of energy.

The areas of Bethlehem & Bakenpark are serviced by the Municipality while the Bohlokong is serviced by Eskom. The capacity of electricity is sufficient, but the internal reticulation of electrical lines may be a constraint for future development. Three existing hydro facilities are located on the farms Merino and De Brug Susan, as well as at the Sol Plaatjie Dam.

There are currently three new applications for hydro facilities, these facilities are all located along the Ash River. The Municipality has approved the development of the **Hydro Power Station** on a portion of the Farm Kruis valley 190 and **a portion of the Farm Middle Valley** 130.

A photovoltaic Solar Power has been approved, and it is established on Subdivision 2 of the Farm Merino No 1487 and Subdivision 1 of the Farm De Burg Susan.

Table 19: ACCESS TO ELECTRICITY PER TOWN

DIHLABENG TOWNS	NUMBER OF HOUSEHOLD 2011	WITH ACCESS 2011	WITHOUT ACCESS 2011	NUMBER OF HOUSEHOLD 2016	BACKLOG2016
Bethlehem/Bohlokong	26 996	23 622	3374		
Fouriesburg/Mashaeng	4982	4089	893		NO ACCESS
Rosendal/Mautse	1975	1187	788		
Paul Roux/Fateng tse Ntsho	2083	1749	334		
Clarens/Kgubetswana	2557	2076	481		
TOTAL	**38 593**	**32 723**	**5 870**	**46 857**	**4 297**

2.4 Access to Roads

The Municipality is mandated in terms of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and other applicable legislation to provide infrastructure and services to all the people within its area of jurisdiction. Maintaining the functionality and conditions of roads and associated inventories in acceptable state is of vital importance to the vehicle operating costs in the long run. The lack of continuing upgrade and maintenance will negatively impact on the socioeconomic state of the municipality through elements such as transport costs and neighborhood accessibility challenges amongst other things.

Furthermore, sustainable economic development is under-pinned by a sound road network. However the challenging reality of limited financial resources leads to the need for road investment optimization and prioritization. This proves to be a working rational approach towards maximizing and harmonizing the benefits of road investment choices through decision support tools like the Rural Roads Asset Management System (RRAMS) in terms of Pavement Management System (PMS) and Gravel Roads Management System (GRMS).

These two systems are constituted by a set of procedures of systematically evaluating alternative strategies for the monitoring, maintenance, rehabilitation, reconstruction and upgrading of roads, normally with the aid of specialized computer applications, to provide and maintain a road network effectively and to the economical transport costs.

Economic activities within the municipality consist of both agricultural and industrial sectors, and the N5 National Road, R26 and R76 roads are important transportation routes towards improving the efficiency of commerce. This results in heavy duty motor vehicles using the towns as passageways to their respective destinations. There is also a continuous urban development that leads to increased traffic volume in part additional pressure on the aged and gravely deteriorated roads infrastructure which needs urgent maintenance in terms of upgrading, rehabilitation and reconstruction. There is a need for a Roads Master Plan which will serve as a guide and a strategy in new constructions and maintenance of existing roads infrastructure network. The municipality is currently using the RRAMS in the absence of the Roads Master Plan.

Roads:

All areas of Dihlabeng Local Municipality have Access to roads and the general state and conditions of roads through the DLM has been identified as an area that needs urgent attention as roads network is critical in promoting economic growth and tourism. The growth in road freight haulage and heavy vehicles are putting pressure on the road infrastructure network of Dihlabeng Local Municipality resulting in a need forurgent intervention in terms of maintenance. Approximately 45% of roads have reached their lifespans andtherefore unable to handle the imposed loads by the increasing volume of heavy vehicles along the N5 National Road, R76 and R26 Roads through Bethlehem.

In order to address this challenge, there is a need for a pavement management system and roads master planning. Yearly maintenance plans are developed and implemented, and routine maintenance is being implemented. However, there is an urgent need of maintenance of at least 2km in length on a financial year basis in terms of rehabilitation and reconstruction of the main or collector roads such as Muller Street,Kerk Street, N5 East Bound, Riemland Road/R26, Commissioner Street/R76; to name but a few.

Rail:

The municipality has approximately 4.8km railway line siding which serves the Total S.A and Pioneer Foods. The railway line sidings in the Industrial area provide an alternative option to businesses using rail as transport option. The railway sidings requires continuous maintenance on an annual basis to keep it functional as well as compliance with the Railway Safety Regulator Act No. 16 of 2002. The railway line links Bethlehem with outside towns such as Vaalsrivier and Kransfontein.

Airfield

There is one airfield and several landing strips within the municipality. The landing strips are owned by the farmers and other individuals for private use. Bethlehem has one Airfield, which is mainly used by crop spraying aircraft and for the repairing of aircraft.

The Airfield resides at an elevation of 1,695 m above mean sea level. It has two runways: 11/29 has an asphalt surface measuring 1 175 by 15 meters and 13/31 with a grass surface measuring 1 311 by 46 meters. This means that the Airfield is able to be used all year round for passenger and cargo distribution throughout the country. This is an important aspect which should be expanded upon further. Furthermore,the airfield is used by the South African Weather Services.

Public Transport:

Taxis provide predominant public transport to the people of Dihlabeng Local Municipality. Sound and solid transport infrastructure remains crucial to generating economic growth, alleviating poverty, reducing inequality and increasing domestic and international competitiveness. Transport infrastructure and services support economic growth and development by connecting people and goods to markets. The development and maintenance of an efficient and competitive transport system is a key objective. Taxis are also the main form of transportation for long distance trips to Vereeniging, Bloemfontein, Qwa-Qwa and other surrounding towns.

Table 20: STATUS OF MUNICIPAL ROADS

STATUS QUO OF MUNICIPAL ROADS	
Bethlehem/Bohlokong	There is a total sum of 253.94 km (paved/unpaved) of road network in Bethlehem and Bohlokong combined, of which 69.73% is paved and 30.27% is unpaved. Out of that 69.73% of paved network, 71.68% of flexible pave in Bethlehem is in poor condition and 86.82% of roads in Bohlokong are in poor condition.
Clarens/Kgubetswana	There is 38.28km (paved/unpaved) of road network in Clarens and Kgubetswana combined, and 45.59% is paved and 54.41% is unpaved. Out of that 52.87% of paved network, 55.95% is in poor condition.
Rosendal/Mautse	There is 48.97km (paved/unpaved) of road network in Rosendal/Mautse and 15.40% is paved and 84.60% is unpaved. About 84.8% of flexible has gravely deteriorated and therefore suitable Maintenance action is required. About 84.60% of unpaved network is in need of upgrade to interlocking or flexible paved.
Fouriesburg/Mashaeng	There is 69.784 km (paved/unpaved) of road network in Fouriesburg and Mashaeng combined, and 31.81% is paved and 68.19% is unpaved. In paved network, about 45.79% of flexible is in poor conditions and relevant Maintenance action is required.
Paul Roux/Fateng tseNtsho	There is 42.34 km (Paved/unpaved) of road network in Paul Roux and Fateng tse Ntsho combined, and 36.94% is paved and 63.06% is unpaved. About 96.13% of the paved network is in poor conditions and relevant maintenance action is required.

Table 21: ROADS STATISTICS PER TOWN

DLM ROAD STATISTICS PER TOWN					
TOWN/TOWNSHIP	**FLEXIBLE**	**INTERLOCKING BLOCK**	**GRAVEL**	**EARTH**	**TOTAL**
BETHLEHEM	114.53	0	0	0	114.53
BOHLOKONG	39.72	22.82	67.37	9.50	139.41
PAUL ROUX	2.98	0	5,64	10,90	19.52
FATENG TSE NTSHO	0	12,66	0	10,17	22.83
FOURIESBURG	7.63	0	0	15,24	22.87
MASHAENG	3.45	12,64	7,62	24,72	48.43
ROSENDAL	1,12	0	0	21,64	22.76
MAUTSE	0	6,41	0	19,79	26,20
CLARENS	7.63	0	2.12	15.17	24.92
KGUBETSWANA	0	9.82	1.08	2.46	13.36
TOTAL	**177.06**	**64.35**	**83.83**	**129.59**	**454.83**

Table 22: STATUS OF STORMWATER DRAINAGE SYSTEM

TOWN	BRIDGES	CULVETS	
		MAJOR	LESSER
Bethlehem/Bohlokong	3	6	58
Paul-Roux/ Fateng Tse Ntsho	1	2	6
Rosendal/Mautse	1	1	4
Fouriesburg/ Mashaeng	0	1	20
Clarens/Kgubetswana	0	2	15
TOTAL	**5**	**12**	**103**

Part B of Schedule 5 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) outlines the powers and functions exclusive to the Municipality and one of those is the maintenance of storm water drainage system of the Municipality. The quality of the Municipal roads is affected directly by the maintenance of the storm water systems for if these systems are not effectively maintained they damage the roads infrastructure. There's a need of routine maintenance with the use of special equipment to re- effect the functionality of the storm water lesser culverts.

2.5 Access to Refuse Removal

Waste collection is a Local Government competency and should therefore be conducted by the five local municipalities under Thabo Mofutsanyana District. Waste removal service is offered 100% in the established township areas. Waste receptacles (240L wheelie bins and 85L bins) have been distributed to the previously disadvantaged communities. The provision of receptacles has reduced unnecessary delays during collection and refuse bags are the most common receptacle used in certain parts of the town.

The Municipality continues to provide free basic refuse removal to all registered indigent households around our area of jurisdiction in a sustainable manner. To ensure the smooth and uninterrupted provisionof refuse collection and at the same time reducing overheads, the municipality three (3) haulage trucks and3 Roll-on-Roll off trucks. Over and above this initiative the municipality embarked on a number of cleaningcampaigns and initiated recycling projects around the Dihlabeng Communities. The CBD's of all the towns are maintained and cleaned on a daily basis, although Bethlehem is in need of public bins around the town in order to encourage a litter free community.

DLM has 4 waste compactors that are utilized for refuse removal once a week as per the collection schedule. The Bethlehem Unit has 3 compactors, whilst Clarens have one. Tractors and Trailers continue tobe used for collection in other Units (Paul Roux, Fouriesburg and Rosendal). Bethlehem alone has 188 corner dumps in and around Bohlokong and Bethlehem.

Council continues to face an enormous challenge in the sense that our community members have lost the drive and pride to keep their environment clean. Leasing of fleet is utilized on a month to month basis for removing of such corner dumps. Environmental cleaning campaign have been embarked on, but if the community does not change its mind-set the Municipality will continue to fight a losing battle. The Municipality owns a permitted regional Landfill site and records of decisions for all four transfer stations. Only Clarens transfer station is operational, whilst the other three transfer stations require containers in order for them to operational. Bethlehem has two transfer stations that are not licensed as they were meant only for garden waste. To date lack of control in terms of management poses an Environmental risk.The landfill site as is operated and maintained by a contracted service provider and is regulated under the

license conditions issued by the Department of Environmental Affairs as a well minimum requirements of waste disposal by landfill.

Recycling is happening at a very small scale within DLM due to challenges faced by the community members intended in recycling such as land, transportation and equipment. There is recycling in Bethlehem, Fouriesburg and Clarens. Waste generated within Thabo Mofutsanyana is not sufficient to justify any waste treatment facilities being constructed, except Bethlehem.

The DLM has conducted community survey on level of services in our Wards and under Waste Management there has been issues raised with regard to waste collection and disposal in the region. Based on an estimated Census 2001 62.8% have Accesses to refuse removal and in 2011 81.6% of Household receiving refuse removal service increased by 18.8%.

As expected, the highest quantities of waste are generated within the Bethlehem and Bohlokong typical towns characterized by a higher socio economic population generating higher tonnages of waste and industrial activities. This landfills vary in status from small, medium and large. From available information it will appear that sufficient landfill airspace (lifespan) exist within Dihlabeng Regional Landfill site. The Municipality has a District Integrated Waste Management Plan as well as a draft Integrated Waste Management Plan.

Table 23: INDICATION OF WASTE & REFUSE REMOVAL SERVICE

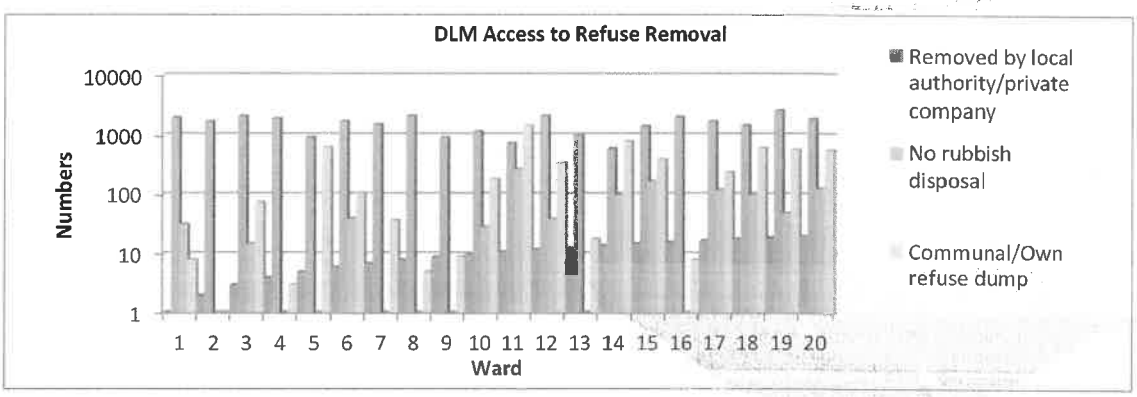
STRUCTURES	AVAILABILTY	STATUS
Integrated Waste Management Plan	Draft Local IWMP	Draft Local IWMP
Landfill sites	Available in Bethlehem	Licensed and operational
Licensing and compliance	Available in Clarens	Licensed and operational
Environmental recycling	External	Businesses
Operation and Maintenance Plan	Yes	Operational
Waste Management Fleet	Available	9 Government garage
Personnel and staff	72	Refuse Removal & Street sweeper personnel.

Table 24: DISTRICT ACCESS TO REFUSE REMOVAL

DISTRICT ACCESS TO REFUSE REMOVALS												
	2011						2016					
Municipality	Removed once a week	Removed less often	Communal Refuse dump	Own Refuse dump	No Refuse disposal	Other	Removed once a week	Removed less often	Communal Refuse dump	Own Refuse dump	No Refuse disposal	Other
Setsoto	18 534	841	808	10 961	2 323	220	21 705	995	2 037	10 159	1 792	545
Dihlabeng	**30 963**	**395**	**1031**	**4 965**	**1 088**	**152**	**38 611**	**545**	**1 708**	**4 254**	**656**	**131**
Nketoane	12 506	262	545	3 225	682	97	16 068	359	545	2 039	355	254
Maluti-a-Phofung	24 873	424	4 591	61 972	7 414	953	23 361	1 159	5 682	65 648	12 181	2 415
Phumelela	8 390	58	586	3 334	460	60	8 891	1 016	123	2 594	1 734	216
Mantsopa	11 860	61	683	2 223	286	87	11 520	133	2 231	2 297	609	96
TMDM	107125	2042	8245	86 680	12 254	1 539	120 155	4 208	12 325	86 991	17 327	3 657

Stats SA: Community Survey 2016

Graph 13: DIHLABENG ACCESS TO REFUSE REMOVAL PER WARD



Stats SA Census 2011

Dihlabeng Local Municipality spares no effort in ensuring that refuse removal is done at least once a week at every household, to ensure the efficient management of the solid waste disposal sites, to prevent littering and to ensure that the street and pavements are regularly cleaned. Refuse collection between 2011 and 2016 has increase from 30963 to 38611 of households receiving services from the municipality whereby collections are made once a week by the Local Municipality.

Municipalities are required to ensure that waste is properly managed and disposed of according to waste license conditions. It is also important that municipalities must establish the size of their waste disposal facilities; the anticipated lifespan and/or available air space, types and quantities of waste disposed, and should take note of whether these are operated in a sound and environmentally acceptable manner.

Table 25: DIHLABENG STATUS OF LANDFILLS SITES

TOWN	LICENSED	COLLECTION SYSTEM (Frequency)	CAPACITY/
Bethlehem (Regional Landfill site)	Permitted	Once a week	25-30 years
Rosendal (Transfer Station, but not operational)	Permitted	Once to twice a week	25-30 years
Paul Roux (Transfer Station)	Permitted	Once to twice a week	25-30 years
Clarens (Transfer Station operational)	Permitted	Once to twice a week	25-30 years
Fouriesburg (Transfer Station, but not operational)	Permitted	Once to twice a week	25-30 years

Table 26: WASTE REMOVAL FREQUENCY

Type of Waste	Area	Type of Receptacle	Collection method	Frequency
General Domestic Waste	Bethlehem, Paul Roux, Rosendal, Fouriesburg, Clarens including General Domestic Waste from Health Care facilities and Industries	Garbage Bags and Waste bins	Compactor trucks	Once per week
Commercial waste	Businesses, Industries	Waste Skip rented from the Municipality, Own Dustbins	Compactor Trucks Roll-on-Roll-Off Trucks	Twice per week/as and when it is needed
Health Care RiskWaste	Hospitals, Clinics, Laboratories & General Doctors Rooms	Own Storage facility	Private Collection (Compass/Buhle Waste)	On request for collection
Hazardous Waste	Used Oil	Own Collection	Own Collection/Private Collection	No Collection by the Municipality.
Garbage Bags and Waste bins	CBD: STREET SWEEPING	Garbage Bags and Waste bins	CWP,EPWP Municipal Officials	1-2 Times per week
Garbage Bags and Waste bins	CBD: Litter Picking	Garbage Bags and Waste bins	CWP, EPWP Municipal Officials	Daily

The main objective is to provide sustainable environmental practices for recycling through different recycling projects. Dihlabeng Local Municipality takes initiative in maintaining a clean and safe environment. Recycling has proven to create many job opportunities for both formal and informal recyclers. The installation of Material Recovery Facility at the Bethlehem Landfill Site can be a major breakthrough for Dihlabeng Local Municipality through job opportunities and waste minimization.

There are currently no formal Municipal driven waste minimization activities taking place in the Municipality. Informal reclamation activities are evident on Bethlehem Landfill Site and Transfer Stations, during normal household waste collection and in other waste disposal sites. The extent of reclamation is however not known as no records are kept of material volumes removed from the various waste disposal sites.

2.6 Level and Standard of Service – Town Planning & Housing

Town Planning is responsible for determining the development direction of the Local Municipality. It provides services relating to Spatial Planning, Building Control, Development Control and Land Use Management. The Dihlabeng Local Municipality has powers to approve the respective Land use applications through the Municipal Planning Tribunal.

BUILDING AND ZONING PLANS

The submission and approval of building plans within a Local Municipality is used as an economic indicator within its boundaries.
The submission and approval of building plans is classified as follows:

- New Residential Buildings;
- Extensions to Residential Buildings;
- Non-residential Buildings; and
- Extensions to Non-Residential Buildings.

Table 27

Approvals	New Residential		New Residential	
	2020/2021	2021/2022	2022/2023	2023/2024
Bethlehem/Bohlokong				
Number	34	27	28	19
Value	R29 748 613.00	R528 602 000.00	R21 497 000.00	R5 321 000.00
Clarens/ Kgubetswana				
Number	18	22	22	17
Value	R13 874 013.46	29 872 000.00	R28 179 000.00	11 456 000.00
Paul Roux/Fateng-tse-Ntsho				
Number	10	2	9	8
Value	R5 107 115.60	R2 400 000.00	R7 032 000.00	12 300 000.00
Rosendal/Mautse				
Number	4	14	10	13
Value	R2 268 000.00	R11 340 400.00	R10 430 000.00	12 300 000.00
Fouriesburg/Mashaeng				
Number	8	7	8	6
Value	R2 810 008.60	R15 286 200.00	R13 300 000.00	10 111 000.00
Total Number	74	72	77	63
Total Value	R53 807 750.66	R587 500 600.00	R81 536 000.00	54 189 000.00

Source: Dihlabeng Local Municipality 2024

It is evident that the majority of building activity within the residential market is focused within Bethlehem/Bohlokong followed by Clarens/Kgubetswana. This trend is a national phenomenon with a significant slow-down in the new property market.

EXTENSIONS TO RESIDENTIAL BUILDING

Trend seems to be that property owners rather opted to upgrade their existing properties as opposed to build new buildings.

Table 28

Approvals	Extension to Residential			
	2020/2021	2021/2022	2022/2023	2023/2024
Bethlehem/Bohlokong				
Number	107	50	58	65
Value	R38 046 684.73	R83 140 000.00	23 096 000.00	39 336 000.00
Clarens/ Kgubetswana				
Number	14	14	10	20
Value	R4 052 600.00	R3 491 000.00	R17 546 000.00	19 325 000.00
Paul Roux/ Fateng-tse-Ntsho				
Number	2	1	0	4
Value	R582 000.00	R192 000.00	0	10 251 000.00
Rosendal/Mautse				
Number	1	6	0	1
Value	R222 000.00	R1 651 000.00	0	8 400 000.00
Fouriesburg/Mashaeng				
Number	1	3	0	1
Value	R960 000.00	R2 829 000.00	0	8 211 000.00
Total Number	125	74	68	91
Total Value	R43 811 284.73	R91 293 000.00	R40 642 000.00	85 523 000.00

EXTENSIONS TO NON-RESIDENTIAL BUILDINGS

The majority of non-residential activities are taking place in Bethlehem/Bohlokong, with marginal activities in Clarens. The total number of applications for non-residential buildings and extensions thereto is summarized below.

Table 29

Approvals	Extension to Non- Residential			
	2020/2021	2021/2022	2022/2023	2023/2024
Bethlehem/Bohlokong				
Number	1	0	4	11
Value	R67 000.00	0	R6 221 000.00	30 998 000.00
Clarens/ Kgubetswana				
Number	1	0	1	1
Value	R228 000.00	0	R214 000.00	190 000.00
Paul Roux/ Fateng-tse-Ntsho				
Number	0	0	1	0
Value	0	0	R4 900 000.00	0
Rosendal/Mautse				
Number	0	0	0	0
Value	0	0	0	0
Fouriesburg/Mashaeng				
Number	0	0	0	0
Value	0	0	0	0
Total Number	2	0	6	12
Total Value	R295 000.00	0	R6 925 000.00	31 188 000.00

The future development proposals of each of the urban areas are contained in the Draft SDF 2022/2023 details pertaining to each of the proposals are contained in the Dihlabeng Local Municipality SDF.

CHAPTER 3: Municipal Performance Highlights

1. MUNICIPAL PERFORMANCE HIGHLIGHTS

1.1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

This Annual Report is published by the Dihlabeng Local Municipality. It seeks to give an overview of our performance against predetermined strategic objectives as we review progress on all projected targets of the Municipality for the period as at July 2024 to June 2025.

Every effort has been made to ensure that the facts as reported are accurate and a true reflection of achievements for the year under review. Every municipality and municipal entity must prepare and adopt an Annual Report for each financial year in accordance with the Municipal Finance Management Act 56 of2003 (MFMA) and, the Municipal Systems Act 32 of 2000 (MSA) as Amended.

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1.2 PROGRAMME PERFORMANCE HIGHLIGHTS

As a directive of the Constitution of the Republic of South Africa, Dihlabeng Local Municipality provides services as outlined in Schedules 4 (Part B) and 5 (Part B) of the Republic of South Africa Act, (Act 108 of 1996). These services include water provision, waste water (sanitation), electricity distribution, waste management (including refuse removal and solid waste disposal) and the facilitation of housing and provision of sites.

In accordance with National Treasury Guidelines and Directives, the Municipality also provides Free Basic Services (FBE) to indigent households within our communities. This is meant to provide relief to those households that are not able to pay their consumer accounts.

1.2.1 SERVICE DELIVERY IMPROVEMENT INITIATIVES – WATER AND SANITATION SERVICES

The Municipality initiated a number of programmes to drive the achievement of the set strategic objectives which included the provision of water reticulation networks in all under serviced areas around Dihlabeng and at the same time continue to carry out the maintenance and upgrading of existing water networks programme.

We continue to provide quality portable water Access to all our Schools, Public Hospitals and Clinics around our jurisdiction in a sustainable manner. Dihlabeng Local Municipality complies and continues to improve our ratings with regards to adherence to the water services regulation in particular taking into account the Blue Drop Assessment Criterion.

SERVICE DELIVERY IMPROVEMENT INITIATIVES – WATER AND SANITATION SERVICES

Project Name	Project Category	Project Status	Remedial Action
Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2026.	Water	In Progress at 13%	Project rolled over to the next financial year for completion.
Clarens/Kgubetswana: Upgrading of the water purification works from 1.1 ML to 4ML capacity by 2024.	Water	In Progress at 99%	ESKOM still on site to finalize the upgrading of the transformer to accommodate the new plant.
Upgrading of Saulspoort water treatment works Section A: Raw water abstraction Point by 2024.	Water	100% Construction Completed	Physical Construction progress at 100%
Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil by 2024.	Water	In Progress – 92%	Contractor's contract terminated due to slow progress
Upgrading of Saulspoort water treatment works Section E: Upgrading of 40Ml to 60Ml/d module/plant by 2027.	Water	In Progress – 10%	Project rolled over to the next financial year for completion.
Drilling and Equipping of Boreholes in Clarens by 2024	Water	100% Construction Completed	Boreholes to be connected to ESKOM line for effective monitoring.
Clarens/ Kgubetswana: Upgrading of Raw water pump station including Rising Main to the dam by 2025	Water	In Progress – 88%	Project rolled over to the next financial year for completion
Bohlokong: Refurbishment of inlet works at the Wastewater Treatment Works (MIS:521083)	Water	100% Construction Completed	Physical Construction progress at 100%

We are committed to provide the highest level of sanitation services to our residents. In area of jurisdiction the highest level of sanitation services provided by the Municipality is a flush toilet connected to the sewerage system and the basic level of service includes flush toilet with septic tank and a Pit latrine with ventilation.

We continue to provide quality, full and intermediate Access to sanitation to all our Schools, Public Hospitals and Clinics around our jurisdiction in a sustainable manner.

Dihlabeng Local Municipality complies and continues to improve our ratings with regards to adherence to the water services regulation in particular taking into account the Blue and Green Drop Assessment Criterion.

1.2.2 SERVICE DELIVERY IMPROVEMENT INITIATIVES – ACCESS TO ELECTRICITY

Project Name	Project Category	Project Status	Remedial Action
Fully developed Cost of Supply document	Electricity	Realised	Cost of Supply Document developed and finalised by 23 April 2025
Procurement and replacement of redundant and faulty meters	Electricity	Realised – 6 750 were replaced	Project Completed.
Implementation of maintenance program for all public lighting, high mast light, traffic signals with DLM.	Electricity	In Progress	In Progress and rolled over to the next financial year.
Procurement and replacement of x2 Ring main Unit	Electricity	Realised	Project Completed.
Installation of Electricity network services in Panorama East	Electricity	Realised	Installation of Electrical Network Services at Panorama East 100% Completed.
Refurbish and replace 11x 200kVA faulty transformers	Electricity	Realised	11x200kVA Transformer 100% Refurbished.
To improve Access to reliable electricity supply at Rosendal	Electricity	Realised	100% completion of refurbishment of Rosendal Network.
Improve lighting at public sport facility	Electricity	Realised	Replacement of flood light at Goble Park stadium – 100% Completion
Bohlokong: Installation of 9 (Nine) X 40m LED High mast lights at Bakenpark ext. 5 and Installation of 3 (three) X 40m LED High mast lights at Slabberts	Electricity	In Progress at 15% completion stage	In Progress and rolled over to the next financial year.

1.2.3 SERVICE DELIVERY IMPROVEMENT INITIATIVES – ACCESS ROADS

Project Name	Project Category	Project Status	Remedial Action
Repair And Upgrade of stormwater Drainage Facility in Bohlokong, Bethlehem by 2025.	Roads	100% Completed	None
Repair And Upgrade of Existing Concrete Drift stormwater Crossing in Fateng-Tse-Ntsho, Paul Roux by 2025.	Roads	100% Completed	None
Repair and Upgrade of an Existing Stormwater Portal Culvert and Interlocking Paved Road in Fateng-Tse-Ntsho, Paul Roux by 2025.	Roads	100% Completed	None
Rehabilitation of stormwater drainage facilities in Mashaeng	Roads	In Progress	In Progress and rolled over to the next financial year.
Rehabilitation of 1,5km Old Lomond Street	Roads	In Progress at 61% completion stage	In Progress and rolled over to the next financial year.
Upgrading of 3km 9th Avenue	Roads	In Progress at 23% completion stage	In Progress and rolled over to the next financial year.
Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	Roads	In Progress	In Progress and rolled over to the next financial year.
Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	Roads	In Progress	In Progress and rolled over to the next financial year.
Rosendal/Metati: Construction of 1.5 KM gravel road to block paved and stormwater channel by 2025.	Roads	In Progress at 60% completion stage	In Progress and rolled over to the next financial year.
4 Quarterly Reports on the work done for all sections in terms of Service Delivery Objectives	Roads	In Progress	Ongoing Maintenance - Additional funding required

1.2.4 LEVEL AND STANDARD OF SERVICE – REFUSE REMOVAL & SOLID WASTE MAAGEMENT

Dihlabeng Local Municipality spares no effort in ensuring that refuse removal is done at least once a week at every household, to ensure the efficient management of the solid waste disposal sites, to prevent littering and to ensure that the street and pavements are regularly cleaned.

Refuse collection service is rendered to 38 611 households, with collections being made once a week by the Local Municipality.

Indeed, we refer to our situation with reference to the 2016 StatsSA Community Survey which indicates our total number of households at 46 857 and those HH with Access to weekly refuse removal as 83.6%. Due to the nature of the report i.e. 2016 community survey the brake down of households into towns and service levels is not provided for hence the table below talks to the District Access to Refuse Removal as published in the StatsSA Community Survey 2016 report.

We continue to provide free basic refuse removal to all registered indigent households around our area of jurisdictionin a sustainable manner.

To ensure the smooth and uninterrupted provision of refuse collection and at the same reducing overheads the municipality leased six (6) haulage trucks from the Government Garage on a contract basis, over and above this initiative the municipality embarked on a number of cleaning campaigns and initiated recycling projects around the Dihlabeng Communities.

The Dihlabeng Local Municipality is characterized by large areas of natural beauty (mountains, rivers) which contributes to the vibrant tourism activities within the area. Apart from a number of policy guidelines, environmental activities are regulated in terms of the National Environmental Management Act and the Regulations thereto.

Table 30: DISTRICT ACCESS TO REFUSE REMOVAL

DISTRICT ACCESS TO REFUSE REMOVALS												
	2011						2016					
Municipality	**Removed once a week**	**Removed less often**	**Communal Refuse dump**	**Own Refuse dump**	**No Refuse disposal**	**Other**	**Removed once a week**	**Removed less often**	**Communal Refuse dump**	**Own Refuse dump**	**No Refuse disposal**	**Other**
Setsoto	18 534	841	808	10 961	2 323	220	21 705	995	2 037	10 159	1 792	545
Dihlabeng	**30 963**	**395**	**1031**	**4 965**	**1 088**	**152**	**38 611**	**545**	**1 708**	**4 254**	**656**	**131**
Nketoane	12 506	262	545	3 225	682	97	16 068	359	545	2 039	355	254
Maluti Phofung	24 873	424	4 591	61 972	7 414	953	23 361	1 159	5 682	65 648	12 181	2 415
Phumelela	8 390	58	586	3 334	460	60	8 891	1 016	123	2 594	1 734	216
Mantsopa	11 860	61	683	2 223	286	87	11 520	133	2 231	2 297	609	96
TMDM	107125	2042	8245	86 680	12 254	1 539	120 155	4 208	12 325	86 991	17 327	3 657

Statssa: Community Survey 2016

CHAPTER 4: Human Resource and other Organisational Management

1. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

The Human Resources function is located within the Department of Corporate Services and is headed by the Director: Corporate Services who report to the Municipal Manager. The Section serves as a catalyst to all Departments of the Municipality with regards to Human Capital Placement, Development and Retention amongst other services rendered by the Directorate.

1.1 WORKFORCE PROFILE

During the year under review, the Dihlabeng Local Municipality continues to revise its organisational structure to ensure that it is aligned to strategic priorities and the Municipal Staff Regulations. Subsequently, the municipality ensured that most critical posts were filled, and the positions were filled through internal movements and external appointments. Below is a breakdown of the staff establishment of the Municipality:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	20	0	0	2	10	0	0	0	1	0	33
Senior management	33	1	0	0	15	0	0	1	1	0	50
Professional and experienced specialists and Management	89	1	0	12	79	1	0	9	0	0	191
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	80	1	0	2	20	0	0	0	0	0	102
Semi-skilled and discretionary decision making	47	0	0	1	8	0	0	0	0	0	56
Unskilled and defined decision making	139	5	0	0	121	1	0	0	0	0	266
TOTAL PERMANENT	408	7	0	17	253	2	0	10	1	0	698
Temporary employees	240	2	0	12	238	2	1	12	0	0	507
GRAND TOTAL	648	9	0	29	491	4	1	22	1	0	1205

In an attempt to fill all critical posts, the municipality took into account, the Employment Equity Plan. It ensured that deliberate measures were being taken to promote the appointment of women. However, most appointments could not be finalised due to budget constraints. This was an important step in the right direction since the municipality is not doing particularly well on the employment equity front, and the filling of these critical posts will be rolled over to the next financial year.

Over and above the many human resource policies that are already in place, the municipality continuously reviews and updates its policies to ensure the acceleration of our organisational development and transformation goals, in particular talking to talent management and leadership development.

Below is a list of Municipal Policies adopted by Council:

POLICY TITLE	DATE OF POLICY COMMITTEE APPROVAL	DATE OF COUNCIL APPROVAL	POLICY TITLE	DATE OF POLICY COMMITTEE APPROVAL	DATE OF COUNCIL APPROVAL
ANTI FRAUD & CORRUPTION	26/06/2018	15/09/2020	INCAPACITY	26/06/2018	15/09/2020
ATTENDANCE & PUNCTUALITY	26/06/2018	15/09/2020	INCAPACITY POOR PERFORMANCE	26/06/2018	15/09/2020
INTERNAL BURSARY	26/06/2018	15/09/2020	INDUCTION	26/06/2018	15/09/2020
CAREER SUCCESSION PLANNING	26/06/2018	15/09/2020	LEAVE	26/06/2018	15/09/2020
CELL PHONE ALLOWANCE	26/06/2018	15/09/2020	LEGAL AID	26/06/2018	15/09/2020
CODE OF CONDUCT	26/06/2018	15/09/2020	OCCUPATIONAL HEALTH & SAFETY	26/06/2018	15/09/2020
CONFIDENTIALITY & INFORMATION	26/06/2018	15/09/2020	OVERTIME	26/06/2018	15/09/2020
CONFLICT OF INTEREST	26/06/2018	15/09/2020	PRIVATE & CONFIDENTIALITY	26/06/2018	15/09/2020
CELL & COMPUTER	26/06/2018	15/09/2020	PROMOTION	26/06/2018	15/09/2020
RETENTION & EXIT MANAGEMENT	26/06/2018	15/09/2020	PROTECTED DISCLOSURE	26/06/2018	15/09/2020
RISK MANAGEMENT	26/06/2018	15/09/2020	PUBLIC PARTICIPATION	26/06/2018	15/09/2020
EMPLOYEE WELLNESS	26/06/2018	15/09/2020	RECORDS MANAGEMENT	26/06/2018	15/09/2020
EMPLOYMENT EQUITY	26/06/2018	15/09/2020	RECRUITMENT & SELECTION	26/06/2018	15/09/2020
EMPLOYMENT PRACTICE	26/06/2018	15/09/2020	RELOCATION EXPENDITURE	26/06/2018	15/09/2020
ENTERTAINMENT POLICY	26/06/2018	15/09/2020	RELOCATION	26/06/2018	15/09/2020
EXTRANEOUS EMPLOYMENT	26/06/2018	15/09/2020	RISK CHARTER	26/06/2018	15/09/2020
GIFT TO EMPLOYEES	26/06/2018	15/09/2020	RISK MANAGEMENT STRATEGY	26/06/2018	15/09/2020
HIV & AIDS	26/06/2018	15/09/2020	SECURITY MANAGEMENT & ACCESS CONTROL	26/06/2018	15/09/2020
HUMAN RESOURCES	26/06/2018	15/09/2020	SEXUAL HARASSMENT	26/06/2018	15/09/2020
ILL-HEALTH & INJURY	26/06/2018	15/09/2020	SKILLS DEVELOPMENT	26/06/2018	15/09/2020
CIVIC FUNERAL	26/06/2018	15/09/2020	SUBSTANCE ABUSE	26/06/2018	15/09/2020
CORPORATE GOVERNANCE	26/06/2018	15/09/2020	TERMINATION OF SERVICE	26/06/2018	15/09/2020
DISASTER MANAGEMENT	26/06/2018	15/09/2020	TRAINING & DEVELOPMENT	26/06/2018	15/09/2020
INFORMATION, COMMUNICATION & TECHNOLOGY STRATEGY	26/06/2018	15/09/2020	TRANSFER	26/06/2018	15/09/2020
PROTECTIVE CLOTHING & EQUIPMENT	26/06/2018	15/09/2020	VEHICLE	26/06/2018	15/09/2020
SOCIAL MEDIA	26/06/2018	15/09/2020	WHISTLEBLOWING CHARTER	26/06/2018	15/09/2020

On Labour Relations, the municipality made efforts to resuscitate the Labour Forum including its sub-committees, in particular the Health and Safety Committee and the Human Resources Committee. Dispute the challenges, the forumand its sub-committees managed to meet on a regular basis and progressive decisions taken in the interest of both parties.

The Minister has in terms of sections 120 read with section 72 of the Systems Act promulgated the Local Government Regulations on the Appointment and Conditions of Employment of Senior Manager. Regulation 16 (1) of the Local Government: Regulations on the Appointment and Conditions of Employment of Senior Managers of 2014 states that candidates recommended for appointment to the post of a Senior Manager must undergo a competency assessment.

Position	Name & Surname	CBA Completed	Date of Appointment
Accounting Officer	M Ntheli	Yes	01/08/2023
Chief Financial Officer	Mr. R Provis	Yes	01/11/2023
Director Corporate Services	Mr. S Lengoabala	Yes	01/08/2024
Director Technical Services	Ms. L Mokoteli	Yes	01/08/2024
Director Community Services	Me. T. Vanqa	Yes	02/01/2024
Director Development & Town Planning	Mr. T Mokomatsili	Yes	18/12/2023

1.2 HUMAN CAPITAL DEVELOPMENT

In relation to skills development, the municipality ensured that training needs are identified and the Workplace skills plan is compiled and submitted to the LGSETA. The municipality ensured in implementing its workplace skills plan that most of the training targets were met for the period under review. Below is a breakdown of the interventions implemented by the municipality during the period under review:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	9	1	0	0	3	0	0	0	13
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	0	0	0	4	1	0	0	9
Semi-skilled and discretionary decision making	1	0	0	0	7	0	0	0	8
Unskilled and defined decision making	3	0	0	0	0	0	0	0	3
TOTAL PERMANENT	**17**	**1**	**0**	**0**	**14**	**1**	**0**	**0**	**33**
Temporary employees	7	1	0	0	3	0	0	0	11
GRAND TOTAL	**24**	**2**	**0**	**0**	**17**	**1**	**0**	**0**	**44**

The Municipality in compliance with the Treasury Regulations ensured that all senior managers are enrolled and in the process of complying with the minimum competency requirements as prescribed by the Department of Treasury. This is one of the matters that the Auditor General has been raising consistently with the Municipality hence the exerted effort to ensure adherence and compliance to the regulation.

CHAPTER 5: Functional Area Service Delivery Report

1. FUNTIONAL AREA SERVICE DELIVERY REPORT

1.1 SUMMARY OF BUSINESS PERFORMANCE

Dihlabeng Local Municipality is executing its core business, which in the main is focused on expediting effective and efficient people centered governance and ensure continued provision of value for money basic services to the community. During the year under review as the Local Council we continued to focus on the following Key Performance Areas:

- Encouraging and creating conditions conducive for public involvement in the affairs of Dihlabeng Local Municipality
- Ensuring Financial Viability and compliance to relevant legislation
- Transforming and Strengthening Institutional Capacity aimed at ensuring effective and efficient service delivery.
- Building the Economic Capacity of Dihlabeng to improve the economic future, sustainability and quality of life for all
- Ensuring that services are delivered to the Community in line with strategies as outlined in the IDP A

comparative analysis of our performance on each of the key service delivery areas is addressed below.

23/24 Financial Year			24/25 Financial Year	
Key Performance Objective	Project	Status	Project	Status
Access to Water				
To increase the No of Households with Access to water from 96.8% to 100% by 2027.	Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2024.	In Progress – Contractor Appointed	Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2027.	In Progress – 13% Completion Stage
	Upgrading of Saulspoort water treatment works Section A: Raw water abstraction point.	In Progress – 95% Completion Stage	Upgrading of Saulspoort water treatment works Section A: Raw water abstraction point.	In Progress - 100% Completion Stage
	Clarens/Kgubetswana: Upgrading of the water purification works from 1.1 Ml to 4Ml/d by 2024	In Progress – 69% Completion Stage	Clarens/Kgubetswana: Upgrading of the water purification works from 1.1 Ml to 4Ml/d by 2024	In Progress – 99% Completion Stage
	Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil.	In Progress – 75% Completion Stage	Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil.	In Progress – 92% Completion Stage
	Upgrading of Saulspoort water treatment works Section E: Upgrading of 40Ml to 60Ml/d module/plant by 2026.	*Not Started – awaiting DWS to issue an approval to start the project*	Upgrading of Saulspoort water treatment works Section E: Upgrading of 40Ml to 60Ml/d module/plant by 2026.	In Progress – 10% Completion Stage
	Clarens/Kgubetswana: Upgrading of Raw water pump station including rising main to the dam by 2025.	In Progress – 22 % Completion Stage	Clarens/Kgubetswana: Upgrading of Raw water pump station including rising main to the dam by 2025.	In Progress – 88 % Completion Stage
	Replacement of two 450mm diameter asbestos pipes from Saulspoort WTW to Birdcage Hill reservoir with two 550mm diameter pipelines for 6.5 km.	*Not Started – on Tender Stage*	Bohlokong: Refurbishment of inlet works at the Wastewater Treatment Works (MIS:521083)	In Progress - 100% Completion Stage

23/24 Financial Year			24/25 Financial Year	
Key Performance Objective	Project	Status	Project	Status
Roads & Storm-water Management				
Improve Access to Municipal Roads and maintenance of Municipal Roads	Bohlokong construction of 0.8km Ramakoko street to block paved road and stormwater.	100% Completion Stage	Rehabilitation of 1.5km Old Lomond Street	61 % Completion Stage
	Bohlokong/Morleg: Rehabilitation of Atbara street 1km to a block paved street.	100% Completion Stage	Rosendal/Metati: Construction of 1.5 KM gravel road to block paved and stormwater channel by 2025.	60% Completion Stage
			Upgrading of 3km 9th Avenue	23% Completion Stage
			Repair and upgrade of Stormwater Drainage Facility in Bohlokong, Bethlehem by 2025.	100% Completion Stage
			Repair and upgrade of Existing Concrete Drift Stormwater Crossing in Fateng-Tse-Ntsho, Paul Roux by 2025.	100% Completion Stage
			Repair and upgrade of an Existing Stormwater Portal Culvert and Interlocking Paved Road in Fateng-Tse-Ntsho, Paul Roux by 2025.	100% Completion Stage
			Rehabilitation of [illegible] stormwater drainage [illegible] facilities in Mashaeng	In Progress – Contractor Appointed
			Bethlehem – Repair and Upgrade of Intersections – Cnr James Van Huysteen Street & Langeberg Street	In Progress – Contractor Appointed
			Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	In Progress – Contractor Appointed
	4 Quarterly Report on work done for all sections in terms of Service Delivery Objects – ongoing maintenance of the roads infrastructure.	In Progress	4 Quarterly Report on work done for all sections in terms of Service Delivery Objects – ongoing maintenance of the roads infrastructure.	In Progress
23/24 Financial Year			24/25 Financial Year	
Key Performance Objective	Project	Status	Project	Status
Access to Electricity				
To Increase the number of Households with Access to electricity from 85% to 100% by 2022.	Refurbish and replace 11x 200kVA faulty transformers	Realised: 11x200kVA Transformer was 100% Refurbished.	Refurbishment of 11x 200kVA faulty transformers at Bakenpark Ext 5	Realised: 11x200kVA Transformer was 100% Refurbished.
			Procurement and replacement of x2 Ring main Unit	Realised: x2 Ring main Units Replaced
	Electrification of Slabberts 200 Households.	Not Started	To improve Access to reliable electricity supply at Rosendal	100% completion of refurbishment of Rosendal Network
			Installation of Electricity network services	Installation of Electrical Network Services at Panorama East was 100% Completed.

	Implementation of maintenance program for all public lighting, high mast light, traffic signals with DLM.	On-going	Implementation of maintenance program for all public lighting, high mast light, traffic signals with DLM.	On-going
			Bohlokong: Installation of 9 (Nine) X 40m LED High mast lights at Bakenpark ext. 5 and Installation of 3 (three) X 40m LED High mast lights at Slabberts	On-going at 15% Completion Stage
			Improve lighting at public sport facility	Replacement of flood light at Goble Park stadium
	Installation of electricity smart/ split metering within the jurisdiction of DLM	On-going	Reduced non-technical electricity losses	Smart Meters received, and 6 750 smart meters were replaced and commissioned
Access to Refuse Removal				
97% of HH with Access to weekly Refuse Removal &Solid waste Disposal	Improve collection method and adherence to schedule.	On-going	Improve collection method and adherence to schedule.	On-going
	Illegal dumps cleaned quarterly	On-going	Illegal dumps cleaned quarterly	On-going
	Ensure street sweepers clean the CBD daily andare assigned streets.	On-going	Ensure street sweepers clean the CBD daily andare assigned streets.	On-going
	Management of landfill sites.	On-going	Management of landfill sites.	On-going
	Waste information being reported on the WIS at the Department of Environmental Affairs as required by legislation.	On-going	Waste information being reported on the WIS at the Department of Environmental Affairs as required by legislation.	On-going

2024/2025 financial year proved to be the most challenging year compared to the 23/24 financial year. Due to low revenue collection rates, the Institution had to re-prioritize and as a result Council continued to monitor the implementation of the financial recovery plan, in order to address the Eskom account shortfall. This meant that most, if not, all internally funded projects had to be rolled over to the 25/26 financial year hence the high percentage of targets not achieved during the year under review.

1.2 ANALYSIS OF BUSINESS PERFORMANCE

The Council's Strategic objective is to oversee, coordinate and manage the transformation and strategic agenda of the Municipality as well as facilitating the developmental process by providing Strategic Leadership, Project and Programme Management Support to the Executive Mayor and thereby ensuring Political and Administrative cohesion.

Table 1

24/25 FINANCIAL YEAR MANAGEMENT RATING					
Key Performance Area	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Accelerated Service Delivery & Infrastructure Development - Technical Services	33	18	15	55%	
Accelerated Service Delivery & Infrastructure Development - Community Services	30	27	3	90%	
Development and Town Planning	11	4	7	36%	
Organisational Transformation and Development	16	8	8	50%	
Enhancing Good Governance and Public Participation (Political Office)	13	10	3	77%	
Enhancing Good Governance and Public Participation (Management & Admin)	6	3	3	50%	
Sound Financial Management	9	5	4	56%	
TOTAL	**118**	75	43	64%	

During the year under review Council continued to focus on settling the Eskom account among others and ensuring the ongoing provision of essential services in a consistent manner. This meant deviating from the original plan and prioritizing the implementation of the Council's approved financial recovery plan and budget adjustments. This internally audited performance report is based on the original service delivery and budget implementation plan as entered into between the accounting officer and the Executive Mayor at the start of the financial year under review.

The main root cause and reason for our average performance was because of low revenue collection rates, re-directing of resources in order to respond to pressing issues including maintenance and upgrading of our road infrastructure network.

The Municipality realized 64% of the SDBIP Annual projected targets during the year under review. A detailed report of our performance is attached as ANNEXURE 1 of this report.

1.2.1 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR PUBLIC INFRASTRUCTURE DEVELOPMENT

The Program's Strategic objective is to deliver infrastructural services in a manner that achieves a high level of customer satisfaction and cost effectiveness, improving on sustainability.

Table 1.2

Directorate: TECHNICAL SERVICES	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Civil Engineering Services: Water & Sanitation	10	1	9	10%	
Civil Engineering Services: Roads & Storm water	9	8	1	89%	
Electricity	8	7	1	88%	
Project Management Unit	6	2	4	33%	
TOTAL	33	18	15	55%	

Directorate: Technical Services realized 55% of the SDBIP approved annual targets. Table 1.2 gives a reflection of our performanceagainst predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following areas: but not limited to,

- Distribution of quality water to 96.8 % Households around DLM.
- To increase the number of Households with Access to water from 96.8% to 100% by 2027.
- Provision of quality basic Sanitation service to 85.4% of Households around DLM.
- To Increase the number of Households with Access to sanitation from 85.4% to 100% by 2027.
- Improve Access to Municipal Roads by construction of paved roads and maintenance of 225.4km of Trafficable Municipal Roads around DLM by 2027.
- To Increase the number of Households with Access to electricity from 85% to 100% by 2027.
- To provide a clear and logical framework for spatial development, promote orderly planning and guide physical development of Dihlabeng.

It should be noted that this report was prepared given the following assumptions albeit our progress as reported is accurate and a true reflection of achievements for the period under review. Where Quarterly Progress Reports werenot submitted give the timelines of reporting, the status of such Projects or Programs is regarded as Not Realised untilsuch time progress reports are generated coupled with relevant and sufficient Portfolio of Evidence.

1.2.2 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR COMMUNITY BASIC SERVICES

The Program's Strategic objective is to ensure that social services are effectively provided to the Dihlabeng Community.

Table 1.3

Directorate: COMMUNITY SERVICES	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Refuse Removal & Solid Waste	4	3	1	75%	
Parks & Cemeteries Management	6	6	0	100%	
Sports & Recreation	1	1	0	100%	
Community Safety and Traffic Management	4	4	0	100%	
Disaster Management and Emergency Services	7	5	2	71%	
Arts Culture and Environment	2	2	0	100%	
Library Services	6	6	0	100%	
TOTAL	30	27	3	90%	

During the year under review, the following priority areas were identified and appropriate strategies deployed to ensure effective provision of social services.

- To provide an effective Fire Fighting and Rescue service
- To establish institutional capacity to handle all natural disasters
- To enforce traffic laws and order on public roads and ensure safety in the use of municipal roads
- To provide library facilities to all residents, promote a culture of reading and lifelong learning
- To identify and develop new environmental areas
- To ensure timeous upgrading and integration of cemeteries
- To refurbish sport facilities within Dihlabeng
- To promote and develop all sporting codes
- To promote, develop and preserve arts, cultural and heritage activities
- To ensure effective and prompt provision of waste disposal services to all towns within Dihlabeng
- To develop and implement an integrated Waste Management Plan

Community Services realized 90% of the SDBIP targets. Table 1.3 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following areas: but not limited to,

- Improved Waste Management System and Facilities
- Improved community services such as Disaster Management, Cemeteries, Parks, Sport and Libraries

1.2.3 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR DEVELOPMENT AND TOWN PLANNING

The Program's Strategic objective is to stimulate economic growth, create jobs and business opportunities andthus alleviate poverty.

Table 1.4

Directorate: Development and Town Planning	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Agriculture & Agro Processing	3	0	3	0%	
SMME Development	3	1	2	33%	
TOURISM Development	3	2	1	67%	
Town Planning & Building Control	1	1	0	100%	
Human Settlements	1	0	1	0%	
TOTAL	11	4	7	36%	

The primary function of this key performance area is to create and encourage conditions conducive for economic development and SMME development. In essence it was our mandate to oversee the following:

- To create an enabling environment that stimulates economic development
- To promote and enhance tourism opportunities in order to become a popular tourist destination
- To implement measures in order to broaden the economic base of the area
- To create employment by promoting viable economic opportunities through tourism

The purpose of Development and Town Planning is a strategic approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

It is a process by which the public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation to advance the economic identity, based on a local competitive and comparative economic profile.

Directorate: Development and Town Planning realized 36% of the SDBIP targets. Table 1.4 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report. An LED strategy is currently under review, for the year ahead we will be focusing on achieving enhanced economic growth and creating new employment opportunities in the following key areas, Agriculture and agro-processing; Tourism Development; Trade and Business including manufacturing. This will be accomplished through:

- Enhancing social equity
- Encouraging competitiveness
- Mobilizing domestic investment
- Ensuring stakeholder participation
- Broad Based Black Economic Empowerment
- Provision of appropriate infrastructure

Dihlabeng's commitment to Development and Town Planning will be facilitated through a dedicated administration and bureaucracy.

1.2.4 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The primary function of this area is to create and encourage conditions conducive for good governance and effective public participation process. In essence it was our mandate to oversee the following:

- Functional ward Committees and Council
- Integrated Development Planning
- Sufficient internal controls and effective risk management
- Skills development and talent management
- IT Infrastructure to facilitate business processes
- And constant communication and accountability

Table 1.5

Directorate: OFFICE OF THE MM	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Office of the Executive Mayor	5	5	0	100%	
Office of the Speaker	4	2	2	50%	
MPAC	2	1	1	50%	
Public Engagement (Petitions and Complaints Management)	2	2	0	100%	
TOTAL	13	10	3	77%	
Enhancing Good Governance and Public Participation (Management & Admin)	6	3	3	50%	
TOTAL	19	13	6	68%	

Good Governance, Management and Admin realized 68% of the SDBIP targets during the year under review. Table 1.5 gives reflection on how we performed against predetermined targets in particular talking to Good Governance and PublicParticipation. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following: but not limited to,

- Adopt IDP planning processes appropriate to the capacity and sophistication of the municipality
- Implement the Community Work Programme
- Ensure Ward Committees are representative and fully involved in community consultation processes around the IDP, Budget and other strategic service delivery issues
- Functional Organisational Performance Management system
- Effective Internal Audit and Risk Management practices

1.2.5 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR ORGANISATIONAL DEVELOPMENT AND TRANSFORMATION

The Program's Strategic objective is to provide internal support services, facilitate transformation and development and ensure service excellence to the Dihlabeng Community.

Table 1.6

Directorate: CORPORATE SERVICES	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Organisational Design	4	0	4	0%	
Human Capital Development	8	6	2	75%	
Labour Relations	4	2	2	50%	
TOTAL	16	8	8	50%	

During the year under review, the following priority areas were identified and appropriate strategies deployed to ensure sufficient transformation and Human Capital Development.

With regard to institutional development, the municipality focused on leadership development aimed at driving change initiatives within the organisation, some of the interventions implemented included training of Ward Committees, Councilors and Senior Managers to ensure that we meet the minimum requirements as stipulated by National Treasury.

- To implement Graduate Development Programme
- To finalise the implementation of the organisational structure and placement of employees
- To develop governance policies and by -laws that affect the functioning of the organisation
- To strengthen employer and employee labour relationships
- To ensure effective contract management and centralization of legal services
- To ensure high levels of hygiene and cleanliness of all Council buildings

Corporate Services realized 50% of the SDBIP targets. Table 1.6 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following: but not limited to,

- Review the Organisational Structure and ensure all funded posts are filled.
- Policy and By-Law development and effective implementation
- Effective talent management and skills development
- Provision of legal services and integrated HR management systems
- Improved Labour Relations

1.2.6 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR FINANCIAL VIABILITY & MANAGEMENT

The Programme's Strategic objective is to manage and control all financial functions of the municipality so that the current and future effectiveness of Council services, programmes and operations are asserted in a sustainable way.

Table 1.7

Directorate: FINANCE	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realized	Rating
Budget & Expenditure	2	1	1	50%	
Revenue Enhancement & Billing Services	2	1	1	50%	
Financial Accounting services	3	1	2	33%	
Supply chain management	1	1	0	100%	
Fleet Management	1	1	0	100%	
TOTAL	9	5	4	56%	

During the year under review, the following strategic priorities were identified and appropriate internal controls deployed to manage and improve on our financial viability:

- To ensure availability of a credible budget
- Revenue enhancement
- Effective debt management
- Proper cash flow management
- Ensure proper accounting for public funds
- GRAP compliant asset register
- Transparent supply chain management processes
- Property rates policy implementation
- Proper indigent management
- Ensure accurate and proper financial reporting

Finance achieved 56% of the SDBIP targets. Table 1.7 gives a reflection of our performance against predetermined targets with regards to financial viability. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following: but not limited to,

- Improve municipal financial administrative capacity by implementing competency norms and standards and acting against incompetence and corruption
- Intensify the implementation of a Revenue Enhancement Strategy
- Effective implementation of an integrated financial management system

1.2.7 BENEFITS OF A PERFORMANCE MANAGEMENT SYSTEM

Performance Management can be defined as "… a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation.

It is a two way communication process between the municipality and the community that is making use of the municipal services. The performance of the municipality is therefore measured against specific standards and priorities, which have been mutually developed and agreed upon during the IDP process.

The system is designed to ensure that all leaders, managers and individuals in a municipality are held accountable for their actions, which is aimed at bringing about improved service delivery and value for money.

For a Performance Management to be successful it is important that:

- Top management and the Council drive the system;
- There is a clear understanding and appreciation of its value by all stakeholders; and
- Senior and Line Managers are trained and take responsibility for performance management.

The following are the objectives of PMS:

- Create a **culture of performance**;
- Promote **accountability**;
- Improve **quality, cost, efficiency,** effectiveness, customer service, employee alignment, motivation and skills in order to enhance performance;
- Provide a **basis in terms of which the organization's performance** as well as individual employee's performance is managed.

PMS is intended and should fulfil the following functions:

- **Facilitate increased accountability** between the local community, politicians, the Executive Council and Management team.
- **Facilitate learning and improvement** in order to enable the Municipality to improve service delivery.
- **Provide early warning signals** to ensure that decision-makers are timeously informed of performance related risks, so that they can facilitate intervention and take appropriate measures to improve performance, if necessary.
- **Facilitate decision-making** by proving appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The functions listed above are not exhaustive, but summarise the intended benefits of the system.

CHAPTER 6: Audited Financial Statements and Related Financial Information

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

GENERAL INFORMATION

Members of the Executive Mayoral Committee:

Councillor T J Tseki	Chairperson
Councillor SM Jacobs	MMC for Community Services
Councillor J Twala	MMC for Public Works and Rural Development
Councillor P M Van Wyk	MMC for Corporate Services
Councillor M E Sempe	MMC for Human Settlements
Councillor M D Makhathini	MMC for IDP, Performance Management and Monitoring
Councillor M A Mokwena	MMC for Special Programmes
Councillor J T Sibisi	MMC for Local Economic Development
Councillor SM Jacobs	MMC Finance (Acting)

Grade of Local Authority:

Grade 8

Auditor:

Auditor-General South Africa

Bankers:

ABSA Bank

Branch 502-233 Account number 4052898966

Registered Office:

Civic centre	PO Box 551	Telephone:	058-303 5732
Muller street	Bethlehem	Fax:	058-303 5076
Bethlehem	9700		

E-mail address:

info@dihlabeng.co.za

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Municipal Manager:

Mr Mohau Ntheli

Chief Financial Officer:

Mr Raymond Provis

Members of the Dihlabeng Local Municipality

Ward No:	Councillor
1	Cllr. J T Sibisi
2	Cllr. M M Twala
3	Cllr. P R Van Wyk
4	Cllr. L L Radebe
5	Cllr.s M Miya
6	Cllr. J Twala
7	Cllr. M D Makhathini
8	Cllr. V J Hadebe
9	Cllr. P A Maasdorp
10	Cllr.s I Laesecke
11	Cllr. M G Masangane
12	Cllr. M A Mokwena
13	Cllr. M S Mosia
14	Cllr. T J Tseki
15	Cllr. M E Sempe
16	Cllr. D L Sibisi
17	Cllr. M S Mokoena
18	Cllr. N E Mabizela
19	Cllr. T V Tsibela
20	Cllr. J J Nhlapo

Public Representatives Councillors

Cllr.s L U Makhalema	Cllr. E T Motloung
Cllr. N P Mofokeng	Cllr. M A Vilakazi
Cllr. T M Mofokeng	Cllr.s I L Rugheimer
Cllr. M M Mokotla	Cllr. S P Makoena
Cllr.s S M Jacobs	Cllr. D L Xaba
Cllr. N J Nhlapo	Cllr. M Vilakazi
Cllr. L V Mosala	Cllr.s M A Motaung

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cllr. W H Theunissen	Cllr. N J Ngqubuka
Cllr. H R Liebenburg	Cllr. V M Maseko
Cllr. A Wolmarans	Cllr. N J Nhlapo
Cllr. M R Lephoi	

Executive Mayor:
Councillor T J Tseki

Speaker:
Councillor N P Mofokeng

Members of the Audit Committee:
Mr Sibusiso Morare - Chairperson
Ms Palesa Rampai - Member
Mr J Lynch - Member
Mr L Tsimomola - Member
Chairperson of the Risk Committee
Mr L Mofokeng - Chairperson

Nature of the entity
The municipality is established in terms of Chapter 7 of the Constitution of the Republic of South Africa.

Relevant legislation
Constitution of the Republic of South Africa

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act (Act No 5 of 2012)

The Income Tax Act (Act No 28 of 1997)

Value Added Tax Act (Act No 89 of 1991)

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Disaster Management Act (Act no 57 of 2002)

Municipal Electoral Act (Act no 27 of 2000)

Municipal Demarcation Act (Act no 27 of 1998)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

APPROVAL OF FINANCIAL STATEMENTS:

I am responsible for the preparation of these annual financial statements, which are set out on pages - 19 to 106 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 31 and 32 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

30/06/25

Municipal Manager
Mohau Ntheli

Chief Financial Officer
Raymond Provis

ACCOUNTING OFFICER'S REPORT

1. INTRODUCTION

The 2024/25 financial year posed many challenges and obstacles which had to be addressed and accommodated by the limited financial and other resources.
The budget and the IDP are aligned with the vision and imperatives of national government, which are to address service delivery backlogs and the following strategic areas, were focussed on during the 2024/25 budget:

- The eradication of backlogs and investment in infrastructure for basic services and growth
- Economic growth and development that is shared and creates sustainable jobs
- Building safer, more secure and more sustainable communities
- The deepening of democracy
- Financial viability and management of resources
- A caring and effective government
- Institutional capacity and transformation

To budget for improved service delivery and then subsequently realising operational efficiency while it is also ensured that the deliverables are attained in a sustainable manner, has been a huge challenge during the 2024/25 financial year.
The challenge of addressing unlimited needs within the constraints of limited resources has necessitated a change in the way we do business to ensure that we stretch our resources to the maximum.

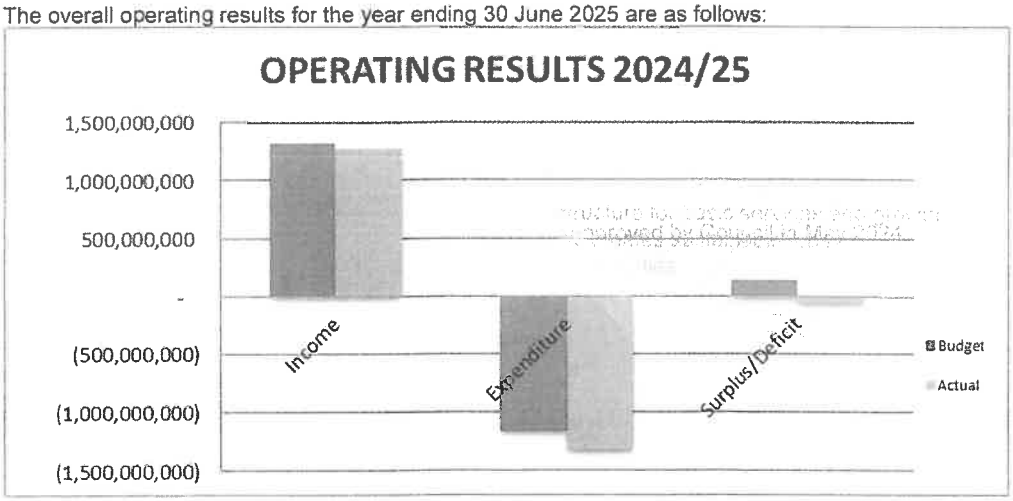
2. REVIEW OF OPERATING RESULTS

The 2024/25 budget of Dihlabeng Local Municipality was approved by Council in May 2024.

2.1 General

Details of the 2024/25 operating results and classification of revenue and expenditure are included in the Statement of Financial Performance. A graphical presentation of the operating results is shown in the graph below:

The overall operating results for the year ending 30 June 2025 are as follows:



Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Description	Original Budget 2024/25 R'000	Adjusted 2024/25 R'000	Variance Actual / Adjusted budget %	Actual 2024/25 R'000	Variance Actual 2025 / Actual 2024 %	Actual 2023/24 R'000
REVENUE						
Operating revenue for the year	1 314 190	1 314 190	-3.52%	1 267 995	18.87%	1 066 688
	1 314 190	1 314 190		1 267 995		1 066 688
EXPENDITURE						
Operating expenditure for the year	-1 169 095	-1 169 095	12.47%	-1 314 860	5.25%	-1 249 305
Fair Value adjustment				-11 549		147 527
Loss/Gain on disposal of assets				-1 384		3 198
Actuarial Gains/(Loss)				2 274		9 158
Donations received				1 463		
Debt relief received						101 524
Gain on biological assets				59		3 137
	1 169 095	1 169 095		1 323 997		984 760

The actual operating expenditure of the Municipality reflects an increase of 12.47% while the actual revenue of the Municipality has decreased by 3.52% in 2024/25 if compared to the budget for the year.

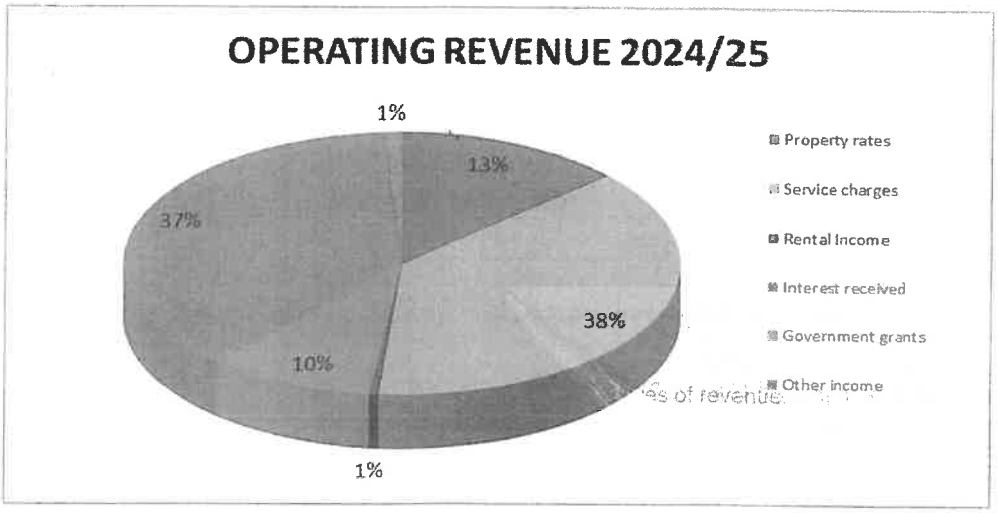
The largest increase on revenue from the budget to actual occurred on Government Grants 16%, and Interest received on consumer accounts 19%.

The largest increase on expenditure above the budgeted amount occurred on Debt impairment (125%) and Finance costs (289%).

However, management managed to increase the operating income in 2025 by 18.87% compared to the previous financial year and the operating expenses only increase by 5.25%.

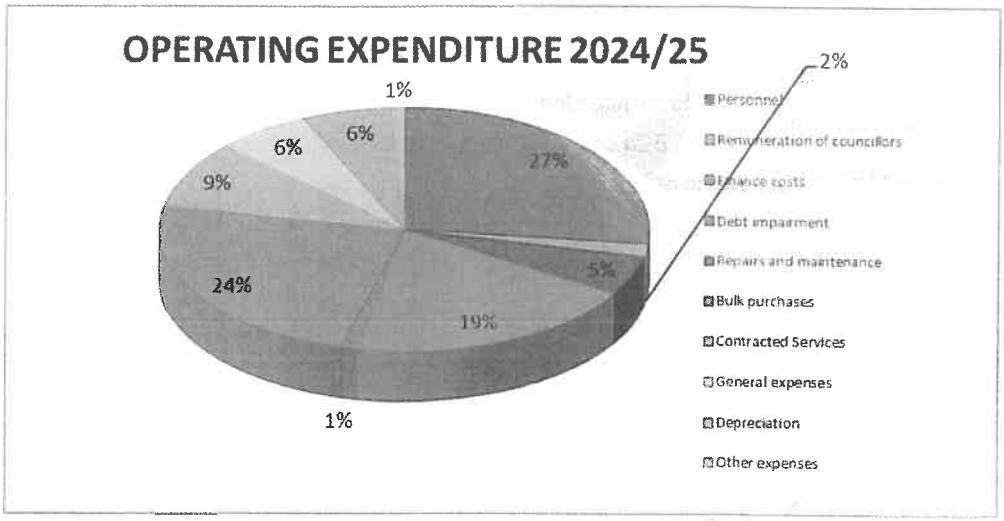
2.2 Operating Revenue

The following graph indicates a breakdown of the largest categories of revenue.



2.3 Operating expenditure

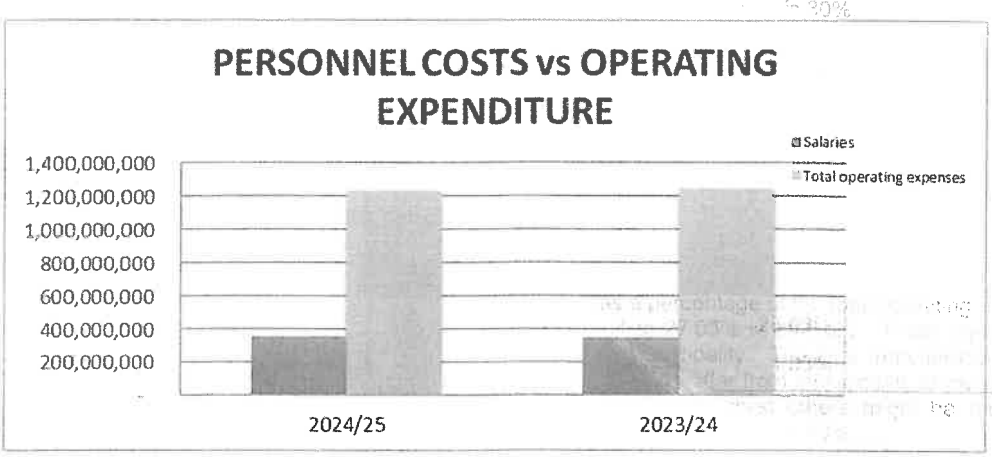
The graph below indicates the break down per main expenditure group.



Remuneration

The actual expenditure on remuneration expressed as a percentage of the total operating expenditure shows a decrease by 0.88% from 27.91% in 2023/24 to 27.03% in 2024/25. These figures have a large impact on the going concern capabilities of the municipality. The total remuneration cost and the allocation of individual items in a remuneration package differ from municipality to municipality for example; certain municipalities are more contract intensive whilst others might be more labour intensive. The target for remuneration as a percentage of expenditure is 30%.

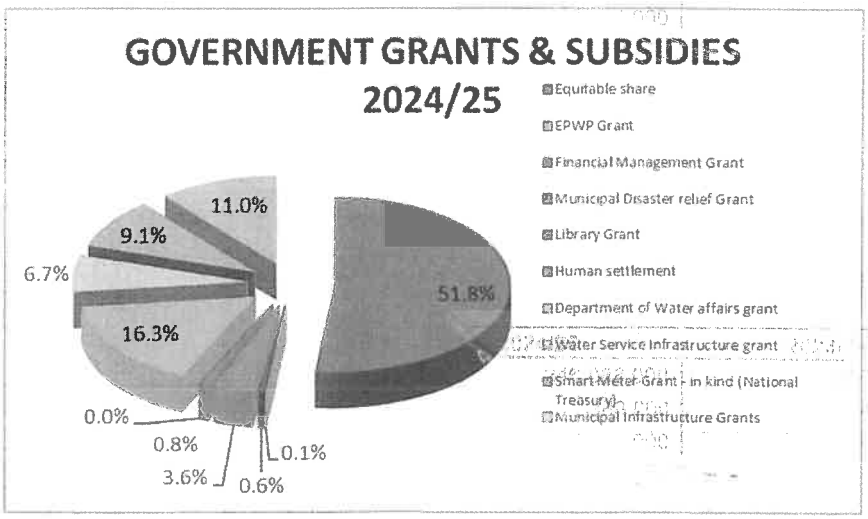
Description	2024/25 R'000	2023/24 R'000
Total operating expenditure	1 314 850	1 249 305
Total operating revenue	1 267 995	1 066 688
Employee remuneration	355 397	348 673
Ratio: % of total expenditure	27.03%	27.91%
Ratio: % of total revenue	28.03%	32.69%
% increase in remuneration	1.93%	1.90%



Government grants and subsidies

The following table and graph show the amounts received in terms of grants, contributions and subsidies from the Central Government and the Free State Provincial Government, which have been included in the total revenue:

Description	2024/25	2023/24
Equitable share	246 088 000	230 471 000
EPWP Grant	388 000	4 064 000
Financial Management Grant	2 700 000	2 750 000
Municipal Disaster Relief Grant	17 103 700	-
Library Grant	4 000 000	4 000 000
Human Settlement Grant	-	5 000 000
Department of Water affairs grant	77 467 885	32 979 974
Water Service Infrastructure grant	31 832 000	18 022 000
Smart Meter in Kind Grant National Treasury	43 445 665	-
Municipal Infrastructure Grant	52 161 546	31 726 454
	475 186 796	329 013 428



2.4 Operating statement analysis

The following differences occurred with regards to the operating results for the 2024/25 financial year. Please refer to pages 22 of the financial statements. All amounts are rounded to thousands.

Descriptions	Final Adjustment budget	Virements (i.t.o council approved policy)	Final budget	Actual outcomes	Variances	Actual outcome as % of final budget	Reasons for variances
Property rates	198 672	-	198 672	168 335	-30 337	-15%	Due to lower property rates billed for domestic properties than budgeted.
Services charges	558 387	10 000	568 387	484 286	-84 101	-15%	Due to decrease in utilization of water and electricity. Most of the consumers are using gas
Interest received from consumers	103 026	-	103 026	122 633	19 607	19%	Due to non-payment of debts by consumers
Government grants received	367 850	41 098	408 948	475 187	66 239	16%	Dora Allocation and Smart meter grant not budgeted
Other own revenue	35 157	-	35 157	21 350	-13 807	-39%	Increase due to actuarial gains on employee benefits
TOTAL REVENUE (Excluding capital transfers and contributions)	**1 263 092**	**51 098**	**1 314 190**	**1 271 791**	**-42 399**	**-3%**	

Descriptions	Final Adjustment budget	Virements (i.t.o council approved policy)	Final budget	Actual outcomes	Variances	Actual outcome as % of final budget	Reasons for variances
Employees cost	358 936	-	358 963	355 397	3 566	-1%	Within the budget
Remuneration of councilors	23 817	-	23 817	22 347	1 470	-6%	As per Council Gazette 51419 of 2024
Debt impairment	112 803	-	112 803	254 319	-141 516	125%	Due to non-payments by consumers and indigent not written off
Depreciation and asset impairment	74 039	-	74 039	78 265	-4 226	6%	Due to processing of actual depreciation on assets for the month as per the asset register
Finance charges	18 110	-	18 110	70 418	-52 308	289%	Under budget and Interest paid to Eskom and other creditors due to nonpayment within 30 days
Bulk purchases	302 826	-	302 826	294 831	7 995	-3%	Within the budget
Other expenditure	258 637	19 900	278 537	252 216	26 321	-9%	Within the budget
TOTAL EXPENDITURE	**1 149 168**	**19 927**	**1 169 095**	**1 327 793**	**-158 698**	**14%**	

640000

2.5 Financial Position statement analysis

The following difference occurred with regards to the operating results for the 2024/25 financial year. Please refer to pages 18 to 23 of the financial statements. All amounts are rounded to thousands.

	Approved budget	Adjust-ments	Final budget	Actual amounts	Variances	Actual outcome as % of final budget	Reasons for variances
CURRENT ASSETS							
Other financial assets	2 519	-	2 519	1 883	636	-25%	
Inventories	117 508	-	117 508	141 736	-24 228	21%	Investment property transfer to land held for sale
Receivables from exchange transactions	-	-	-	189 177	-189 177		No budget
Receivables from non-exchange transactions	207 427	-	207 427	4 969	202 458	-98%	No budget
Statutory Receivables	356 235	-	356 235	-	356 235		
Consumer debtors	291 921	-	291 921	96 924	194 997	-67%	Increase in provision for impairment
Cash and cash equivalents	340 973	-	340 973	31 913	309 060	-91%	More money in the bank
NON CURRENT ASSETS							
Investment property	572 453	-	572 453	524 804	47 649	-8%	Property moved from the inventory
Property, plant and equipment	2 108 648	-	2 108 648	1 948 382	160 266	-8%	Capital projects not spent
Biological assets	-	-	-	8 976	-8 976		No budget
Heritage assets	48 660	-	48 660	64 450	-15 790	32%	Re valuation done in 2023
Intangible assets	929	-	929	7 935	-7 006	754%	New software as part of the smart meters
Other financial assets	-	-	-	813	-813		No Budget
CURRENT LIABILITES							
Other financial liabilities	5 966	-	5 966	-	5 966		No Actual amount
Long service awards	-	-	-	4 705	-4 705		No budget
Payables from exchange	198 746	-	198 746	733 072	-534 326	269%	Increase in creditors due to cashflow constraints
Consumer deposit	12 496	-	12 496	15 739	-3 243	26%	Under budgeting
Employee obligations	-	-	-	3 549	-3 549		As per report
Unspent Conditional Grants	101 106	-	101 106	6 549	94 557	94%	Most Capital Grants spent during the year
Provisions	-	-	-	48 162	-48 162		No budget
Current Portion of long term - Eskom	-	-	-	486 464	-486 464		No Budget
Cashbook overdraft	391 233	-	391 233	-	391 233		
NON CURRENT LIABILITIES							
Employee benefit obligations	-	-	-	105 966	-105 966		No budget
Long service awards	-	-	-	16 764	-16 764		No budget
Other financial liabilities	12 063	-	12 063	-	12 063		No budget
Long term trade and other pay	-	-	-	209 863	-209 863		No Budget
Provisions	6 563	-	6 563	7 727	-1 164	18%	

3. DEBTORS

The following is an indication of the effectiveness of credit control measures, as well as the ability to convert debtors into cash:

Description	2024/25	2023/24
Income on Consumer debtors	782 071 693	726 401 755
Balance on 1 July	1 783 458 589	1 494 276 754
Balance on 30 June	1 924 904 440	1 783 458 588
Average balance	1 854 181 515	1 638 867 672
Days in the financial year	365	365
Turnover: Number of days	865	823
Turnover: Number of times (levies/average balance)	0.42	0.44

From the table, the number of days to recover increased from 823 to 865 in 2024/25. This high turnover has serious implications on the cash flow of the Municipality. A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The credit control by-law and the actions taken in terms of the by-law started producing better results. Measures have been put in place to recover the debts and the legal actions taken are starting to have an impact on the poor payment culture within our municipality. The increase in debtors has a serious impact on the going concern of the municipality.

4. CAPITAL EXPENDITURE AND FINANCING

The Municipality's original approved Capital Expenditure Budget for 2024/25 amounted to R187 749 000 and was accepted by National Treasury. Of these funds the MIG funding of R52 million was spent in the 2024/25 financial year, and no unspent grant on MIG for 2024/25. R78 million was spent from RBIG funding, R31 million from WISG, R1.8 million from Cemetery System Grant from CoGTA was not spend and R4.7 million of Municipal Disaster Relief Grant was unspent.

Conclusion:
When comparing the actual expenditure to the budgeted expenditure the financing source of capital projects plays an important role. The funding from own sources can largely influence the following aspects:

- The raising of loans
- The cash flow of the Municipality

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

5. ACCOUNTING RATIOS

5.1 Current asset ratio

This ratio mainly involves the financial resources used in the operating cycle of a local authority. Operating capital represents the surplus of current assets over current liabilities. This is a useful indicator when determining the ability to fund operating expenditure. This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk since short-term debt can be paid out of short-term assets. The following table shows the calculation of the operating capital ratio:

Description	2024/25	2023/24
CURRENT ASSETS:		
Cash	31 913 107	55 829 896
Inventory	141 735 746	105 428 106
Consumer Debtors	96 924 447	90 319 267
Receivables from exchange transactions	189 177 664	157 439 983
Receivables from non-exchange transactions	-	-
Other financial assets	1 883 012	1 445 660
Other receivables from exchange transactions	4 968 874	5 524 152
Statutory receivables	-	2 382
Total	**466 602 850**	**415 989 446**
CURRENT LIABILITIES:		
Creditors	733 071 894	530 602 945
Employee Benefit Obligation	3 549 000	3 380 000
Unspent conditional grants and receipts	5 549 300	25 708 546
Other financial liabilities	-	7 432 485
Provisions	48 162 457	45 204 625
Consumer deposits	15 738 442	14 381 700
Overdrawn cash book balance	-	-
Long service awards	4 705 000	2 735 000
Current Portion of long term trade and other receivables	486 464 174	255 090 013
Total	**1 298 240 267**	**884 535 314**
Net Operating Capital	(831 637 417)	(468 545 868)
Current asset Ratio	0.36 : 1	0.47 : 1

This is due to the fact that the current liabilities increased by 47% whilst the current assets increased with 12%. The municipality has prioritised this part of its business to ensure the sustainability of the municipality.

The private sector sets a ratio of 2:1 as being acceptable, however a norm for local government is currently not available.

5.2 Quick asset ratio (Acid test)

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. Since material and stock are for the local authority's own use and are not for sale, they are not included in the calculations. The private sector sets a ratio of 1:1 as being acceptable. The figures that follow reflect the Municipality's quick asset ratio for the following years:

DESCRIPTION	2024/25	2023/24
Current assets	466 602 850	415 989 446
Less: Inventory	141 735 746	105 428 106
Total	324 867 104	310 561 340
Current Liabilities	1 298 240 267	884 535 314
Quick asset ratio	0.25: 1	0.35:1

The ratio decreased due to increase in the current liabilities (Eskom debt relief programme), serious attention will be required to increase the ratio even further in this area to ensure the going concern of the municipality.

5.3 Solvability

In this ratio, the total assets are compared to the total liabilities, and it shows the ability of the Municipality to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio:

DESCRIPTION	2024/25	2023/24
TOTAL ASSETS:		
Current assets	466 602 850	415 989 446
Non-current assets	2 555 360 393	2 466 774 591
Total	3 021 963 243	2 882 764 037
TOTAL LIABILITIES:		
Current liabilities	1 298 240 267	884 535 314
Plus: Long-term loans	-	-
Non-current provisions	7 726 984	6 050 080
Total	1 305 967 251	890 585 394
Solvability Ratio	2.31:1	3.24:1

The total assets of the Municipality increased by 4.74% in the current financial year while the total liabilities increased with 46% resulting in a decrease in the solvability ratio as stated above. Non-current assets increased with 3.57% while external loans decreased with 100%.

5.4 Total debt to total revenue ratio

According to credit rating companies, the benchmark for local government is a ratio of less than 50%. The ratio increased from 108% to 129% in 2023/24. The total debt increased with 13% and decrease of 4% in total revenue.

DESCRIPTION	2024/25	2023/24
Total debt	1 635 676 405	1 443 359 740
Total revenue	1 271 791 178	1 331 232 155
Ratio	129%	108%

5.5 Cashbook balance plus short-term loans to total operating revenue

DESCRIPTION	2024/25	2023/24
Short term debt	-	7 432 485
Total revenue	1 271 791 178	1 331 232 155
Ratio	0%	0.56%

According to credit rating companies, the benchmark is a ratio of less than 5

5.6 Cash to interest coverage

This ratio indicates to what extent a local authority can generate sufficient cash from its normal activities to cover its external interest liabilities. If the ratio is less than 1:1, it may indicate future cash flow problems. The ratio for the past two financial years is as follows:

DESCRIPTION	2024/25	2023/24
Cash generated from operations (Nett cash flow)	153 148 005	124 544 414
Interest paid on external loans	70 418 448	104 763 184
Ratio	2.17:1	1.19:1

5.7 Net debtors to total annual operating revenue

DESCRIPTIONS	2024/25	2023/24
Annual operating revenue	1 271 791 178	1 331 232 155
Debtors (excluding provision for bad debt)	1 924 904 440	1 783 458 589
Percentage	151%	134%

This ratio had increased by 17%. It is still clear that the debt collection process of the municipality has problems and still needs to be improved even more.

6. CHALLENGES EXPERIENCED DURING 2024/25

6.1 GOING CONCERN ISSUES

The going concern of the municipality remains an issue that management needs to address; the following areas are of concern:

- The government subsidies equate to 37% of our income. The situation decreased by 1% from the 2023/24 financial year. This means that there is still reliance by the municipality on government grants.

- We draw attention to the fact that at 30 June 2025, the municipality had a loss of R56,001,492 (2024 : R81,927,495 profit) and that the municipality's current liabilities exceed its current assets by R831,637,417 (2024 : R468,545,868). In addition, the municipality owed Eskom R1,249,252,672 (2024 : R1,101,383,148) (subject to debt relief - refer to next paragraph), Free State Fleet Management Trading Entity R62,684,617 (2024 : R62,684,617), the Department of Water Affairs R116,425,215 (2024 : R83,131,607) (subject to debt relief - refer to next paragraph) and the Department of Labour R33,198,566 (2024 : R31,373,804 at 30 June 2025 which is long overdue.
- The municipality has applied for debt relief from National Treasury with regards to the outstanding Eskom account of R843,710,217. The debt relief was approved on the 19th of December 2023. According to the agreement, the municipality must pay the current Eskom account for the next three financial years, then Eskom will write-off the debt over the next three municipal financial years. One of the requirements for the approval of the debt relief is that the municipality must prepare a funding plan. The funding plan is intended to address the fact that if the municipality's 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) does not comply with the MFMA Circular No. 124 (A funded MTREF). A funding plan has been developed, and the municipality is in the process of implementing the plan. The funding plan highlights various areas of improving revenue, increasing debt collection and decreasing expenditure.
- The municipality has applied for debt relief from Department of Water Affairs with regards to the outstanding water account of R116,425,215. The debt relief was approved on the 26th of August 2025. Details of the agreement is not yet available, but it will be on the same basis as the agreement with Eskom.
- 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.

6.2 IMPLEMENTATION OF ACCOUNTING STANDARDS

The Municipality had to comply with the accounting framework as set out in paragraph 1 of the Accounting policies as contained in the Annual Financial Statements of 2024/25. This accounting framework was determined in Directive 5 issued by the Accounting Standards Board on 31 March 2009.

7. APPRECIATION

I am grateful to the Executive Mayor, Members of the Mayoral Committee, Councillors, and office of the Municipal Manager, CFO, Directors, Managers and Staff members. A special word of appreciation to everybody for the months of hard work, sacrifices and concentrated efforts during the financial year to enable my office to finalise and submit the annual financial statements within the prescribed period.

30/06/25

MOHAU NTHELI
MUNICIPAL MANAGER

Dihlabeng Local Municipality
(Registration number FS192)
Annual Financial Statements for the year ended 30 June 2025

Audit and Performance Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

Audit and performance committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year the following number of meetings were held.

Name of member	Number of meetings attended for the year ended 2024/25
Mr. Morare S (Appointed 23 June 2025)	0
Mr. Tshimomola R	0
Mr. Lynch J	0
Ms. Rampai T	0
Mr. Mofokeng S	0

The appointment of the Committee

The committee was fully appointed by the Council in the last quarter of the 2024/25 financial year, the committee started operating after the end of 2024/25 financial year.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the Local Government: Municipal Finance Management Act 56 of 2003.

The committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and in line with Local Government MFMA section 166.

Evaluation of annual financial statements for 2024/25

The audit committee has:

- reviewed and discussed the draft annual financial statements to be included in the annual report, and the Accounting Officer Reports.
- reviewed changes in accounting policies and practices.
- reviewed significant adjustments resulting from the draft AFS for 2024/25

Evaluation of annual performance report for 2024/25

The audit committee has:

- reviewed and discussed the draft annual performance report to be included in the annual report and the Accounting Officer.

Internal audit

The municipality has an internal audit function which is partially operating

Chairperson: On behalf of Audit and Performance Committee

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	141,735,746	105,428,106
Other financial assets	4	1,883,012	1,445,660
Receivables from exchange transactions	5	189,177,664	157,439,983
Receivables from non-exchange transactions	6	4,966,874	5,524,152
Other statutory receivables	14	-	2,382
Consumer debtors from exchange transactions	7	65,111,695	76,925,215
Consumer debtors from non-exchange transactions	7	31,812,752	13,394,052
Cash and cash equivalents	8	31,913,107	55,829,896
		466,602,850	**415,989,446**
Non-Current Assets			
Biological assets that form part of an agricultural activity	9	8,976,162	8,917,311
Investment property	10	524,803,911	572,402,741
Property, plant and equipment	11	1,948,382,002	1,818,841,219
Intangible assets	12	7,934,639	1,431,083
Heritage assets	13	64,450,000	64,450,000
Other financial assets	4	813,679	732,237
		2,555,360,393	**2,466,774,591**
Total Assets		**3,021,963,243**	**2,882,764,037**
Liabilities			
Current Liabilities			
Other financial liabilities	16	-	7,432,485
Payables from exchange transactions	18	733,071,894	530,602,945
Consumer deposits	19	15,738,442	14,381,700
Employee benefit obligation	21	3,549,000	3,380,000
Unspent conditional grants and receipts	17	6,549,300	25,708,546
Provisions	20	48,162,457	45,204,625
Long service leave award	22	4,705,000	2,735,000
Current portion of long term trade and other payables	23	486,464,174	255,090,013
		1,298,240,267	**884,535,314**
Non-Current Liabilities			
Employee benefit obligation	21	105,966,000	94,116,000
Provisions	20	7,726,984	6,050,080
Long service leave award	22	16,764,000	17,421,000
Long term trade and other payables	23	209,863,185	441,237,346
		340,320,169	**558,824,426**
Total Liabilities		**1,638,560,436**	**1,443,359,740**
Net Assets		**1,383,402,807**	**1,439,404,297**
Reserves			
Revaluation reserve	15	15,790,000	15,790,000
Accumulated surplus		1,367,612,807	1,423,614,297
Total Net Assets		**1,383,402,807**	**1,439,404,297**

* See Note 52 & 51

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	25	484,285,936	447,123,078
Rendering of services		2,945,516	2,384,419
Rental of facilities and equipment	26	6,817,978	6,278,149
Interest on consumer accounts	27	102,197,397	99,699,089
Licences and permits		158,841	243,704
Other income	28	4,383,031	6,354,373
Interest received - investment	29	2,637,177	1,397,182
Gain or loss on disposal of assets and liabilities		-	3,198,265
Fair value adjustments	43	-	143,920
Actuarial gains/losses		2,274,467	9,158,193
Gains or losses on biological assets and agriculture	42	58,851	3,137,416
Dividends or similar distributions received	29	15,557	13,435
Total revenue from exchange transactions		**605,774,751**	**579,131,223**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	168,334,983	154,135,351
Interest - Taxation consumer debtors	27	20,435,399	19,166,088
Transfer revenue	27	102,197,397	99,6[illegible]
Government grants & subsidies	33	475,186,796	329,013,428
Donations received	28	1,463,107	-
Fines, Penalties and Forfeits		596,142	879,649
Debt Relief received		-	101,523,557
Fair value adjustment on long term liability		-	147,382,858
Total revenue from non-exchange transactions		**666,016,427**	**752,100,931**
Total revenue	24	**1,271,791,178**	**1,331,232,154**
Expenditure			
Employee related costs	34	(355,396,770)	(348,672,614)
Employee costs - Remuneration of councillors	35	(22,346,975)	(22,146,376)
Depreciation and amortisation	36	(78,264,694)	(74,859,305)
Finance costs	37	(70,418,448)	(104,763,184)
Debt Impairment	38	(256,309,561)	(261,306,691)
Bulk purchases	39	(317,725,811)	(266,733,568)
Contracted Services	40	(117,177,967)	(80,629,953)
Repairs and maintenance	33	(14,965,872)	(7,328,217)
Gain or loss on disposal of assets and liabilities		(1,364,304)	-
Fair value adjustments	43	(11,548,562)	-
General expenses	41	(82,253,706)	(82,864,748)
Total expenditure		**(1,327,792,670)**	**(1,249,304,656)**
(Deficit) surplus for the year		**(56,001,492)**	**81,927,498**

(70,418,448) (104,763,184)
(256,309,561) (261,306,691)
(317,725,811) (266,733,568)
(117,177,967) (80,629,953)
(14,965,872) (7,328,217)

* See Note 52 & 51

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	15,790,000	1,200,962,648	1,216,752,648
Adjustments			
Correction of errors 51	-	140,724,151	140,724,151
Balance at 01 July 2023 as restated*	**15,790,000**	**1,341,686,799**	**1,357,476,799**
Changes in net assets			
Surplus for the year	-	81,927,498	81,927,498
Total changes	-	81,927,498	81,927,498
Opening balance as previously reported	15,790,000	1,282,890,148	1,298,680,148
Adjustments			
Correction of errors 51	-	140,724,151	140,724,151
Restated* Balance at 01 July 2024 as restated*	**15,790,000**	**1,423,614,299**	**1,439,404,299**
Changes in net assets			
Surplus for the year	-	(56,001,492)	(56,001,492)
Total changes	-	(56,001,492)	(56,001,492)
Balance at 30 June 2025	**15,790,000**	**1,367,612,807**	**1,383,402,807**

* See Note 52 & 51

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Disclosure

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		486,696,928	426,501,813
Grants		409,081,885	324,721,974
Interest income		48,045,525	9,650,266
Dividends or similar distributions received		15,557	13,435
		943,839,895	760,887,488
Payments			
Employee costs		(378,510,354)	(375,838,725)
Suppliers		(358,836,475)	(171,382,280)
Finance costs		(53,345,061)	(89,122,069)
		(790,691,890)	(636,343,074)
Net cash flows from operating activities	46	**153,148,005**	**124,544,414**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(169,236,753)	(80,663,274)
Proceeds from sale of property, plant and equipment	11	85,696	3,198,265
Net cash flows from investing activities		**(169,151,057)**	**(77,465,009)**
Cash flows from financing activities			
Repayment of other financial liabilities		(7,913,737)	(7,459,371)
Net cash flows from financing activities		**(7,913,737)**	**(7,459,371)**
Net increase/(decrease) in cash and cash equivalents		**(23,916,789)**	**39,620,034**
Cash and cash equivalents at the beginning of the year		55,829,896	16,209,862
Cash and cash equivalents at the end of the year	8	**31,913,107**	**55,829,896**

* See Note 52 & 51

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	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	558,387,000	10,000,000	568,387,000	484,285,936	(84,101,064)	Refer Note 61
Rendering of services	4,088,000	-	4,088,000	2,945,516	(1,142,484)	
Rental of facilities and equipment	7,142,000	-	7,142,000	6,817,978	(324,022)	
Interest: Consumer debtors from exchange	86,979,000	-	86,979,000	102,197,397	15,218,397	Refer Note 61
Licences and permits	85,000	-	85,000	Actual 158,841	Differ 73,841	Reference
Other income	2,335,000	-	2,335,000	on c 4,383,031	bet 2,048,031	
Interest received - investment	413,000	-	413,000	2,637,177	bu 2,224,177	
Dividends or similar distributions received	30,000	-	30,000	15,557	ac (14,443)	
Total revenue from exchange transactions	**659,459,000**	**10,000,000**	**669,459,000**	**603,441,433**	**(66,017,567)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	198,672,000	-	198,672,000	168,334,983	(30,337,017)	Refer Note 61
Interest - Taxation revenue	16,047,000	-	16,047,000	20,435,399	4,388,399	
Transfer revenue						
Government grants & subsidies	367,850,000	41,098,000	408,948,000	475,186,796	66,238,796	Refer Note 61
Donations received	-	-	[illegible]	1,463,107	1,463,107	
Fines, Penalties and Forfeits	2,093,000	-	2,093,000	on c 596,142	(1,496,858)	
Other non-exchange revenue	18,971,000	-	18,971,000	2,637,177	(16,333,823)	Refer Note 61
Total revenue from non-exchange transactions	**603,633,000**	**41,098,000**	**644,731,000**	**666,016,427**	**21,285,427**	
Total revenue	**1,263,092,000**	**51,098,000**	**1,314,190,000**	**1,269,457,860**	**(44,732,140)**	
Expenditure						
Personnel	(358,936,000)	(27,000)	(358,963,000)	(355,396,770)	3,566,230	
Remuneration of councillors	(23,817,000)	-	(23,817,000)	(22,346,975)	1,470,025	
Depreciation and amortisation	(74,039,000)	-	(74,039,000)	(78,264,694)	(4,225,694)	
Finance costs	(18,110,000)	-	(18,110,000)	(70,418,448)	(52,308,448)	Refer Note 61
Debt Impairment	(112,803,000)	-	(112,803,000)	(254,318,905)	(141,515,905)	Refer Note 61
Bad debts written off	(2,577,000)	-	(2,577,000)	(1,990,656)	586,344	
Bulk purchases - Electricity	(302,826,000)	-	(302,826,000)	(294,830,806)	7,995,194	
Contracted Services	(153,403,000)	(17,854,000)	(171,257,000)	(110,927,386)	60,329,614	Refer Note 61
Transfers and Subsidies	(119,000)	(80,000)	(199,000)	[illegible]	199,000	
Operational costs	(75,081,000)	2,315,000	(72,766,000)	(94,042,927)	(21,276,927)	Refer Note 61
Inventory consumed	(27,457,000)	(4,281,000)	(31,738,000)	(32,322,237)	(584,237)	
Total expenditure	**(1,149,168,000)**	**(19,927,000)**	**(1,169,095,000)**	**(1,314,859,804)**	**(145,764,804)**	
Operating deficit	**113,924,000**	**31,171,000**	**145,095,000**	**(45,401,944)**	**(190,496,944)**	
Loss on disposal of assets and liabilities	-	-	-	(1,384,304)	(1,384,304)	

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fair value adjustments	-	-	-	(11,548,562)	(11,548,562)	
Actuarial gains/losses	-	-	-	2,274,467	2,274,467	
Gain on biological assets and agricultural produce	-	-	-	58,851	58,851	
	-	-	-	(10,599,548)	(10,599,548)	
Deficit before taxation	**113,924,000**	**31,171,000**	**145,095,000**	**(56,001,492)**	**(201,096,492)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**113,924,000**	**31,171,000**	**145,095,000**	**(56,001,492)**	**(201,096,492)**	

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	117,508,000	-	117,508,000	141,735,746	24,227,746	
Other financial assets	2,519,000	-	2,519,000	1,883,012	(635,988)	
Receivables from exchange transactions	-	-	-	185,344,930	185,344,930	
Receivables from non-exchange transactions	-	-	-	9,379,456	9,379,456	
VAT receivable	356,235,000	-	356,235,000	-	(356,235,000)	
Consumer debtors from exchange	291,921,000	-	291,921,000	65,111,694	(226,809,306)	
Consumer debtors from non-exchange transactions	207,427,000	-	207,427,000	31,812,752	(175,614,248)	
Cash and cash equivalents	340,974,000	-	340,974,000	31,913,006	(309,060,994)	
	1,316,584,000	-	1,316,584,000	467,180,596	(849,403,404)	
Non-Current Assets						
Biological assets that form part of an agricultural activity	-	-	-	8,976,162	8,976,162	
Investment property	572,453,000	-	572,453,000	524,803,911	(47,649,089)	
Property, plant and equipment	2,108,648,000	-	2,108,648,000	1,948,382,002	(160,265,998)	
Intangible assets	929,000	350,000	1,279,000	7,934,639	6,655,639	
Heritage assets	48,660,000	-	48,660,000	64,450,000	15,790,000	
Other financial assets	-	-	-	813,679	813,679	
	2,730,690,000	350,000	2,731,040,000	2,555,360,393	(175,679,607)	
Total Assets	4,047,274,000	350,000	4,047,624,000	3,022,540,989	(1,025,083,011)	
Liabilities						
Current Liabilities						
Other financial liabilities	5,966,000	-	5,966,000	467,180,838	(5,966,000)	
Payables from exchange transactions	198,746,000	-	198,746,000	733,071,894	534,325,894	
VAT payable	391,233,000	-	391,233,000	8,976,162	(391,233,000)	
Consumer deposits	12,496,000	-	12,496,000	15,738,442	3,242,442	
Unspent conditional grants and receipts	101,106,000	-	101,106,000	6,549,300	(94,556,700)	
Provisions	-	-	-	41,597,445	41,597,445	
Current portion of long term trade and other payables	-	-	-	486,464,174	486,464,174	
	709,547,000	-	709,547,000	1,283,421,255	573,874,255	
Non-Current Liabilities						
Other financial liabilities	12,063,000	-	12,063,000	-	(12,063,000)	
Employee benefit obligation	-	-	-	109,515,000	109,515,000	
Provisions	6,563,000	-	6,563,000	14,291,996	7,728,996	
Long service leave award	-	-	5,966,000	21,469,000	21,469,000	
Long term trade and other payables	-	-	746,000	209,863,185	209,863,185	
					(391,233,000)	
				15,738,442	3,242,442	

21,469,000 21,469,000
209,863,185 209,863,185

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	18,626,000	**-**	**18,626,000**	**355,139,181**	**336,513,181**	
Total Liabilities	**728,173,000**	**-**	**728,173,000**	**1,638,560,436**	**910,387,436**	
Net Assets	**3,319,101,000**	**350,000**	**3,319,451,000**	**1,383,980,553**	**(1,935,470,447)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	2,400,000	-	**2,400,000**	15,790,000	**13,390,000**	
Accumulated surplus	3,316,701,000	350,000	**3,317,051,000**	1,367,612,807	**(1,949,438,193)**	
Total Net Assets	**3,319,101,000**	**350,000**	**3,319,451,000**	**1,383,402,807**	**(1,936,048,193)**	

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting polices

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

Note(s) 2025

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

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

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its statutory receivables, trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for statutory receivables, trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables, payables and long term trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

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

The credit balances are excluded specifically from the provision. The payments done on the accounts and indigent status is used as basis for the calculations. The VAT portion is also taken out to the VAT provision account. Interest is added to the overdue outstanding balance on a monthly basis.

1.6 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Biological assets are derecognised when the Municipality disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in the Statement of Financial performance at the point of derecognition.

1.7 Investment property

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

- use in the production or supply of goods or services or for
- administrative purposes, or

1.7 Investment property (continued)

- sale in the ordinary course of operations.

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

Initial recognition:

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.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

Subsequent measurement – Fair value model

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.

Derecognition/Disposal

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.7 Investment property (continued)

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

1.8 Property, plant and equipment

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

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

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

Initial recognition and measurement:

Property, plant and equipment is initially measured at cost.

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

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

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

Subsequent measurement – cost model:

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

Depreciation:

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

1.8 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Buildings	Straight-line	5 - 50 years
Plant and equipment	Straight-line	2 - 37 years
Furniture and fixtures	Straight-line	5 - 22 years
Motor vehicles	Straight-line	5 - 22 years
Office equipment	Straight-line	5 - 22 years
IT Infrastructure equipment	Straight-line	5 - 22 years
Infrastructure - Electrical	Straight-line	5 - 50 years
Infrastructure - Roads	Straight-line	7 - 80 years
Infrastructure - Sewer	Straight-line	5 - 50 years
Infrastructure - Water	Straight-line	5 - 100 years
Infrastructure - Solid Waste	Straight-line	5 - 50 years
Other assets	Straight-line	5 - 22 years

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

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

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

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

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

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Derecognition:

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 disclosure.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Significant Accounting Policies

1.9 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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

Intangible assets 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 intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Significant Accounting Policies

1.10 Heritage assets (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Land and buildings that qualify as Heritage assets, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, are recognised as property, plant and equipment, rather than heritage assets.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement
The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and if the cost or fair value of the item can be measured reliably.
Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Significant Accounting Policies

1.10 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.11 Financial instruments

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Significant Accounting Policies

1.11 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Consumer deposits are current financial liabilities and they are recorded in accordance with trade and other payables.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Long term trade and other payables are financial liabilities.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;

Significant Accounting Policies

1.11 Financial instruments (continued)

- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost and cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Consumer debtors from exchange and non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

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

Class	Category
Trade and other payable from exchange transactions	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

Initial measurement:

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting. The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Significant Accounting Policies

1.11 Financial instruments (continued)
Subsequent measurement of financial assets and financial liabilities

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

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

All financial instruments measured at amortised cost and cost, are subject to an impairment review.

Impairment of financial instruments:

Receivables and provision for impairment:

Receivables are classified as financial assets at amortised cost, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. For amounts due from receivable carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant at the end of each reporting period. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in surplus or deficit. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is recognised in the surplus or deficit. The present value of the estimated future cash flows is discounted at the original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the original effective interest rate.

Payables and long term liabilities:

Financial liabilities consist of payables and long term liabilities. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents:

Cash and Cash Equivalents are initially measured at fair value. Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost. Non-Current Investments Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost. Gains and losses For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Significant Accounting Policies

1.11 Financial instruments (continued)
Fair value measurement:

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

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

Derecognition:

Financial assets:

The entity derecognises a financial asset only when:

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

In this case, the entity : - derecognise the asset; and - recognise separately any rights and obligations created or retained in the transfer. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

Financial liabilities:

A financial liability (or a part of a financial liability) is derecognised from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

Offsetting of financial instruments:

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

Significant Accounting Policies

1.12 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

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:

1.12 Statutory receivables (continued)

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

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

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

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

1.13 Tax

VAT

The entity accounts for VAT on the accrual basis, and is liable for VAT on the payment basis. The entity is liable to account for VAT at the standard rate in terms of section 7(1)(a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11 of the VAT Act, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

1.14 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.

Significant Accounting Policies

1.14 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

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.

In the evant that lease incentives are received to enter into operation leases, such incentives are recongnised as a liability. The aggregate benefit of incentives is recongnised as a reduction of rental expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in whi h economic benefits from the leased asset are consumed.

1.15 Inventories

Inventories which consist of raw materials, work in progress, consumables and finished goods are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Significant Accounting Policies

1.15 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventory arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

Water Inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.16 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

1.17 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.17 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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.

Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

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.

Any impairment loss of a revalued 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 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.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Significant Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Significant Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Significant Accounting Policies

1.19 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment 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 an offer of benefits in exchange for the termination of employment.

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.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

1.19 Employee benefits (continued)

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

Multi-employer plans and/or State plans

The entity classifies a multi-employer plan and/or state plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms). If the entity participates in a multi-employer defined benefit plan, the entity:

(a) accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan; and

(b) disclose the information required. When sufficient information is not available to use defined benefit accounting for multi-employer defined benefit plan, the entity: (a) accounts for the plan as if it were a defined contribution plan; and (b) disclose the information required.

In determining when to recognise, and how to measure, a liability relating to the wind-up of a multi-employer defined benefit plan, or the entity's withdrawal from a multi-employer defined benefit plan, the entity applies the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (GRAP 19).

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

Significant Accounting Policies

1.19 Employee benefits (continued)

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

1.19 Employee benefits (continued)

Recognition and measurement: Plan assets

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

(a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and

(b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Other long-term employee benefits

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Significant Accounting Policies

1.19 Employee benefits (continued)

Long service award

Recognition

A long service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality.

Measurement

The said reward comprises a certain number of accumulated vacation leave days and a fixed percentage of his or her basic salary applicable at the time the award become due.

The provision represents an estimate of the award to which employees in the service of the municipality at 30 June 2022 may become entitled to in future, based on actuarial valuation at that date.

1.20 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49. A brief description of the nature of each class of contingent liability should be provided and where possible:

- an estimate of it's financial effect,
- an indication of the uncertainties relating to the amount or timing of any outflow; and
- the possibility of any reimbursements.

1.20 Provisions and contingencies (continued)
Environmental Rehabilitation Provisions:
Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.22 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

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

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

Significant Accounting Policies

1.22 Revenue from exchange transactions (continued)

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 charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Unbilled consumption at year-end (used before year-end, but only billed after year-end), based on the actual consumption billed in the next financial year.

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale.

Unclaimed deposits older than three (3) years are recognised as revenue.

Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Significant Accounting Policies

1.23 Revenue from non-exchange transactions

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect. Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

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.

Interest written off as part of the municipal debt relief program are considered to be income from non-exchange transactions.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Unconditional grants: Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional grants: Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Significant Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Services received in kind: Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

Government grants and unspent conditional grants

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised. To qualify as a conditional grant, the conditions of the grant must be clearly stipulated including:

- The required outputs and outcomes; and
- That any unspent portion must be repaid to the grantor.

1.24 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Significant Accounting Policies

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, at; requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act or
(c) expenditure incurred by a 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 a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the 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".

National Treasury MFMA Circular No 68 of June 2019 which was issued and updated on 13 October 2021 in terms of sections 76(1) to 76(4) of the MFMA requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Significant Accounting Policies

1.29 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Revaluation reserve

The surplus arising from the revaluation of heritage assets is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.31 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.

General Information:

Identification of segments

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.

The Corporate Services, Office of the Municipal Manager, Political Office, Financial Services and Local Economic Development directorates are the governance and administration units of the municipality. However, they are not reportable segments; their results are reported as non-reportable segments to reconcile the results of the reportable segments to the total revenue and expenses of the municipality for the year under review.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management consider the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of segment operations.

Reportable segments are identified based on activities of the municipality that generate economic benefits or service potential, including internal services that contribute to achieving the municipality's objectives without necessarily generating net cash inflows.

Management does monitor performance geographically, but does not at present have reliable separate financial information for decision making purpose. Procedure will be put in place to generate this information at a transactional level and in the most cost effective manner.

The inter-departmental transactions is transactions between the different departments within the municipality and are accounted for using the normal accounting policies used by the municipality.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management. The only measure of asset information that is regularly provided to management is the additions to non-current assets. Accordingly, additions to non-current assets is the only asset measure presented for the reportable segments.

Significant Accounting Policies

1.32 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.33 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.34 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

Significant Accounting Policies

1.34 Events after reporting date (continued)

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

1.35 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an municipality of the biological transformation and harvest of biological assets for:

(a) sale;

(b) distribution at no charge or for a nominal charge; or

(c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

(a) is used in the production or supply of agricultural produce;

(b) is expected to bear produce for more than one period; and

(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an municipality, or the number of production or similar units expected to be obtained from the asset by an municipality.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

1.35 Living and non-living resources (continued)

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after recognition

Revaluation model

After recognition as an asset, a group of living resources, whose fair value can be measured reliably, are carried at a revalued amount, which is its fair value at the date of the revaluation less any accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If a living resource is revalued, the entire group of living resources to which that resource belongs, are revalued.

If the carrying amount of a living resource is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same living resource previously recognised in surplus or deficit.

If the carrying amount of a living resource is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that living resource. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

If the fair value of a living resource can no longer be determined because market-determined prices or values are not available and alternative estimates of fair value are determined to be clearly unreliable, the carrying amount of the living resource is its revalued amount as at the date of the last revaluation by reference to market-determined prices or values that were determined based on alternative estimates, less any subsequent depreciation and subsequent impairment losses. The municipality measures the living resource using the cost model until the fair value of the living resource becomes available. The municipality measures from that date the living resource at its fair value.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

The municipality assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource 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(s) is accounted for as a change in an accounting estimate.

In assessing whether there is any indication that the expected useful life of the living resource has changed, the municipality considers the following indications:

Significant Accounting Policies

1.35 Living and non-living resources (continued)

(a) The use of the living resource has changed, because of the following:
- The municipality has changed the manner in which The living resource is used.
- The municipality has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
- Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
- The living resource was idle or retired from use during the reporting period.

(b) The living resource is approaching the end of its previously expected useful life.

(c) There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.

(d) The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the municipality considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Item	Depreciation method	Average useful life

Impairment

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

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

Land held for sale	140,962,085	104,090,055
Consumable stores	-	437,496
Water for distribution	233,371	226,455
Water chemicals	540,290	674,100
	141,735,746	**105,428,106**
Inventories recognised as an expense during the year	32,322,237	33,647,917

This includes the following items from Contracted services - Chemicals and General expenses - Fuel and oil and Consumables.

4. Other financial assets

Designated at fair value		
Listed shares	369,665	337,355
4 169 shares in Sanlam @ R88.67 (2024 : R80.92)		
Unlisted shares	444,014	394,882
8 662 shares in Oos Vrystaat Kaap Operations Ltd @ R27.32 (2024 : R24.25)		
9 016 shares in Oos Vrystaat Kaap Holdings Ltd @ R23.00 (2024 : R20.50)		
Sanlam short term deposit	1,544,403	1,220,078
The short term deposit at Sanlam is fixed and matures at a future date.		
ABSA short term deposit	338,609	225,582
The short term deposit at ABSA is fixed and matures at a future date.		
	2,696,691	**2,177,897**
Non-current assets		
Designated at fair value	813,679	732,237
Current assets		
Designated at fair value	1,883,012	1,445,660

5. Receivables from exchange transactions

Unbilled consumption to trade debtors	16,903,703	14,776,759
Pre-paid electricity from third party vendors	3,038,066	3,484,839
Input VAT accrual on creditors	161,728,066	136,883,111
Prepaid expenses	6,480,000	1,631,880
Sale of property debtors	745,524	663,394
VAT control - receivable from SARS	282,305	
	189,177,664	**157,439,983**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Receivables from non-exchange transactions

Government grants and subsidies	4,420,584	920,584
Post office deposits	100,000	100,000
Other receivables from non-exchange revenue	4,858,871	4,503,568
Provision for impairment on non-exchange receivables	(4,410,581)	-
	4,968,874	**5,524,152**

7. Consumer debtors

Gross balances		
Consumer debtors from non-exchange transactions		
Rates	292,320,252	264,481,077
Consumer debtors from exchange transactions		
Electricity	105,968,870	95,493,445
Water	569,639,258	544,987,977
Sewerage	380,113,909	352,788,709
Refuse	492,751,906	451,746,824
Rental, advertising and sundry charges	84,110,245	73,960,557
	1,924,904,440	**1,783,458,589**
Less: Allowance for impairment		
Consumer debtors from non-exchange transactions		
Rates	(260,507,499)	(251,087,026)
Consumer debtors from exchange transactions		
Electricity	(72,940,736)	(90,657,393)
Water	(556,536,146)	(517,388,282)
Sewerage	(369,381,030)	(334,922,513)
Refuse	(486,071,646)	(428,869,118)
Rental, advertising and sundry charges	(82,542,936)	(70,214,990)
	(1,827,979,993)	**(1,693,139,322)**
Net balance		
Consumer debtors from non-exchange transactions		
Rates	31,812,753	13,394,051
Consumer debtors from exchange transactions		
Electricity	33,028,134	4,836,052
Water	13,103,112	27,599,695
Sewerage	10,732,879	17,866,196
Refuse	6,680,260	22,877,706
Rental, advertising and sundry charges	(21,567,309)	3,745,567
	96,924,447	**90,319,267**
Rates		
Current (0 -30 days)	12,600,593	11,680,685
31 - 60 days	6,890,678	5,916,533
61 - 90 days	5,830,028	5,040,385
91 - 120 days	5,157,939	4,714,148
121 - 365 days	51,134,888	51,698,551
> 365 days	210,706,125	185,430,777
Less: Debt impairment	(260,507,498)	(251,087,028)
	31,812,753	**13,394,051**

Figures in Rand	2025	2024

7. Receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	14,716,019	16,366,961
31 - 60 days	4,251,233	3,543,780
61 - 90 days	3,163,030	2,448,755
91 - 120 days	2,377,315	1,985,818
121 - 365 days	21,468,791	19,516,349
> 365 days	59,992,482	51,631,781
Less: Debt impairment	(72,940,736)	(90,657,392)
	33,028,134	**4,836,052**
Water		
Current (0 -30 days)	10,026,516	10,309,892
31 - 60 days	8,343,703	8,328,795
61 - 90 days	8,438,583	8,724,894
91 - 120 days	7,939,518	8,004,470
121 - 365 days	68,081,545	65,585,018
> 365 days	466,809,393	444,034,908
Less: Debt impairment	(556,536,146)	(517,388,282)
	13,103,112	**27,599,695**
Sewerage		
Current (0 -30 days)	6,956,900	7,219,291
31 - 60 days	5,776,376	5,802,978
61 - 90 days	5,416,787	5,489,666
91 - 120 days	5,298,611	5,355,734
121 - 365 days	46,828,472	46,314,148
> 365 days	309,836,763	282,606,890
Less: Debt impairment	(369,381,030)	(334,922,511)
	10,732,879	**17,866,196**
Refuse		
Current (0 -30 days)	8,278,630	8,079,414
31 - 60 days	7,444,121	7,085,441
61 - 90 days	7,219,628	6,857,995
91 - 120 days	7,154,004	6,749,587
121 - 365 days	63,250,096	59,337,327
> 365 days	399,405,426	363,637,060
Less: Debt impairment	(486,071,645)	(428,869,118)
	6,680,260	**22,877,706**
Rental, advertising and sundry charges		
Current (0 -30 days)	4,576,291	1,216,640
31 - 60 days	309,950,210	282,967,734
61 - 90 days	(369,867,787)	(334,800,265
91 - 120 days	839,424	762,127
121 - 365 days	7,961,259	7,289,488
> 365 days	88,915,275	62,924,303
Less: Debt impairment	(82,542,937)	(70,214,990)
	1,567,309	**3,745,567**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	52,397,160	50,279,864
31 - 60 days	30,492,963	28,040,760
61 - 90 days	28,275,187	26,067,589
91 - 120 days	26,358,492	24,663,943
121 - 365 days	232,679,599	214,276,629
> 365 days	1,429,672,807	1,301,030,144
	1,799,876,208	1,644,358,929
Less: Allowance for impairment	(1,727,968,756)	(1,564,307,397)
	71,907,452	**80,051,532**
National and provincial government		
Current (0 -30 days)	3,764,203	4,592,854
31 - 60 days	3,206,732	3,604,502
61 - 90 days	2,743,079	3,294,370
91 - 120 days	2,436,683	2,907,941
121 - 365 days	26,115,685	35,464,252
> 365 days	86,761,848	89,235,574
	125,028,230	139,099,493
Less: Allowance for impairment	(100,011,236)	(128,831,925)
	25,016,994	**10,267,568**
Total		
Current (0 -30 days)	89,861,058	54,872,883
31 - 60 days	31,018,266	31,645,262
61 - 90 days	28,795,174	29,361,959
91 - 120 days	28,393,694	27,571,884
121 - 365 days	254,742,544	249,740,882
> 365 days	1,492,093,703	1,390,265,718
	1,924,904,439	1,783,458,588
Less: Allowance for impairment	(1,827,979,992)	(1,693,139,321)
	96,924,447	**90,319,267**
Less: Allowance for impairment		
Current (0 -30 days)	(31,004,972)	(12,103,252)
31 - 60 days	(24,155,661)	(13,765,759)
61 - 90 days	(23,628,051)	(15,897,628)
91 - 120 days	(22,859,281)	(18,541,800)
121 - 365 days	(209,897,372)	(242,565,166)
> 365 days	(1,516,434,656)	(1,390,265,717)
	(1,827,979,993)	(1,693,139,322)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,693,139,323)	(1,416,698,382)
Contributions to allowance	(254,309,245)	(276,440,940)
Debt impairment written off against allowance	119,468,575	-
	(1,827,979,993)	(1,693,139,322)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Receivables from exchange transactions (continued)

Statutory receivables general information

Included in the receivables at 30 June 2025, is statutory receivables of R8,239,293 (2024 : R6,724,347).

Rates:

Transaction(s) arising from statute

The Municipal Propertiy Rates Act (Act 6 of 2004) gives rise to this transactions.

Determination of transaction amount

Rates are charged according to the municipal tariff policy and interest is charged at prime plus 1%.

Basis used to assess and test whether a statutory receivable is impaired

The collection rate per ward per service is used to calculate the impairment.

Reconciliation of provision for impairment

Relating specifically to Statutory Receivables		
Opening balance	251,087,027	207,217,721
Provision for impairment	9,420,472	43,869,306
	260,507,499	**251,087,027**

Receivables impaired

Relating specifically to Statutory Receivables

As of 30 June 2025, statutory receivables of R260,507,499 (2024: R251,087,027) were impaired and provided for.

The amount of the provision was R9,420,472 30 June 2025 (2024: R43,869,306).

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R1,827,979,993 (2024: R1,693,139,323) were impaired and provided for.

The amount of the provision was R254,309,245 as of 30 June 2025 (2024: R276,440,940).

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	281,569	263,248
Bank balances	31,631,538	55,566,648
	31,913,107	**55,829,896**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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
ABSA Bank - Cheque account (Primary) - 405-289-8966	3,898,310	6,504,174	15,415,597	3,921,165	10,644,325	15,736,774
ABSA Bank - Cheque account (Project) - 100-001-0223	27,759,707	44,947,422	180,991	27,702,972	44,922,302	155,871
ABSA Bank - Cheque account - 40-8862-1820	7,400	122	64,897	7,400	22	64,897
Total	**31,665,417**	**51,451,718**	**15,661,485**	**31,631,537**	**55,566,649**	**15,957,542**

9. Biological assets that form part of an agricultural activity

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game stock	8,976,162	-	8,976,162	8,917,311	-	8,917,311

Reconciliation of biological assets that form part of an agricultural activity - 2025

	Opening balance	Gains or losses arising from changes in fair value	Total
Game stock	8,917,311	58,851	8,976,162

Reconciliation of biological assets that form part of an agricultural activity - 2024

	Opening balance	Gains or losses arising from changes in fair value	Total
Game stock	5,779,895	3,137,416	8,917,311

Non-financial information

Quantities of each biological asset

Game stock	2,648	2,789

A foot based count were performed by the Community Service department and the rangers from Golden Gate National Park on 27 June 2025 and the actual numbers counted were used. The field rangers from Golden Gate Highlands National Park assists the municipality in managing the Wolhuterskop Private Nature Reserve by giving a report indicating which animals should be removed and / or culled during the next financial year.

The game stock are all kept at Wolhuterskop Nature reserve and are open to the public to visit at an entry fee per vehicle.

Pledged as security

No biological assets were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	524,803,911	-	524,803,911	572,402,741	-	572,402,741

Reconciliation of investment property - 2025

	Opening balance	Disposals / Written-off	Transfers to inventory	Fair value adjustments	Total
Investment property	572,402,741	(1,470,000)	(34,174,500)	(11,954,330)	524,803,911

Reconciliation of investment property - 2024

	Opening balance	Disposals /	Transfers to inventory	Fair value adjustments	Total
Investment property	576,253,541	-	(3,850,800)	-	572,402,741

Pledged as security

No investment property were pledged as security.

Re-classification of Investment property to inventory

A council resolution was taken to put various land available for purchase via tender process. Refer to tender DTP002/2025.

Details of property

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.

Details of valuation

The effective date of the revaluations was 01 July 2024. Revaluations were performed by an independent valuer, Mr Arthur Lelosa (Professional Valuer), of Manna Holdings (Pty) Ltd as part of the valuation roll update of the municipality. Manna Holdings are 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.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	2,105,664	1,935,231
From Investment property that generated rental revenue		
Repairs and maintenance	-	-

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community assets and buildings	362,666,350	(198,794,876)	163,871,474	362,312,217	(188,650,956)	173,661,261
Furniture and fittings	11,002,848	(9,151,659)	1,851,189	10,716,505	(8,238,030)	2,478,475
Infrastructure - Electrical	403,005,835	(179,026,549)	223,979,286	356,286,946	(171,000,966)	185,285,980
Infrastructure - Roads	1,090,905,815	(697,822,658)	393,083,157	1,060,253,202	(674,253,130)	386,000,072
Infrastructure - Sewer	500,261,296	(235,642,868)	264,618,428	495,841,902	(227,856,228)	267,985,674
Infrastructure - Solid waste	5,509,630	(1,777,565)	3,732,065	5,509,630	(1,686,577)	3,823,053
Infrastructure - Storm water	106,544,664	(52,111,744)	54,432,920	103,886,118	(50,638,115)	53,248,003
Infrastructure - Water	851,314,561	(244,857,237)	606,457,324	736,000,310	(232,686,689)	503,313,621
Land owned	208,256,831	-	208,256,831	210,954,361	-	210,954,361
Motor vehicles	55,763,907	(37,213,780)	18,550,127	49,112,054	(31,190,997)	17,921,057
Office equipment	18,555,797	(13,449,826)	5,105,971	17,505,998	(11,150,326)	6,355,672
Plant and equipment	12,972,782	(10,459,552)	2,513,230	12,474,042	(9,426,610)	3,047,432
Railways	48,921,029	(46,991,029)	1,930,000	48,921,029	(44,154,471)	4,766,558
Total	**3,675,681,345**	**(1,727,299,343)**	**1,948,382,002**	**3,469,774,314**	**(1,650,933,095)**	**1,818,841,219**

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Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Transfer to inventory	Depreciation	Total
Community assets and buildings	173,661,261	354,134	-	(10,143,921)	163,871,474
Furniture and fittings	2,478,475	286,343	-	(913,629)	1,851,189
Infrastructure - Electrical	185,285,980	46,718,889	-	(8,025,583)	223,979,286
Infrastructure - Roads	386,000,072	30,652,615	-	(23,569,530)	393,083,157
Infrastructure - Sewer	267,985,674	4,419,394	-	(7,786,640)	264,618,428
Infrastructure - Solid waste	3,823,053	-	-	(90,988)	3,732,065
Infrastructure - Storm water	53,248,003	2,658,546	-	(1,473,629)	54,432,920
Infrastructure - Water	503,313,621	115,314,251	-	(12,170,548)	606,457,324
Land owned	210,954,361	-	(2,697,530)	-	208,256,831
Motor vehicles	17,921,057	6,651,854	-	(6,022,784)	18,550,127
Office equipment	6,355,672	1,049,800	-	(2,299,501)	5,105,971
Plant and equipment	3,047,432	498,738	-	(1,032,940)	2,513,230
Railways	4,766,558	-	-	(2,836,558)	1,930,000
	1,818,841,219	**208,604,564**	**(2,697,530)**	**(76,366,251)**	**1,948,382,002**

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Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Community assets and buildings	177,420,563	6,089,862	(9,849,164)	173,661,261
Furniture and fittings	3,303,753	207,828	(1,033,106)	2,478,475
Infrastructure - Electrical	177,907,960	14,051,050	(6,673,030)	185,285,980
Infrastructure - Roads	401,211,305	8,123,664	(23,334,897)	386,000,072
Infrastructure - Sewer	275,831,100	-	(7,845,426)	267,985,674
Infrastructure - Solid waste	3,914,040	-	(90,987)	3,823,053
Infrastructure - Storm water	54,645,499	-	(1,397,496)	53,248,003
Infrastructure - Water	464,860,354	50,508,359	(12,055,092)	503,313,621
Land owned	210,954,361	-	-	210,954,361
Motor vehicles	17,703,784	5,783,030	(5,565,757)	17,921,057
Office equipment	7,574,240	1,144,162	(2,362,730)	6,355,672
Plant and equipment	3,501,007	674,376	(1,127,951)	3,047,432
Railways	7,603,116	-	(2,836,558)	4,766,558
	1,806,431,082	**86,582,331**	**(74,172,194)**	**1,818,841,219**

Pledged as security

No items of property, plant and equipment were pledged as security.

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
2.2 Ml Reservoir in Fouriesburg Currently awaiting funding for this project to be completed	5,074,231	5,074,231
Container Park in Bethlehem Current dispute with the contractor regarding work done and investigation into the payments done.	3,525,503	3,525,503
	8,599,734	**8,599,734**

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Figures in Rand	2025	2024

Reconciliation of Work-in-Progress 2025

	Opening balance	Additions	Completed	Closing Balance
Community buildings	8,541,808	-	-	8,541,808
Infrastructure - Electrical	57,732,764	14,360,101	-	72,092,865
Infrastructure - Roads	-	21,012,608	-	21,012,608
Infrastructure - Sewer	9,461,978	-	-	9,461,978
Infrastructure - Solid waste	1,589,576	-	-	1,589,576
Infrastructure - Water	146,050,256	114,412,894	-	260,463,150
	223,376,382	**149,785,603**	**-**	**373,161,985**

Reconciliation of Work-in-Progress 2024

	Opening balance	Additions	Completed	Closing balance
Community buildings	9,957,438	6,042,162	(7,457,792)	8,541,808
Infrastructure - Electrical	44,836,205	14,051,049	(1,154,490)	57,732,764
Infrastructure - Roads	15,471,796	8,123,662	(23,595,458)	-
Infrastructure - Sewer	9,461,978	32,872,586	(32,872,586)	9,461,978
Infrastructure - Solid waste	1,566,576	23,000	-	1,589,576
Infrastructure - Water	95,541,896	50,508,360	-	146,050,256
	176,835,889	**111,620,819**	**(65,080,326)**	**223,376,382**

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 of Infrastructure assets	13,688,066	5,089,872
Repairs and maintenance of other assets	1,277,809	2,238,347
	14,965,875	**7,328,219**

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.

Figures in Rand	2025	2024

12. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	14,307,253	(6,372,614)	7,934,639	5,905,253	(4,474,170)	1,431,083

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,431,083	8,402,000	(1,898,444)	7,934,639

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	2,118,195	(687,112)	1,431,083

Pledged as security

No intangible assets were pledged as security.

13. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	64,450,000	-	64,450,000	64,450,000	-	64,450,000

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical buildings	64,450,000	64,450,000

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical buildings	64,450,000	64,450,000

Valuation of heritage assets

Valuations were performed by an independent valuer, Mr Athur Lelosa, from the firm Manna Holdings (Pty) Ltd, who holds a recognised and relevant qualification, during May 2023. A certificate to this extent was received from the above-mentioned valuator. The depreciated replacement cost method were used during the valuations.

Pledged as security

No heritage assets were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Revaluations

Historical buildings

The effective date of the revaluation was 31/05/2023. Revaluations were performed by independent valuer, Mr Athur Lelosa, from the firm Manna Holdings (Pty) Ltd, who holds a recognised and relevant qualification, during May 2023.

A certificate to this extent was received from the above-mentioned valuator. The depreciated replacement cost method were used during the valuations.

The revaluation surplus relating to the heritage asset is as follows:

Opening balance	15,790,000	15,790,000

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance		
Repairs and maintenance	-	-

14. Statutory receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Unpaid traffic fines	64,589,407	64,448,507
Provision for traffic fines not recoverable	(64,589,407)	(64,446,125)
	-	2,382
Current assets	-	2,382

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines arises from fines revenue in accordance with Section 341 of the Criminal procedure Act (Act 51 of 1977) and National Traffic Act (Act 93 of 1996).

Determination of transaction amount

The fines amount are determined in accordance with the Administrative Adjudication of Road Traffic Offences Act, 1998.

Interest or other charges levied/charged

The Administrative Adjudication of Road Traffic Offences Act determines rates and no interest or other levies are charged.

Basis used to assess and test whether a statutory receivable is impaired

The collection rate of the outstanding traffic fines balance as a whole is considered based on past collection experiences, thereafter discounting is considered in terms of materiality.

Statutory receivables past due but not impaired

All traffic fines are impaired based on expected collection of these fines which is very low.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Statutory receivables impaired

As of 30 June 2025, Statutory receivables from traffic fines of R143,282 (2024: R679,467) were impaired and provided for.

The amount of the unpaid traffic fine provision was R64,446,125 as of 30 June 2025 (2024: R64,446,125).

The ageing of these traffic fines is as follows:

0 to 6 months	193,550	377,000
Over 6 months	64,395,857	64,071,507

Reconciliation of provision for impairment for statutory receivables

Opening balance	(64,446,125)	(63,766,658)
Provision for impairment	(143,282)	(679,467)
	(64,589,407)	**(64,446,125)**

15. Revaluation reserve

Opening balance	15,790,000	15,790,000

Heritage assets were revalued by an independent valuer, Mr Athur Lelosa, from the firm Manna Holdings (Pty) Ltd, who holds a recognised and relevant qualification, during May 2023. A certificate to this extent was received from the above-mentioned valuator. The depreciated replacement cost method were used during the valuations.

16. Other financial liabilities

At amortised cost		
Development Bank of South Africa (DBSA)	-	7,432,485
Current liabilities		
At amortised cost	-	7,432,485

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Cemetery systems Grant (COGTA)	1,800,000	-
Municipal Infrastructure Grant (MIG)		7,605,546
Municipal Disaster Response Grant (MDRG)	4,749,300	16,853,000
National Development Electrification Grant (INEP)		1,250,000
	6,549,300	**25,708,546**

Movement during the year

Balance at the beginning of the year	25,708,546	29,079,416
Additions during the year	6,800,000	26,629,130
Income recognition during the year	(25,959,246)	(30,000,000)
	6,549,300	**25,708,546**

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 33 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Payables from exchange transactions

Trade payables	647,748,550	456,802,750
Trade receivables with credit balances	27,698,742	23,498,461
Deposits on land sales	215,767	215,767
Deposits received	246,421	229,100
Sundry creditors	20,597,361	21,770,672
Salary related creditors	908,506	5,307,906
Accrued bonus	6,853,917	6,870,196
Retention on projects	22,110,911	8,764,866
VAT control - payable to SARS	-	1,846,680
Output VAT accrual on consumer debtors	137,324,183	131,352,225
Output VAT accrual - Provision for doubtful debt impairment	(130,632,464)	(126,055,678)
	733,071,894	**530,602,945**

19. Consumer deposits

Water and electricity	15,671,977	14,328,616
Sundry	66,465	53,084
	15,738,442	**14,381,700**

20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	11,874,861	2,417,135		14,291,996
Leave provision	39,379,844	2,217,601		41,597,445
	51,254,705	**4,634,736**		**55,889,441**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	11,888,608	-	(13,747)	11,874,861
Leave provision	37,622,835	1,757,009	-	39,379,844
	49,511,443	**1,757,009**	**(13,747)**	**51,254,705**

Non-current liabilities	7,726,984	6,050,080
Current liabilities	48,162,457	45,204,625
	55,889,441	**51,254,705**

Leave provision

All leave that will be payble at year-end to the employees are included in the calculation and the current Basic Conditions of Employment Act (BCEA) rates are used for the first 21 days and the remainder at the current salary rate.

The timing of any payment is uncertain, as employees are only allowed to encash their accumulated leave on resignation. Sec 57 managers are allowed to encash their leave during their service term.

Environmental rehabilitation provision

Bethlehem Dumping site:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

The new dumping site in Bethlehem became operational on 1 December 2010 as the old dumping site was closed. On a monthly basis the site is filled with approximately 6,200 cubic meters of cover material, garden waste, industrial waste and building rubble. The landfill site was originally assessed by Metsi Metseng Geological & Environmental Services and based on the assessment, the provision for the rehabilitation and the closure of the landfill site was calculated over a period of 20 years. The landfill site was assessed by EnviroMatrix (Pty) Ltd and due to the decrease in the amount of waste (due to recycling) the lifespan was increase to 30 years (2024 : 30 years).

The following key assumptions were made that can impact considerably on the calculations of the provision if they change:

- provision was made for the disposal of 2 985 100 cubic meters waste what will fill an area of 115 600 square metres x 18 meters high over a lifespan of 30 years
- an average disposal tempo of 150 cubic meters/day over the remaining 16 years lifespan was used for the cost calculations
- an annual inflationary increase of 6.4% (2024 : 6.0%) was used of the projected costs

Mashaeng Dumping Site:

The site was developed in 1992 with a lifespan of approximately 30 years. On a monthly basis, the site is filled with approximately 210 cubic meters of cover material, garden waste, industrial waste and building rubble. The landfill site was assessed by EnviroMatrix (Pty) Ltd and based on the assessment, the provision for the rehabilitation and the closure of the landfill site will have an estimated lifespan of 2 years.

The following key assumptions were made that can impact considerably on the calculations of the provision if they change:

- provision was made for the disposal of 55 270 cubic meters waste that will fill the area within the remaining lifespan of 1 year
- an average disposal tempo of 7 cubic meters per day over the 1 year lifespan was used for the cost calculations
- an annual inflationary increase of 6.4% (2024 : 6.0%) was used of the projected costs
- This site needs to be closed in the near future and the municipality is in the process of establishing a new site and obtaining the necessary licences.

General for both sites:

Proper management of the site will increase the number of years of operation and will ensure that environmental compliance is adhered to. The timing of the cashflow is uncertain.

An assessment was done on 6 August 2025 by the firm EnviroMatrix (Pty) Ltd to estimate the total closure cost of the current dumping sites in accordance with it's licence agreements.

21. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation	109,515,000	97,496,000
Non-current liabilities	105,966,000	94,116,000
Current liabilities	3,549,000	3,380,000
	109,515,000	**97,496,000**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	97,496,000	93,918,000
Service cost	4,049,000	4,068,000
Interest cost	12,126,000	11,576,000
Remeasurements	(1,207,919)	(9,334,193)
Contributions by employer	(2,948,081)	(2,731,807)
	109,515,000	**97,496,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Net expense recognised in the statement of financial performance are as follows:

Service cost	4,049,000	4,068,000
- Current service cost	4,049,000	4,068,000
Net interest on the net defined benefit liability (asset)	12,126,000	11,576,000
Remeasurements of the net defined benefit liability (asset)	(1,207,919)	(9,334,193)
- Actuarial gains and losses arising from:	(1,207,919)	(9,334,193)
- Changes in financial assumptions	4,626,081	(2,603,193)
- Subsidy inflation increases differ from assumed	1,042,000	657,000
- Change in membership profile	(6,876,000)	(7,388,000)
	14,967,081	**6,309,807**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.30 %	12.65 %
Health care cost inflation	7.10 %	8.07 %
Maximum subsidy inflation rates	4.70 %	5.68 %
Net-of-health-care-cost-inflation discount rate	4.06.90 %	4.04.24 %
Net-of-maximum-subsidy-inflation discount rate	4.06.30 %	6.60 %

The post retirement medical aid liability is valued on a generally accepted actuarial valuation method. The liability was calculated on a member-by-member basis, taking into account the liabilities arising in respect of principal members and their spouses as well as current employees that are eligible for this scheme. Ages are calculated as per age on 30 June 2025.

The projected unit credit method was used as prescribed by IAS 19 and GRAP 25. This method is based on the approximation that the post-retirement benefit is notionally built up over the employees' working life.

The actuarial valuation of the PRMA (post-retirement medical aid) liability involves the following:

- the projection of future post-retirement medical contribution subsidy cash flows, taking into account the probabilities of survival, withdrawal, ill-health retirement, early retirement and death in service
- the medical contribution subsidies arising in respect of adult dependents of employees
- increasing the projected subsidy cashflows in line with expected long-term contribution escalation
- discounting these cashflows in order to express the PRMA liability in current Rand terms

The basis on which the discount rate has been determined is as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. All councillors and employees belong to three defined benefit retirement funds.

The municipality is under no obligation to cover any unfunded benefits.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

22. Long service leave award

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation	21,469,000	20,156,000
Non-current liabilities	16,764,000	17,421,000
Current liabilities	4,705,000	2,735,000
	21,469,000	**20,156,000**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	20,156,000	18,210,000
Service cost	1,624,000	1,610,000
Interest cost	2,049,000	1,911,000
Remeasurements	(1,066,548)	176,000
Expected benefits vesting	(1,293,452)	(1,751,000)
	21,469,000	**20,156,000**

Net expense recognised in the statement of financial performance are as follows:

Service cost	1,624,000	1,610,000
- Current service cost	1,624,000	1,610,000
Net interest on the net defined benefit liability (asset)	2,049,000	1,911,000
Remeasurements of the net defined benefit liability (asset)	(1,066,548)	176,000
- Actuarial gains and losses arising from:	(1,066,548)	176,000
- Changes in financial assumptions	156,000	(115,000)
- Earnings increase higher than assumed	(287,000)	(140,000)
- Change in employee profile	(935,548)	431,000
	2,606,452	**3,697,000**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.30 %	10.89 %
CPI inflation rate	3.50 %	5.19 %
General earnings inflation rate	4.50 %	6.19 %
Net discount rate	4.60%	4.42 %

The Municipality offers employees Long Service Award (LSA) for every five years of service completed, from five years of service to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day. The Municipality does not pay any pro-rata LSA.

The projected unit credit method was used as prescribed by IAS 19 and GRAP 25. This method is based on the expected value of each employee's LSA and is projected to the next interval by allowing for future salary growth.

The actuarial valuation of the Long Service leave liability involves the following:

- long service benefits are awarded in the form of leave days and a percentage of salary
- the calculated award values are then discounted at the assumed discount interest rate to the date of the calculations
- mortality, retirements and withdrawals from service are also taken into account
- the liability is determined on the basis that each employee's long service benefits accrues uniformly over the working life of an employee up to the end of the interval at which the benefits becomes payable
- the current policy for awarding long service awards remains unchanged in the future

Figures in Rand	2025	2024

23. Long term trade and other payables

Eskom Debt Relief - Non-current portion	209,863,185	441,237,346
	209,863,185	**441,237,346**
Eskom Debt Relief - Current portion	486,464,174	255,090,013
	486,464,174	**255,090,013**

The municipality has applied for debt relief from National Treasury in terms of Circular 124 of the MFMA with regards to the outstanding Eskom account. The debt relief was approved on the 19th of December 2023, effective from 1 December 2023. According to the agreement, the municipality must pay the current Eskom account for the next three financial years, then Eskom will write-off the debt (R843,710,217) over the next three municipal financial years. Eskom will also not charge any interest on the amount outstanding as at 31 March 2023. The municipality must keep the current account up to date from December 2023 and then Eskom will write-off one third each year over a 3 year period

Management used a discount rate of 10.25% to account for the fair value of this long term debt.

24. Revenue

Dividends received	15,557	13,435
Fines, penalties and forfeits	596,142	879,649
Government grants & subsidies	475,186,796	329,013,428
Interest received on consumer accounts	122,632,796	118,865,177
Interest received on investment	2,637,177	1,397,182
Donations received	1,463,107	
Licences and permits	158,841	243,704
Other income	4,383,031	6,354,373
Gain on biological assets	58,851	3,137,416
Actuarial gains	2,274,467	9,158,193
Gain on disposal of assets	-	3,198,265
Debt relief received	-	101,523,557
Fair value adjustments on long term trade payables	-	147,382,858
Property rates	168,334,983	154,135,351
Fair value adjustment	-	143,920
Rendering of services	2,945,516	2,384,419
Rental of facilities and equipment	6,817,978	6,278,149
Service charges	484,285,936	447,123,078
	1,271,791,178	**1,331,232,154**

The amount included in revenue arising from exchanges of goods or services are as follows:

Dividends received	15,557	13,435
Interest received on consumer accounts	102,197,397	99,699,089
Interest received on investment	2,637,177	1,397,182
Licences and permits	158,841	243,704
Other income	4,383,031	6,354,373
Gains on biological assets	58,851	3,137,416
Gain on disposal of assets	-	3,198,265
Actuarial gains	2,274,467	9,158,193
Rendering of services	2,945,516	2,384,419
Rental of facilities and equipment	6,817,978	6,278,149
Fair value adjustment	-	143,920
Service charges	484,285,936	447,123,078
	605,774,751	**579,131,223**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Interest received on consumer accounts	20,435,399	19,166,088
Property rates	168,334,983	154,135,351
Transfer revenue		
Donations received	1,463,107	-
Fines, penalties and forfeits	596,142	879,649
Government grants & subsidies	475,186,796	329,013,428
Debt relief received	-	101,523,557
Fair value adjustments on long term trade payable	-	147,382,858
	666,016,427	**752,100,931**

25. Service charges

	2025	2024
Sale of electricity	280,543,604	252,581,341
Sale of water	78,011,252	74,316,197
Sewerage and sanitation charges	60,455,578	59,513,285
Refuse removal	65,275,502	60,712,255
	484,285,936	**447,123,078**

26. Rental of facilities and equipment

Premises		
Premises	6,817,978	6,278,149

27. Interest received on consumer accounts

Revenue from non exchange transactions:		
Property rates	20,435,399	19,166,088
Revenue from exchange transactions:		
Electricity	4,056,877	3,009,547
Water	36,138,135	36,500,530
Sewerage and sanitation	24,917,173	24,200,345
Refuse	32,914,105	31,790,093
Rentals, advertising and sundry charges	4,172,107	4,198,574
	122,632,796	**118,865,177**

28. Other income

Building plan fees	560,276	482,751
Clearance certificates	401,687	537,543
Encroachment charges	1,815,011	1,704,561
Escorting of abnormal freights	121,197	592,887
Insurance claims received	-	1,348,621
Skills development levies received	1,328,869	1,578,159
Sundry income	20,101,214	13,998
Tender documents, photocopies and faxes	54,777	95,853
	4,383,031	6,354,373

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
29. Investment revenue		
Dividend revenue		
Investments	15,557	13,435
Interest revenue		
Bank	2,555,046	1,328,379
Investments	82,131	68,803
	2,637,177	**1,397,182**
	2,652,734	**1,410,617**
30. Property rates		
Rates received		
Residential	74,061,412	60,082,638
Commercial	77,610,172	74,218,371
State	8,284,226	12,077,158
Small holdings and farms	8,379,173	7,757,184
	168,334,983	**154,135,351**
Valuations		
	R '000	**R '000**
Residential	8,431,241	7,179,140
Commercial	2,721,412	2,493,314
State	302,081	346,810
Municipal	998,766	708,453
Small holdings and farms	5,459,487	4,880,374
	17,912,987	**15,608,091**

Valuations on land and buildings are performed every five 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.

A general rate of R0.0112316 (2024: R0.0104189) is applied to residential and small holding property valuations to determine assessment rates. Rebates of R40,000 (2024 : R40,000) are granted to residential property owners and a further 25% (2024 : 25%) rebate to pensioners.

A general rate of R0.0302129 (2024 : R0.03125709) is applied to business, industrial commercial and public service infrastructure property valuations to determine assessment rates. A rebate of 100% (2024 : 100%) are granted to public service infrastructure only.

A general rate of R0.0112316 (2024 : R0.01041899) is applied to farm property valuations to determine assessment rates. Rebate of 75% (2024 : 75%) are granted to farmers and small holdings. The rebate granted to farmers are done in accordance with Section 21 of the Municipal Property Rates Act (Act nr 6 of 2004).

Rates to farmers and national government are levied on an annual basis with the final date of payment being 7 August 2024. Rates for all other consumers are levied on a monthly basis with the final day of payment before the 7th of each month. Interest at prime plus 1% per annum (2024 : prime plus 1%) is levied on rates outstanding after the due date.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Debt Relief received

Interest written off		
Eskom	-	98,030,479
Water Affairs	-	3,493,078
	-	**101,523,557**

The municipality has applied for debt relief from National Treasury in terms of Circular 124 of the MFMA with regards to the outstanding Eskom account. The debt relief was approved on the 19th of December 2023, effective from 1 December 2023. According to the agreement, interest will also be written-off on condition of compliance with the requirements as per the agreement.

32. Fair value adjustments on long term trade payable

Fair value adjustment on Eskom debt relief	-	147,382,858
	-	**147,382,858**

The municipality has applied for debt relief from National Treasury in terms of Circular 124 of the MFMA with regards to the outstanding Eskom account. The debt relief was approved on the 19th of December 2023, effective from 1 December 2023. According to the agreement, Eskom will write off the debt as at 31 March 2023 on condition that the municipality keep their current account up to date from December 2023.

33. Government grants & subsidies

Operating grants		
Equitable share	246,088,000	230,471,000
Expanded Public Works Program grant (EPWP)	388,000	4,064,000
Finance Management grant	2,700,000	2,750,000
Library grant	4,000,000	4,000,000
	253,176,000	**241,285,000**
Capital grants		
Municipal Infrastructure grant (MIG)	52,161,546	31,726,454
Department of Water Affairs grant (RBIG)	77,467,885	32,979,974
Water Service Infrastructure grant (WSIG)	31,832,000	18,022,000
Human Settlements grant	-	5,000,000
Municipal Disaster Relief grant	17,103,700	-
Smart Meter Grant - in kind (National Treasury)	43,445,665	
	222,010,796	**87,728,428**
	475,186,796	**329,013,428**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	229,098,796	98,542,428
Unconditional grants received	246,088,000	230,471,000
	475,186,796	**329,013,428**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy for all basic services, 6Kl of water and where applicable, 50 Kw of electricity, which is funded from the grant.

Figures in Rand	2025	2024
Expanded Public Works Program grant		
Current-year receipts	388,000	4,064,000
Conditions met - transferred to revenue	(388,000)	(4,064,000)
	-	-

The expanded public works program grant was fully utilised during the financial year.

Cemetery Systems Grant (COGTA)		
Current-year receipts	1,800,000	-

Conditions still to be met - remain liabilities (see note 17).

The municipal cemetery systems grant was not utilised during the current financial year.

Financial Management grant		
Current-year receipts	2,700,000	2,750,000
Conditions met - transferred to revenue	(2,700,000)	(2,750,000)
	-	-

The municipal management grant was fully utilised during the financial year.

Library grant		
Current-year receipts	4,000,000	4,000,000
Conditions met - transferred to revenue	(4,000,000)	(4,000,000)
	-	-

The library grant was fully utilised during the financial year.

Grants in kind - Free State COGTA		
Salary of acting Municipal Manager	-	104,265

An acting Municipal manager is seconded by Free State of COGTA.

- Mr Goliath from 1 March 2023 to 31 July 2023.

Municipal Infrastructure grant (MIG)		
Balance unspent at beginning of year	7,605,546	19,513,425
Current year receipts	44,556,000	39,332,000
Conditions met - transferred to revenue	(52,161,546)	(31,726,454)
Unspent withheld from Equitable share	-	(19,513,425)
	-	7,605,546

Conditions still to be met - remain liabilities (see note 17).

Grant was fully utilised for the rehabilitation of roads and the upgrading of cemetery and waste and raw water facilities.

The munipality application for the roll-over of the unspent grant were approved by National Treasury and the grant were fully spent during the current financial year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Department of Water Affairs grant (RBIG)		
Current year receipts	77,467,885	32,979,974
Conditions met - transferred to revenue	(77,467,885)	(32,979,974)
	-	-

This grant was utilised during the year for the upgrading of the Water infrastructure network at Saulspoort.

Municipal Disaster Response grant (MDRG)		
Balance unspent at beginning of year	16,853,000	-
Current-year receipts	5,000,000	16,853,000
Conditions met - transferred to revenue	(17,103,700)	-
	4,749,300	16,853,000

Conditions still to be met - remain liabilities (see note 17).

The grant was for the infrastructure damage caused by storms in January 2024 in various areas within the municipality. A total of 6 projects were identified for this grant. The application for roll-over of the unspent grant were approved and the projects were completed in the current financial year.

The amount received in the current year was for storm damage to road infrastructure in Fouriesburg and Fateng after heavy rains in the summer months.

Water Services Infrastructure grant (WSIG)		
Balance unspent at beginning of year	-	3,995,991
Current year receipts	31,832,000	18,022,000
Conditions met - transferred to revenue	(31,832,000)	(18,022,000)
Unspent withheld from Equitable share		(3,995,991)
	-	-

Conditions still to be met - remain liabilities (see note 17).

This grant was fully utilised during the year for the upgrading of Water infrastructure network in Clarens.

National Development Electrification grant		
Balance unspent at beginning of year	1,250,000	-
Current-year receipts	-	1,250,000
Unspent withheld from Equitable share	(1,250,000)	-
	-	1,250,000

Conditions still to be met - remain liabilities (see note 17).

Human Settlement Grant (COGTA)		
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	-	(5,000,000)
	-	-

This grant were used to establish new townships in Clarens and Fouriesburg.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Smart Meter Grant - in kind (National Treasury)		
Current-year receipts	43,445,665	-
Conditions met - transferred to revenue	(43,445,665)	-
	-	-

National Treasury approved the installation of 6,750 smart meters and relevant monitoring systems within the local municipal area as well as the support costs for a 3 year period.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2024), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

34. Employee related costs

Basic	208,997,005	210,033,738
Bonus	14,833,032	14,706,551
Medical aid - company contributions	26,830,613	26,299,239
UIF	1,693,960	1,776,931
WCA	(43,445,665)	2,633,074
SDL	3,164,563	3,097,807
Other payroll levies	114,670	112,972
Leave paid out and provision charge	5,919,264	3,069,987
Medical aid contributions for pensioners	4,049,000	4,068,000
Overtime payments	18,106,596	16,978,652
Long-service awards	1,623,998	729,331
Standby allowances	10,633,879	10,103,685
Acting allowances	8,374,497	7,298,858
Car allowance	8,217,221	8,354,559
Housing benefits and allowances	1,888,675	2,083,146
Arbitration awards and other incidental cost	312,390	563,699
Group life insurance	455,501	429,357
Pension fund contributions	31,418,023	31,271,111
Other allowances	923,923	825,324
Telephone allowances	14,350,600	14,347,600
	347,907,410	**344,783,621**

Remuneration of municipal manager

Annual Remuneration	1,244,229	1,151,603
Car Allowance	415,452	369,771
Non-pensionable allowance	-	18,645
Contributions to UIF	2,125	2,125
Cellphone Allowance	18,000	16,500
Medical contributions	1,853	-
Acting allowance HA Goliath	-	123,073
	1,681,659	**1,681,717**

Mr MK Ntheli as from 1 August 2023

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Remuneration of chief finance officer		
Annual Remuneration	1,016,721	684,143
Car Allowance	339,615	220,082
Non-pensionable allowance	-	13,560
Contributions to UIF	2,125	1,417
Cellphone Allowance	12,000	8,000
	1,370,461	**927,202**
Mr RP Provis as from 1 November 2023.		
Remuneration of director public works		
Annual Remuneration	720,209	-
Car Allowance	240,719	-
Contributions to UIF	1,948	-
Cellphone Allowance	11,000	-
	973,876	**-**
Me HNL Mokoteli from 1 August 2024.		
Remuneration of director corporate services		
Annual Remuneration	741,664	-
Car Allowance	219,265	-
Contributions to UIF	1,948	-
Cellphone Allowance	11,000	-
Housing benefit	55,000	-
	1,028,877	**-**
Mr MS Lengoabala from 1 August 2024.		
Remuneration of director community services		
Annual Remuneration	785,683	396,337
Car Allowance	262,603	127,806
Non-pensionable allowance	-	10,170
Contributions to UIF	2,125	1,063
Cellphone Allowance	12,000	6,000
	1,062,411	**541,376**
Mrs TS Vanqa from 1 January 2024.		
Remuneration of director local economic development		
Annual Remuneration	1,016,721	556,178
Car Allowance	339,615	165,287
Non-pensionable allowance	-	10,170
Contributions to UIF	2,125	1,063
Cellphone Allowance	12,000	6,000
Medical contributions	1,615	-
	1,372,076	**738,698**
Mr TP Mokomatsili from 18 December 2023.		
Total employees related costs	**355,396,770**	**348,672,614**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Remuneration of councillors

2025	Allowance	Travel allowance	Cellphone allowance	Backpay	Total
Executive Mayor	813,145	195,773	43,200	28,669	1,080,787
Speaker	807,140	-	43,200	22,936	873,276
Chief Whip	757,035	-	43,200	21,833	822,068
Chairperson Public Accounts committee	734,498	-	43,200	20,871	798,569
Chairperson Policy committee	409,755	-	43,200	11,645	464,600
Mayoral executive committee	4,711,748	587,497	302,400	152,831	5,754,476
Councillors	10,660,408	433,684	1,209,600	249,508	12,553,200
	18,893,729	**1,216,954**	**1,728,000**	**508,293**	**22,346,976**

2024	Allowance	Travel allowance	Cellphone allowance	Backpay	Total
Executive Mayor	926,936	63,710	45,600	-	1,036,246
Speaker	792,506	-	45,600	-	838,106
Chief Whip	742,668	-	45,600	-	788,268
Chairperson Public Accounts committee	695,712	-	45,600	500,408	1,241,720
Chairperson Policy committee	402,324	-	45,600	-	447,924
Mayoral executive committee	4,680,537	518,139	319,200	-	5,517,876
Councillors	10,583,903	416,524	1,275,809	-	12,276,236
	18,824,586	**998,373**	**1,823,009**	**500,408**	**22,146,376**

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

36. Depreciation, impairment and amortisation

Property, plant and equipment	76,366,249	74,172,193
Intangible assets	1,898,445	687,112
	78,264,694	**74,859,305**

37. Finance costs

Employee benefit obligation	12,126,000	11,576,000
Long service awards	2,049,000	1,911,000
Long term loans	481,252	1,110,334
Bank	3,102	13,308
Penalties and interest on late payment of VAT and PAYE		10
Creditors and other interest paid	55,759,094	90,152,532
	70,418,448	**104,763,184**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Debt impairment

Contributions to debt impairment on consumer debtors from exchange transactions	230,174,884	214,303,930
Contributions to debt impairment on consumer debtors from non-exchange transactions	19,700,857	43,869,307
Contributions to debt impairment on statutory receivables	286,565	679,468
Contributions to debt impairment on other receivables from non-exchange transactions	4,267,299	-
Bad debts written off	1,879,957	2,453,987
	256,309,562	**261,306,692**

On 30 July 2025 the council resolved (Item 23/2025) that the debt of 5,192 registered indigent account to the amount of R127,646,629 will be written off in September 2025.

39. Bulk purchases

	2025	2024
Electricity - Eskom	294,830,810	250,094,496
Water	22,895,001	16,639,072
	317,725,811	**266,733,568**

Electricity losses

	Units 2025	Units 2024
Units purchased	140,601,063	136,876,028
Units sold	(111,323,936)	(105,023,417)
Total loss	**29,277,127**	**31,852,611**
Rand value of loss		
Technical losses	61,392,147	58,199,838
Percentage loss		
Technical losses	20.82 %	23.27 %

The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold to the end user at differentiated tariffs levels. The municipality purchases 100% of its electricity from Eskom at transmission and distribution levels.

Technical losses are as a result of electricity lost while being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a results there is certain portion of electricity that is lost due to distribution, and it is termed technical losses.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Water losses

	Units 2025	Units 2024
Units purified	15,443,491	12,912,626
Units sold	(9,486,769)	(9,806,794)
Total	**5,956,722**	**3,105,832**
Rand value of losses		
Technical losses	33,595,909	18,231,235
Percentage Loss:		
Technical losses	38.57 %	24.05 %

Apparent losses are made up from the unauthorised consumption (theft or illegal use) plus all technical and administrative inaccuracies associated with customer metering/billing. This is thus water which "disappears" through inaccurate metering, inaccurate meter accounting processes, meter and billing data integrity, illegal connections, etc. The water is not physically lost from the system but it is never measured or accounted for, and most importantly, never paid for. During March and April 2025, the municipality had to do significant flussing of the systems and reserviors due to dirty water in the system as a result of the heavy rains during that period.

Real losses represent the physical leakage from the pressurised system, up to the point of measurement of customer use. This is water which physically disappears from the distribution system through water leaks or pipe bursts, water theft etc. It is thus water which does not reach the customer and is not paid for by customers.

40. Contracted services

Outsourced Services		
Burial services	120,837	165,167
Catering services	709,859	412,763
Meter management	4,433,744	4,043,310
Occupational health and safety	76,168	448,254
Landfill site management	6,472,220	2,978,027
Security services	55,670,758	40,383,525
Consultants and Professional Services		
Business and advisory	13,934,824	11,457,574
Infrastructure and planning	718,922	432,776
Legal cost	7,560,443	4,843,654
Contractors		
Audio-visual services	69,000	57,116
Bore waterhole drilling	-	367,887
Chemicals	6,250,581	6,305,274
Catering services	428,071	138,139
Electrical	14,605,440	4,136,801
Employee wellness	76,208	56,230
Plants, flowers and other decorations	56,950	
Prepaid electricity vendors	5,194,706	4,302,522
Sports and recreation	71,900	
Stage and sound crew	6,797,336	2,100,184
	117,177,957	80,629,953

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. General expenses

Advertising	515,901	480,356
Auditors remuneration	8,167,836	8,122,795
Bank charges	1,588,517	1,631,341
Bursaries	1,263,869	1,550,290
Consumables	24,632,761	23,493,484
Donations	196,000	449,042
Electricity	14,399,248	13,229,350
Entertainment	66,153	32,604
Fuel and oil	1,438,893	3,849,159
IT expenses	-	126,967
Insurance	5,411,523	3,973,088
License fees	828,428	669,057
Postage and courier	477,771	733,176
Printing and stationery	806,219	1,330,935
Promotions and sponsorships	5,404	164,818
Property lease payments	1,496,931	1,274,512
Rental of equipment	7,193,502	9,625,439
Smart meter related costs	1,730,000	-
Smart meter monthly service costs	810,000	480,356
Subscriptions and membership fees	3,775,590	4,046,790
Telephone and fax	2,132,231	5,497,924
Transport cost	459,490	197,036
Travel - local	2,379,759	1,142,475
Uniforms and protective clothing	2,481,680	1,244,110
	82,253,706	**82,864,748**

42. Gains or losses on biological assets

Gains or losses arising from a change in fair value less point of sale costs	58,851	3,137,416

43. Revaluation and fair value adjustments

Investment property (Fair value model)	(11,954,330)	-
Other financial assets		
• Other financial assets (Designated as at FV through P&L	405,768	143,920
	(11,548,562)	**143,920**

44. Auditors' remuneration

Fees	8,167,836	8,122,795

45. Operating lease income

Projected income from operating lease agreements

Within one year	-	41,229

Rental contracts for the different flats (100), vacant land (7) and houses (160) are signed for a period of 12 months, thereafter the contract is done on a month to month basis. All the houses and flat contracts have a one month notice period. New tenants are normally found within that period. The projected income are thus only included in the period within one year. Contracts for business premises (7) rental are signed for a period of 3 years to 9 years and 11 months. Escalation on these contracts are done on an annual basis linked to the inflation rate.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Cash generated from operations

(Deficit) surplus	(56,001,492)	81,927,498
Adjustments for:		
Depreciation and amortisation	78,264,694	74,859,305
Gain /(loss) on sale of assets and liabilities	1,384,304	(3,198,265)
Gain /(loss) on sale of biological assets	(58,851)	(3,137,416)
Gain / (loss) on actuarial valuations	(2,274,467)	(9,158,193)
Debt relief received	-	(101,523,557)
Fair value adjustments	11,548,562	(147,526,778)
Finance costs - Finance leases	481,252	1,110,334
Debt impairment	256,309,561	261,306,691
Movements in retirement benefit assets and liabilities	12,019,000	3,578,000
Movements in long service awards	1,313,000	1,946,000
Movement in inventory due to transfers	36,872,030	-
Non-cash donations and other in-kind benefits	(44,908,772)	-
Non-cash Movements in Provisions	4,634,736	1,743,629
Non-cash Movements in other financial assets	(405,768)	-
Non-cash Movement in Statutory receivables	(140,900)	-
Changes in working capital:		
Inventories	(36,307,640)	215,009
Receivables from exchange transactions	(31,737,681)	(29,477,644)
Consumer debtors	(263,065,286)	(291,190,911)
Other receivables from non-exchange transactions	1,555,278	(3,157,596)
Payables from exchange transactions	202,468,949	285,662,226
Unspent conditional grants and receipts	(19,159,246)	(3,370,870)
Consumer deposits	1,356,742	(101,721,760)
	153,148,005	124,544,414

47. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At fair value	At amortised cost	At cost	Total
Other financial assets	2,696,691	-	-	2,696,691
Trade and other receivables from exchange transactions	-	189,177,664	1,555,278	189,177,664
Other receivables from non-exchange transactions	-	4,868,874	100,000	4,968,874
Consumer debtors from exchange and non-exchange transactions	-	96,924,447	1,356,742	96,924,447
Cash and cash equivalents	-	31,913,107		31,913,107
	2,696,691	322,884,092	100,000	325,680,783

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	733,071,894	733,071,894
Long term trade and other payables from exchange transactions	696,327,359	-	696,327,359
Consumer deposits	-	15,738,443	15,738,443
Unspent conditional grant	-	6,549,300	6,549,300
	696,327,359	755,359,637	1,451,686,996

2024

Financial assets

	At fair value	At amortised cost	At cost	Total
Other financial assets	2,177,897	-	-	2,177,897
Trade and other receivables from exchange transactions	-	157,439,982	-	157,439,982
Other receivables from non-exchange transactions	-	5,424,152	100,000	5,524,152
Consumer debtors from exchange and non-exchange transactions	-	90,319,265	-	90,319,265
Cash and cash equivalents	-	55,829,898	-	55,829,898
	2,177,897	**309,013,297**	**100,000**	**311,291,194**

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	7,432,485	7,432,485
Trade and other payables from exchange transactions	-	530,602,945	530,602,945
Long term trade and other payables from exchange transactions	696,327,359	-	696,327,359
Consumer deposits	-	14,381,700	14,381,700
Unspent conditional grants	-	25,708,546	25,708,546
	696,327,359	**578,125,676**	**1,274,453,035**

48. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment - Infrastructure: Community assets	745,350	745,350
• Property, plant and equipment - Infrastructure: Water	709,093,659	840,182,701
• Property, plant and equipment - Infrastructure: Roads	27,844,363	-
• Property, plant and equipment - Infrastructure: Electrical	13,548,302	22,797,277
• Property, plant and equipment - Infrastructure: Storm Water	270,250	-
	751,501,924	**863,725,328**

Total capital commitments

Already contracted for but not provided for	751,501,924	863,725,328

Total commitments

Total commitments

Authorised capital expenditure	751,501,924	863,725,328

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Contingencies

The following civil cases are currently being finalized:

Osho Agri Investments (Pty) Ltd: This case is regarding a claim for damage suffered as a result of loss of apple orchards/trees, hail nets, water and irrigation equipment, electrical infrastructure, fencing and buildings as a result of the spread of the fire from the firebreak prepared by Dihlabeng Fire brigade on 15 June 2020.	2,976,679,200	2,675,500,000
MD & AMJ Coetzer: Regarding a motor vehicle accident where a Municipal Fire Department truck was involved. This case is closed as both parties passed away.	-	39,410
Morne Barnard: Regarding a motorbike that was damaged as a result of a large hole in the road and he is also claiming damages of pain and suffering.	356,897	332,711
Leonard Slabbert: Regarding a motorbike that was damaged as a result of a large hole in the road and he is also claiming damages for personal injuries, suffering and disfigurement.This case was settled for R400,000 during the current year.	-	779,005
Boss Directories (Pty) Ltd: This case is regarding an outstanding payment for adversarial services rendered in terms of a concluded written agreement. File closed: Plaintiff has abandoned the proceedings.	-	695,288
AL Bartlet: This case is regarding a claim for the repair costs for his vehicle after an accident with a municipal vehicle in Bloemfontein. File closed: Plaintiff has abandoned the proceedings.	-	235,847
AC de Sousa: This case is regarding claim for damages suffered as a result of an accident that occurred between a municipal vehicle and the plaintiff's vehicle.	115,247	108,170
Transnet SOC Limited: This case is regarding an overcharge/billing for electricity supplied. The calculated credit must be paid back in installments.	19,835,211	21,818,732
L Piek: This case is regarding the claim for damages to a motor bike due to an accident after colliding with a large pothole on 7 March 2021. File closed: Plaintiff has abandoned the proceedings.	-	47,131
Kaykaysim Projects (Pty) Ltd: This case is regarding the claim for outstanding money for services rendered on the construction of 2km road in Nkitsing.	1,469,249	1,314,765
CDH Joineries CC t/a CDH Pumps, Thoboza Investment and Projects Joint Venture: This case is regarding the claim for outstanding money for services for repair and maintenance, refurbishments and upgrading of water and sanitation infrastructure for a period of 3 years.	543,601	486,444
	19,835,211	
JC Cilliers: This case is regarding the removal of soil from farm Emma's Heim by Kaykaysim Projects during the construction of water and sewer network in Fateng Tse Ntsho.	2,082,582	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Telkom Limited SA: This case is regarding a claim for damage to Telkom infrastructure at Lamond street, Bethlehem on 23 November 2017.	252,526	234,813
	3,001,334,513	**2,701,592,316**

Litigation is in the process against the municipality in the above cases. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. The amount and possible outflow of payments in this regard is uncertain at this stage.

50. Related parties

Relationships	
Free State Department of COGTA	Remuneration of Acting Municipal Manager
Councillors	All municipal councillors
Close family member of key management	All close family members of Section 57 managers, acting senior managers in these positions and councillors
Members of key management	All Section 57 managers and acting senior managers in these positions

Related party balances		
Amounts included in Consumer debtors regarding related parties		
Councillors in arrears (refer to Note 60)	81,315	89,529
Mr MS Lengubala (Director Corporate services)	3,647	-
Mr TP Mokomatsili (Director Local Economic Development)	6,765	-
Provision for doubtful debts related to outstanding balances with related parties		
Councillors	60,745	65,651
Mr MS Lengubala (Director Corporate services)	624	-
Mr TP Mokomatsili (Director Local Economic Development)	4,643	-
Donation in kind		
Remuneration of Acting Municipal Manager	-	104,265

An acting Municipal manager was seconded by Free State of COGTA.
- Mr Goliath from 1 March 2023 to 31 July 2023.

Remuneration paid to related parties		
Section 57 Managers (refer to Note 34)	7,489,632	3,759,139
Councillors (refer to Note 35)	22,197,722	22,146,376
Mr M Tsatsa (Acting allowance for CFO)	-	62,445
Mr HA Goliath (Acting allowance for MM)	-	123,073

51. Prior period errors

Investment property to the amount of R106,949,330 were incorrectly written off and are now brought back into the asset register of the municipality and additional properties of R28,803,000 were added to the asset register.

An amount for unclaimed retention (R4,971,821) were written off

The disclosure note on Commitments were corrected (increased with R88,477,415) to agree with contracts signed with suppliers and actual expenditure to date.

The correction of the error(s) results in adjustments as follows:

Figures in Rand	2025	2024
	2024	**2023**
Statement of Financial Position		
Investment property	135,752,330	135,752,330
Opening Accumulated Surplus or Deficit	(140,724,151)	(140,724,151)
Payables from exchange transactions	4,971,821	4,971,821
Disclosure		
Disclosure notes to the Financial Statements		
Capital committments (Note 48)	88,477,415	-

52. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

		As previously reported	Correction of error	Restated
Payables from exchange transactions	18	(535,574,754)	4,971,821	(530,602,933)
Investment property	10	436,650,411	135,752,330	572,402,741
Accumulated surplus		(1,282,890,152)	(140,724,151)	(1,423,614,303)
		(1,381,814,495)		- (1,381,814,495)

53. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	733,071,894	-	-	-
Long term trade and other payables	486,464,174	209,863,185	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	7,432,485	-	-	-
Trade and other payables	530,602,933	-	-	-
Long term trade and other payables	255,090,013	231,374,161	209,863,185	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Market risk

Interest rate risk

The municipality's interest rate risk arises from consumer debtors. Consumer debtors are levied at variable rates expose the municipality to cash flow interest rate risk. The interest rate is linked to the prime interest rate and the risk is considered to be material at this stage. Long term borrowings are done at a fixed rates and interest rate risk will not impact the financial position of the municipality.

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

The municipality's investments in equity of other entities that are publicly traded on the JSE, but does not have a material effect on the municipality's income.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

54. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had a loss of R56,001,492 (2024 : R81,927,495 profit) and that the municipality's current liabilities exceed its current assets by R831,637,417 (2024 : R468,545,868). In addition, the municipality owed Eskom R1,249,252,672 (2024 : R1,101,383,148) *(subject to debt relief - refer to next paragraph)*, Free State Fleet Management Trading Entity R62,684,617 (2024 : R62,684,617), the Department of Water Affairs R116,425,215 (2024 : R83,131,607) (subject to debt relief - refer to next paragraph) and the Department of Labour R33,198,566 (2024 : R31,373,804 at 30 June 2025 which is long overdue.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

The municipality has applied for debt relief from National Treasury with regards to the outstanding Eskom account of R843,710,217. The debt relief was approved on the 19th of December 2023. According to the agreement, the municipality must pay the current Eskom account for the next three financial years, then Eskom will write-off the debt over the next three municipal financial years. One of the requirements for the approval of the debt relief is that the municipality must prepare a funding plan. The funding plan is intended to address the fact that if the municipality's 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) does not comply with the MFMA Circular No. 124 (A funded MTREF). A funding plan has been developed and the municipality is in the process of implementing the plan. The funding plan highlights various areas of improving revenue, increasing debt collection and decreasing expenditure.

The municipality has applied for debt relief from Department of Water Affairs with regards to the outstandingWater account of R116,425,215. The debt relief was approved on the 26th of August 2025. Details of the agreement is not yet available but it will be on the same basis as the agreement with Eskom.

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.

55. Events after the reporting date

There is no events after the reporting date.

56. Unauthorised expenditure

Opening balance as previously reported	1,573,266,369	1,286,064,938
Add: Unauthorised expenditure - current	232,834,842	287,201,431
Less: Amount authorised - current	(1,566,005,812)	-
Closing balance	**240,095,399**	**1,573,266,369**

Council authorised and condoned the write-off of amounts from 2019 to 2024 as per MPAC report and Council Resolution MPAC4/2025 dated 27 August 2025.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	157,280,593	187,545,690
Cash	75,554,249	99,655,741
	232,834,842	**287,201,431**

Analysed as follows: non-cash

Depreciation and amortisation	4,216,136	-
Provision of impairment	141,515,895	187,522,703
Irrecoverable debt written off	-	22,987
Fair value adjustments	11,548,562	-
	157,280,593	**187,545,690**

Analysed as follows: cash

Inventory consumed	584,172	-
Operational costs	21,277,023	7,260,557
Finance cost	52,308,750	92,395,184
Loss on disposal of property, plant and equipment	1,384,304	-
	75,554,249	**99,655,741**

Disciplinary steps taken/criminal proceedings

No disciplinary steps were taken during the year under review.

Figures in Rand	2025	2024

Recoverability of unauthorised expenditure

No amounts will be recovered.

57. Fruitless and wasteful expenditure

Opening balance as previously reported	247,894,915	259,238,874
Add: Fruitless and wasteful expenditure identified - current	53,345,061	90,179,598
Less: Amount written off by Eskom	-	(98,030,479)
Less: Amount written off by Department of Water Affairs	-	(3,493,078)
Less: Amount written off - current	(244,666,252)	-
Less: Error on previous year's list	(1,019,784)	-
Closing balance	**55,553,940**	**247,894,915**

Council approved the write-off on 27 August 2025 per MPAC report and Council resolution MPAC4/2025.

Expenditure identified in the current year included those listed below:

Interest paid	53,345,061	90,179,598

Amount written-off

The municipality has applied for debt relief from National Treasury in terms of Circular 124 of the MFMA with regards to the outstandin the 19th of December 2023, effective from 1 December 2023. According to the agreement, interest will also be written-off on conditior agreement.

Recoverability steps taken/criminal proceedings

No amounts will be recovered.

Disciplinary steps taken/criminal proceedings

No disciplinary steps were taken during the year under review.

58. Irregular expenditure

Opening balance as previously reported	999,458,505	834,061,914
Add: Irregular expenditure - current	165,348,056	165,396,591
Less: Amount written off - current	(610,365,835)	-
Closing balance	**554,440,726**	**999,458,505**

Incidents/cases identified/reported in the current year include those listed below:

Local content not specified on bid invitation	-	8,306,900
Rental agreement did not indicate who is responsible for municipal account	10,299,283	-
No contract signed	2,101,992	1,221,345
Financial statements submitted were not relevant	1,748,000	-
Appointment of employees without proper process followed	32,005,700	34,907,099
Composition of bid committee	790,927	-
Adjudication and specification committee meeting minutes not submitted	-	28,282,555
Competitive bidding process not followed	20,250,319	10,892,522
Appointment of supplier after 90 days	58,549,784	54,685,235
Emergency	-	147,888
Splitting of orders	3,215,489	-
Insufficient document submitted	36,386,562	26,953,047
	165,348,056	**165,396,591**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R610,365,835 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable by Council resolution MPAC4/2025 dated 27 August 2025.

Recoverability steps taken/criminal proceedings

No amounts will be recovered.

Disciplinary steps taken/criminal proceedings

No disciplinary steps were taken during the year under review.

59. In-kind donations and assistance

700 Blankets for eldery people in Dihlabeng for Mandela Day	196,000	-
25 Blankets for Mandela Day for Khoabonina Old Age Home	-	18,750
Medals, trophy and kits for soccer and netball tournament at Ntsu Secondary School	-	56,020
700 Food parcels for Poverty Alleviation program at Rosendal, Paul Roux, Fouriesburg and Clarens farms	-	389,550
Groceries for Hare Bapale games at Ethopia farm	-	14,642
	196,000	**478,962**

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	**3,940,116**	**3,903,710**
Current year subscription / fee	**3,673,546**	**3,937,411**
Amount paid - current year	**(3,673,546)**	**-**
Amount paid - previous years	**(3,937,411)**	**(3,901,005)**
	2,705	**3,940,116**

Audit fees

Opening balance	-	2,201,661
Current year subscription / fee	9,471,170	9,459,495
Amount paid - current year	(9,471,170)	(9,459,495)
Amount paid - previous years	-	(2,201,661)
	-	-

PAYE and UIF

Opening balance	4,327,638	3,688,137
Current year subscription / fee	55,764,444	51,339,854
Amount paid - current year	(55,764,444)	(47,012,216)
Amount paid - previous years	(4,327,638)	(3,688,137)
	-	4,327,638

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Pension and Medical Aid Deductions		
Opening balance	-	7,348,274
Current year subscription / fee	90,847,004	89,451,830
Amount paid - current year	(90,847,004)	(89,451,830)
Amount paid - previous years	-	(7,348,274)
	-	-
VAT		
VAT receivable	282,305	-
VAT payable	-	(1,846,680)
	282,305	**(1,846,680)**

The municipality is registered on the payments/cash basis for VAT. VAT output suspense on payables (see Note 5) and VAT input suspense on receivables are shown in note 18.

All VAT returns have been submitted by the last business day of the month following the end of the VAT period throughout the year and were paid timeously.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Mokotla	3,197	1,155	4,352
JT Sibisi	3,189	2,241	5,430
MS Masangana	2,082	22,854	24,936
LU Makhalema	7,808	2,166	9,974
JJ Nhlapo	2,665	33,958	36,623
	18,941	**62,374**	**81,315**

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Mokotla	2,527	742	3,269
JT Sibisi	3,692	6,267	9,959
MS Masangana	1,406	16,396	17,802
LU Makhalema	7,079	2,014	9,093
MS Mokoena	1,563	516	2,079
JJ Nhlapo	2,625	41,110	43,735
PA Maasdorp	2,696	896	3,592
	21,588	**67,941**	**89,529**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2025	Highest outstanding amount	Aging (in days)
MM Mokotla	5,203	120
JT Sibisi	10,921	120
MS Masangane	24,936	1,290
LU Makjalema	13,386	90
JJ Nhlapo	43,735	1,380
	98,181	**3,000**

30 June 2024	Highest outstanding amount	Aging (in days)
MM Mokotla	3,269	90
JT Sibisi	9,959	240
MS Masangana	17,802	930
LU Makjalema	9,093	90
MS Mokoena	2,079	90
JJ Nhlapo	43,735	1,830
PA Maasdorp	3,592	270
	89,529	**3,540**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency	9,919,699	2,655,955
Impractical	-	2,307,319
Sole provider	21,947	-
	9,941,646	**4,963,274**

61. Budget differences

Descriptions	Actual outcome as % of final budget	Reasons for variances
Property rates	-15%	Due to lower property rates billed for domestic properties than budgeted.
Services charges	-15%	Due to decrease in utilization of water and electricity. More consumers are using gas. The expenses incurred
Interest received on consumer accounts	19%	Due to non-payment of debts by consumers
Government grants and subsidies	16%	Dora Allocation and additional Smart Meter grant
Other revenue from non-exchange transactions	0%	Debt from Eskom was not written off during the year
Debt impairment	127%	Due to non-payments by consumers and indigent not written off
Contracted services	-32%	Cost containment measures during the year to limit legal and business cost
Finance charges	289%	Under budget and Interest paid to Eskom and other creditors due to none payment within 30 days
General expenditure	13%	Cost containment measures during the year to limit any unnecessary expenditure

62. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviation reason		
Emergency	1,338,933	279,835
Sole provider	1,252,949	55,090
	2,591,882	**334,925**

63. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community Services	Public Works	Unallocated	Total
Revenue				
Revenue from non-exchange transactions	28,371,755	237,507,568	379,701,705	645,581,028
Revenue from exchange transactions	69,388,829	422,323,300	9,531,909	501,244,038
Interest on consumer debtors from exchange and non-exchange transactions	32,914,105	65,111,185	24,607,506	122,632,796
Other income transactions	58,851	-	2,274,467	2,333,318
Revenue from transactions with other segments	40,565	6,707,841	19,255,320	26,003,726
Total segment revenue	**130,774,105**	**731,649,894**	**435,370,907**	**1,297,794,906**
Entity's revenue				**1,297,794,906**
Expenditure				
Employee costs and councillors	83,166,391	99,400,757	195,176,596	377,743,744
Finance cost	-	-	70,418,447	70,418,447
Depreciation	2,036,258	59,425,329	16,803,107	78,264,694
Debt impairment	87,845,611	143,304,654	25,159,296	256,309,561
Bulk purchases	-	317,725,811	-	317,725,811
Other expenses	8,388,676	69,671,932	149,269,809	227,330,417
Internal charges to other segments	588,822	23,897,109	1,517,795	26,003,726
Total segment expenditure	**182,025,758**	**713,425,592**	**458,345,050**	**1,353,796,400**
Total segmental surplus/(deficit)	**(51,251,653)**	**18,224,302**	**(22,974,143)**	**(56,001,494)**
Assets				
Additions to Non-current assets	6,360,698	200,425,802	1,818,063	208,604,563
Total assets as per Statement of financial Position				**208,604,563**

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63. Segment information (continued)

2024

	Community Services	Public Works	Unallocated	Total
Revenue				
External Revenue from non-exchange transactions	62,333,871	264,809,207	258,408,907	585,551,985
External Revenue from exchange transactions	64,990,980	389,368,232	9,428,446	463,787,658
Interest on consumer debtors form exchange and non-exchange transactions	31,790,093	63,710,423	23,364,662	118,865,178
Other income transactions	3,137,416	147,382,859	12,500,377	163,020,652
Revenue from transactions with other segments	33,612	6,663,152	18,360,962	25,057,726
Total segment revenue	**162,285,972**	**871,933,873**	**322,063,354**	**1,356,283,199**
Entity's revenue				**1,356,283,199**
Expenditure				
Employee costs and councillors	82,130,855	94,962,680	193,779,526	370,873,061
Finance cost	-	-	103,705,657	103,705,657
Depreciation	1,248,702	56,657,857	16,952,750	74,859,309
Debt impairment	65,849,113	150,578,422	44,879,155	261,306,690
Bulk purchases	-	266,733,568	-	266,733,568
Other expenses	4,921,819	54,388,247	112,509,623	171,819,689
Internal charges with other segments	515,646	23,159,116	1,382,965	25,057,727
Total segment expenditure	**154,666,135**	**646,479,890**	**473,209,676**	**1,274,355,701**
Total segmental surplus/(deficit)	**7,619,837**	**225,453,983**	**(151,146,322)**	**81,927,498**
Assets				
Additions to Non-current assets	79,182,756	4,944,271	2,455,299	86,582,326
Total assets as per Statement of financial Position				**86,582,326**

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Schedule of external loans as at 30 June 2025

	Loan Number	Redeemable	Balance at 30 June 2024	Received during the period	Redeemed written off during the period	Balance at 30 June 2025	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa								
DBSA	61007269	30/06/2025	7,432,485	-	7,432,485	-	-	-
			7,432,485	**-**	**7,432,485**	**-**	**-**	**-**
Lease liability			-	-	-	-	-	-
Total external loans								
Development Bank of South Africa			7,432,485	-	7,432,485	-	-	-
Lease liability			-	-	-	-	-	-
			7,432,485	**-**	**7,432,485**	**-**	**-**	**-**

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1. AUDITOR GENERAL'S REPORT

Report of the auditor-general to the Free State Provincial Legislature and the council on Dihlabeng Local Municipality

Report on the audit of the financial statements

Opinion

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

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

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

7. I draw attention to note 54 to the financial statements, which indicates that a net loss of R56 001 492 was incurred during the year ended 30 June 2025 and, as of that date the current liabilities exceeded its total assets by R831 637 417. As stated in note 54, these events or conditions, along with other matters as set forth in note 54, indicate that a material uncertainty exists that may cast significant doubt on the municipality`s ability to continue as a going concern.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 58 to the financial statements, irregular expenditure of R165 348 056 (2024: R165 396 591) was incurred, due to non-compliance with supply chain management (SCM) requirements.

Unauthorised expenditure

10. As disclosed in note 56 to the financial statements, unauthorised expenditure of R232 834 842 (2024: R287 201 431) was incurred, due to overspending of the budget.

Fruitless and wasteful expenditure

11. As disclosed in note 57 to the financial statements, fruitless and wasteful expenditure of R53 345 061 (2024: R90 179 598) was incurred, due to interest on late payment to suppliers.

Restatements of corresponding figures

12. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Material uncertainty relating to claims against the municipality

13. With reference to note 49 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Material losses

14. As disclosed in note 39 to the financial statements, material water distribution losses of R33 595 909 (2024: R18 231 235) and electricity distribution losses of R61 392 147 (2024: R58 199 838) were incurred by the municipality, mainly due to the wires used to distribute electricity resisting the flow of current and physical water leakages from the pressurized system.

Material impairments

15. As disclosed in note 38 to the financial statements, consumer debtors from exchange and non-exchange transactions were impaired by R230 174 884 (2024:R214 303 930) and R19 700 857 (2024: R43 869 307), respectively.

Other matter

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

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

19. 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

20. 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.

21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

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

23. I selected the following KPA presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
Accelerated service delivery & infrastructure development	XX	To ensure access to clean, quality and sustainable water services to households, public facilities and businesses

24. I evaluated the reported performance information for the selected KPA 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.

25. In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure.

26. I performed procedures to test whether:

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

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

28. The material findings on the reported performance information for the selected KPAs are as follows:

Accelerated service delivery and infrastructure development

Percentage of water losses reduction

29. The approved planning documents included a commitment to a percentage reduction in water losses. However, an achievement of 480 taps fixed was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. However, the audit evidence showed the actual achievement to be only 47 leaking taps fixed. Consequently, the target was not achieved. Measures taken to improve performance against the underachieved target were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

Percentage of fully functional pump station

30. The approved planning documents included a commitment for the percentage of fully functional pump stations. However, the achievement of 3 pump stations refurbished in Fouriesburg was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved. OPEX funding was already committed was reported as a measure aimed at improving performance against the target of refurbishing 20 pump stations in all towns. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Percentage of households with access to basic water supply: Clarens/Kgubetswana: Upgrading of raw water pump station, including rising main to the dam by 2025

31. The approved planning documents included a commitment to upgrade the raw water pump station, including rising main to the dam by 2025 in Clarens/Kgubetswana. However, an achievement of 77% of financial progress was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. However, the audit evidence showed the actual achievement to be only 11% of financial progress. Consequently, the target was not achieved. Measures taken to improve performance against the underachieved target were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps

and with assessing the effectiveness of strategies to improve future performance against the target.

Percentage of households with access to basic water supply: Repair and Upgrade of Stormwater Drainage Facility in Bohlokong, Bethlehem by 2025

32. I did not audit the indicator and its target to repair and upgrade the stormwater drainage facility in Bohlokong, Bethlehem, as they were not approved during planning and included in the initial planning documents. The reported performance information is not consistent with the commitments made during planning and, as a result, it holds little value for the accountability process.

Fouriesburg - Upgrading of Kerk Street between Reitz Street and De La Harpe Street

33. I did not audit the indicator and its target to upgrade Kerk Street between Reitz and De La Harpe streets, as they were not approved during planning and included in the initial planning documents. The reported performance information is not consistent with the commitments made during planning and, as a result, it holds little value for the accountability process.

Daily operations of the landfill site in line with the minimum requirements of landfill site as well as the licence conditions: Receiving of waste, compacting and covering of waste

34. An achievement of realised 100% operational landfill site in line with the landfill site licence conditions and minimum requirements for waste disposal by landfill was reported against a target of 100% operational landfill site in line with the landfill site licence conditions and minimum requirements for waste disposal by landfill. I could not determine whether the reported achievement was correct, as the indicator was not well-defined. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Various indicators

35. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Indicator	Planned targets	Reported achievements
Rehabilitation of stormwater drainage facilities in Mashaeng	Rehabilitation of stormwater drainage facilities in Mashaeng	Consulting fees of R250 700.
Bohlokong – Rehabilitation of 3,0km Old Lomond Street to	Rehabilitation of 1,5km Old Lomond Street	Actual progress physical progress is 61% Financial progress is 47%
Bohlokong – Upgrading of 9th Avenue to Interlocking Concrete	Upgrading of 3 km 9th Avenue	Actual progress physical progress is 23%

Blocks and Storm Water Drainage		Financial progress is 12%
Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	0% physical progress
Percentage of households with access to basic water supply: Clarens/ Kgubetswana: Upgrading of the water purification works from 1.1 Ml to 4Ml/d by 2024	Progress at 100% completion stage	Actual progress: Physical progress is 99% Financial progress is 99%
Percentage of households with access to basic water supply: Upgrading of Saulspoort water treatment works Section A: Raw water abstraction point by 2024	Progress at 100% completion stage	Financial progress is 100%

Various indicators

36. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. Based on the audit evidence, the actual achievement for three indicators did not agree to the achievements reported. Consequently, the targets were not achieved, the underachievement's on the targets were more than reported and the achievements against the target were lower than reported.

Performance indicator	Planned target	Reported achievement
Percentage of households with access to basic water supply: Upgrading of Caledon Raw Water Abstraction Point in Foriesburg by 2024	Progress at 30% completion stage	Actual progress: Physical progress is 13% Financial progress is 20%

Various indicators

37. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Performance indicator	Planned target	Reported achievement
Percentage of households with access to basic water supply	Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil by 2024	Actual progress physical progress is 92% Financial progress is 85%
Percentage of households with access to basic water supply	Upgrading of Saulspoort water treatment works Section E: Upgrading of 40ml to 60ml/d	Actual progress physical progress is 10% Financial progress is 15%
Percentage of households with access to basic water supply	Drilling and equipping of boreholes in Clarens by 2024	Actual progress physical progress is 99% Financial progress is 90%

Various indicators

38. I could not determine the accuracy of various reported achievements, as the indicators were not well-defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Performance indicator	Planned target	Reported achievement
Percentage of fully functional pump station:	1,8Refurbishment of 20 pump stations in all towns.	3 pump stations in Fouriesburg were refurbished.
Percentage score achieved by the Municipality in the assessment : 1.9 90% Compliance towards Blue & No Drop Accreditation	90% Compliance towards Blue & No Drop Accreditation	65% Achieved
Percentage score achieved by the Municipality in the assessment : 1.10 70% Compliance towards Green & No Drop Accreditation	70% Compliance towards Green & No Drop Accreditation	72% Achieved

Percentage of households with access to basic water supply:4.1 Clarens/Kgubetswana: Upgrading Of Raw water pump station including Rising Main to the dam by 2025.	_Progress at 80% completion	80% achieved on physical progress 77% on financial progress
Daily operations of the Landfill site in line with the minimum requirements of landfill site as well as the licence conditions: Receiving of waste, compacting and covering of waste: 10.3 100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill.	100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill.	Realised 100% operational landfill site in line with the Landfill Site Licence condition s and minimum requirem ents for waste disposal by landfill.

Other matters

39. I draw attention to the matters below:

Achievement of planned targets

40. 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.

41. 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.

Accelerated service delivery and infrastructure development

Targets achieved: 50%

Budget spent 86%

Key service delivery indicators not achieved	Planned target	Reported achievement
Percentage of water losses reduction	Fixing of 600 leaking taps, meters and toilet cisterns in the yards in all towns	Fixed 480 taps
Percentage of fully functional pump stations	Refurbishment of 20 pump stations in all towns	3 pump stations in Fouriesburg were refurbished.

Targets achieved: 50% *Budget spent 86%*		
Key service delivery indicators not achieved	**Planned target**	**Reported achievement**
Number of contingency plans approved on the 30th of June 2025	4 contingency plans approved on the 30th of June 2025	Not Realised Winds term: Floods, Veld Fire and Snow Contingency Plans were drafted but not approved on the 30th
Rehabilitation of stormwater drainage facilities in Mashaeng	Rehabilitation of stormwater drainage facilities in Mashaeng.	Consulting fees of R250 700.
Bohlokong – Rehabilitation of 3,0 km Old Lomond Street	Rehabilitation of 1,5km Old Lomond Street	Actual progress physical progress is 61% financial progress is 47%
Bohlokong – Upgrading of 9th Avenue to Interlocking Concrete Blocks and Storm Water Drainage	Upgrading of 3 km 9th Avenue	Actual progress physical progress is 23% financial progress is 12%
Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	0% physical progress
Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	0% physical progress
Percentage of households with access to basic water supply	1.1 Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2026. Progress at 30% completion stage	Actual progress physical progress is 13% financial progress is 20%
Percentage score achieved by the Municipality in the assessment	90% compliance towards blue & no drop accreditation	65% Achieved

Material misstatements

42. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Accelerated Service Delivery and Infrastructure Development. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

43. 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.

44. 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.

45. 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.

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

Expenditure management

47. Reasonable steps were not taken to prevent irregular expenditure amounting to R165 348 056 (2024: R165 396 591) as disclosed in note 58 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM requirements

48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R53 345 061 (2024: R90 179 598) as disclosed in note 57 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on late payments to suppliers.

49. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R232 834 842 (2024: R287 201 431), as disclosed in note 56 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.

Governance and oversight

50. The Internal Audit unit did not prepare a risk-based audit plan for the financial year, as required by section 165(2) of the MFMA.

51. The Internal Audit unit did not advise the accounting officer and did not report to the audit committee on the implementation of the internal audit plan on matters relating to internal controls, as required by section 165(2)(b)(ii) of the MFMA.

52. The Internal Audit unit did not advise the accounting officer and did not report to the audit committee on the implementation of the internal audit plan on matters relating to risk management, as required by section 165(2)(b)(iv) of the MFMA.

53. The Internal Audit unit did not advise the accounting officer and did not report to the audit committee on the implementation of the internal audit plan on matters relating to performance management, as required by section 165(2)(b)(v) of the MFMA.

54. The Internal Audit unit did not advise the accounting officer and not report to the audit committee on the implementation of the internal audit plan on matters relating to compliance with MFMA, DoRA, and any other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

55. The internal audit plan did not include the assessment of the auditee's reliability of performance measurement in measuring performance against key performance indicators, as required by regulation 14(1)(b)(iii) on Municipal Planning and Performance Management.

56. The Internal Audit unit did not audit the results of performance measurements, as required by MSA 45(a).

57. The internal audit unit did not submit quarterly reports on the audits of performance measurements of the auditee to the municipal manager and the performance audit committee, as required by regulation 14(1)(c)(ii) on Municipal Planning and Performance Management.

58. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with the relevant applicable legislation, as required by section 166(2)(b) of the MFMA.

59. The audit committee did not advise the council and accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

60. The audit committee did not review the quarterly reports submitted by the internal auditors on the audits of performance measurement as required by regulation 14(4)(a)(i) on Municipal Planning and Performance Management.

61. The audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

Strategic planning and performance management

62. The performance management system and related controls were inadequate as it did not describe how the review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

63. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite

competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.

64. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43. Similar non-compliance was also reported in the prior year.

65. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000.

66. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar non-compliance was also reported in the prior year.

67. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.

Other information in the annual report

68. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.

69. 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.

70. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statement and the selected KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

71. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

72. 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.

73. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

74. Senior management did not implement adequate processes to ensure regular updating of schedules, adequate reviews and monitoring of action plans were in place, and this resulted in the reported material misstatements on performance information.

75. Senior Management did not develop and monitor the implementation of audit action plans to address internal control deficiencies identified in the prior year; this has resulted in repeat material misstatements.

76. Senior Management did not exercise oversight responsibility regarding reviewing and monitoring compliance with laws and regulations, and this resulted in the reported material noncompliance with laws and regulations.

77. Audit committee, MPAC and Mayor did not exercise oversight over performance reporting and compliance and related internal controls. The oversight also did not take effective steps to ensure that there were consequences for the poor performance and transgressions of laws and regulations, as limited steps were taken to prevent unauthorised, irregular and fruitless and wasteful expenditure during the current and prior periods.

78. The audit committee was not appropriately constituted, which affected the execution of its oversight roles, including the review of the annual financial statements and annual performance report before submission for the audit. This also impacted the internal audit reviews and recommendations implementation and line of report which has resulted in the material misstatements identified in the financial statements and annual performance report.

Auditor General

Bloemfontein

02 December 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. 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

2. 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 KPA and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

4. 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.

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

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), Sections: 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), Sections: 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), Sections: 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), Sections: 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), Sections: 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), Sections: 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), Sections: 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, Sections: 122(1), 122(2), 126(1)(a), 126(1)(b), Sections: 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), Sections: 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), Sections: 165(1), 165(2)(a), 165(2)(b)(ii), Sections:165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), Sections:166(2)(b), 166(2)(a)(iv), 166(5), 170, Sections: 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), Regulations: 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), Regulations: 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), Regulations: 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), Regulations: 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), Regulations: 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), Regulations: 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations: 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act 24 of 2024	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), Sections: 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), Sections: 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), Sections: 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, Sections: 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)

Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, Regulations: 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), Regulations: 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), Regulations: 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), Regulation: 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), Regulations: 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), Regulations: 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), Regulations: 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

2. AUDITOR GENERAL'S REPORT ACTION PLAN

Audit Action Plan

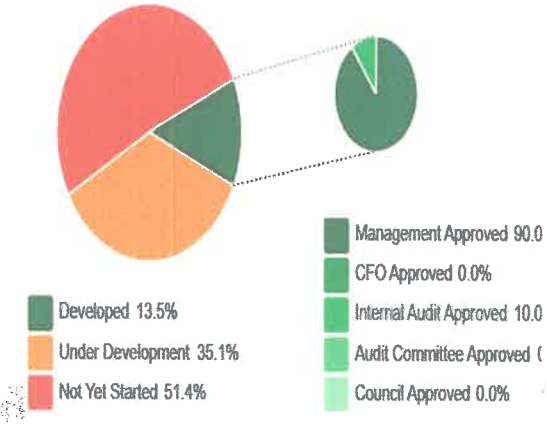
Financial Year 2024/2025 Print

Annexure

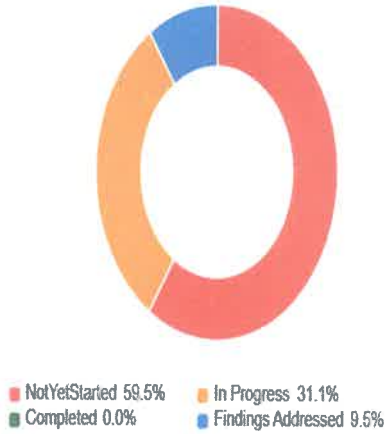
Matters Affecting Audit Report 74

Other Important Matters 0

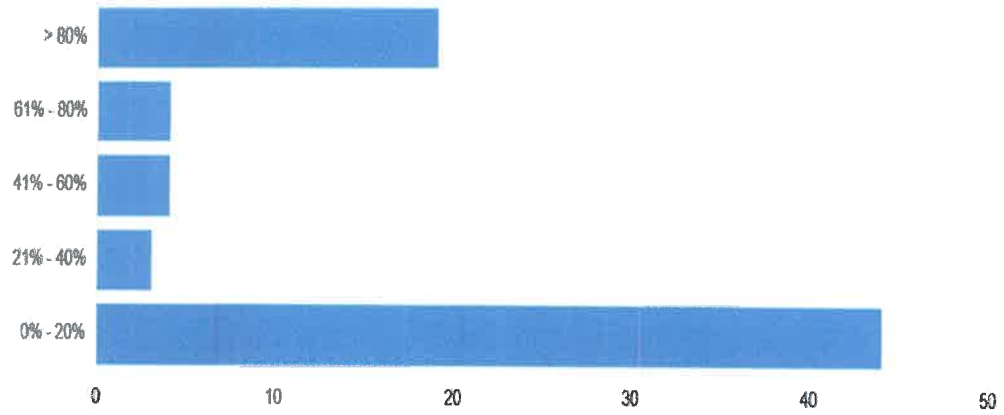
Audit Action Plan Status



Implementation AAP Status



Implementation AAP Progress Tracker



Audit Outcomes: 3 Year Trend

Financial Year	Audit Opinion
2022/2023	Qualified
2023/2024	Qualified
2024/2025	Unqualified with findings

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Financial Year: 2024/2025

Annexure: Matters Affecting Audit Report
Audit Action Plan Status: All
Implementation Status:

[redacted]	49
In Progress	23 (2)
[redacted]	7

No	Finding	Finding Details	Recommendation	Responsible Person	Due Date Ore	Due Date Mm	Implementation P	Implementation Status	IA Review Comments
1	1. SCM BP - Internal control deficiencies noted (COAF 6)	Noted through inspection of the report to mayor on the implementation of SCM policy in terms of regulation 6(3) of the SCM regulation of 30 May 2005 as amended, that only report for quarter 1, 3 and 4 were compiled, report for quarter 2 was not compiled.	It is recommended that management enhance its internal controls to ensure that they comply with the applicable SCM regulations.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	100%	In Progress	
2	SBP - Internal control deficiencies noted (COAF 6)	1. Noted through inspection of the report to mayor on the implementation of SCM policy in terms of regulation 6(3) of the SCM regulation of 30 May 2005 as amended, that only report for quarter 1, 3 and 4 were compiled, report for quarter 2 was not compiled.	It is recommended that management enhance its internal controls to ensure that they comply with the applicable SCM regulations.	Lerato Matsoso	13/Nov/2025	27/Feb/2026	100%	In Progress	
3	Audit Committee - Internal control deficiencies	1. Audit committee was not in place for the whole financial year; it was only appointed from 1 April 2025 to 30 June 2025. Although the Audit committee was appointed in the year under review, they did not have any meetings nor did they resume their office in the current year under review, therefore they did not perform any duties in the current year. 2. The Audit Committee Terms of reference were not in place for the financial year under review.	Management should ensure that audit committee in place adhere performs its duties as prescribed in MFMA	Ndabezitha Mthethwa	13/Nov/2025	13/Nov/2025	100%	[redacted]	11 Mar 2026 11:29: The finding was resolved
4	Use of consultants BP: Non-compliance issues noted	During the walkthrough of the municipality's use of consultants and related business processes, we noted the following issues:1. Non- compliance with Municipal Cost Containment Regulations:i) The municipality did not develop and implement a cost containment policy as required by Regulation 4(1) of the Municipal Cost Containment Regulations, 2019.ii) The municipality did not perform a gap analysis prior to the appointment of consultants, as required by Regulation 5(1) of the Municipal Cost Containment Regulations, 2019.iii) The municipality does not have a consultancy reduction plan in place to reduce reliance on consultants, as required by Regulation 5(5)(f) of the Municipal Cost Containment Regulations, 2019.	The municipality should develop and implement a formal skills transfer and capacity-building plan in collaboration with appointed consultants.Furthermore, the municipality implement a phased approach to reduce dependency by progressively insourcing services that can be performed internally. This will enhance municipality's capacity, promote sustainability, and reduce unnecessary consultancy costs over time.	Raymond Provis	03/Oct/2025	27/Feb/2026		[redacted]	
5	SCM BP - Internal control deficiencies noted (COAF 6)	Noted through inspection of the report to mayor on the implementation of SCM policy in terms of regulation 6(3) of the SCM regulation of 30 May 2005 as amended, that only report for quarter 1, 3 and 4 were compiled, report for quarter 2 was not compiled.	It is recommended that management enhance its internal controls to ensure that they comply with the applicable SCM regulations.	Lerato Matsoso	10/Oct/2025	27/Feb/2026		[redacted]	
6	Property, plant and equipment - Depreciation for immovables not accurate	There were immovable assets acquired in the current year, however, those assets were not depreciated in the current year, resulting in understatement	Management investigate the above finding and further implement control mechanisms to ensure that the depreciation is accounted for in the correct accounting period	Qinimusi Letlhatla	28/Feb/2026	31/May/2026	100%	In Progress	
7	Payables from exchange transactions - prior year findings (COAF 27) (M/A) - (ISS.27)	Payables from exchange transactions - (Incorrect classification)Payables from exchange transactions-Differences between the auditor's recalculated amount and the recorded amount. - Accrued bonusPayables from exchange transactions (journals) - differences between the recorded amount and amount per supporting documentation High level review of AFS. Differences as shown in the table below were noted between teh AFS and supporting documentation in support of the AFS 5.Payables from exchange transactions - Creditors list does not agree to the AFS6.Payables from exchange transactions – Various finding on Retentions on projects7. Payables from exchange transactions - Journal testing with not supporting evidence	Management should investigate the prior year's findings and ensure that the prior year's findings are addressed and supported by valid and accurate underlying records.- Furthermore, management should ensure that they prepare regular, accurate, and complete financial and performance reports that are supported and evidenced by reliable information.- To prevent recurrent misstatements, management should ensure that there are adequate reviews performed on the annual financial statements to ensure that they are supported by valid, accurate, and complete underlying records.	Nde Mabula	28/Feb/2026	31/May/2026	99%	In Progress	18 Feb 2026 09:25: Part of 8 of the finding is not resolved (Payables from exchange transactions - Unallocated deposits (Completeness) This finding must be assigned to Revenue Manager. The Manager must do the following: 1. Clear all the suspense account (Unallocated deposits) (If the Unit cannot clear the suspense account) 2. Make a Public Notice (Advert) for Unallocated Deposits and Refunds to appeal to customers/funders of the municipality who made payment via EFT and did not provide the correct account numbers or references to come forward and claim theses deposits. Should these refunds/deposits not be claimed after certain date, then the unclaimed deposits/refunds will be transferred to general income of the municipality and be utilised for other

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8	Quotations: Quotations were procured without obtaining the required price quotations (COAF 35) (M)(A) - (SS.35)	During the audit of quotations, it was noted that for the following, the required three price quotations were not obtained. Furthermore, no documentation was available to indicate the reason for the deviation, nor was there any approval from the Chief Financial Officer (CFO) or a designated official justifying the exception No Supplier Total rand-value of contract Cheque number Auditor's assessment 1 THE HANK GUESTHOUSE 28 304,35 46937 Two quotations were received: - The Hank: R32 550 including VAT. (R28 304.35) - Plain Gastehuis: R35 650 2 BITUGUARD SOUTHERN AFRICA 29 946,00 46747 Two quotations were received: - Elkay Holdings: R32 550 - TR Lentoe Trading (Pty) Ltd: R31 000 3 KLEVTANG DIGITAL SOLUTIONS 185 000,00 47452 One quotation was received: -Klevtang Digital Solutions: R185 000.	Management shouldvensure that: a) The municipality implement controls and ensure that at least three quotations are obtained for all the applicable transactions.b) In cases where obtaining three quotations is not feasible, written justification should be prepared and formally approved by the CFO or a delegated authority. b) Management should investigate the matter and disclose the irregular expenditure amount under note 58 to the Annual Financial Statements.	Lereto Matsaso	28/Feb/2026	31/Mar/2026	99%	In Progress	20 Feb 2026 10:17: 1. THE HANK GUESTHOUSE This part of the finding was not resolved, and this part of the finding must be included in the irregular expenditure register. 2. NTUSKO BUSINESS ENTERPRISE This part of the finding was not resolved, and this part of the finding must be included in the irregular expenditure register.
9	Property, plant and equipment - Limitation of scope on the audit of immovables	Contrary to above, depreciation was recalculated for the below assets and there were defferences identified, the differences were as follows: No AssetNumber AssetDescription1 Historical Cost Opening Balance Depreciation Additions On Historical Cost Depreciation recalculated Difference 10008 CHAIR VISITOR WOOD 258,47 1,48 8,08 6,60 2 10010 LOUD SPEAKER 12 183,50 18,47 384,74 366,27 3 10020 HEATER	Management investigate the above finding and implement controls to ensure that the depreciation accounted for is accurate	Qinilmuzi Letlhatla	28/Feb/2026	31/May/2026		Not Yet Started	
10	Differences identified between Cash Flow Statement Figures and Financial Statements	During the audit of the cash flow statement, differences were identified between figures disclosed in the cash flow statement and those in the underlying financial statements and supporting workings. Recalculated amount: (inflows = +; outflows = -) ** R amount as per the cash flow statement: (inflows = +; outflows = -) Differences Cash Flow from operating activities Receipts Add Sale of goods and services 485,787,067 486,696,928 (909,861) Add Interest Income 125,269,973 48,045,525 77,224,448 Payments Subtract Suppliers (358,836,479) (358,836,475)	Implement a detailed reconciliation process ensuring all figures in the cash flow statement are traceable to the financial statements and trial balance.Introduce a management review and sign-off control over the final cash flow workings before submission for audit. Maintain supporting schedules that clearly show how each cash flow figure was derived. Consider automating linkages between financial statements and the cash flow template to reduce manual errors.	Lydia Mosia	30/Jan/2026	28/Feb/2026	100%	Agreed Findings Addressed	11 Mar 2026 10:53: The finding is resolved.

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11	Quotations: Deliberately split into items of lesser value (COAF 37) (M)(A) - (ISS.37)	During the testing of quotations, we noted that the below quotations indicate high possibility of being deliberately split into parts or items of lesser value merely to avoid complying with the requirements of the competitive bid processesNoSupplierTotal rand-value of contractCheque Number Comments 1SITUGUARD SOUTHERN AFRICA29 946,0048747The general ledger for the period 1 July 2024 to 30 June 2025 was inspected, and it was confirmed that a series of payments were made to the supplier amounting to R25 040 for Asphalt. The cumulative value of these payments exceeds R300 000. It was further noted the same amount of payments were made for the executive months.2KLEVTANG DIGITAL SOLUTIONS185 000,0047452The general ledger for the period 1 July 2024 to 30 June 2025 was inspected, and it was confirmed that a series of payments were made to KLEVTANG DIGITAL SOLUTIONS for repairs and maintenance. It was noted that two payments were made on the same day (R185 000 and R246 429,60) 31/01/2025 that amounts to more than R300 000.3MOTUMA TECHNOLOGIES299 920,0048817. Inspected the General ledger for the period 1 July 2024 to 30 June 2025, confirmed that a series of payments made to Motuma Technologies and noted that there are payments made on the same day amounting to R598 200 for chemicals (12/06/2025).4NTLISKO BUSINESS ENTERPRISE239	An adequate assessment of the requisition from the user departments should be conducted to determine whether goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	95%	In Progress	
12	Overtime Not Approved Prior to Being Worked	During the testing of overtime payments under employee-related costs, it was noted that the overtime for the employees listed below was approved after the overtime hours had already been worked, rather than in advance as required by the overtime policy:	Management should ensure that all overtime is approved prior to it being worked.	Lydia Mosia	30/Jan/2026	28/Feb/2026	100%	Agreed Findings Addressed	11 Mar 2026 10:43: The finding is resolved
13	Leave Provisions- Differences in the leave provision balance and the recalculated provision balance	Audit FindingThe amount calculated in the leave provision schedule doesn not agree with the amount recalculated by the auditors. Please refer to thed details below: Information per the leave schedule EMP CODE NAME BCEA RATE NORMAL RATE DAYS DUE FIRST 21 DAYS AT BCEA RATE - Section 20(2)a REST OF DAYS AT NORMAL RATE TOTAL DUE 2025 100003 ME MP TSHABALALA 936,96 589,27 57,7 19 676,16 21 626,15 41 302,31 100005 MR SK SOSIBO	Reconcile the leave provision schedule with HR records and payroll data on a regular basis (e.g., quarterly or semi annually) to detect and correct discrepancies promptly.	Lydia Mosia	30/Jan/2026	28/Feb/2026	100%	Agreed Findings Addressed	11 Mar 2026 11:32: The finding was resolved
14	Deviations: insufficient evidence provided for audit purposes (COAF 39) (M)(A) - (ISS.39)	Contrary to the above requirements, during the audit of deviations, we noted that the following information was not included in the payment vouchers provided, which limited our ability to audit certain requirements under deviation testing: No Item description Total rand-value of contract Information not included in the payment voucher 1 THE CROWN GUESTHOUSE 34 086,96 - The CSD compliance history report of the supplier was not provided. - No declaration of interest MBD 4 was provided. - Furthermore, it was noted through inspection of the CAATs performed that director of Crown guesthouse is the MEMBER OF COMMITTEE at National Social Development. - No evidence was provided that the deviation was reported to the council. 2 RADCOOL INVESTMENTS (PTY) LTD 30 000,00 - The CSD compliance history report of the supplier was not provided. - No declaration of interest MBD 4 was provided. - Furthermore, it was noted through inspection of the CAATs performed that director of Radcol investment is a state veterinarian at Nat: Agriculture, Land Reform and Rural Development - No evidence was provided that the deviation was reported	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	80%	In Progress	
15	Deviations: transactions procured without following official competitive bidding process (CoAF 40) (M)(A) - (ISS.40)	This includes the accredited commentator. (attached)• SACAA accredited aviation fuel supplier for special air events.• The Dihlabeng Local Municipality has entered into agreement with as a Ticket (Out Global) for ticketing system. Access control ticketing has a separate cost (attached).• Accommodation: Only guest houses with available rooms for the required dates.• SACAA special air event fee as per the regulation (attached) Financial Implication:- Displays: R541 645- SACAA officials: R50 844.87- SACAA Fee: R11 340- Commentator: R11 340- Web - tickets (OUT Global): R33 511- Accomodation: R76 680- Aircraft fuel: R367 629,70	Management should:- Implement processes and procedures to ensure that the supply chain management processes are followed prior to making any awards. - further disclose these transactions as irregular expenditure. - Require supporting evidence (such as emails, quotation requests, and availability confirmations) to be attached to all deviation requests to substantiate the justification provided.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	100%	In Progress	

16	Contract management: total payments made under the contract up to date exceed the original contract price (CoAF 60)	During the audit of procurement and contract management, it was identified that the total payments made under the contract up to date exceeded the original contract price. Refer below for details of the projects;Contractor: Project details: PW003/2024- Bohlokong: Refurbishment of inlet works at the Wastewater Treatment WorksContractor: MaeselaconContract amount: R4 442 933Total payments made to date: R4 983 042,69Overpayment: R 540 109,69	It is recommended that management ensure that contracts include the required contract valued and that projects are monitored in order to ensure that the payments made to date do not exceed the contract amount. Management should also investigate the irregular expenditure incurred and ensure that the necessary disclosure is made in the annual financial statements.Management should ensure internal controls are implemented and payments do not exceed contract amount.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	100%	[illegible]	20 Feb 2026 10:18: The finding is resolved.
17	Payables from exchange transactions - prior year findings (COAF 27) (M)(A) - (ISS.27)	In the prior year, The Auditor General of South Africa issued the management representation letter with findings which were note corrected in 2023/24 financial year. In the current year, several Request forl information were issued to management requesting management to respond as toh ow they addressed those prior year findings. From discussion with management,m anagement indicated that those finding were not addressed in the current year Beloe the list of the line items whichm anagement did not make adjustments for Payables from exchange transactions - (Incorrect classification) During the audit of payables from exchanget Transactions, the following weren Noted: Name AmountVodacom R748 800 2. Payables from exchange transactions-Differences between the auditor's recalculated amount and the recorded amount. - Accrued bonusAccrued bonus CodeNAMEMONTHSP ROVIDED FOR TILL 30 JUNETOTALB BONUS AMOUNT PROVISION(R)Payroll report annual salary(R)Normal Bonus/12 (R)RecalculAted accrual bonus AMT(R)Difference (R)100001MR SS MALINGA1049 544,0059 452,844 954,4049	Management should investigate the prior year's findings and ensure that the prior year's findings are addressed and supported by valid and accurate underlying records.- Furthermore, management should ensure that they prepare regular, accurate, and complete financial and performance reports that are supported and evidenced by reliable information.- To prevent recurrent misstatements, management should ensure that there are adequate reviews performed on the annual financial statements to ensure that they are supported by valid, accurate, and complete underlying records.	Lydia Mosia	28/Feb/2026	31/Mar/2026	100%	[illegible]	11 Mar 2026 11:05: The finding is resolved.
18	Contract management: internal control deficiencies noted (CoAF 62)	1. The contract was not signed by both the successful bidder and a delegated official.a) PW025/2023- Upgrading of Saulspoort water treatment works section E: from 40ML to 60 ML- Noted through inspection of the service level agreement that was entered into between Dihlabeng Local Municipality and Unik Diphatse that it was not signed.b) PW003/2024- Bohlokong: Refurbishment of inlet works at the Wastewater Treatment Works- Noted through inspection of the service level agreement that was entered into between Dihlabeng Local Municipality (not signed) and Maeselecon (Signed by Maesela Donald Sebothoma but not dated). 2. Noted through inspection of the service level agreement that was entered into between Dihlabeng Local Municipality (Signed by Municipal Manager- M Nthelli) on 20/06/2025 and service provider (Kenneth Matha) that it does not have set limits.a) T5003/2025- Bohlokong: Installation of 12x 40m LED high mast lights at Bakenpark Ext5 and Slabberts FarmCause:	Management should safeguard the contracts the entered into and ensure that the contracts meet the requirements of the MFMA and SCM. Management should further strengthen internal controls in terms of contract management in order to ensure each contract has the required clauses in order to comply with the general conditions of contracts.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	70%	In Progress	
19	Accounting Officer Report Variances	Issues stated under Annexure A were noted.This was due to management not implementing adequate quality review processes over the financial statements prior to submission for audit.This may result in an internal control deficiency and material misstatement on adequate review of the AFS to ensure comply with the requirements of GRAP reporting framework. Also may results in a material limitation being placed on the audit team as it cannot be confirmed that the annual financial statements are supported by reliable information.	Management should investigate the differences and ensure that any outstanding inputs are provided to the auditors. - Management should adjust the annual financial statements to correct the error made on the disclosure. - Furthermore, management should ensure that they prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information To prevent recurrent misstatements, management should ensure that there are adequate reviews performed on the annual financial statements to ensure that they are supported by valid, accurate and complete underlying records.	Lydia Mosia	30/Jan/2026	28/Feb/2026	100%	[illegible]	11 Mar 2026 10:42: The finding is resolved during the finalisation of Annual Financial Statements
20	ISS.69 - Property, plant and equipment - Invoices capitalised in an incorrect financial year (M)(A) (ISS.69)	Contrary to the requirements above, the invoices belonging to the 2023/24 financial year were included in the 2024/25 work in progress. These invoices are as per table below Project Supplier Invoice No: Invoice date Details as per invoice Invoice Rand value (including VAT) SAULSPOORT SEC C MECH ELEC CIVIL Rudnat projects 08/2024 11/06/2024 Professional fees 247 825,00 Malonza construction 30/2024 11/06/2024 Upgrading of Saulsproot 3 035 282,88	Management should investigate the above finding and ensure that the invoices are recognised in the correct financial year	Khathatso Mokhele, Ms	28/Feb/2026	31/Mar/2026		[illegible]	

21	SCM BP: Amendments to SCM regulations dated 14 December 2023 not taken into account (COAF 2)	Contrary to the above stated requirements, it was noted through inspection that SCM policy for 2024/25 does not cater for the amendments to SCM regulations dated 14 December 2023 as listed under the above requirement.	Managementshould review the SCM policy and ensures that all the amendment included under the above requirement section are incorporated into the SCM policy.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	100%	In Progress	
22	Quotations: Limitations noted whilst testing quotations (CoAF 36) (M)(A) - (ISS.36)	Contrary to the above requirements, during the audit of quotations, we noted that the following information was not included in the payment vouchers provided, which limited our ability to audit certain requirements under quotation testing: No Item Description Total rand-value of contract Cheque number Comments 1 THE HANK GUESTHOUSE 28 304,35 46937 - CSD report not provided. - Evaluation report not attached - MBD4 not attached/provided 2 SOUTHERN SUN 55 478,26 46930 - CSD report not provided. - Evaluation report not attached - MBD4 not attached/provided	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines.	Lerato Matsoso	28/Feb/2026	31/Mar/2026	90%	In Progress	
23	ISS.23 - Limitation of scope to RFI 59- Contract management (COAF 29) (M)(A) - (ISS.23)	Contrary to the above requirements the following information that was requested under RFI 59 of 2025 - Contract management was not submitted. This information was requested on 18/09/2025 with a due date of 23/09/2025a) SLA for Vodacomb). Proof that the performance of the contractor/ provider is monitored monthly. c). Proof / evidence of project management maintained during the 2024-25 financial year (including any correspondence and/or minutes to meetings held, progress reports/evaluation reports). d. Support that confirms that where suppliers were found to not being performing as per the SLA the applicable penalties have been invoked, or the contract was terminated. e. Documentary proof of any correspondence to any problems / delays / defects communicated to the supplier. f. Completion certificate for projects that have been completed within the current year under review. Proof that goods were delivered for non-infrastructure contracts.	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines	Lerato Matsoso	28/Feb/2026	31/Mar/2026	51%	In Progress	
24	Lack of incident security management policy (Re-reporting) (COAF52)	Information Security Incident Management procedure is a mechanism for governing the implementation of the incident management process to ensure that service operation is restored as quickly as possible and to minimise the impact on business operations, thus ensuring that the best possible levels of service quality and availability are maintained.Audit findingAs previously reported, there was no Incident Security Management policy in place to give guidance in identifying, reporting and resolving security incidents.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions. Management should formally appoint a qualified individual to fulfil the role of IT Manager.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	41%	In Progress	
25	Inadequate IT Strategic Plan (Re-reporting) (COAF 52)	Audit findingSome of the following design and implementation deficiencies around the IT Strategic Plan had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environmentKey findings: As previously reported, it was noted that the municipality had taken the initiative to develop a Strategic Plan, it was found that the plan was not approved and did not include the following:Purpose of the environment Facilities used by ITPlanning guidelines and constraints (e.g. expected growth and finances)Evidence of the ICT Implementation Plan that shows the progress made on ICT Projects that are detailed in the IT strategy was not provided for audit purposes.IT goals and risks were not included in the municipality's strategic planning document i.e. the IDP.There was no alignment between the IT strategic plan and the municipal strategy, moreover the IT strategic plan was not aligned with the IT goals and risks identified in the municipal strategy.There was no process in place to monitor the execution/implementation of the IT Strategic plan to ensure that the ICT department is on track to achieve its strategic goals as outlined in the IT Strategic Plan.There was no process in place that was used as the basis to compile the IT budget; furthermore, it was noted that the IT function is not involved when the IT	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO / IT Steering committee and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actionsManagement should formally appoint a qualified individual to fulfil the role of IT Manager. Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans.	Nkululeko Mntambo	31/Mar/2026	30/Apr/2026	35%	In Progress	

26	Inadequate IT Governance Framework (Re-reporting) (COAF 52)	4.1 Establishment of an IT Governance FrameworkDefine, establish and align the IT governance framework with the overall enterprise governance and control environment. Base the framework on a suitable IT process and control model and provide for unambiguous accountability and practices to avoid a breakdown in internal control and oversight. Confirm that the IT governance framework ensures compliance with laws and regulations and is aligned with, and confirms delivery of, the enterprise's strategies and objectives. Report IT governance status and issues.Audit findingSome of the following design and implementation deficiencies around the IT Governance Framework had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environmentAs previously reported; Although the municipality had taken the initiative to establish an IT governance framework, the governance framework was still in draft and was not	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actionsManagement should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans.Management should ensure that the procedure in place is reviewed to ensure that it adequately addresses the following:Information technology strategy as part of the strategic business planning processes	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
27	Inadequate design of Acceptable Use policy (COAF 54)	During the review it was noted that the evidence provided for Acceptable Use policy does not indicate the date of review and the individuals who approved the policy.In addition, the section relating to monitoring of system controller actions at the application security level specifies that monitoring should be performed only for Active Directory (AD) and does not extend to other key applications such as Sage VIP and Solar.The policy does not indicate the frequency of the reviews that should be performed.	Management should ensure that all IT policies, including the Acceptable Use Policy, clearly record the review date and the approving authority. The policy should also be updated to explicitly include the frequency of reviews and monitoring requirements for system controller activities across all critical applications AD, Sage VIP and Solar to strengthen oversight and improve the control environment	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
28	New user forms for AD Solar were not approved by the IT system manager (COAF 54)	During the review it was noted that the new user forms for the following users were not approved by the ICT manager:AD: User Name Creation Date Nthabiseng Mokoena 01/08/2025 Solar: User Name Creation Date Dikaledi Makakiso 28/01/2025	Management should formally appoint a qualified individual to fulfil the role of IT Manager.Management should ensure that all new user forms for AD and the Solar system are reviewed and formally approved by the ICT manager or IT personnel granting the user access, before account creation.Management should reinforce adherence to the Acceptable Use policy through periodic monitoring and training to ensure that approvals are consistently	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
29	Terminated users still active on AD and Solar (COAF 54)	During the review it was noted that the following terminated users were still active:AD: Three (3) active AD users Emp Code Emp Name Termination Date 300083 Mr SB Maseko 30/05/2025 602308 Mr LJ Mokoena 13/11/2024 602588 Ms PC Mofokeng 13/11/2024 Solar:One (1) active Solar user	Management should perform user clean-up activities which include the disabling and/or removal of terminated user accounts on the system should be conducted as part of the AD and Solar user access reviews. Management should ensure that an independent reviewer is assigned to review the AD and Solar user access rights and evidence should be kept on file for audit purposes.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	100%	In Progress	
30	Inadequate design and implementation of user access management controls around Active Directory (Re-reporting) (COAF 54)	The following deficiencies were noted with regards to the administration of user access controls on Active Directory: As previously reported; There was no process to monitor and review failed logon and access violations. As previously reported; There was no process in place to monitor the activities performed on the system by the system controller. The "administrator account", which was created on "2016/05/18 at 13:23:01" when Windows AD was installed on the domain controller. This account has complete control over all domain controllers and all directory content stored in the domain, and it can change the membership of all administrative groups in the domain. It is the most powerful service administrative account. It was noted that this administrative account was not renamed and it was not linked to a specific user.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions.Management should ensure that failed logon and system controller activities are monitored on a periodic basis (monthly or quarterly).Management should ensure that the administrator account is renamed and assigned to one user.System user clean-up activities which include the disabling and/or removal of inactive, dormant user accounts on the system should be conducted.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
31	Inadequate implementation of user access management controls around Sage VIP application (Re-reporting) (COAF 54)	Testing of dormant user account could not be assessed as the system generated user list which consisted of last logon dates was not provided for audit purpose. As previously reported; There was no process in place to ensure that activities (such as user creation, user ID maintenance, allocation of functions and deletion of user accounts.) performed by system administrators on the system were monitored and reviewed on a regular basis by an independent person. As previously reported; There was no process to monitor and review failed logon and access violations on the system due to system limitation.	Management should ensure that an independent reviewer is assigned to review the Sage VIP user access rights and administrator activities, and evidence should be kept on file for audit purposes.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	

32	Guest account on AD is not disabled or renamed (COAF S4)	During the review it was noted the built-in Guest account on Active Directory was enabled and not renamed and assigned to a unique user.	Management should ensure that the Guest account is disabled or renamed. Management should perform user access reviews and ensure all accounts are assigned to a specific user and that there are no default or generic accounts that are enabled.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	99%	In Progress	16 Mar 2026 08:31: Please attach proof of evidence on in this audit action plan
33	Internal audit - Internal control deficiencies noted (COAF 4) (M)(A) - (ISSA)	(a)It was identified that the Internal Audit function did not submit the approved Internal Audit Charter, Internal Audit Methodology as well Internal Audit Plan for 2024-2025 financial year and no evidence that these documents were submitted to council.(b) The Performance Information Reports - 1st Quarter 2024-2025 for the Technical and Community services were not completed as there were no management comments and auditors responses.(c) It could not be determined that the Internal Audit function achieved its planned objectives as not all planned reports were submitted for audit purposes. (See Annexure below) Quarter 1 1- July 2024 to September 2024. Preparation of Internal Audit Strategic Documents Internal Audit Report not submitted Performance Management System - Q1-3 (Roll over Close Up) Compliance Submitted PMCMM Audit Q1 Compliance	Management should exercise adequate responsibility in ensuring that the Internal Audit division performs in line with the different legislations applicable to them	Ndabezitha Mthethwa	28/Feb/2026	31/May/2026	25%	In Progress	
34	Inadequate implementation of user access management controls around Solar application (Re-reporting) (COAF S4)	As previouslyreported, there was no process in place to ensure that activities performed by system administrators were monitored and reviewed on a regular basis by an independent person. As previously reported, there was no process in place to review user access rights to validate whether employee's current access rights and privileges on the system is still in line with their job responsibilities. Eighteen (18) dormant users accounts were identified, and these accounts were not used for more than 90 days. The details of the account are listed in the table on Annexure B – Table 3	Management should perform user clean-up activities which include the disabling and/or removal of inactive, dormant user accounts on the system should be conducted as part of the Solar user access reviews. Management should ensure that an independent reviewer is assigned to review the Solar user access rights and administrator activities, and evidence should be kept on file for audit purposes.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
35	Inadequate implementation of risk management processes (Re-reporting) (COAF S2)	Some of the following design and implementation deficiencies around risk management had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment: There was no formally documented Risk Management Framework in place that clearly outlined and provided a systematic process to ensure that risks are effectively managed and minimised, safeguarding the municipality's assets, reputation, and overall success. IT risk assessment and the overall municipal risk assessment were not performed during the period under review to identify potential hazards and assess the associated risks within the IT department.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions. Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans. A Risk Management Framework (RMF) is a structured approach to identifying, assessing, mitigating, and monitoring risks that could potentially impact the municipality, management should ensure that the framework is developed, and the following should be addressed at minimum: 1. Risk Identification: Identifying potential risks that could impact the organization. Categorizing risks based on their nature (e.g., operational, financial, strategic, reputational). Using techniques like brainstorming, SWOT analysis, and risk checklists to identify risks. 2. Risk Assessment: Evaluating the likelihood and potential impact of each identified risk. Prioritizing risks based on their severity and urgency. Considering factors like the frequency of occurrence, the potential financial loss, and the damage to reputation. 3. Risk Mitigation: Developing strategies to mitigate or eliminate identified	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
36	ICT Steering Committee meetings were not convened regularly (Re-reporting) (COAF S2)	Some of the following design and implementation deficiencies around the ICT Steering Committee had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans. Management should expedite the process of filling the critical vacant position of the IT Manager.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	98%	In Progress	

37	Critical positions were not filled in the Information and Communication Technology directorate (Re-reporting) (COAF 52)	Some of the following design and implementation deficiencies around the ICT structure had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment A formally documented and approved IT organisational structure exists however the following deficiencies were noted: As previously reported, there were vacant positions within the IT department, namely: 3 System administrators Help desk clerk ICT Specialist	Management should ensure that duties of the head of IT department are formally delegated and clearly define the role and responsibilities for accountability purposes. Management should ensure that the IT organisational structure is reviewed on an annual basis to ensure that the structure is adequately staffed and allows for adequate segregation of duties. Management should ensure that IT issues raised are monitored at oversight committees to tracked and ensure that there are remediated. Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	61%	In Progress	
38	Inadequate implementation of Service Level Agreement (SLA) processes between the municipality and service providers (Re-reporting) (COAF 52)	Some of the following design and implementation deficiencies around the IT Service Level Agreements (SLA) had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment: A List of all critical IT services currently being managed by third parties or where a contract had been entered into was not provided for audit purpose, as a result a sample could not be selected of service level agreements between IT and service providers, to ensure that there are contacts/ SLAs in place for all services entered into with third parties.There was no formal procedure is in place to manage the acquisition, maintenance, and monitoring of service providers and license agreements to ascertain whether services were being delivered to the municipality in line with the agreed service levels in the form of periodic reporting and collection of relevant statistics.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans. Management should formally appoint a qualified individual to fulfil the role of IT Manager Management should ensure that information requested is provided to enable auditors to perform assessments on implemented controls and provide reasonable assurance on the adequacy and operating effectiveness thereof. Management should ensure that the contractual agreement are in place and ensure that the contracts are renewed on a timely basis to avoid operating on invalid contracts, furthermore management should ensure that the contract addresses the following at a minimum: Approval by all stakeholders to indicate the agreement of services provided. Effective period and new period review/renewal/non-renewal Detailed definition of service Quantifiable minimum service level Availability Support procedures and call logging procedures Change procedure for any portion of the agreement Security requirements	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	72%	In Progress	
39	Inadequate project management processes (Re-reporting) (COAF 52)	There was no approved Project Management Framework in place to provide guidance in the approach to managing projects/ for example standardised set of processes on how to manage projects to ensure projects are delivered on time, within budget, and to the desired quality standards	Management should ensure that the Project Management Framework is prioritised and developed to provide a standardised set of processes, tools, and techniques to ensure projects are delivered on time, within budget, and to the desired quality standards.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
40	Inadequate design of ICT Acquisition Maintenance and Disposal policy (Re-reporting) (COAF 52)	Although there was a formally documented ICT Acquisition Maintenance and Disposal-policy in place, however it was noted that the policy was still was in draft, Furthermore, the current policy does not provide adequate guidance on the process to follow when performing the following asset management procedures: a) Inventory of Assets Asset Types / Classes that are subject to tracking and asset tagging, such as: Desktop workstations Laptop computers Tablet devices Printers and copiers Handheld devices Scanners Servers Network appliances (e.g. firewalls, routers, switches, UPS', endpoint network hardware and storage devices) Memory devices b) Ownership of Assets The asset owner is responsible for the effective management of the asset over the whole lifecycle of asset. c) Acceptable use of the assets It must take into consideration employees, temporary staff, contractors and other third parties. d) Return of Assets All employees and external parties are expected to return organisational assets upon termination of their employment, contract or agreement. It is required that the detailed process is documented to ensure that the return of assets is appropriately managed and is supported by evidence. The process relating to the non-return should be indicated to ensure it	Management should ensure that the ICT Acquisition Maintenance and Disposal policy in approved and reviewed to include the followinga) Inventory of Assets Asset Types / Classes that are subject to tracking and asset tagging, such as: Desktop workstations Laptop computers Tablet devices Printers and copiers Handheld devices Scanners Servers Network appliances (e.g. firewalls, routers, switches, UPS', endpoint network hardware and storage devices) Memory devices b)Ownership of Assets The asset owner is responsible for the effective management of the asset over the whole lifecycle of asset. c) Acceptable use of the assets It must take into consideration employees, temporary staff, contractors and other third parties. d) Return of Assets All employees and external parties are expected to return organisational assets upon termination of their employment, contract or agreement. It is required that the detailed process is documented to ensure that the return of assets is appropriately managed and is supported by evidence.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	52%	In Progress	

41	Security awareness and training were not conducted regularly (Re-reporting) (COAF 52)	Deficiencies relating to the security awareness and training were raised since 2021-22, for four (4) audit cycles in succession, and there was no progress made in ensuring that the deficiencies identified in the previous years were remediated. As previously reported, it was noted that security awareness and training on how users can identify and report information security events were not conducted regularly	Management should ensure that: IT issues are escalated to involve the higher-level management such as the CFO and municipal manager, and require that tracking and reporting processes be established to regularly monitor the progress of corrective actions. Management is to ensure that IT security awareness training is implemented across the municipality, to ensure that employees are aware of the importance of protecting sensitive information and the risks of mishandling information that may lead to security incidents. The security awareness program should be conducted on a continuous basis. The security awareness program may be delivered in many ways (e.g. formal training, computer-based training, e-mails, circulars, memos, posters etc.). Thus, the security awareness program should be delivered in a way that fits the overall culture of the municipality and has the most impact to personnel. Management should formally appoint a qualified individual to fulfil the role of IT Manager to facilitate the development of a security awareness training program. Security awareness training rolled out should include amongst others, the following: Training staff on secure authentication Training staff on identifying social engineering attacks Training staff on sensitive data handling Training staff on causes of unintentional data exposure	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
42	Inadequate antivirus management process (Re-reporting) (COAF 52)	Evidence of compliance status report indicating all workstations with antivirus software installed and updated was not provided during the period under review, thus testing could not be performed to confirm whether the antivirus definitions were continuously kept up to date on workstations. There was no process in place to review and monitor Anti-virus exception reports andfollow up on any anomalies. As previously reported, anti-virus agents and security applications were not installed on workstations to protect them from malicious software, commonly known as malware.	Management should expedite the anti-virus tendering process to ensure the security of municipal workstations. Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
43	Patch management process was not adequately implemented and managed (Re-reporting) (COAF 52)	There was no change management process in place for the deployment of security patch updates in the environment. There was no process in place to manage and monitor non-patched user machines. Evidence of list of servers and their operating system indicating their versions was not provided for audit purpose, thus testing could not be performed to determine if the municipality made use of the latest and up to date versions of windows server and operating systems	Management should ensure that information requested is provided to enable auditors to perform assessments on implemented controls and provide reasonable assurance on the adequacy and operating effectiveness thereof.A robust change management process that includes the following steps should be implemented deployment of security patch updates in the environment:Change Request: A formal request for a change, including a detailed description of the patch and its impact.Risk Assessment: A thorough assessment of the potential risks associated with the patch deployment.Testing: Rigorous testing of the patch in a controlled environment to identify and address any issues.Planning: Development of a detailed deployment plan, including scheduling, rollback procedures, and communication plans. Approval: Approval of the change request by authorizedpersonnel.Deployment: Controlled deployment of the patch, monitoring for any issues.Verification: Verification that the patch has been successfully deployed and is functioning as expected.Post-implementation Review: A review of the deployment process to identify lessons learned and improve future deployments.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
44	Lack of backup management processes (Re-reporting) (COAF 52)	Some of the followingdesign and implementation deficiencies around the risk management had been raised for the past seven consecutive years since 2017/18 and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment: Key audit findings:As previously reported, the Backup procedures were incorporated in the Disaster recovery plan and Business continuity planning (BCP). However, it was noted that the document was not approved thus unenforceable. Furthermore, the following key elements were not included in the documents: Backup strategyRoles and responsibilitiesRetention periodBackup window (time available each day to complete backups)Backup restoration process Archival requirements	Management should review and update the Disaster Recovery Plan to incorporate backup procedures. The backup procedures should cover the following components: Backup strategy Roles and responsibilities Retention period Backup window (time available each day to complete backups) Backup restoration process Archival requirements Special media considerations	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026	41%	In Progress	
45	Inadequate disaster recovery plan management processes on all critical systems/applications (Re-reporting) (COAF 52)	Key findings: As previously reported; The municipality took the initiative to document the Disaster Recovery Plan (DRP) the document was not approved thus unenforceable Furthermore, it was noted that the DRP did not address the following activities: Plan maintenance and testing (including frequency of DRP tests) Business impact analysis (BIA) should be in line with RTO and RPO, including daily procedures, if the system is down, what impact does it have on service delivery. As previously reported; Disaster Recovery Plan was not tested for all critical systems/applications to ensure that the recovery time and point objectives for systems were valid to ensure that systems will be resumed in an event of a disaster. Management continued operating with an invalid contract with Business Connexion on the Solar system that had expired 7 years ago, thus failed to ensure that the contract was renewed to clearly outline responsibilities or enforcement clauses on the service provider for the remediation of deficiencies identified during the disaster recovery testing process on the Solar system.	Management should ensure that: Management should ensure that there are SLAs in place with all third parties and all SLAs should be reviewed annually. Should there be extensions required management should ensure that extension letters are signed in a timely manner. Management should formally appoint a qualified individual to fulfil the role of IT Manager and duties should be assigned to perform disaster recovery as per the Disaster Recovery Plan. Management should ensure a process of monitoring of services provided by the service providers is put in place, i.e. monthly service level performance reports should be submitted, and the municipal management should ensure that meetings are held with the service providers' representatives to discuss the achieved performance outcomes relating to DR testing. Management should review and update the Disaster Recovery Plan to incorporate the following components: Plan maintenance and testing (including frequency of DRP tests)	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	

000205

46	Lack of a firewall management solution in place (Re-reporting) (COAF 52)	It was noted that there are no firewall solutions implemented in the municipality's network infrastructure. Therefore, the firewall management controls could not be assessed for the period under review. It was noted that there are no firewall solutions implemented in the municipality's network infrastructure. Therefore, the firewall management controls could not be assessed for the period under review.	Management should ensure that: They expedite the process of acquiring the service provider to provide firewall services formally, and the relationship should be managed through a service level agreement that adequately outlines the services, roles and responsibilities	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
47	Inadequate implementation of change controls around Solar and Sage VIP (Re-reporting) (COAF 52)	As previously reported, system generated logs of all changes implemented on Solar and VIP system during the period under review was provided; however, evidence consist of password document which does not consist of program changes that were implemented on the system; thus, assurance could not be provided on whether all changes implemented on systems followed a proper change management process (i.e. changes were formally requested, approved and tested prior implementation into production). An annual mandatory change of tax tables was implemented on the Solar system by the service provider Business Connexion without following a change management process, further IT department is not involved when changes are implemented.	Managementshould ensure the following controls are implemented: Management should ensure that information requested is provided to enable auditors to perform assessments on implemented controls and provide reasonable assurance on the adequacy and operating effectiveness thereof. IT issues are escalated to involve the higher-level management such as CEO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions. Review the current policy to ensure that the following program change management processes are addressed: Impact assessment Testing of changes Migration of changes to production Adequate segregation of duties Systems covered by the policy Development of changes requested Testing of changes (QA and user acceptance test) Implementation of changes Roll-back plans in the event that changes fail Management should ensure that adequate evidence of system generated change logs is provided to enable auditors to perform assessments on implemented controls and provide reasonable assurance on the adequacy and operating effectiveness thereof. The following key details should be included in program	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
48	Inadequate design of user access management procedure (Re-reporting) (COAF 52)	As previously reported, although the municipality had taken the initiative to develop and approve the User Access Management policy it was however noted that the current policy did not provide adequate guidance on the process to follow when performing the following user access management activities: User transfer requests. Monitoring of system controller actions on application security level (creation of IDs, user ID maintenance, allocating functions to users etc.) Periodic reviews to ensure employees' access is still commensurate with their job responsibilities.	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions. Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
49	Physical and Environmental controls were not adequate (Re-reporting) (COAF 52)	Some of the following design and implementation deficiencies around the Physical and Environmental Controls had been raised for the past six consecutive years and were still not remediated. Management is not responding with the required urgency to address the IT risks and to improve the control environment. The following deficiencies were noted with regards to physical and environmental controls: As previously reported; It was noted that there was a draft Server Room Access Policy in place; however, it was noted that the policy did not address the following Physical and Environmental Controls and processes that should be in the server room: Application of lightning protection Uninterrupted power supply Maintenance records should be maintained by the Facilities Manager The following environmental control have not been implemented in the server room: Lightening protection Uninterrupted power supply No service maintenance was done for environmental controls within the data centre Smoke detectors Generator Uninterrupted power supply The following environmental controls in the server room were last maintained in year 2023	Management should ensure that: IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions. Server Room Access Policy is reviewed to ensure that the following Physical and Environmental Controls and processes are addressed: Application of lightning protection Uninterrupted power supply Maintenance records should be maintained by the Facilities Manager The following environmental controls are implemented in the server room: Lightening protection Uninterrupted power supply ICT management together with the facilities management of the building should ensure that a service provider is appointed for the periodic maintenance of server room/ data centre equipment and maintenance records are maintained. Discourage employees from storing items in the server room, especially those made of flammable materials, in the server room. Management should ensure that they develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
50	Inadequate password settings on Active Directory and Sage VIP (COAF 54)	Through a comparison of the password settings configured on Active Directory and Sage VIP against the Acceptable Use Policy, the following exceptions were noted: Password Parameters Dihlebeng Acceptable Use Policy Active Directory Sage VIP Maximum Password Age 30 days 0 days 30 days Password History Not Defined 24 passwords 3 times same password Password Complexity Numbers, capital letters and special characters Disable Alpha and numeric characters	Management should ensure that all system configurations are aligned to the Acceptable Use policy, and that the policy is updated to include the password history.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
51	Draft IT Security Management Policy (COAF 54)	During the review, it was noted that the IT Security Management policy was still in draft and not approved in the period under review.	Management should ensure that the IT Security Management policy is reviewed and approved. Management should formally appoint a qualified individual to fulfil the role of IT Manager.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	

52	Inadequate process of maintaining sensitive information (Re-reporting) (COAF 54)	There was no process in place for classifying and maintaining a record/inventory of sensitive information and there were no measures put in place to ensure protection of sensitive information through encryption or the implementation of security protocols such as Secure Sockets Layer (SSL) or Transport Layer Security (TLS).	Management should ensure that IT issues are escalated to involve the higher-level management such as CFO and municipal manager and a tracking and reporting process should be established to regularly monitor the progress of corrective actions.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
53	Skills gap analysis had not been conducted. (COAF 54)	Some of the following design and implementation deficiencies around the skill gap analysis had been raised for the past seven consecutive years since 2017/18 and were still not remediated. As previously reported, it was established that HR in collaboration with the IT department did not perform a skills gap analysis to determine which skills is needed for IT personnel to perform their IT duties in order to assist in supporting the business objectives and goals.	As previously reported, it was established that HR in collaboration with the IT department did not perform a skills gap analysis to determine which skills is needed for IT personnel to perform their IT duties in order to assist in supporting the business objectives and goals.	Nkululeko Mntambo	28/Feb/2026	31/Mar/2026		Not Yet Started	
54	SS.86 - Meter readings in the transaction file not agreeing to the read file. (M)(A) - (ISS.86)	We identified 785 accounts where meter readings billed on the system do not agree to the actual meter readings on the read file. SEE THE ATTTACHED!!!!!!!!!!Refer to Annexure D -- (785 Accounts did not have accurate actual readings) Management did not ensure adequate review of the annual financial statements prior to submission for audit.	Management should ensure that the meter readings uploaded on solar system for billing are based on actual meter readings per read file.	Ndo Mabuia	31/Mar/2026	30/Apr/2026		Not Yet Started	
55	Limitation of scope issue to RFI no. 32 of 2025 - Risk	Contrary to the above requirements the following information that was requested under RFI 32 of 2025 - Risk, was not submitted. This information was requested on 28/08/2025 with a due date of 02/09/2025:1. Approved risk management committee charter for the 2024/25 financial year2. ALL minutes of risk management committee meeting held in the 2024/25 financial year.3. Signed declaration of interest for the risk management committee members for the 2024/25 financial year.4. Risk management policy for the 2024/25 financial year (if not amended from previous year)5. Risk management strategy for the 2024/25 financial year6. Did the municipality perform Risk assessment during the financial year including fraud risk assessments? Kindly provide a proof if they were performed.7. What communication was done to communicate to all officials, the risk management strategy of the municipality to ensure that risk management strategy is incorporated into the language and culture of the municipality? Kindly provide us with the evidence of the communication performed.	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines.	Ndabezithe Mthethwa, J	31/Mar/2026	30/Apr/2026	25%	In Progress	
56	ISS.8 - Limitation of scope to RFI no. 10 of 2025 - Understanding the entity - Organisation: Vacancy rate (COAF 8) (M)(A) - (ISS.8)	Contrary to the above requirements the following information that was requested under RFI no. 10 of 2025 - Understanding the entity - Organisation: Vacancy rate, was not submitted. This information was requested on 05 August 2025 with a due date of 08 August 2025: 1. Vacancy rate for the following: - Overall- Senior management - Finance division- Supply chain management division.(Please include detailed calculations as to how the rate was determined together with a detailed list)	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines	Selby Lengoabala	31/Mar/2026	30/Apr/2026		Not Yet Started	
57	Internal control deficiencies - Understanding internal controls (COAF 9) (M)(A) - (ISS.9)	Contrary to above, the following internal control deficiencies were identified:1.Employees skills and competencies were not regularly evaluated in order to establish whether they are still relevant and adequate to carry out the auditee's objectives 2. Employees' performance was not regularly monitored and evaluated based on predetermined criteria and signed performance agreements in order to identify areas of improvement and areas where employees are performing well. 3. Obtained the audit action plan and confirmed that not all findings were 100% implemented during the financial year. 4. The Organisational structure was last reviewed in 2022 and this matter has been reported in the last two financial years	Management should exercise oversight responsibility regarding the internal controls to ensure that the controls are implemented and working effectively and efficiently	Selby Lengoabala	31/Mar/2026	30/Apr/2026		Not Yet Started	
58	No approved fraud risk management framework and policy (COAF 16) (M)(A) - (ISS.16)	The municipality does not have an approved;(1) Fraud Risk management framework(2) Anti-fraud Prevention and Response plan(3) Risk Management policy (4) Risk Management Strategy	Management should ensure that these important strategic documents are reviewed, approved and implemented by the municipality.	Judith Motaung	31/Mar/2026	30/Apr/2026	50%	In Progress	
59	ISS.17 - No communication on trainings sessions on ethical behaviour and business practices done by management (CoAF 17) (M)(A) - (ISS.17)	No training sessions that were performed by management creating the awareness on business practices as well as on ethical behavior policies and procedures in place. Lack of awareness with regard to Fraud and corruption in the workplace.	Management should communicate business practices as well as matters on ethical behaviour to ensure compliance to the policies governing financial management for the provision of service delivery in the municipality	Selby Lengoabala	31/Mar/2026	30/Apr/2026		Not Yet Started	
60	No fraud risk assessment performed by the municipality (COAF 19) (M)(A) - (ISS.19)	There was no fraud risk assessment performed by the municipality during the year under review	Management should annually perform a fraud risk assessment to address risks concerns identified.	Judith Motaung	31/Mar/2026	30/Apr/2026		Not Yet Started	

61	Limitation of scope - RFI 18 - BP Consequence management (COAF 21) (M)(A) - (ISS.21)	Contrary to above, the following information was requested in RFI 18 on 06 August 2025 and due on 11 August 2025 has not been received to date:- Financial misconduct investigations performed by internal audit /disciplinary board- Minutes/presentations of trainings held to train staff on changed legislation Completed investigations of UIF by the MPAC and evidence that an audit report was issued to the Municipal Manager for further action	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines	Selby Langoabela	31/Mar/2026	30/Apr/2026		Not Yet Started	
62	The municipality doesn't have a fraud and whistle-blower hotline in place (COAF 24) (M)(A) - (ISS.24)	Contrary to the above, it was discovered that the municipality doesn't have a fraud and whistle-blower hotline in place.	Management should put fraud and whistle-blower hotline in place to prevent and detect incidents of fraud in the municipality.	Judith Motaung	31/Mar/2026	30/Apr/2026		Not Yet Started	
63	The municipality does not have an approved communication and media policy. (COAF 25) (M)(A) - (ISS.25)	The municipality did not have an approved communication and media policy.	Management should ensure that steps are taken to have the communication and media policy is approved and communicated to officials.	Tshedtso Maitse	31/Mar/2026	30/Apr/2026		Not Yet Started	
64	No Job descriptions are established (COAF 14)	During the completion of the business process for employee related cost, it was identified that the municipality did not have the staff establishment that includes the updated job description for the posts at the municipality for the financial year ended 30 June 2025. The issue was also raised in the prior year Management Report for the financial year ended 30 June 2024 and still remains unresolved.This is as a result of limited human resources to ensure compliance with MFMA and MSA requirements.This result in non-compliance with Section 7 of MSA Act 32 of 2000, Municipality staff regulation.	Management should exercise its oversight responsibility to ensure timely development and approval of the job descriptions in accordance with the Municipal Systems Act.	Mamosebetsi Diamini	31/Mar/2026	30/Jun/2026		Not Yet Started	
65	ISS.34 - AoPO - Indicator is not measurable (COAF 34) (M)(A) - (ISS.34)	When testing the performance information included in the Service Delivery and Budget Implementation (SDBIP) and the Functional Area Service Delivery Report to verify that the indicators are measurable, confirmed that the following indicators were not measurable: (1) Percentage score achieved by the Municipality in the assessment : 1.9 90% Compliance towards Blue No Drop Accreditation(2) Percentage score achieved by the Municipality in the assessment : 1.10 70% Compliance towards Green No Drop Accreditation _This is because the indicators do not have technical indicator descriptions (TID's) and/ or documented policies and standard operating procedures (SOPs)._Furthermore management could not explain and corroborate the core elements elements of:• Source or collection of data, or• Method of calculation or assessment, or• Means of verification / Type of output since management simply indicated on the response to communication of audit finding 11 that the ' The percentages indicated in the SDBIP are not the official Blue Drop or Green Drop scores as determined by the Department of Water and Sanitation. Instead, they are used as internal performance indicators to measure the municipality's	Management should have technical indicator descriptions (TID's) for the indicators, that specify the core components of the indicator: Source or collection of data (including source documentation required); Method of calculation or assessment and Means of verification / Type of output.	Muziwakhe Zondo	31/Mar/2026	30/Apr/2026		Not Yet Started	
66	Performance evaluations not performed (CoAF 66)	During the completion of the business process for employee related cost, it was identified that there are no performance evaluations that were performed for employees of the municipality that are entitled to a performance bonuses. This is as a result of non-submission of the portfolio of evidence by the employees so their performance can be assessed.	This result in non-compliance with Section 38 of MSA Act 32 of 2000, Municipality staff regulation.	Mamosebetsi Diamini	31/Mar/2026	30/Jun/2026		Not Yet Started	
67	ISS.38 - AoPO: reported achievement not accurate -1.1. Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2024. (CoAF 38) (M)(A) - (ISS.38)	Contrary to the above, when testing thee ccuracy of the financial progress reported achievement for the indicator indicator 1.1. Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2024, the following difference was noted:Numerator Payment voucher number Detail Supplier Name Cheque no. Stamp status Date Amount INV1005320 20240806 Invoice no. 1723 Nakeni Projects 63353 Paid 20240806 1 827 618,50 INV1005321 20240806 Invoice no.1723 TS Construction 46354 Paid 20240806	Management should confirm whether they agree to finding or not. Should management disagree with finding, they should provide the relevant supporting documentation to support the reported finding. Furthermore management should ensure that all the payments voucher are included in the portfolio of evidence (POE) to support the reported financial progress.	Muziwakhe Zondo	31/Mar/2026	30/Apr/2026		Not Yet Started	
68	Limitation of Scope: Gap Allowance	During the audit of allowances of employee related costs, there was no supporting documentation provided to support the Gap Housing Allowance paid to Thabang Hlongwe (employee number 100125) for the month of December 2024.Lack of adequate internal controls within the municipality to ensure that the information is readily available for the audit. The impact of this non-compliance is that a Limitation of scope has been placed due to the nonsubmission of requested information.	Management should ensure that there are processes in place to ensure that the information requested by the auditors is made available within the agreed-upon timelines	Mamosebetsi Diamini	31/Mar/2026	30/Jun/2026		Not Yet Started	

69	ISS.45 - AoPO - Achievement not accurate: Fixing of 600 leaking taps, meters and toilet cisterns in the yards in all towns (CoAF 45) (M)(A) - (ISS.45)	Contrary to the above requirements, differences were identified between the Annual Performance Report (APR) and the supporting schedule during the testing of the APR. The APR reported an achievement of 480 taps fixed. However, upon inspection of the submitted POE, it was noted that only 47 taps had been fixed during the year as per the "War on Leaks" reports.This is due to a lack of reconciliation between the achieved indicator per the APR and the supporting evidence per supporting files.	Management should exercise adequate oversight responsibility regarding performance reporting and related internal controls to ensure that the reported achievements are valid, accurate and supported by adequate evidence. Management should further ensure that the reported achievements are supported and evidenced by reliable information.	Muziwakhe Zondo	31/Mar/2026	30/Apr/2026		Not Yet Started	
70	Performance Agreements Not entered into by some employees	During the testing of HR compliance, it was noted that performance agreements are not entered into for staff members who are not senior management.Lack of adequate internal controls within the municipality to ensure compliance with applicable laws and regulations.	Management must ensure that Performance Agreement are in place for all employees who are entitled to performance bonuses.	Mamosebatsi Dlamini	31/Mar/2026	30/Jun/2026		Not Yet Started	
71	Limitation- Variances between the reported achievement and the supporting documentation	Contrary to the above requirements, the following differences were identified between the Annual Performance Report (APR) and the supporting schedule for the indicator 10.3 100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill	It is recommended that management ensure that the Technical Indicator Description (TID) be clearly defined and measurable. The TID should specify the criteria for each condition being assessed, outline the weighting methodology for how individual conditions contribute to the overall indicator, and detail the calculation method used to determine the aggregate percentage of achievement. Additionally, it should include requirements for supporting evidence to enable independent verification. Implementing these measures will ensure that the indicator is verifiable, transparent, and auditable, thereby enhancing the reliability and accuracy of performance reporting.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	
72	AoPO - Limitation of scope - Indicator 1.6 Drilling and Equipping of Boreholes in Clarens by 2024	Contrary to the above requirements the following information that was not submitted together with the POE files and during the testing of the indicator: 1.6 Drilling and Equipping of Boreholes in Clarens by 2024 the following was identified: The reported 2ndquarter payment of R3 444 654.00 could not be verified due to the absence of supporting documentation as the payment voucher was not provided There was no Service Level Agreement (SLA) provided on the portfolio of evidence (POE) to confirm the approved budgeted amount, which prevented the recalculation and verification of the project's financial progress.	Management should ensure that there are processes in place to ensure that the POE has all the required information to support and evidence the reported achievement.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	
73	AoPO Business process - Reported achievements not accurate	During the walk-through performed on the Performance Indicator measure Business process, the reported achievements for the following indicators did not agree to the Portfolio of evidence (POE):Priority 1 - Access to water Indicator Project /Target Reported achievement for specific quarter relevant for walk-through Audit's assessment Walk-through performed Percentage of households with access to basic water supply 1.1. Upgrading of Caledon Raw Water Abstraction Point in Forlesburg by 2024. 10,30% 20% A walk-through was done on Q 1 and through inspection of the progress report dated October 2024, which was completed by the contractor Tlotliso Sempe Construction confirmed that the % value of work done is 20%,	Management should ensure that the reported achievement is supported by relevant supporting information as indicated as source or means of verification as per the technical indicator description (TID) and /or Service Delivery and Budget Implementation Plan (SDBIP). Management should further strengthen their internal controls by ensuring that the reported achievements are reviewed.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	
74	AoPO Business Process - Limitation of scope	During the walk-through performed on theP erformance Indicator measure Business process, the following limitations ofs cope was identified on the following indicators:Priority 1: Access to water Indicator Project / Target Reported achievement for specific quarter relevant for walk-through Auditor's assessment Walk-through performed Percentage of households with access to basic water supply 1.2. Clarens/ Kgubetswena: Upgrading of the water purification works from 1.1 Ml to 4Ml/d by 2024 _Progress at 100% completion stage Construction Progress at 95% completion stage n/a _Performed a walk-through on the the Q1 reported achievement and through inspection the following POE confirmed that no progress report for Quarter 1 was provided.	Management should ensure that every quarterly reported achievement, is supported and evidence by relevant supporting information.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	

602009

75	AoPO Business process - internal control deficiencies	During the walk-through performed on the Performance Indicator measure Business process, the following internal control deficiencies were noted:Priority 1 - Access to water Indicator Project / Target Walk-through performed Percentage of households with access to basic water supply 1.3. Upgrading of Saulspoort water treatment works Section A: Raw water abstraction point by 2024 Performed a walk-through on the the Q1 reported achievement and through inspection the Certificate of Practical Completion of the of the works: Upgrade of Saulspoot Water Treatment Works:Section A: Raw Water Abstraction Point confirmed it was not signed by the Funder - Department of Water and Sanitation Percentage of households with access to basic water supply 1.4. Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil by 2024	Management should strengthen their internal controls to ensure that the reported information is evidence by reliable supporting information. Furthermore, all the submitted reports should be signed by the relevant Director to ensure that the information has been reviewed and is credible.Lastly management should ensure they design a Standard Operating Procedure (SOP) for their performance information.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	
76	AoPO - Presentation and disclosure issues	During the testing of the performance information in the Service Delivery and Budget Implementation Plan (SDBIP) and the Functional Area Service Delivery Report, to verify the presentation and disclosure the following issues were noted:Priority 1 1.7 Fixing of 600 leaking taps, meters and toilet cisterns in the yards in all towns1Through inspection of the Functional area service delivery report confirmed under challenges column and confirmed that management indicated that there is Lack of material: Delays in finalising the SCM process to acquire the material and through further inspection of the evidence attached column, management indicated ~7 days Tender adverts._However through inspection of the POE file submitted confirmed that there was no tender advert included. Further inspected the tender register and confirmed that there was no supplier awarded for tender of fixing leaking pies, ,meters etc. 1.8 Refurbishment of 20 pump stations in all towns.	Management should ensure that the relevant supporting information is provided for the challenges and remedial action reported.	Muziwakhe Zondo	31/Mar/2026	30/Jun/2026		Not Yet Started	

3. AUDIT COMMITTEE REPORT

4. FUNCTIONAL AREA SERVICE DELIVERY REPORT

DIHLABENG LOCAL MUNICIPALITY

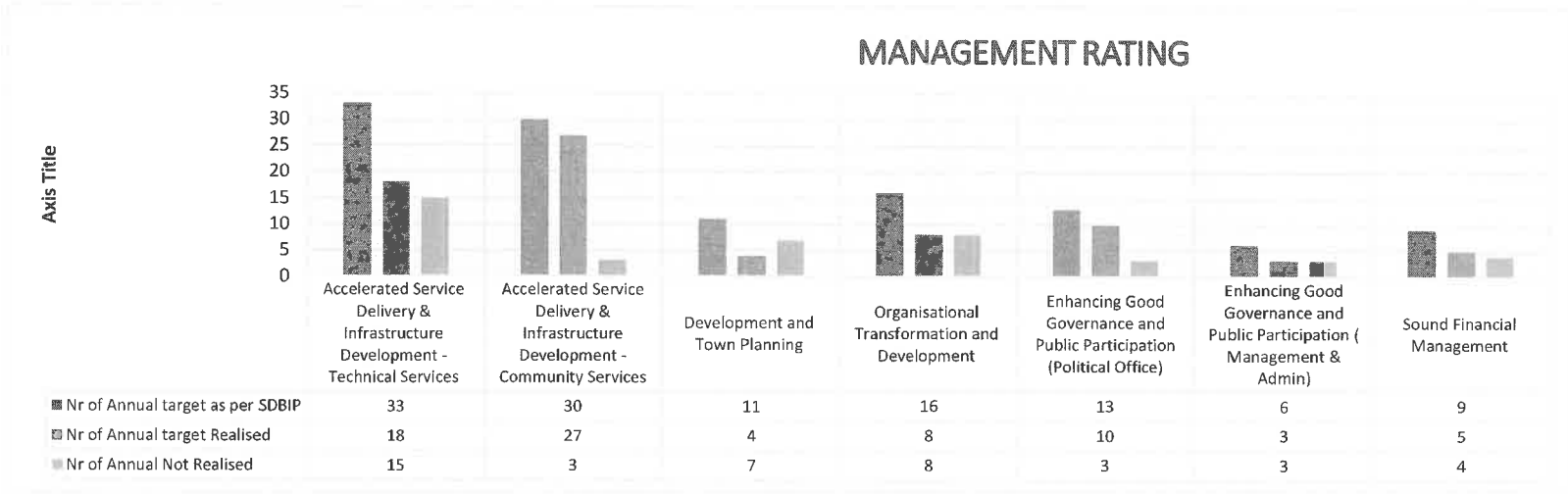


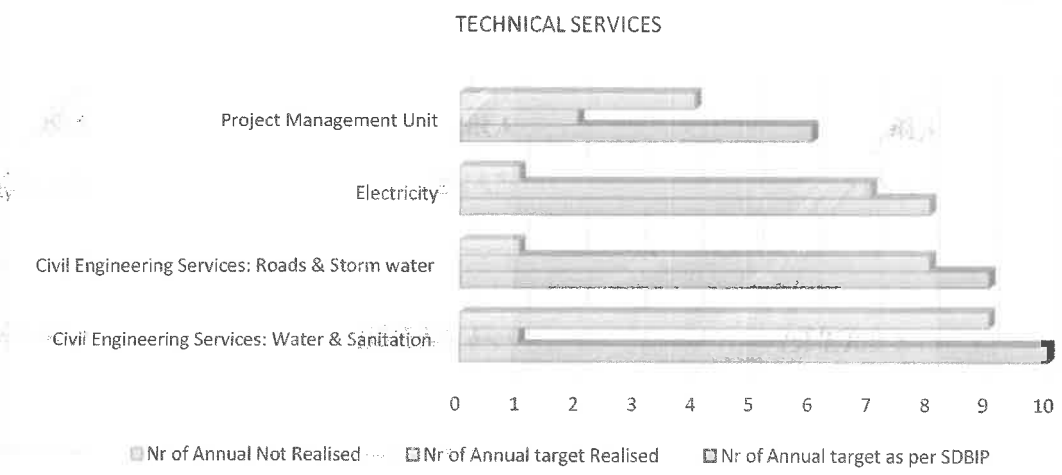
000213

DRAFT FUNCTIONAL AREA SERVICE DELIVERY REPORT

2024 – 2025 FINANCIAL YEAR

"EVERYONE, EVERY HOUSEHOLD, EVERY ENTITY – A TESTIMONY OF OUR EXCELLENT SERVICE"


MANAGEMENT RATING
Axis Title
35
30
25
20
15
10
5
0
Accelerated Service Delivery & Infrastructure Development - Technical Services
Accelerated Service Delivery & Infrastructure Development - Community Services
Development and Town Planning
Organisational Transformation and Development
Enhancing Good Governance and Public Participation (Political Office)
Enhancing Good Governance and Public Participation (Management & Admin)
Sound Financial Management
Nr of Annual target as per SDBIP 33 30 11 16 13 6 9
Nr of Annual target Realised 18 27 4 8 10 3 5
Nr of Annual Not Realised 15 3 7 8 3 3 4


TECHNICAL SERVICES
Project Management Unit
Electricity
Civil Engineering Services: Roads & Storm water
Civil Engineering Services: Water & Sanitation
0 1 2 3 4 5 6 7 8 9 10
Nr of Annual Not Realised
Nr of Annual target Realised
Nr of Annual target as per SDBIP

000214

KEY PERFORMANCE AREA 1: TECHNICAL SERVICES
PRIORITY 1: Water and Sanitation

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
1. To increase the No of Households with Access to water from 98.9% to 100% by 2026.	WS2.1 Percentage of households with access to basic water supply.	Progress at 30% completion stage.	Ward 12,13, 14	R 9,2 million spent in 2022/23 No expenditure in 2023/24	Total Project Budget - R 64 Annual Budget R9 million with an additional allocation of R 7 500 000 Source of Funding: WSIG.	1.1 Upgrading of Caledon Raw Water Abstraction Point in Fouriesburg by 2026.	Actual progress physical progress is 13% financial progress is 31%	1st	Appointment of Contractor. Construction Progress at 10% completion stage	R 6 848 262.20	**Realised:** Physical construction progress at **20%**	None	N/A	Tender Advert Appointment Letters Service Level Agreement Program of works Progress report Payment certificates.
								2nd	Construction Progress at 15% completion stage	R 1 945 614	**Partially Realised:** Physical construction progress at **11%**	Rains affected the excavations to bedrock.	Contractor to speed-up construction to meet targets.	Progress Reports Payment certificates
								3rd	Construction Progress at 20% completion stage	R 0	**Partially Realised:** Physical construction Progress at **11%**	Flooding in the river excavation progress concealed by flood waters	The contractor has been instructed to focus on other works outside the river e.g. access road.	Progress report with readings of the amount of rain received.
								4th	Construction Progress at 30% completion stage	R7 715 802	**Partially Realised:** Physical construction progress at **13%**	Water seepage from the rock bottom delayed pouring of concrete	Pumping out the water and diverting it to ensure the rock is reached and pouring of concrete can resume	Progress reports PoP's provided.

000215

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
		Progress at 100% completion stage	Ward 20	R 54 million spent in prior years. 80,5% progress.	Total Project Budget - R 62 million Annual Budget R 6 million with additional R 1,2 million Source of Funding: WSIG.	1.2 Clarens / Kgubetswana: Upgrading of the water purification works from 1.1 Ml to 4Ml/d by 2024	Actual progress physical progress is 99% financial progress is 99%	1st	Construction Progress at 95% completion stage	R2 767 495	**Realised:** Physical construction progress at **95%**	None	N/A	**Progress reports** - Practical Completion Certificate
								2nd	Construction - Progress at 100 % completion stage	R 901 628	**Partially Realised:** Physical construction progress at **99%**	Final testing of the plant delayed due to water shortage because of Lesotho Highlands tunnel Closure and Eskom connection.	Contractor to find alternative way to get water into the plant.	- Correspondence of contractors being put on terms with penalties - Payment certificate
								3rd	No Target - Defect Liability Period	R 0	**Partially Realised:** Physical construction progress at **99%**	Final testing of the plant delayed due to water shortage because of Lesotho Highlands tunnel Closure and Eskom Connection.	The Municipality is currently testing the structures, and an agreement was met with DWS to commission the plant once the LHT is open.	- Confirmation of Lesotho highlands closure - ESKOM application - Quarterly performance report - Correspondence
								4th	No Target - Defect liability period	R3 532 974	**Partially Realised:** Physical construction progress at **99%**	Power supply insufficient for the new treatment works.	Eskom still to come on site to finalise the upgrading of the transformer to accommoda	- Eskom Connection Correspondence - Quarterly performance report - Payment certificates

000216

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
													te the new plant.	
		Progress at 100% completion stage	Ward 3	R 24 million spent in prior years. 82% progress.	Total Project Budget - R 28 million Annual Budget R 1,8 million Source of Funding: RBIG.	1.3 Upgrading of Saulspoort water treatment works Section A: Raw water abstraction point by 2024.	Actual progress physical progress is 100% financial progress is 100% Project at defects liability period. Retention to be paid in 2025/26.	1st	Construction Progress at 90% completion stage	R1 788 003	**Realised:** Physical Construction progress at **100%**	None	N/A	- Completion certificate - Close out report - Payment certificate
								2nd	No target defect liability period.		No target for the quarter.			
								3rd	No target defect liability period.		No target for the quarter.			
								4th	No target defect liability period.		No target for the quarter.			
		Progress at 100% completion stage	Ward 3	R 42 million spent in prior years. 68% progress.	Total Project Budget - R 59 million Annual Budget R 19 million Source of Funding: RBIG	1.4 Upgrading of Saulspoort water treatment works Section C: Mechanical, electrical and civil by 2024.	Actual progress physical progress is 92% financial progress is 85%	1st	Construction Progress at 95%.	R7 680 397	**Partially Realised:** Physical Construction Progress **at 87%**	There is slow progress from contractor.	Contractor given extension of time until end Oct 2024.	- Certificate - Progress report
								2nd	Construction progress at 100% completion.	R 0	**Partially Realised:** Physical Construction Progress **at 91%**	There is low progress from contractor.	Contractor has been put on terms and penalties implemented. Target to be adjusted.	- Correspondence of contractor being put on terms - Progress report
								3rd	No target defect liability period.	R 0	**Partially Realised:** Physical Construction Progress **at 92%**	Contractor's contract terminated due to slow progress.	The municipality has terminated the contractor	- Progress reports - Correspondence - Termination letter

000217

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base-line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
													due to slow progress.	
								4th	No target defect liability period.	R 0	**Partially Realised:** Physical Construction Progress at **92%**	Contractor's contract terminated due to slow progress.	The municipality has terminated the contractor due to slow progress, but started mediation process as per the SLA	- Corresponden ces - Mediation for contractor to re-occupy site - Progress reports Programme of works
		Progress at 15% completion stage	Ward 3	R 0 spent in prior years. 0% progress.	Total Project Budget - R 385 million Annual Budget R 65 million Source of Funding: RBIG	1.5 Upgrading of Saulspoort water treatment works Section E: Upgrading of 40Ml to 60Ml/d module / plant by 2027.	Actual progress physical progress is 10% financial progress is 15%	1st	Construction Progress at 0,5% - Site Handover	R17 075 136	**Realised:** Physical construction progress at **2%**	None	N/A	- Tender Advert - Appointment Letters - Service Level Agreement - Site Handover - Program of works -
								2nd	Construction Progress at 15% completion	R14 122 800	**Partially Realised:** Physical construction progress at **5%**	Delay in start of project due to budget constraints.	Constructor to speed up implementation on site. Target to be adjusted.	- Project Progress Reports Payment certificates
								3rd	Construction Progress at 20% completion	R 17 138 793	**Partially Realised:** Physical construction progress at **7,5%**	Project was delayed due to heavy rains	Contractor was instructed to focus on other works that will not be affected by rain.	- Project Progress Reports Payment certificates

000218

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								4th	Construction Progress at 25% completion	R9 982 674	**Partially Realised** Physical construction progress at 10%	Consequential rain delays in the 3rd quarter.	Contractor instructed to focus on non-construction work and MOS.	- Project Progress Reports - Payment certificates
		Progress at 100% completion stage	Ward 20	R 0 spent in prior years. 0% progress.	Total Project Budget - R 9 775 000 Annual Budget R 9 775 000 Source of Funding: WSIG.	1.6 Drilling and Equipping of Boreholes in Clarens by 2024.	Actual progress physical progress is 99% financial progress is 90%	1st	Construction Progress at 30% completion.	R2 549 456	**Realised:** Physical construction progress at **35%**	None	N/A	- Tender Advert - Appointment Letters - Service Level Agreement - Program of works - Project Progress Reports - Payment certificates -
								2nd	Construction Progress at 100% completion.	R3 444 654	**Partially Realised:** Physical construction progress at **99%**	Extra drilling due to low yielding boreholes	Contractor to finalise monitoring plan. Target to be adjusted	- Payment certificate - Quarterly report
								3rd	No target, deficit liability period.	R975 903	**Partially Realised** Physical construction progress at **99%**	Monitoring tool not yet finalised.		- Payment certificate - Quarterly report
								4th	No target, deficit liability period.	R1 827 487	**Partially Realised** Physical construction **99%**	Monitoring tool not yet finalised	The Contractor is busy finalising the monitoring tool	- Payment certificate - Quarterly report

000219

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Reduction of Non-Revenue Water by 2025	Percentage of Water loscs reduction	Number of leaks attended to per ward	All wards	New indicator, therefore no baseline.	Allocated as part of R&M	1.7. Fixing of 600 leaking taps, meters and toilet cisterns in the yards in all towns.	Fixed 47 taps	1st	Progress at 25%	As per R&M budget,	**Not Realised:** Physical progress **7.8%**	None	None	- Monthly Reports of completed work - Photographs - Schedule of war on leaks
								2nd	Progress at 50%	As per R&M budget,	**Realised:** Physical progress **55%**	None	None	- Monthly Reports
								3rd	Progress at 75%	As per R&M budget,	**Realised** Physical progress 80%	None	None	- Monthly Reports
								4th	Progress at 100%	As per R&M budget,	**Partially Realised:** Physical progress 80%	Lack of material: Delays in finalising the SCM process to acquire the material.	Consistent follow ups with supply chain to ensure process are finalised.	- 7 days Tender adverts - Monthly Reports
Refurbishment of All Water & Sewer Pump Stations	Percentage of fully functional pump stations	Number of Pump Stations refurbished.	All Wards	New indicator, therefore no baseline.	Allocated as part of R&M	1.8 **Refurbishment** of 20 pump stations in all towns.	3 pump stations in Fouriesburg were refurbished.	1st	Progress at 25%	As per R&M budget,	**Realised:** Physical progress **30%**	None	None	- Quarterly Reports of completed work - Log Sheets - Photographs.
								2nd	Progress at 50%	As per R&M budget;	**Not Realised:** Physical progress still at **30%**	Lack of funding	OPEX funding was already committed	
								3rd	Progress at 75%	As per R&M budget;	**Not Realised** Physical progress still at **30%**	Lack of funding	OPEX funding was already committed.	
								4th	Progress at 100%	As per R&M budget;	**Not Realised**	Lack of funding	OPEX funding was already committed.	

0000220

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Physical progress still at **30%**			
To achieve Blue & No Drop Status by 2026	Percentage score achieved by the Municipality in the assessment.	95% compliance towards Blue Drop Certification.	All	New indicator, therefore no baseline.	Internal Funding	1.9 90% Compliance towards Blue & No Drop Accreditation. Target to be adjusted	65% Achieved	1st	Preparation Progress at 25%	As per R&M budget,	**Realised:** Progress to date: **40%**	None	N/A	- Tender advert for reviewing of sector plans - Certificate of analysis of all WTW - Registration of process controllers - -Registration of WTW
								2nd	Preparation Progress at 50%	As per R&M budget,	**Realised:** Progress to date: **50%**	None	None	- Blue drop Action Plan
								3rd	Preparation Progress at 75%	As per R&M budget,	**Partially Realised:** Progress to date: **65%**	Staff shortage		- Progress report on the Blue Drop action plan
								4th	Preparation Progress at 100%	As per R&M budget,	**Not Realised:** Progress to date: **65%**	Staff shortage		
To achieve Green Drop Status by 2026.	Percentage score achieved by the Municipality in the assessment.	95% compliance towards Blue Drop Certification.	All	New indicator, therefore no baseline.	Internal Funding	1:10 70% Compliance towards Blue & No Drop Accreditation	72% Achieved	1st	Preparation Progress at 25%	As per R&M budget,	**Realised:** Progress to date: **35%**	None	N/A	- Copies of registered WTW - Copies of registered Process Controllers -
								2nd	Preparation Progress at 50%	As per R&M budget,	**Realised:** Progress to date: **50%**	None	N/A	- Copies of WUL - IMP
								3rd	Preparation Progress at 75%	As per R&M budget,	**Partially Realised:** Progress to date: **72%**	Staff shortage and log sheets not available	Ensure that organogram is filled	- Log Sheets. Photographs.

0000221

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								4th	Preparation Progress at 100%	As per R&M budget,	**Not Realised:** Progress to date: **72%**	Staff shortage and log sheets not available	Ensure that organogram is filled	

000222

PRIORITY 2: Roads and Storm Water Management

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
TR6.12 Percentage of surfaced municipal road lanes which has been resurfaced and resealed.	TR6.11 - 2% of unsurfaced road graded TR6.21 - 5% of reported pothole complaints resolved within standard municipal response time	4 Quarterly Reports on the work done for all sections in terms of Service Delivery Objects and as per The Roads Management Act 2004.	All Wards	New indicator, therefore no baseline.	Internal Funding	2.1 4 Quarterly Reports on the work done for all sections in terms of Service Delivery Objectives	100% Achieved	1st	1,1km of graded road 3,5km of potholes fixed	Internal Internal	**Realised:** 1.1km of road graded **Realised:** 3,5km of potholes fixed			Quarterly Reports of completed work Photographs. Routine Maintenance Quarterly Reports of completed work Photographs
								2nd	1,1km of graded road 3,5km of potholes fixed	Internal Internal	**Realised:** 1.1km of road graded **Realised:** 3,5km of potholes fixed			
								3rd	1,1km of graded road 3,5km of potholes fixed	Internal Internal	**Realised** 2.06km graded roads **Realised:** 4.04km potholes fixed	Breakdowns Limited. Resources. Limited human and conventional resources. Lack of materials.	Prompt Repairs Increment of human resources and prompt procurement of materials.	
								4th	1,1km of graded road 3,5km of potholes fixed	Internal Internal	**Realised:** 1.9km graded roads **Realised:** 3.7km potholes fixed.	Breakdowns Limited human, conventional resources and materials.	Prompt Repairs Increment of human resources and prompt procurement of materials.	

0000223

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
TR6. Improved quality of municipal road network.	Upgrade and Repair of Stormwater Drainage Facility Completed by 2025.	Progress at 100% completion stage	Ward 1 & 2	New indicator, therefore no baseline.	Total Project Budget - R 5 million Annual Budget R 5 million Source of Funding : Disaster Management Grant.	2.2 Repair And Upgrade of Stormwater Drainage Facility in Bohlokong, Bethlehem by 2025.	100% Achieved Defect liability period. Retention to be paid in 2025/26.	1st	Procurement of Consulting Engineer and Contractor. Construction Progress at 70% completion stage.	R 2 273 469	**Realised:** Physical construction progress at **70%.**			- Tender Advert - Appointment Letters - Service Level Agreement - Program of works - Project Progress Reports - Payment certificates - Practical & Completion certificate - Final Payment Certificate (Release of Retention)
								2nd	Construction Progress at 100% completion stage.	R 2 519 132	**Realised**: Physical construction progress at **100%**			
								3rd	No Target - Defect liability period.		Retention to be paid in 12 months R 206 819			
								4th	No Target - Defect liability period.		No Target			
	Repair and Upgrade of an Existing Stormwater Portal Culvert and Interlocking Paved Road Completed by 2025	Progress at 100% completion stage	Ward 17	New indicator, therefore no baseline.	Total Project Budget - R 4,5 million Annual Budget R 4,5 million Source of Funding : Disaster Grant	2.3 Repair And Upgrade of Existing Concrete Drift Stormwater Crossing in Fateng-Tse-Ntsho, Paul Roux by 2025.	100% Achieved Defect liability period. Retention to be paid in 2025/26.	1st	Procurement of Consulting Engineer and Contractor. Construction Progress at 70% completion stage	R 4 351 862	**Realised:** Physical Construction Progress at **100%**			- Tender Advert - Appointment Letters - Service Level Agreement - Program of works - Project Progress Reports - Payment certificates - Practical & Completion Certificate
								2nd	Construction Progress at 100% completion stage		Target realised in Q1.			
								3rd	No Target -		Retention to be paid in 12 months R147 630			
								4th	No Target -		No Target – Defect			

000224

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											liability period – retention to be paid in 12 months R 147 629			
	Repair and Upgrade of an Existing Stormwater Portal Culvert and Interlocking Paved Road Completed by 2025	Progress at 100% completion stage.	Ward 17	New indicator, therefore no baseline.	Total Project Budget - R 4,5 million Annual Budget R 4,5 million Source of Funding : Disaster Grant Expenditure – R 0.00	2.4 Repair and Upgrade of an Existing Stormwater Portal Culvert and Interlocking Paved Road in Fateng-Tse-Ntsho, Paul Roux by 2025.	100% Achieved. Defect liability period. Retention to be paid in 2025/26.	1st	Procurement of Consulting Engineer and Contractor. Construction Progress at 70% completion stage	R 4 315 696	**Realised:** Physical Construction Progress at 100%			- Tender Advert - Appointment Letters - Service Level Agreement - Program of works - Project Progress Reports - Payment certificates - Practical & Completion certificate
								2nd	Construction Progress at 100% completion stage	No Target - Defect liability period - retention to be paid in 12 months R142 941				
								3rd	No Target -					
								4th	No Target -					

000225

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Rehabilitation of stormwater drainage facilities in Mashaeng	% Physical Progress	Ward 12, 13 & 14	New indicator, therefore no baseline.	Total Project Budget - R 5 million Annual Budget R 5 000 000.00 Source of Funding : Disaster Grant.	2.5 Rehabilitation of stormwater drainage facilities in Mashaeng	Consulting fees of R 250 700.	1st	No Target		Rehabilitation of stormwater drainage facilities in Mashaeng			
								2nd	No Target					
								3rd	No Target	Transfer of allocation from National Treasury and submission of documentation to Provincial Disaster Management Centre and National Disaster Management Centre.				
								4th	Procurement of Consulting Engineer and Contractor.	R 250 700	Realised: Consulting Engineer and Contractors Appointed. Design Report and Drawings Completed.	Delay from National Treasury and National Disaster Management Centre in giving permission to proceed	Permission was given on 15 May 2025	Appointment Letters. Design Report. Drawings. Consulting Engineer Invoice. Letter Uplifting Giving Permission to Proceed.
TR6.12 Percentage of surfaced municipal road lanes	Bohlokong – Rehabilitation of 3,0km Old Lomond Street to	% Physical Progress	Wards 4, 5, 6, 7, 11 & 19	New indicator, therefore no baseline.	Total Project Budget - R 12 998 638 Source of funding: Internal	2.6 Rehabilitation of 1,5km Old Lomond Street	Actual progress physical progress is 61% financial progress is 47%	1st	No Target					Appointment Letters Progress Report Interim Payment Certificates
								2nd	No Target					
								3rd	No Target					
								4th	Procurement of Contractor and 50% of municipal	R 6 197 880	**Realised:** Project Progress **61%**		N/A	
	Bohlokong – Upgrading of 9th Avenue to Interlocking Concrete Blocks and Storm Water Drainage	% Physical Progress	Ward 1, 2, 3, 5, 7 & 19	New indicator, therefore no baseline.	Total Project Budget - R 11 855 881 Annual Budget R 5 335 146 Source of funding: Internal	2.7 Upgrading of 3km 9th Avenue	Actual progress physical progress is 23% financial progress is 12%	1st	No Target					Appointment Letters Progress Report Interim Payment Certificates
								2nd	No Target					
								3rd	No Target					
								4th	Procurement of Contractor and 45% of municipal road lanes resurfaced	R 1 452 682	**Partially Realised:** Project Progress **23%**	Unfavourable Weather Conditions. Unsuitable Material on Underlying Layers.	Acceleration of Progress	

000226

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Management													
	Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	% Physical Progress	Ward 18	New indicator, therefore no baseline.	Total Project Budget - R 2 047 654.74 Annual Budget R 142 028.18 Source of Funding: Internal Expenditure – R 0.00	Bethlehem – Repair and Upgrade of Intersections - Cnr James Van Huysteen Street & Langeberg Street	0% physical progress	1st	No Target					• Appointment Letters • Progress Report • Interim Payment Certificates
								2nd	No Target					
								3rd	Procurement Process of Consulting Engineer	R 0.00	Realised Consulting Engineer appointed			• Appointment Letter (IPW). • Service Level Agreement. • Design Report
								4th	Procurement Process of Contractor	R 0.00	Realised: Contractor Appointed and Site Handover.			• Appointment Letter (IPW). • Service Level Agreement.

000227

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	% Physical Progress	Ward 14	New indicator, therefore no baseline.	Total Project Budget - R 4 115 863.11 Annual Budget R 109 301.73 Source of Funding : Internal Expenditure – R 109 301.73	Fouriesburg - Upgrading of Kerk Street Between Reitz Street and De La Harpe Street	0% physical progress	1st	No Target					
								2nd	No Target					
								3rd	Procurement Process of Consulting Engineer	R 0,00	Realised Consulting Engineer appointed			• Appointment Letter (IPW). • Service Level Agreement. Design Report.
								4th	Procurement Process of Contractor	R 0,00	Realised Contractor appointed and site handover			• Appointment Letter (IPW). Service Level Agreement.

000228

PRIORITY 3: Electricity

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Development of Cost of Supply studies document to apportion all costs required to service customers among each customer class in a fair and equitable manner.	Fully developed Cost of Supply document in line with the NERSA Framework. Curb the non-technical losses to below 12%	Reflective Cost of studies – Desktop and field studies document in line with NERSA requirements.	All Wards were Dihlabeng Local Municipality is supplying electricity	New indicator, therefore no baseline.	Source of Funding: Internal	3.1 Fully developed Cost of Supply document	100% Achieved	1st	Engagement with CoGTA	R0.00	**Realised**	N/A	N/A	Email request and commitment of a meeting. National Treasury application from DLM
								2nd	Fully Developed Cost of Supply Document	R0.00	**Not Realised**	Delay in the appointment of the service provider.	Speed up the procurement process. Target to be adjusted.	Copy of tender advert and follow up memo to SCM on the delay.
								3rd	Finalise SCM Process and appoint Service Provider	R0.00	**Realised:** Service Provider appointed on the 09th of Jan 2025.	Late start in the development of the Cost of supply document	Engage the service provider to speed up the development of the Document.	Appointment letter and SVP acceptance letter.
								4th	Fully Developed Cost of Supply Document	As per R&M budget,	**Realised:** Cost of Supply Document developed and finalised by 23 April 2025.	N/A	N/A	Fully Developed Cost of Supply Document

000229

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Protection of Revenue by ensuring the accurate measurement and billing of electricity usage.	Implementation of the maintenance plan for the protection scheme	Procurement and Replacement of 234 faulty meters	All Ward	New indicator, therefore no baseline.	Source of Funding: Internal	3.2 Reduced non-technical electricity losses	100% achieved (6750 smart meters installed)	1st	Procurement of 32 meters through panel of service providers for supply and delivery of materials. Replacement of 52 meters.	Funded by National Treasury	**Not Realised:**	Slow procurement processes for requested materials	Funding received from National Treasury to install smart meters through RT29 contract.	- Request for Quotations -Engagements with NT.
								2nd	Procurement of 60 meters through panel of service providers for supply and delivery of materials. Replacement of 60 meters.	Funded by National Treasury	**Not Realised:** 0 Smart Meters received, and 714 smart meters were replaced and commissioned	None	None	–RT 29 SLA Detailed project progress report from Conlog and -Task completion certificate.
								3rd	Procurement of 60 meters through panel of service providers for supply and delivery of materials. Replacement of 60 meters.	Funded by National Treasury	**Realised:** 6 750 Smart Meters received, and 6 750 smart meters were replaced and commissioned	N/A	N/A	-Progress report of completed 6,750 meters -Completion report of 6,750 meters
								4th	No Target		N/A	N/A	N/A	

000230

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Improve public safety by maintaining all public lights and traffic signal lights.	EE1.13 Ensure functionality of all public lights and traffic signal lights	Procurement and maintenance of street lights (2,750), high mast light (24), traffic signals (14 intersections)	All wards	New indicator, therefore no baseline.	Source of Funding: internal	3.3 Implementation of maintenance program for all public lighting (2750 streetlights,24 high mast lights, 14 traffic signals)	2627 streetlights, 16 high mast lights Achieved	1st	Procurement and maintenance of 210 streetlights. Procurement and maintenance of 9 high mast lights. Maintenance of 5 traffic signals (intersections)	R0.00	**Not Realised**	Slow procurement processes	SCM to fast track the procurement of requested materials	RFQ to procurement of street lights material dated 11/07/2024 RFQ for maintained of high mast light dated 03/07/2024 RFQ for traffic signal material dated 02/08/2024 Follow up MEMO on RFQ's
								2nd	Procurement and maintenance of 846 streetlights. Procurement and maintenance of 5 high mast lights. Maintenance of 3 traffic signals (intersections)	As per R&M budget,	**Partially Realised:** Materials Procured and 238 street lights maintained and 11 High mast light maintained	Slow procurement processes for traffic lights materials	SCM to fast track the procurement of requested materials	-Purchase order of 3500 LED lights and delivery note -Task completion certificates for 238 streetlights and 11 high mast lights

000231

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								3rd	Procurement and maintenance of 847 streetlights. Procurement and Maintenance of 5 high mast lights. Procurement and Maintenance of 3 traffic signals (intersections)	R0.00	**Partially Realised:** 1 028 streetlights maintained and And 5 High Mast light maintained.	Delay in procurement process for traffic signals	Follow up with SCM to fast-track procurement	-Task completion certificates on streetlights maintained and high mast lights maintained - Purchase order for 5 high mast lights
								4th	Procurement and maintenance of 847 streetlights. Procurement and maintenance of 5 high mast lights. Procurement and maintenance of 3 traffic signals intersections.	As per R&M budget,	**Partially Realised** 1 361 Street streetlights were maintained.	123 short-fall for street lights maintenance 8 short-fall for high mast lights. All 14 traffic signals not maintained. Material for maintenance of Traffic signals delivered late on the 26th of June 2025.	Maintenance of Traffic signals, high mast lights and street lights to be rolled-over to the next financial year.	-Resubmission Request for traffic signal material -Delivery notes for traffic lights material -Task completion Certificates for maintained streetlights

000232

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To improve access to reliable electricity supply by implementing maintenance of electrical infrastructure.	Implementation of maintenance of electrical infrastructure.	Procure and replace x2 Ring Main Unit at Paul Roux	Ward 17	New indicator, therefore no baseline.	Source of Funding: Internal	3.4 Procurement and replacement of x2 Ring main Unit	100% achieved (2x ring main units replaced)	1st	Procurement of materials	**R0.00**	Not Realised:	Delay in procurement processes	Follow up with SCM	Request for the ring main dated 29/07/2024 Follow up MEMO to SCM.
								2nd	Replacement of the Ring Main Units – 50% Complete	R0.00	Not Realised:	Insufficient funds	Allocation of sufficient budget during second quarter. Target to be adjusted.	Follow up MEMO to SCM. G40 form RFQ
								3rd	Replacement of the Ring Main Units – 100% Complete	As per R&M budget	Not Realised	P/O issued late	N/A	-Purchase order -- Delivery note
								4th	Not Applicable	R0.00	Realised: x2 Ring main Units Replaced	-N/A	N/A	-Task Completion Certificate
To Increase the number of Households with Access to electricity from 85% to 100% by 2027.	Implementation of Electrification Projects	Procure and install electricity services at Panorama East – 3 Households	Ward 20	New indicator, therefore no baseline.	Source of Funding: Internal	3.5 Installation of Electricity network services	100% achieved (electricity services installed at 3 households)	1st	Procurement of materials	As per R&M budget	**Realised:** Material procured and delivered.	N/A	N/A	Request for quotations Purchase Order Delivery Note
								2nd	Installation of services – 30% Complete	R0.00	**Realised:** Installation of Electrical Network Services at Panorama East was 100% Completed.	N/A	N/A	Task Completion Certificate
								3rd	Installation of services – 60% Complete	R0.00	**Realised:** 100% Achieved in Q2	N/A	N/A	

000233

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								4th	Installation of services – 100% Complete	R0.00	**Realised:** 100% Achieved in Q2	N/A	N/A	
To improve access to reliable electricity supply by replacing faulty transformers.	Refurbish and replace 11x 200kVA transformers at Baken Park Ext. 5.	Refurbish and replace 11x 200kVA faulty transformers	Ward 11	New indicator, therefore no baseline.	R1,9 million Source of Funding: MDRG	3.6 Refurbish and replace 11x 200kVA faulty transformers	100% achieved (11 transformers refurbished and replaced)	1st	Refurbishment of 11x 200kVA faulty transformers at Baken Park Ext 5 – 50% Complete.	R 972 532 with a saving of R 927 468 that was moved to a roads and stormwater project.	**Realised:** 11 Transformers were procured and delivered:	N/A	N/A	Request for Quotations Purchase Order Delivery Note
								2nd	Refurbishment of 11x 200kVA faulty transformers at Baken Park Ext 5 – 100% Complete.	R0.00	**Realised:** 11x200kVA Transformer was 100% Refurbished	N/A	N/A	Task Completion Certificate
								3rd	N/A	R0.00	**Realised:** 100% Achieved in Q1	N/A	N/A	
								4th	N/A	R0.00	**Realised:** 100% Achieved in Q1	N/A	N/A	
To improve access to reliable electricity supply by maintaining electricity network	To improve access to reliable electricity supply	Improve Electricity network at Rosendal	Ward 15	New indicator, therefore no baseline.	R1,4 million Source of Funding: MDRG	3.7 To improve access to reliable electricity supply at Rosendal	100% achieved (Rosendal network refurbished)	1st	Procurement of Electrical Contractor	R1 483 500	**Realised:**	N/A	N/A	Request for Quotations Purchase Order RFQ follow up memo
								2nd	Refurbishment of Rosendal electricity network – 60% Complete	R0.00	**Realised:** Overall progress at **66%**.	N/A	N/A	Progress Report
								3rd	Refurbishment of Rosendal	R0.00	**Realised:**	N/A	N/A	Task Completion Certificate

000234

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
									electricity network – 100% Completion		100% completion of refurbishment of Rosendal Network.			
								4th	No Targett - Defect liability period - retention to be paid in 12 months	R0.00	N/A	N/A	N/A	
To improve lighting at public sport facility by repairing a 30m Flood Light at Goble Park Stadium	Replacement of the damaged 30m flood light	Improve lighting at public sport facility	Ward 18	New indicator, therefore no baseline.	R1,4 million Source of Funding: MDRG	3.8 Improve lighting at public sport facility	100% achieved (flood light replaced)	1st	Procurement of Electrical Contractor services for Goble Park Stadium Flood Light	R0.00	**Not Realised:**	Slow procurement processes	SCM to fast-track the procurement of service provider	Request for Quotations P
								2nd	Replacement of flood light at Goble Park stadium – 60% Completion	R 1 498 000	**Realised:** - Material procured and project at **80%** completion stage.	N/A	N/A	- Purchase order -Progress Report
								3rd	Replacement of flood light at Goble Park stadium – 100% Completion	R0.00	**Realised:** Project at **100%** completion stage.	N/A	N/A	Task Completion Certificates
								4th	No Targett - Defect liability period - retention to be paid in 12 months	R0.00	N/A	N/A	N/A	

000235

PRIORITY 4: PROJECT MANAGEMENT UNIT

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	**Base line information**	24/25 Annual Budget Allocation	24/25 Annual Target	**2024/25 Actuals**	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To increase the No of Households with Access to water from 98.9% to 100% by 2026. //	WS2.1 Percentage of house holds with access to basic water supply.	Progress at 80% completion stage	Ward 20	R 3,6 million spent in 2022/23 R16,6million spent in 2023/24 Progress at 31,8%	Total Project Budget R 58.4 million Annual Budget R 29.4 million Source of funding: MIG	4.1 Clarens / Kgubetswana: Upgrading of Raw water pump station including Rising Main to the dam by 2025.	80% achieved on physical progress 77% on financial progress	1st	Construction Progress at 30% completion stage.	R5 076 011.56	**Realised** Physical Progress- **37%**	N/A	N/A	- Program of works - Project Progress Reports -Payment certificates
								2nd	Construction Progress at 40% completion stage	R11 343 437	**Realised** Progress **67%**	N/A	N/A	- Project Progress Reports -Payment certificates
								3rd	Construction Progress at 60% completion stage	R3 824 273	**Realised** Progress **70%**	N/A	N/A	- Project Progress Reports -Payment certificates
								4th	Construction Progress at 80% completion stage	R4 705 019	**Realised** Progress **80%**	N/A	N/A	- Project Progress Reports -Payment certificates
Increase Access to Municipal Roads by Construction of 1.5KM Blocked Paved Road completed by 2025.	TR6.13 0 KM of new municipal road lanes built	Progress at 70% completion stage	Ward 15	New indicator, therefore no baseline.	Total Project Budget - R 20.3 million Annual Budget R1.6 million Source of Funding: MIG.	4.2 Rosendal / Metati: Construction of 1.5 KM gravel road to blocked paved and stormwater channel by 2025.	51% achieved on physical progress 62.5% on financial progress	1st	Appointment of consultant	R 540 606	**Realised** Consultant appointed	N/A	N/A	- Appointment letters, and acceptance letters. - Payment Certificates
								2nd	Procurement of Consulting Engineer and Contractor and 10%	R 2 472 255	**Realised** Contractor and Consultant are appointed and progress is at **12%**	N/A	N/A	- Appointment letters, and acceptance letters. - Program of works - Site meeting records - MIG site visit report - Payment Certificates

000236

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24 25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
														-
								3rd	Construction Progress at 40%	R 2 468 106	**Realised** Progress at **40%**	N/A	N/A	- MIG site visit report - Payment Certificates
								4th	Construction Progress at 70%	R 7 249 034	**Partially Realised** Progress at **51%**	Rain, delay on approval of R70 intersection.	Extension of time submitted. The Municipality involved MISA and CoGTA to intervene to assist with the processes.	- MIG site visit report - Payment Certificates - Extension of time application – - Correspondence on intervention for R70 approval
HS3. Increased access to and utilisation of social and community facilities	HS3.4 Percentage utilisation rate of sports facility	Progress at 100% completion stage visit	Ward 3	New indicator, therefore no baseline.	Total Project Budget – R 1.5 million Annual Budget R 1.5 million Source of Funding: MIG.	4.3 Bethlehem/ Bohlokong (Bakenpark): Refurbishment of 2 (two) Swimming Pools by 2025	0% achieved	1st	Re-submission of Business Plan based on re-assessment	R0.00	**Not Realised**	On reassessment of technical report, it was discovered that the estimated project cost is not market related	Revised business plan with scope change awaiting MISA approval for registration.	- Revised Business Plan
								2nd	Approval from the Funder (MIG) and Procurement Process and Appointment	R0.00	**Not realised**	Revised business plan not yet approved.	MISA will be conducting site visit and assessment of submitted reports.	

000237

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	**Base line information**	24/25 Annual Budget Allocation	24/25 Annual Target	**2024/25 Actuals**	MONITORING FRAMEWORK						
								Q TR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
									of a Contractor				Target to be adjusted and rolled over to outer years.	
								4th	Construction Progress at 100%	R0.00	**Not realised**	Awaiting approval of the submitted business plan	Follow up with sector department of Sports	
			Ward 20	New indicator, therefore no baseline.	Total Project Budget R 499 675 Annual Budget R 499 675 Source of Funding: MIG.	4.4 Clarens / Kgubetswana: Resealing of 4 (four) tennis courts by 2025.	0% achieved	1st	Advertise Tender	R 0	**Realised:** Tender Advertised 05 September 2024 Tender closed 03 October 2024	N/A	N/A	- Tender Advert
								2nd	Procurement Process and Appointment of Contractor. Construction Commencement and Progress at 20%, or Budget Maintenance Application Process	R 0	**Not realised:** Tender submission was higher than the Municipal budget for this project.	Revised business plan awaiting MISA approval for registration.	Revised business plan awaiting MISA approval. Target to be adjusted and rolled-over to outer years.	-Letter from Chair (BAC) on the outcome of BAC committee -Revised business plan
								4th	Construction Progress at 100% or Budget Maintenance Application Process	R 0				

000238

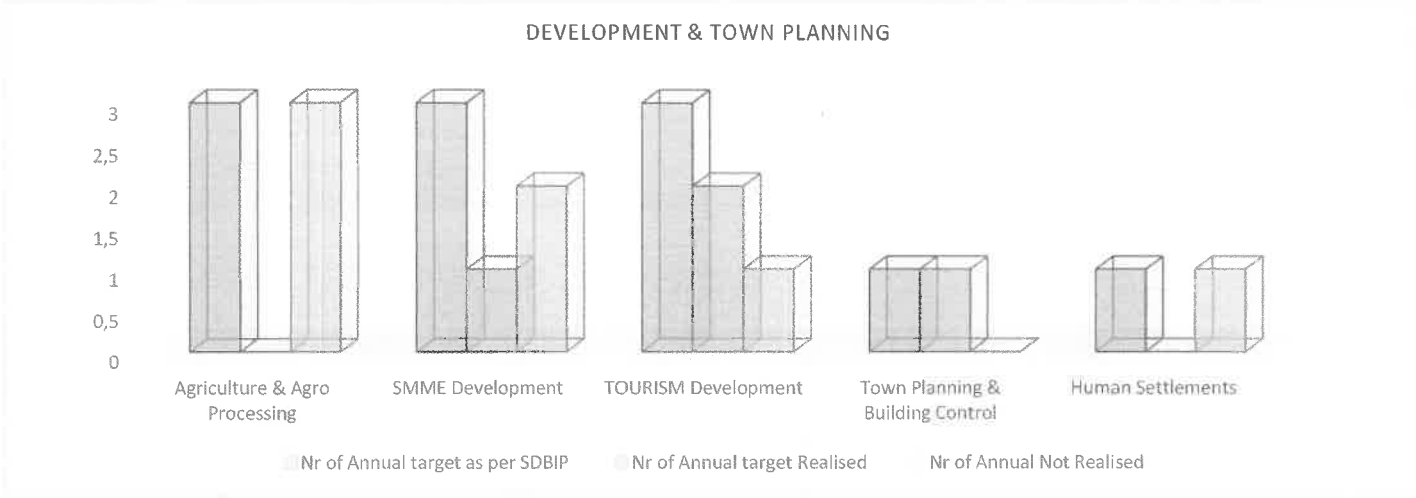
Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To Increase the number of Households with Access to electricity from 85% to 100% by 2027.	EE1. Improved access to electricity	Progress at 100% completion stage	Ward 13 & Ward 11	New indicator, therefore no baseline.	Total Project Budget – R 8.05 million Annual Budget R 7.5 million Source of Funding: MIG	4.5 Bohlokong: Installation of 9 (Nine) X 40m LED High mast lights at Bakenpark ext. 5 and Installation of 3 (three) X 40m LED High mast lights at Slabberts	25% achieved on physical progress 44% financial progress	1st	Advertise Tender	R0.00	**Realised** Tender Advertised 12 September 2024 Tender closing 10 October 2024			- Tender Advert
								2nd	Procurement of Contractor and Construction Progress at 25%	R0.00	**Not realised.** Procurement process not finalised	Procurement process not finalised.	Process to re-advert	Letter from CFO is attached
								3rd	Construction Progress at 75%	R0.00	**Not realised**			Advert
								4th	Construction Progress at 100%	R 3 581 104	**Partially realised** Construction is at **25%.**	Late appointment of service provider.	Contractor on site	-Progress report for June, -Program, Appointment letter. Payment certificate

000239

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To improve the access wastewater capacity	WS4.31 Percentage of wastewater treatment capacity unused.	Progress at 100% completion stage	Ward 16	New indicator, therefore no baseline	Total budget 2024/2025 R 4.9 million Source of funding: MIG	Bohlokong: Refurbishment of inlet works at the Wastewater Treatment Works (MIS:521083)	100% achieved on physical progress 97% financial progress	1st	Tender Advert	R0.00	**Realised** Advert attached.	N/A	N/A	Tender advert
								2nd	Appointment of services providers and Construction Progress at 25%	R 593 573	**Realised** Contractor is appointed **26%**	N/A	N/A	Payment certificate and progress report.
								3rd	Construction Progress at 75%	R2 582 325	**Realised** Progress at **95%**	N/A	N/A	Progress report and payment certificate.
								4th	Construction Progress at 100%	R1 653 004	**Realised** Progress at **100%**, Practical completion reached.	N/A	N/A	Payment certificate Practical completion certificate attached.

000240

KEY PERFORMANCE AREA 2: DEVELOPMENT AND TOWN PLANNING



Directorate: Development and Town Planning	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Agriculture & Agro Processing	3	0	3	0%	
SMME Development	3	1	2	33%	
TOURISM Development	3	2	1	67%	
Town Planning & Building Control	1	1	0	100%	
Human Settlements	1	0	1	0%	
TOTAL	11	4	7	36%	

000241

PRIORITY 5: Agriculture and Agro-Processing

Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
							QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Enabling environment for Agronomic growth and development	Establishment of 2 rabbitry projects.	All	R 0 spent in prior years. 0% progress	Source of funding: Internal	5.1 Facilitate rabbit production by providing production inputs and equipment to 2 rabbitry projects by 24/25 financial year	Actual progress physical progress is 0% financial progress is 0%	1st	Invite eligible rabbit production farmers to submit proposals.	Internal	**Partially Realised**	None (Only one submission was received for rabbit production projects)	None	Copy of received proposals.
							2nd	Assessment of applications and identification of 2 eligible farmers	Internal	**Realised**	None (Only two Proposal received)	None.	
							3rd	Advertise and procure equipment/inputs	Internal	**Realised50%**	The advert was taken out however procurement is outstanding	Waiting for the Finance Department to finalise.	
							4th	Handover of equipment / inputs.	R0.00	**Not Realised**	The equipment was not purchased due to insufficient funds	Will be referred for sponsorship request.	
Revitalisation of the Agro-processing sector	Provision of equipment and machinery to 2 Agro processing units	All	R 0 spent in prior years. 0% progress	Source of funding: Internal	5.2 Facilitate the Agro-processing sector by supporting 2 processing units by 24/25 financial year.	Actual progress physical progress is 0% financial progress is 0%	1st	Invite eligible Agro-processing entrepreneur to submit proposals.	Internal	**Realised**	None	None	Copy of applications received. Copy of advert.
							2nd	Assessment of applications and identification of 2 eligible entrepreneur	Internal	**Partially Realised**	None (Only proposal was eligible)	None	
							3rd	Advertise and procure equipment	R0.00	**Realised 50%**	The advert was taken out however procurement is outstanding	Waiting for the Finance Departme	

000242

Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
							QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
												nt to finalise	
							4th	Handover of equipment	R0.00	**Not Realised**	The equipment was not purchased due to insufficient funds	Will be referred for sponsorship request.	
	Revitalisation of 2 Municipal Pounds	All	New indicator, therefore no baseline	Source of funding Internal	5. 3 Promotion and facilitation of the animal production sector through the provision of safe and secure pounding services by 24/25 financial year.	Actual progress physical progress is 0% financial progress is 0%	1st	Prepare needs assessment report	R0.00	**Realised**	None	None	Pound Assessment Report
							2nd	Prepare request for procurement of material for maintenance of 2 pounds.	R0.00	**Not Realised**	None (The specification document had to be sent to council for approval)	None	
							3rd	Advertise and procure equipment	R0.00	The matter was referred to Council for further engagement	Council has never pronounced itself on the farms that should be used for commonage purpose	An item has been written to Council.	Copy of the item.
							4th	Maintenance of pounds and ongoing operations	R0.00	**Not Realised.**	The matter was referred to Council for further engagement, Council has never pronounced itself on the farms that should be used for commonage purpose	An item has been written to Council.	

000243

PRIORITY 6: Small Medium Micro Enterprise Development

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Create an enabling environment for SMME growth and development.	Support and sustain small businesses to grow the sector.	Procure equipment for 10 SMMEs and provide ongoing support and mentorship program	All	R 0 spent in prior years. 0% progress	Source of funding Internal	6.1 Support SMME's by providing business equipment for business activities by end 24/25 financial year.	100% Achieved	1st	Assess eligible proposals.	Internal	**Realised**	None	None	Accessed proposals List of beneficiaries
								2nd	Identification of 10 eligible beneficiaries.	Internal	**Realised**	None	None	
								3rd	Advertise and procure equipment.	R0.00	**Realised**	None	None	
								4th	Hand over equipment and provide ongoing mentorship	R0.00	**Realised**	None	None	
	Promote/ attract trade and invest	Develop a trade and investment strategy	All	New indicator, therefore no baseline	Source of funding Internal	6.2 Develop a trade and investment strategy	Actual progress physical progress is 0% financial progress is 0%	1st	Develop a specification document	Internal	**Realised**	None	None	Specification document
								2nd	Advertise for the procurement of a service provider	Internal	**Not Realised**	Funding reprioritised to fund other LED programs.	Target to be adjusted.	
								3rd	Solicit funding and or assistance from other stakeholders i.e. CoGTA & DESTEA	R0.00	**Not Realised**	Challenges with Finance Department.	Follow up with the IT unit.	
								4th	Advertise and appoint	R0.00	**Not Realised**			

000244

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
									service provider.					
		Number of hawker licenses issued	All	R 0 spent in prior years. 0% progress	Source of funding Internal	6.3 Effective management of sidewalks and hawkers licensing	Actual progress physical progress is 0% financial progress is 0%	1st	Develop a specification document	Internal	**Realised**	None	None	- Specification document - Tender Document - Appointment Letter - Software license - Report of issued licenses
								2nd	Advertise for the procurement of licensing software	Internal	**Not Realised**	Funding reprioritised to fund other LED programs.	Target to be adjusted.	
								3rd	Procure software and invite applications for hawker trading license issuing.	R0.00	**Not Realised**	Waiting for the IT Unit to verify the specification	Follow up with the IT Unit	
								4th	Issue of hawker licenses and ongoing monitoring	R0.00	**Not Realised**	None	None	

000245

PRIORITY 7: Tourism:

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Create an enabling environment for Tourism growth and development.	Establishment of Tourism Infrastructure Projects.	Support of Tourism establishments.	Ward 20	R 0 spent in prior years. 0% progress	Source of funding Internal	7.1 Support of Tourism establishments (Support of PDI Businesses).	Actual progress physical progress is 0% financial progress is 0%	1st	**NO TARGETFOR QUARTER 1**					- Advertisement - Appointment letter - Proof of Payment
								2nd	Identification and Profiling of Tourism Products	R 0	**Realised**			
								3rd	Adverts via 7-day Tender and procure Tourism Signage	R 0	Memo submitted to Finance Dept.		Waiting finalisation of SCM processes	
								4th	Delivery of goods.	R 0	**Realised.**			
		Development of Clarens Visitor Information Centre and Curio Shop	Ward 20	R 0 spent in prior years. 0% progress	Source of funding Internal	7.2 Development of a Visitor Information Centre and Curio Shop	Actual progress physical progress is 0% financial progress is 0%	1st	Development of Specification and Tender Document.	R 0	**Realised:** Draft Tender Document is prepared and still need to be presented to Spec Committee			- Advertisement - Appointment letter - Register for hand-over of equipment to beneficiaries
								2nd	Advertise for the Development of Clarens Visitor Information Centre.	R 0	**Not Realised**	Funding reprioritised to fund other LED programs.	Target to be adjusted.	

000246

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								3rd	Advertise for the Development of Clarens Visitor Information Centre.	R 0	**Not Realised**	Funding reprioritised to fund other LED programs.	None	- Memo to Finance - Financial Budget - Request for Transfer of Funds
								4th	Appointment of Service Provider and handover of equipment.	R 0	**Not Realised**	Funds for project were transferred to assist, in hosting the 2024 Bethlehem Airshow.		
	Hosting / Facilitation of Tourism and SMME's Events		All	New indicator, therefore no baseline	Source of funding Internal	7.3 Hosting /Facilitation of Tourism and SMME's development number? of Events.	100% Achieved	1st	Facilitate the hosting of the Bethlehem Air Show	R1.5mil	**Realised:** Bethlehem Airshow hosted on 7 September 2024.	None	None	Report of the Air Show

000247

PRIORITY 8: Town Planning & Building Control

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To provide a clear and logical framework for spatial development, promote orderly planning and guide physical development of Dihlabeng.	An adopted Spatial Development Framework that guides future planning and development applications received	Adopted SDF	All	New indicator, therefore no baseline	Source of Funding: internal	8.1 Review the current SDF and submit to Council for adoption.	100% Achieved	1st	Adoption of the Municipal Spatial Development Framework.		**Realised:** The final Municipal Spatial Development Framework (SDF) was adopted by Council on the 20th of August 2024 including the Municipal Land use scheme.	**None**	None	Project Process Plan Council Resolution on 37/24 SDF

PRIORITY 9: HUMAN SETTLEMENTS

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To provide an integrated human settlements development.	Renovations of municipal properties.	100% Adherence to OHS Act and building standards	All	New indicator, therefore no baseline	R 5 800 000 Source of Funding: Internal	9.1 Maintenance of residential municipal buildings	Actual progress physical progress is 0% financial progress is 0%	1st	Appoint the Professional Service Providers (PSP) and prepare BoQ for tender document to appoint panel of Contractors.		**Not Realised**	Non-Appointment of PSP to do assessment.	Memo was written to SCM to assist with the appointment of PSP from panel of consultants which were appointed by the municipality to conduct conditional assessment and produce a BoQ.	Appointment letter of Professional Service Provider to do assessment of key municipal properties. Assessment report of identified municipal properties. Appointment letters of panel of Contractors. Signed SLA's Completion Certificates.
								2nd	Advertise and appoint the panel of Contractors to repair and		**Not Realised**	Non-Appointment of PSP to do assessment	Memo was written to SCM to assist with the appointment of PSP.	

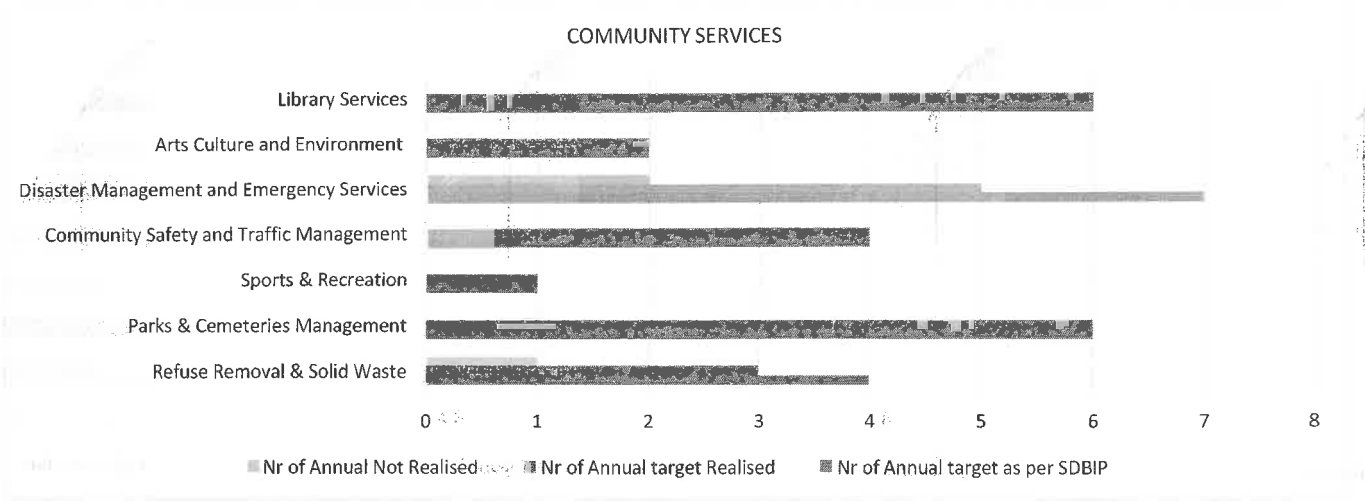
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Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Base line information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
									maintain residential municipal properties.				Target to be adjusted	
								3rd	Repair and maintain two residential municipal properties.		SCM wrote to the PSP to do conditional assessment of the identified buildings and will be submitting quotes to the SMC for appointment of the successful PSP to compose BoQ for the buildings.	SCM is moving with a snail pace and were requested to expedite the Process.		
								4th	Repair and maintain another two residential municipal properties.		BoQ has been developed and issued to the PSP in the panel to quote and have been quoted.	SCM is delaying the issuing of the successful service provider.		

000249

KEY PERFORMANCE AREA 1.2: COMMUNITY SERVICES

Directorate: COMMUNITY SERVICES	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Refuse Removal & Solid Waste	4	3	1	75%	
Parks & Cemeteries Management	6	6	0	100%	
Sports & Recreation	1	1	0	100%	
Community Safety and Traffic Management	4	4	0	100%	
Disaster Management and Emergency Services	7	5	2	71%	
Arts Culture and Environment	2	2	0	100%	
Library Services	6	6	0	100%	
TOTAL	30	27	3	90%	



000250

PRIORITY 10: Refuse Removal & Solid Waste Disposal

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Target	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To creating a clean and Healthy environment for all our communities through proper waste management mechanisms	Percentage of households with access to basic solid waste removal once a week	100% of households with access to basic solid waste removal once a week	All wards	100%	OPEX	10.1 100% of households with access to basic solid waste removal once a week	Realised 100% of households with access to basic solid waste removal once a week	1st	100%		**Realised:** Refuse removal done as per the weekly refuse removal schedule	None	None	Weekly collection Schedule Weekly Reports
								2nd	100%		**Realised:** Refuse removal was done as per the weekly refuse removal schedule	None	None	Weekly Plans Weekly Reports
								3rd	100%		**Realised** Refuse removal was done as per the weekly refuse removal schedule	None	None	
								4th	100%		**Realised** Refuse removal was done as per the weekly refuse removal schedule	None	None	
	Number of waste management awareness campaigns conducted on the 30th June 2025	6 waste management awareness campaigns on the 30th June 2025	All wards	New Indicator	OPEX	10.2 6 Waste management awareness campaigns on the 30th June 2025	Realised 3 Waste management awareness campaigns on the 30th June 2025	1st	1		**Not Realised:**	Awareness was done during ward councillors ward meeting on Sundays but POE could not be collated.	The Directorate will craft a schedule for awareness campaigns and do more campaigns in the ensuing quarter.	Invitation, Report and Attendance Register
								2nd	1		**Realised:** Waste management awareness was done at Fatengtse Ntsho Clinic on the 21 November 2024.	None	None	

000251

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Target	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								3rd	2		**Realised** Waste management awareness was done at Sekoko Primary School on 30 January 2025 and at Kgubetswana Community Hall on the 26-28 March 2025	None	None	
								4th	2		**Realised**	None	None	
	Daily operations of the Landfill site in line with the minimum requirements of landfill site as well as the licence conditions: Receiving of waste, compacting and covering of waste.	100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill.	All Wards	!00%	OPEX	10.3 100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill.	**Not Realised** 100% operational landfill site in line with the Landfill Site Licence conditions and minimum requirements for waste disposal by landfill.	1st	100%	R2 171 907	**Not Realised:** Maintenance and operation of the landfill site is done on a daily basis	None	None	Monthly Reports from service provider Internal Inspection Reports
								2nd	100%	R2 171 907	**Not Realised:** Maintenance and operation of the landfill site is done on a daily basis	None	None	
								3rd	100%	R2 171 907	**Not Realised** Maintenance and operation of the landfill site is done on a daily basis	None	None	
								4th	100%	R2 171 907	**Not Realised** Maintenance and operation of the landfill site is done on a daily basis	None	Review TID	

000252

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Target	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Data of tonnages of waste disposed at the landfill site on the Waste Information System of the Department of Environmental Affairs as required by legislation.	100% submission of tonnages of waste on the 30th June 2025	All Wards	100%	OPEX	10.4 100% submission of tonnages of waste on the 30th June 2025	Partially Realised 75% submission of tonnages of waste on the 30th June 2025	1st	100%	R 0	**Realised** Waste tonnages data is captured on the SAWIS on monthly basis	None	None	E-mail report confirming receipt of monthly reporting from DEA
								2nd	100%	0.00	**Realised** Waste tonnages data is captured on the SAWIS on monthly basis	None	None	
								3rd	100%	0.00	**Realised** Waste tonnages data is captured on the SAWIS for January and February. Waste tonnages data could not be captured in March 2025 on SAWIS due to the system being updated by SAWIC.	None	None	
								4th	100%	0.00	**Not Realised**	Waste tonnages data could not be uploaded from March till dated. Manager Solid Waste is unable to access the system since it was updated.	Follow up with SAWIS about the dispatching of new logging credentials	

000253

PRIORITY 11: Parks and Cemeteries

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To creating a clean and healthy environment for all our communities	Number of Parks maintained annually on the 30th June 2025	75 parks maintained on the 30th June 2025	All wards	75 Parks Maintained on the 30th June 2024	OPEX	11.1 75 Maintained parks on the 30th June 2025	Realised 75 Parks Maintained on the 30th June 2025.	1st	15		**Realised:** Ongoing maintenance of parks: Cleaning of parks, sidewalks, traffic island and town entrances. **(July – Sept 2024)**	None	None	Weekly Schedules Weekly Reports
								2nd	15		**Realised:** Ongoing maintenance of parks: Cleaning of parks, sidewalks, traffic island and town entrances. **(Oct – Dec 2024)**	None	None	
								3rd	20		**Realised:** Ongoing maintenance of parks: Cleaning of parks, sidewalks, traffic island and town entrances. **(Jan – March 2025)**	None	None	
								4th	25		**Realised:** Monthly reports submitted. Ongoing maintenance of parks: Cleaning of parks, sidewalks, traffic island and town entrances. **(APRIL – JUNE 2025)**	None	None	

000254

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Number of trees planted in Dihlabeng Local Municipality on the 30th June 2025	200 Trees be planted on the 30th June 2025	All wards	184 Trees be planted in the 2024	OPEX	11.2 200 Trees be planted on the 30th June 2025	Realised 284 Trees be planted in the 30th June 2025.	1st	0	**NO TARGET FOR QUARTER 1**				Monthly Schedules Monthly Reports
								2nd	100		**Realised:** Planted the following number of trees: **TOTAL: 130 OCT 24: 24 NOV 24: 18 DEC 24: 88**	None	None	
								3rd	100		**Realised:** Planted the following number of trees: **TOTAL: 154 JAN 25: 54 FEB 25: 0 Mar 25: 100**	None	None	
								4th	0		**NO TARGET FOR QUARTER 4**			
	Number of street trees pruned in Dihlabeng Local Municipality on the 30th June 2025	400 Trees be pruned on the 30th June 2025	All wards	1058 Trees be pruned in the 30th June 2024	OPEX	11.3 400 Trees be pruned on the 30th June 2025	**Realised** 765 Trees pruned in the 30th June 2025	1st	100		**Realised:** Monthly reports submitted. Total of **311** street trees pruned: July 24: 45 Aug 24: 198 Sep 24: 68	None	None	Monthly Schedules Monthly Reports
								2nd	100		**Realised** Total of **214** street trees were pruned: **Oct 24: 82 Nov 24: 80 Dec 24: 52**	None	None	
								3rd	100		**Realised**	None	None	

000255

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Total of **153** street trees were pruned **Jan 25: 36** **Feb 25:67** **Mar 25: 50**			
								4th	100		**Partially Realised** Total of **87** street trees were pruned **April 25: 34** **May 25: 9** **June 25: 44**	Insufficient and ailing tools of trade (Chainsaw Machines)	Procure more tools	
	Daily maintenance of nursery in Dihlabeng Local Municipality on the 30th June 2025	1 Maintained nursery on the 30th June 2025	Ward 10	1 Maintained nursery on the 30th June 2024	OPEX	11.4 1 Maintained nursery on the 30th June 2025	Realised 1 Maintained nursery on the 30th June 2025	1st	1		**Realised:** Weekly reports submitted. Pruning of Shrubs and trees, Cleaning of green House. Ongoing maintenance of watering, weeding. Transplanting of Leucosidea sericea (Old wood). Fertilizing roses and other plants, **(July – Sept 2024)**	None	None	Weekly Schedules Weekly Reports
								2nd	1		**Realised:** Weekly reports submitted. Pruning of Shrubs and trees,	None	None	

000256

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Cleaning of green House. Ongoing maintenance of watering, weeding. Transplanting of Rhaphiolepsi Indica (Indian Hawthorn). Fertilizing roses and other plants, **(Oct – Dec 2024)**			
								3rd	1		**Realised:** Weekly reports submitted. Pruning of Shrubs and trees, Cleaning of green house. Ongoing maintenance of watering, weeding. Fertilizing roses and other plants, **(Jan – March 2025)**	None	None	
								4th	1		**Realised:** Weekly reports Submitted. Pruning of shrubs and trees. Cleaning of green house. Ongoing maintenance of watering, weeding. Fertilizing of	None	None	

000257

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											roses and other plants, **(April – June 2025)**			
To provide cemetery space and an effective cemetery management service	100% allocation of graves to the community and funeral undertakers by 30th June 2025	100% allocation of graves on the 30th June 2025	All wards	100% allocation of graves on the 30th June 2024	OPEX	11.5 100% allocation of graves on the 30th June 2025	Realised 100% allocation of graves on the 30th June 2025	1st	100%		**Realised:** Dug and prepared 273 graves **(July – Sept 2024)** Bethlehem: High Maintenance: 23 Low: Maintenance:146 Adults 13 Children Paul-Roux: 18 Rosendal :16 Fouriesburg :37 Clarens: 20	None	None	Report on graves allocated to communities' members and funeral undertakers Reconciliation register
								2nd	100%		**Realised:** Dug and prepared 237 graves **(Oct – Dec 2024)** Bethlehem: High Maintenance: 21 Low: Maintenance:131 Adults 9 Children Paul-Roux: 17 Rosendal: 11 Fouriesburg :35 Clarens: 13	None	None	

000258

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								3rd	100%		**Realised:** **Realised:** Dug and prepared graves **(Jan - March 2025)** Bethlehem: High Maintenance: 15 (adults) High Maintenance (children)01 Low Maintenance: 134 (adults) 11 (Children) Paul-Roux: 16 Rosendal 12 Clarens 14 Fouriesburg 30 **TOTAL BURIED: 233**			
								4th	100%		**Realised:** Dug and prepared 290 graves **(APRIL - JUNE 2025)** Bethlehem: **196** High Maintenance: 27 (adults) High Maintenance (children) 00 Low Maintenance: 153 (adults) 16 (Children) Paul-Roux: 18	None	None	

000259

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Rosendal 19 Clarens 14 Fouriesburg 43 **TOTAL BURIED: 290**			
	Number of Cemeteries maintained on the 30th June 2025	11 Cemeteries maintained on the 30th June 2025	All wards	11 Cemeteries maintained on the 30th June 2024	OPEX	11.6 11 Cemeteries maintained on the 30th June 2025	Realised 11 Cemeteries maintained on the 30th June 2025	1st	2		**Realised:** Maintenance was done on an ongoing basis. **(July - Sept 2024)**	None	None	Reports on Cemeteries maintained
								2nd	3		**Realised:** Maintenance was done on an ongoing basis. **(Oct - Dec 2024)**	None	None	
								3rd	2		**Realised:** Maintenance was done on an ongoing basis. **(Jan - March 2025)**	None	None	
								4th	4		**Realised:** Maintenance was done on an ongoing basis. **(April –June 2025)**	None	None	

000390

PRIORITY 12: Sports

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To ensure sports is promoted in all our communities	Number of Sports Facilities maintained on the 30th June 2025	8 Sports Facilities Maintained monthly on the 30th June 2025	All wards	New Indicator	OPEX	12.1 8 Sports Facilities Maintained monthly on the 30th June 2025	Realised 8 Sports Facilities Maintained monthly on the 30th June 2025	1st	24		**Realised:** 3 Monthly reports Submitted. Maintenance of all sports facilities were done on an ongoing basis (July to September 2023)	None	None	Monthly Reports and Photos
								2nd	24		**Realised:** 3 Monthly report submitted. Maintenance of all sports facilities were done on an ongoing basis (Oct - Dec 2024)	None	None	
								3rd	24		**Realised:** Monthly report submitted. Maintenance of all sports facilities were done on an ongoing basis (Jan – March 2025)	None	None	
								4th	24		**Realised:** Monthly report submitted. Maintenance of all sports facilities were done on an ongoing basis (April and June 2025)	None	None	

000261

PRIORITY 13: Community Safety and Traffic Management

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To ensure road safety is promoted within our communities and reduction of road fatalities through enforcement of traffic laws.	Number of roadblocks conducted on the 30th June 2025	20 roadblocks conducted on the 30th June 2025	All wards	New Indicator	OPEX	13.1 20 roadblocks conducted on the 30th June 2025	50 roadblocks conducted on the 30th June 2025	1st	5		**Realised: Roadblocks Conducted: 13** July 24: 04 Aug 24: 06 Sep 24: 03	None	None	Report on roadblocks conducted Reconciliation Register
								2nd	5		**Realised: Roadblocks Conducted: 14** Oct 24: 05 Nov 24: 03 Dec 24: 06	None	None	
								3rd	5		**Realised: Roadblocks Conducted: 8** Jan 25: 4 Feb 25: 2 Mar25: 2	None	None	
								4th	5		**Realised: Roadblocks Conducted: 10** Apr 25: 02 May 25: 06 Jun 25: 02	None	None	
	Number of Traffic fines issued on the 30th June 2025	200 Number of Traffic fines issued on the 30th June 2025	All wards	New Indicator	OPEX	13.2 200 Number of Traffic fines issued on the 30th June 2025	2237 Number of Traffic fines issued on the 30th June 2025	1st	50		**Realised: Number of traffic fines issued: 482** July 24: 227 Aug 24: 161 Sep 24: 94	None	None	Report on Traffic Fines issued Reconciliation Register
								2nd	50		**Realised: Number Of Traffic Fines Issued: 430** Oct 24: 138 Nov 24: 83 Dec 24:209	None	None	

000262

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
								3rd	50		**Realised: Number Of Traffic Fines Issued: 567** Jan 25: 286 Feb 25: 135 Mar 25:146	None	None	
								4th	50		**Realised: Number of Traffic fines issued: 758** Apr 25: 226 May 25:278 Jun 25:254	None	None	
	Number of Abnormal Freights escorted passing across Dihlabeng local municipality on the 30th June 2025	40 abnormal Freights escorted on the 30th June 2025		New Indicator	OPEX	13.3 40 abnormal Freights escorted on the 30th June 2025	Realised 54 abnormal Freights escorted on the 30th June 2025	1st	10		**Realised: Number of abnormal freights escorted: 17** July 24: 09 Aug 24: 03 Sep 24: 05	None	None	Report on Number of Abnormal Freights escorted Reconciliation Register
								2nd	10		**Realised: Number Of Abnormal Freights Escorted: 10** Oct 24: 05 Nov 24: 05 Dec 24: 00	None	None	
								3rd	10		**Not Realised: Number Of Abnormal Freights Escorted: 08** Jan 25: 02 Feb 25: 02 Mar 25: 04	None	None	
								4th	10		**Realised: Number of abnormal freights escorted: 19** Apr 25: 02 May 25: 04 Jun 25: 13	None	None	

000263

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	50 Scholar patrol conducted on the 30th June 2025	50 Scholar patrols conducted on the 30th June 2025	All wards	41Scholar Patrols conducted on the 30th 2024	OPEX	13.4 50 Scholar patrols conducted on the 30th June 2025	Realised 873 Scholar patrols conducted on the 30th June 2025	1st	10		**Realised: Number of Scholar patrols conducted: 180** July 24: 62 Aug 24: 63 Sep 24: 55	None	None	Report on number of Scholar patrols conducted
								2nd	10		**Realised: Number Of Scholar Patrols Conducted: 112** Oct 24: 112 Nov 24:0 Dec 24: 0	None	None	
								3rd	20		**Realised: Number Of Scholar Patrols Conducted: 277** Jan 25: 67 Feb 25: 110 Mar25: 100	None	None	
								4th	20		**Realised: Number of Scholar patrols conducted: 179** Apr 25: 33 May 25: 70 Jun 25: 76	None	None	

000264

PRIORITY 14: Disaster Management/: Emergency Services

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To prevent, reduce and mitigate the severity/consequences of disaster.	To comply with Disaster Risk Management Act by submitting of the approved Disaster Risk Management Plan on the 30th June 2025	Approved Disaster Risk Management Plan on the 30th June 2025	All wards	The Disaster Risk Management Plan on the 30th June 2024	OPEX	14.1 Approved Disaster Risk Management Plan on the 30th June 2025	Realised Disaster Risk Management Plan Was Approved 9 December 2024 Per Item 67/2024	1st			**NO TARGET FOR QUARTER 1**			Disaster Risk Management Plan Council Resolution
								2nd			**NO TARGET FOR QUARTER 2**			
								3rd	1		**Realised** Disaster Risk Management Plan Was Approved 9 December 2024 Per Item 67/2024	None	None	
								4th			**No Target for Quarter 4**			
	Number of Contingency plans approved on the 30th June 2025	4Contingency plans approved on the 30th June 2025	All wards	Windstorm, Floods, Veld Fire and Snow Contingency Plans were approved on the 7 May 2024	OPEX	14.2 4 Contingency plans approved on the 30th June 2025	Not Realised Windstorm: Floods, Veld Fire and Snow Contingency Plans were drafted but not approved on the 30th	1st	1	R0.00	**Not Realised.**	Windstorm: Contingency Plan was drafted but not approved yet.	To submit timeously in future.	Contingency plans Council Resolution
								2nd	1	R0.00	**Not Realised.**	Flood: Contingency Plan was drafted but not approved yet.	To submit timeously in future.	
								3rd	1	R0.00	**Not Realised**	Veld fire Contingency Plan was drafted but not approved yet.	To submit timeously in future.	

000265

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
							June 2025.							
								4th	1	R0.00	**Not Realised**	Snow Contingency Plan was drafted but not approved yet.	To submit timeously in future.	
	Number of disaster awareness campaigns conducted on the 30th June 2025	5 disaster awareness campaigns on the 30th June 2025	All wards	New Indicator	OPEX	14.3 5 disaster awareness campaigns on the 30th June 2025	Partially Realised 2 disaster awareness campaigns on the 30th June 2025	1st	1	R0.00	**Realised:** A Disaster Awareness Campaign Was Held in Ward 19, Bohlokong On 19 Sep 2024	**None**	**None**	Invitation, Report and Attendance Register
								2nd	1	R0.00	**Realised:** A Disaster Awareness Campaign Was Held in Clarens On 13 November 2024	**None**	**None**	
								3rd	1	R0.00	**Not Realised.**			
								4th	1	R0.00	**Not Realised**	Previous Acting Disaster Officer retired, position of Disaster Officer still vacant.	Disaster Officer be appointed	
	To reduce expansion of veld fire	Number of firebreaks conducted on the 30th June 2025	10 Fire breaks conducted on the 30th June 2025	All wards	New Indicator	OPEX	14.4 10 Fire breaks conducted on the 30th June 2025	Realised 19 Fire breaks conducted	1st	10	R0.00	**Not Realised:** Conducted 8 Fire breaks Jul '24: 8 Aug'24: 0 Sep '24: 0			Report on fire breaks conducted

000266

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
							on the 30th June 2025	2nd	0					
								3rd	0					
								4th	0		**Realised: Conducted 11 Firebreaks June: 11 Annual target achieved**			
To ensure buildings comply to SANS Act	Number of buildings complying to SANS Act conducted on the 30th June 2025	120 Buildings complying with SANS inspected on the 30th June 2025	All wards	New Indicator	OPEX	14.5 120 Buildings complying with SANS inspected on the 30th June 2025	Realised 223 Buildings complying with SANS inspected on the 30th	1st	30	R.00	**Realised:** Conducted 30 Building Inspections Jul '24: 6 Aug '24: 12 Sept '24: 12	None	None	Reports and Reconciliation register
								2nd	30		**Partially Realised:** Conducted 19 Building Inspections Oct '24: 11 Nov'24: 8 Dec'24: 0	None	None	
								3rd	30	R.00	**Realised:** Conducted 115 Building Inspections Jan 25: 64 Feb 25: 36 Mar 25: 15	None	None	
								4th	30	R.00	**Realised:**	None	None	

000267

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Conducted 51 Building Inspections April 25:20 May 25: 15 Jun 25: 16			
To educate community on disaster management and fire services related matters	Number of fire management awareness campaigns conducted on the 30th June 2025	6 awareness campaigns conducted on the 30th June 2025	All wards	New Indicator	OPEX	14.6 6 Awareness campaigns conducted on the 30th June 2025	Realised 41 Awareness campaigns conducted on the 30th June 2025	1st	1 awareness campaign	R.00	**Realised:** Conducted 10 Fire Awareness Campaigns: Jul '24: 2 Aug '24: 4 Sept '24: 4	None	None	Reports and Reconciliation register
								2nd	1 awareness campaign		**Realised:** Conducted 7 Fire Awareness Campaigns: Oct '24: 7 Nov'24: 0 Dec'24: 0	None	None	
								3rd	2 awareness campaign	R0.00	**Realised:** Conducted 10 Fire Awareness Campaigns: Jan'25: 5 Feb'25: 2 Mar'25: 3	None	None	
								4th	2 awareness campaign	R0.00	**Realised:** Conducted 12 Fire awareness campaigns: April 25: 4 May 25: 4	None	None	

000268

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Jun 25: 4			
To ensure compliance to the regulation relating to Petroleum, Inflammable Liquid and other Substances	Number of licences issued for Petroleum, Inflammable Liquid and other Substances on the 30th June 2025	160 flammable liquid licences issued by the 30th June 2025	All wards	New Indicator	OPEX	14.7 160 flammable liquid licences issued by the 30th June 2025	Realised 183 flammable liquid licences issued by the 30th June 2025	1st	40	R0.00	**Realised:** Issued 41 flammable liquid licences: Jul '24: 10 Aug '24: 18 Sep '24: 13	None	None	Reports and Reconciliation register
								2nd	40		**Realised:** Issued 27 Flammable Liquid Licences: Oct '24: 27 Nov'24: 0 Dec'24: 0	None	None	
								3rd	40	R0.00	**Realised:** Issued 57 Flammable Liquid Licences: Jan'25: 16 Feb'25: 25 Mar'25: 16	None	None	
								4th	40	R0.00	**Partly Realised:** Issued 39 flammable liquid licences: April 25: 9 May 25: 11 Jun 25: 19	None	None	

000269

PRIORITY 15 AND 16: ARTS AND CULTURE & ENVIRONMNENT

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To promote Arts and Culture within our communities	Celebration of Heritage Day on the 30th June 2025	1 event to be held on the 30 September 2024		New Indicator	OPEX	15.1 1 event to be held on the 30 September 2024	Realised 1 event to be held on the 27 September 2024	1ST	1 event		**Realised:** Event was conducted on 27 September 2024 at Pretorius Kloof	None	None	Report, Photos, attendance register
								2ND	NO TARGET					
								3RD	NO TARGET					
								4TH	NO TARGET		**NO TARGET FOR QUARTER 4**			
To educate our communities on environmental management	Number of environmental management awareness campaigns conducted in Dihlabeng local municipality on the 30th June 2025	6 awareness campaigns conducted on the 30th June 2025	All wards	New Indicator	OPEX	16.1 6 awareness campaigns conducted on the 30th June 2025	Realised 6 awareness campaigns conducted on the 30th June 2025	1st	1 awareness campaign	R0.00	**Not Realised** Awareness not done		More campaigns will be done in the next ensuing quarter	Report on Awareness Campaign conducted
								2nd	1 awareness campaign		**Realised** Environmental Awareness and Education Was Done at Fateng Tse Ntsho Clinic on the 21 November 2024.	None	None	
								3rd	2 awareness campaign		**Realised** Environmental Awareness and Education Was Done at Sekoko Primary School on the 30 January 2025. And On 26-28 March 2025 in Clarens	None	None	

000270

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											Community Hall.			
								4th	2 awareness campaign		**Realised** Awareness and education in collaboration with the Department of Economic, Small Business Development, Tourism and Environmental Affairs were done in Fouriesburg and Rosendal and Paul Roux on 4 and 5 June 2025.	None	None	

PRIORITY 17: Library

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To promote usage and access within the libraries	Host Word Festival event in Dihlabeng on the 30th October 2024	1 event to be held on the 30th October 2024	All wards	New Indicator	OPEX	17.1 1 event to be held on the 30th October 2024	Realised 1 event to be held on the 19th September 2024	1st	1 event	R0.00	**Realised** Word festival competition was successfully held on 19 September 2024 at Mashaeng Public Library	None	None	Invitation Report, Photos, attendance register

0002271

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
											between Phaphama and Tshepano learners			
								2nd	0 event					
								3rd	0 event					
								4th	0 event		**NO TARGET FOR QUARTER 4**			
	Host Employee Capacity event in Dihlabeng on the 30th December 2024	1 event to be held on the 30 December 2024		New Indicator	OPEX	17.2 1 event to be held on the 30 December 2024	Realised 1 event to be held on the 17 December 2024	1st	0 event		**No target for quarter 1**			
								2nd	1 event		**Realised** Capacity Building Programme Was Successfully Held On 17 December 2024 at Bethlehem Public Library.	None	None	Invitation Report, Photos, attendance register
								3rd	0 event					
								4th	0 event		NO TARGET FOR QUARTER 4			

000272

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Host Library week event in Dihlabeng on the 30th March 2025	1 event to be held on the 30 March 2025		New Indicator	OPEX	17.3 1 event to be held on the 30 March 2025	Realised 1 event to be held on the 28th March 2025	1st	0 event		**No target for quarter 1**			Invitation Report, Photos, attendance register
								2nd	0 event					
								3rd	1 event		**Realised:** Library Week Event Was Successfully Held On 28 March 2025 at Bohlokong Public Library.	None	None	
								4th	0 event		**NO TARGET FOR QUARTER 4**			
	Host World Book event in Dihlabeng on the 30th June 2025	1 event to be held on the 30 June 2025		New Indicator	OPEX	17.4 1 event to be held on the 30 June 2025	Realised 1 event to be held on the 30 April 2025	1st	0 event		**No target for quarter 1**			Invitation Report, Photos, attendance register
								2nd	0 event					
								3rd	0 event					
								4th	1 event	R0.00	**Realised:** World Book Day event was successfully held on 30 April 2025 at Mohloding Day Care Centre.	None	None	

000273

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	Implement Library services management business plan on the 30th June 2025	Implementation of library business plan on the 30th June 2025		New Indicator	OPEX	17.5 Implementation of library business plan on the 30th June 2025	Realised 12 Monthly reports on Implementation of library business plan on the 30th June 2025	1st	3 monthly reports	R989 905.76	**Realised** Salaries For Personnel Paid In July – R291 335.90 August - R331 591.25 September- R366 978.61	None	None	Monthly Reports on implementation of Business plan
								2nd	3 monthly reports	R306 846.01 Oct 2024 R304 446.01 Nov 2024 R Dec 2024	**Realised** Salaries For Personnel Paid In October To December 2024	Cannot populate December salaries due to VIP System breakdown	Will provide financial implications for December once system is repaired.	
								3rd	3 monthly reports	Jan 2025 R318 446.01 Feb 2025 R383 878.67 Mar 2025 R329 528.08	**Realised** Salaries For Personnel Paid In January - March 2025	None	None	
								4th	3 monthly reports	Apr 2025: R308 051.25 May 2025: R354 929.92 Jun 2025: R377 799	**Realised** Salaries for personnel paid in April - June 2025	None	None	
	Submit quarterly	4 expenditure reports to be		4 expendit	OPEX	17.6	Realised	1st	1 Quarterly report	R0.00	**Realised**	None	None	Proof of submission to

0002274

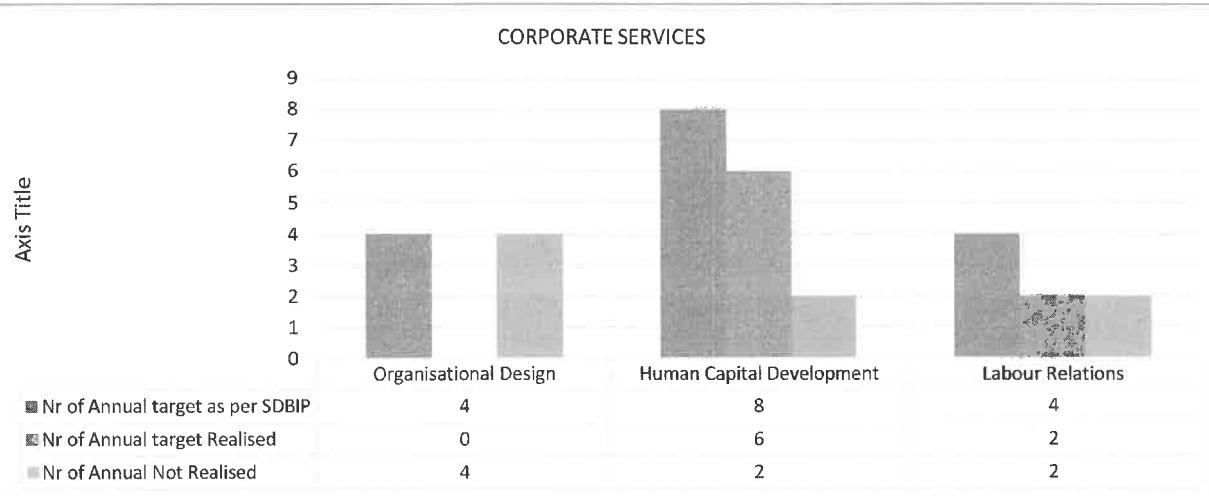
Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline Information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
	expenditure report to DSACR on the 30th June 2025	submitted to DSACTR on the 30th June 2025		ure reports to be submitted to DSACTR on the 30th June 2024		4 expenditure reports to be submitted to DSACTR on the 30th June 2025	4 expenditure reports to be submitted to DSACTR on the 30th June 2025				1st quarter expenditure report was prepared and submitted.			DSACR and the expenditure report
								2nd	1 Quarterly report	R306 846.01 Oct 2024 R304 446.01 Nov 2024 R Dec 2024	**Realised** 2nd Quarter Expenditure Report Was Prepared and Submitted.			
								3rd	1 Quarterly report		**Realised:** 3rd Quarter Expenditure Report Was Prepared and Submitted.	None	None	
								4th	1 Quarterly report		**Realised** 4th quarter expenditure report was prepared and submitted.	None	None	

000275

SECOND – LAYER SDBIP

000276

KEY PERFORMANCE AREA 3: ORGANISATIONAL TRANSFORMATION AND DEVELOPMENT



Directorate: CORPORATE SERVICES	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realized	Rating
Organisational Design	4	0	4	0%	
Human Capital Development	8	6	2	75%	
Labour Relations	4	2	2	50%	
TOTAL	16	8	8	50%	

PRIORITY 18: EFFECTIVE HUMAN CAPITAL DEVELOPMENT
Organisational Design

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK					
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action
Reviewed and approved Staff Establishment.	- Council adopted organisational structure	- Reviewed and adopted Organisational Structure	N/A	Approved Staff establishment 2021/22	N/A	18.1. Approved organogram and fill budgeted vacancies. Job descriptions completed, graded and signed by all stakeholders.	25% achieved	1st	To review organogram and get Council approval. Identify posts for Job Evaluation (Internally)		**Not Realised** **Developed HR Plan & Draft Staff establishment**	Prolonged consultation	Expedite Approval
								2nd	Report of Job Evaluation Committee presented and approved by Municipal Manager/ Council.		**Not Realised**	Staff establishment not approved	
								3rd	Approved job descriptions Filled in personnel files		**Not Realised**	Staff establishment not approved	Job descriptions will be submitted to unions for approval
								4th	To balance payroll with the budget by conducting personnel verification		**Realised**		Memo Verification
	- Nr of Council adopted HR policies and By-Laws	- All developed HR policies adopted by Council. - Conduct workshops on all approved HR policies - All gazetted By-Laws implemented and kept on a register.	N/A	Approved HR Policies – 2022/23 FY	N/A	18.2 All HR Policies reviewed, approved by Council and implementation monitored.	60% achieved.	1st	To review policies according to Systems, Act and collective agreement.		**Realised**		
								2nd	Present Draft HR policies to Policy Committee for recommendation. Council adopted HR Policies.		**Partially Realised** Draft Policies were tabled and approved by policy	Policies were tabled to Council but referred back	Minutes of the Policy Comm

000278

											committee but not yet approved by council		
								3rd	Conduct workshops on adopted HR policies.		**Not Realised**	Policies await Council's approval	Policies will be submitted to Council for approval
								4th	Report on implementation of Council adopted HR policies.		**Realised**	Municipality is still implementing the 2022/23 approved policies	Report on Overtime Report on Wellness Skills Dev report Bursary Reports
						18.3 Proposed By-Laws approved by Council and to be gazetted.	50% achieved	1st	Draft By-Laws adopted by Policy Committee		**Realised:** Magistrate approved fines and offenses. Council adopted the fines and offences.	No response from the Premier's Office on publication of by-law fines.	Correspondence on publication of by-law fines and implementation
								2nd	Hold public participation on draft By-Laws and present to Council for adoption.		**Realised:** Public participation was done with the initial by-laws, and public awareness will be held on awareness of the fines that were approved by Council.	None.	None.
								3rd	Publish Council By-Laws for gazetting.		**Not Realised:** Erratum of 2022 by-laws published in Provincial	Unable to publish administrative fines through Premier's Office and	COGTA to assist in publication of administrative fines.

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											Gazette on 01 April 2025.	by-laws cannot be effectively implemented without fines.	
								4th	Monitor implementation and report to Council.	None.	**Not realised:** 17 April 2025 -Fines published in the Gazette for comment. 12 June 2025 - Newspaper publication for public awareness and public participation. Meetings for public participation and awareness were held on 17, 19, 23, 24 and 25 June 2025.	COGTA has requested that before the final publication of the Admission of Guilt fines, we hold public participation meetings.	On 7 July 2025 final Admission of Guilt fines will be send for publication and promulgation and will be affected from date of publication and will be reported to Council.
GG1.2 Top management stability	- GG1.21 Staff vacancy rate - GG1.22 Percentage of vacant posts filled within 3 months Payroll not exceeding 35% of the total operating revenue.	100% critical vacancies filed within the recommended turn-around time. To compare the payroll with the Budget by conducting personnel verification.	N/A	50% achieved.	1307 Posts Filled: 631 Critical Vacant Posts:	18.4 Reviewed and adopted Organisational Structure.	0% achieved.	1st	Critical posts filled as per approved org structure.		**Not Realised**	The organisational Structure has not yet been approved	
								2nd	Critical posts filled as per approved org structure.		**Not Realised**	The organisational Structure has not yet been approved	
								3rd	Critical posts filled as per		**Not Realised**	The organisation	

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									approved org structure.			al Structure has not yet been approved	
								4th	Critical posts filled as per approved org structure.		**Not Realised**	The organisational Structure has not yet been approved	The Organisational Structure must be approved before advertising and filling critical posts.

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Skills Development and Employee Wellness. Improved municipal capability	Nr of learners exposed to Learnership / Apprenticeship training.	Specify no of learners to be developed.	N/A	75 % achieved	Source of funding: external SETA	19.1 Learnership / Apprenticeship Training development programme implemented for Learners around Dihlabeng for a period ending June 2023.	100 % achieved.	1st	-. Learnership / Apprenticeship programme implemented for learners around Dihlabeng		**Realised** We also have Five Learners From the office Of the premier			- Contracts - Attendance registers - letter from Seta
								2nd	- Learnership / Apprenticeship programme implemented for learners around Dihlabeng		**Realised** We also have Five Learners From the office Of the premier -15 Electrical Apprenticeship Learners from Construction Ceta. 15 learners			
								3rd	- Learnership / Apprenticeship programme		**Realised** We also have			

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										implemented for learners around Dihlabeng		Five Learners From the office Of the premier				
									4th	- Learnership / Apprenticeship programme implemented for learners around Dihlabeng		**Realised** We also have Five Learners From the office Of the premier -15 Electrical Apprentices hip Learners from Construction Ceta. 15 learners				
			GG1.1 Percentage of municipal skills developmen t levy recovered WSP Developed and Submitted to LGSEAT by end April 2023	WSP implement ed as approved and allocated funding. 4 training reports submitted to LGSETA	66 % achi eve d.	Source of funding Internal	19.2 WSP implemented as approved and per allocated funding.	89 % ach iev ed.	1st	1 training report per quarter 1 Report submitted on functionality of training committee		**Realised** **Realised**	Training committee not sitting according to Schedule	Restructure the committee to replace members who are not committee	- Training Report to LGSETA - Approved WSP - Attendance Register - Certificates - Attendance Minutes Memo on functionalit y of Training Committee Attached training report Attached Agenda	
									2nd	1 training report per quarter 1 Report submitted on functionality of training committee		**Realised** **Not Realised**				

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									3rd	1 training report per quarter 1 Report submitted on functionality of training committee.		**Realised** **Realised**			Attendance register
									4th	1 training report per quarter 1 Report submitted on functionality of training committee Development and submission of the WSP to LGSETA		**Realised** **Realised** **Realised**			**Proof of submission to LGSETA**
		Internal and External Bursaries awarded for critical skills.	Internal and External Bursaries awarded for critical skills.	All	75 % achieved.		19.3 4 Reports submitted on Internal and External Bursaries awarded for critical skills.	100 % achieved.	1st	1 Report submitted on Bursary holder management and progress submitted.		**Realised**			- Bursary form - Proof of payment Academic results. Attached bursary Application and proof of payment
									2nd	1 Report submitted on Bursary holder management and progress submitted.		**Realised**			
									3rd	1 Report submitted on Bursary holder management and progress submitted.		**Realised**			
									4th	1 Report submitted on Bursary holder management		**Realised**			

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									and progress submitted.					
	Uniform & Protective Clothing. Provided to employees by 2023.	Uniform & Protective Clothing provided to municipal employee in DLM.	All	PPE was last issues in 2023	R2 500 000.00	19.4 Uniform & Protective Clothing	33 % achieved.	1st	Advertisement of a tender and appointment of service providers.		**Not Realised:**	Delay in finalizing the tender specs		Tender Advert
								2nd	Issuing out new protective clothing.		**Not realised:**	Delay in the procurement of protective clothing.	Expedite the issuing of protective clothing once procured.	Distribution register
								3rd	**NO TARGET FOR QUARTER 3**					
								4th	Issuing out new protective clothing.		**Realised:** Protective clothing has been issued out to employees.	None.	None.	Distribution Register
			All	70 % achieved.		19.5 Employee wellness programmes.	95 % achieved.	1st	2 wellness workshops Refer Employees to Medical/ psychological and rehabilitation Check-ups.		**Realised** **Realised**			-4 Report on employee wellness workshop. -4 reports on number of referrals.
								2nd	2 wellness workshops		**Realised**: Heritage Day Celebration on 02 October 2024. Cancer awareness fun walk on 25 October 2024. Bring and Braai 2024 RECAP was			

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									Rehabilitation Centre			referred to Dihlabeng Mondia Centre			
		- ICT Best Practice compliance.	0% achieved		Internal Budget	19.6 ICT strategy implementation to ensure compliance and business continuity	42 % achieved.	1st	ICT Strategy implementation		**Not Realised:** IT Policies not adopted	On the 5th September the policy committee approved to policies to go to council for adoption	Council to adopt the policies	ICT strategy Quarterly ICT reports	
											Realised: Provision of internet to all the Buildings of DLM		Appointment of a service provider		
											Not Realised: Current telephone lines are out commission	Delays in finalizing the Spec for Tender	Expedite appointment of service provider		
											Partially Realised: Migrations to office 365	Not all employees use M-365	Expedite appointment of a service provider		
											Realised: Procurement of laptops	None	None		
								2nd	ICT Strategy implementation		**Realised:** Provision of internet to	On Month-Month contract	Expedite appointment of new		

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										Business continuity		all the Buildings of DLM		service provider		
												Partially Realised: Migrations to office 365	Not employees are on M-365	Expedite appointment of service provider		
												Realised: Procurement of Data for Councillors and Managers	None	None		
												Not Realised: Procurement of 11 Laptops for LED	Delays in SCM process	Appointment of a service provider		
												Realised: Procurement of two switched and WIFI's for Town Hall	None	None Appointment of a service provider		
												Realised: All outside units can connect and HQ and work through private network		None Appointment of a service provider		
										3rd ICT Strategy implementation Business Continuity		**Realised:** Provision of internet to all the Buildings of DLM	On Month-Month contract	Appoint new service provider		

000287

												Realised: Procurement of Data for Councillors and Managers **Realised:** All outside units can connect and HQ and work through private network	None None			
									4th	ICT Strategy implementation		**Realised:** Provision of internet to all the Buildings of DLM **Realised:** Migrations to office 365 100 new Licenses **Realised:** Procurement of Data for Councillors and Managers **Realised:** Procurement of 200 Anti-virus licenses	On Month-Month contract None None None	Appointment of a service provider None None None		

000288

											Realised: All outside units can connect and HQ and work through private network	None			
		- Good Governance and adherence to Local government legislative framework.		100 % realised	Internal Budget	19.7 Secretariat Functionality to ensure Administrative and Council structures' Support	100 % realised.	1st	Provision of secretariat function to Council and its sub-committees according to standard rules and orders.		**Realised** Council Meeting 3 Mayco Meetings 3 Section 80 Meetings 11 Other Meetings 7			- Schedule of Council meetings. - Attendance registers and minutes of meetings	
								2nd	Provision of secretariat function to Council and its sub-committees according to standard rules and orders.		**Realised** Council Meeting 4 Mayco Meetings 2 Section 80 Meetings 6 Other Meetings 5				
								3rd	Provision of secretariat function to Council and its sub-committees according to standard rules and orders.		**Realised** Council meetings _4 Mayco_ Section 80 meeting – 9 Section 79 Meeting – 4 Other meetings _ 4	None	None	Scheduled of Council meetings. Attendance registers and minutes of meetings	
								4th	Provision of secretariat function to Council and its sub-committees according to standard rules and orders.		**Realised** Council meetings_6 Mayco_2 Section 80 meetings_3	None	None		

000289

											Section 79 Meetings_1 Another meetings_1				
Increase access to and utilisation of social and community facilities		-HS3.4 Percentage utilisation rate of community halls		100 % achieved.	Internal Budget R5 800 000	19.8 Facilitate Upgrading of community halls and improved booking system	50 % achieved.	1st	Conduct an assessment of the state of all halls.		**Not Realised** Assessment for Bethlehem Community Halls and a report were compiled.	Delay in appointing Engineers	Expedite appointment of engineers	Project close-up and handover project for Bhm Town Hall	
									Introduce a centralized booking system for all halls		**Realised** For Bethlehem Community Halls, there is a system in place	None			
								2nd	Training of responsible officials on the new booking system		**Realised:** Officials trained	No assessment was done to determine spec for tender			
									Procurement of service provider for refurbishment of halls		**Not Realised**:				
								3rd	Commence with Refurbishment project for Bakenpark Hall, New Hall and Bethlehem Town Hall		**Not Realised**	No assessment was done to determine spec for tender			

000290

								4th	Project close-up and handover project for Bakenpark Hall and New Hall		**Not Realised**	No refurbishment project take place	**Procurement of service provider**	

KEY PERFORMANCE AREA 3: ORGANISATIONAL TRANSFORMATION AND DEVELOPMENT
PRIORITY 20: Labour Relations

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Functionality of LLF and Labour Relations matters as per IDP	- 12 LLF meetings held as per the approved schedule	- 100% adherence to the approved LLF meeting schedule	All Wards	12	N/A	20.1 Level of functionality of Local Labour Forum (LLF) and its sub-committees. 12 LLF meetings held by 30th of June 2025	33% achieved.	1st	3 LLF meetings held as per approved schedule		**Not realised:** The LLF meeting was scheduled for 24 July 2024.	The LLF meeting did not sit due to the meeting not forming a quorum.	The LLF meeting was rescheduled for 8 August 2024.	Notice of the meeting and attendance register.
	- 4 OHS committee meetings held.	- 100% adherence to OHS committee meetings schedule		4							**Not realised:** The LLF meeting was scheduled for 8 August 2024.	The LLF meeting could not sit because there was no quorum.	The LLF meeting was rescheduled for 29 August 2024.	Attendance register. Notice of the meeting.
	- Reduced Number of disputes and grievances resolved	- Nr of disputes and grievances resolved									**Not realised:** The LLF meeting was scheduled for 29 August 2024.	The LLF meeting could not sit because there was no quorum.	The LLF meeting was scheduled for 26 September 2024.	Notice of the meeting and minutes of the meeting.
	- Compliance with contract	To provide legal support to Council and									**Not realised:** The LLF meeting was scheduled for	The LLF meeting did not sit due to late	The LLF meeting was postponed	Notice of the meeting, attendance register and

0002291

		management due diligence processes	management staff in discharge of responsibilities generally								26 September 2024.	finalisation of ITEMS.	to 2 October 2024.	minutes of the meeting.
								2nd	3 LLF meetings held as per approved schedule		**Realised:** The LLF meeting postponed on 26 September 2024 was held on 2 October 2024.	The LLF meeting did not sit due to late finalisation of ITEMS.	The LLF meeting was held on 2 October 2024.	Notice of the meeting, attendance register and minutes of the meeting.
											Realised: A special LLF meeting was held on 23 October 2024.	None.	None.	None
											Realised: The LLF meeting was held on 28 November 2024.	None.	None.	None.
											Not Realised: The LLF meeting was scheduled for 12 December 2024.	The scheduled meeting was not convened because all ITEMS for the quarter were finalised.	The meeting will be scheduled for January 2025.	Notice of the meeting and Addendum.
								3rd	3 LLF meetings held as per approved schedule		**Not realised:** LLF meeting for January 2025.	No meeting was held. There were no members yet as we have to elect every year.	A LLF meeting will be scheduled for February 2025.	Minutes of the meeting and attendance register.

000292

												Not realised: The LLF meeting was scheduled for 20 February 2025. **Realised:** The LLF meeting was held on 20 March 2025.	No meeting was held because no quorum was formed. None.	The LLF meeting was rescheduled for 20 March 2025. None.	
								4th	3 LLF meetings held as per approved schedule			**Not realised:** The LLF meeting was scheduled for 30 April 2025.	The meeting did not form a quorum.	The LLF meeting will be rescheduled for May 2025.	Notice of the meeting.
												Not realised: The LLF meeting was scheduled for 20 May 2025.	The meeting did not form a quorum.	The LLF meeting was postponed to 23 May 2025.	Attendance registers and minutes of the meeting.
												Not realised: A special LLF meeting was scheduled for 23 May 2025. **Realised:** A LLF meeting was held on 19 June 2025.	The meeting did not form a quorum. None.	The LLF meeting will be rescheduled for June 2025. None.	Notice of the meeting, attendance register and minutes of the meeting. Attendance registers and minutes of the meeting.
			All Wards	4		20.2 Compliance with all applicable OHS legislation. Revised	75% achieved.	1st	1 OHS committee meetings held as per approved schedule			**Realised:** An OHS meeting was held on 30 September 2024.	None.	None.	Notice of the meeting and attendance register.

000293

								2nd	1 OHS committee meetings held as per approved schedule		**Realised:** The OHS meeting was scheduled for 13 December 2024.		Review the composition of the committee.	Notice of the meeting, attendance register and minutes of the meeting.
								3rd	1 OHS committee meetings held as per approved schedule		**Not realised:**	The meeting schedule was accepted late by LLF.	Meeting be scheduled during the month of April 2025.	Nonc
								4th	1 OHS committee meetings held as per approved schedule		**Realised:** The OHS meeting was held on 25 April 2025.	None.	None.	Notice of the meeting, attendance register and minutes of the meeting on the agenda for approval.
			All Wards	100% achieved.	17 Disputes	20.3 Numbers of disputes and grievances resolved	100 % achieved.	1st	Number of disputes and grievances resolved		**Realised: IMATU obo B J Matuso** Conciliation was set down for 2 July 2024. Remained unresolved and the Commissioner referred the matter for Arbitration. Arbitration was set down for 21 August 2024. Arbitration Award – Respondent has committed an	Arbitration in favour of the employee.	Review Application in the Labour Court against the Arbitration Award.	

0002944

											unfair labour practice, Applicant's suspension be uplifted, tools of trade be returned and compensation be paid to him.			
											Realised: SAMWU obo B N Shabangu Arbitration was set down for 3 July 2024 (CCMA). Jurisdictional Ruling – The CCMA lacks jurisdiction to entertain the dispute and is ordered to close the file.	None.	None.	
											Realised: SAMWU obo S A Zim Conciliation was set down for 15 July 2024. Remained unresolved and the Commissioner referred the matter for Arbitration. Arbitration was set down for 20 August 2024. Settlement Agreement –	None.	The matter was mediated and the employee was re-instated and was given a final written warning.	

000295

											The employee be re-instated with effect from 1 September 2024 and the employee be given a final written warning. **Realised: L F Kambule** Arbitration was set down for 26 July 2024. Dismissal Ruling - There was no acceptable reason to grant the applicant's request for post-procurement. Matter is dismissed due to the absence of an acceptable explanation for the applicant's non-attendance and the file can be closed.	None.	None.	
											Realised: SAMWU obo V Mokoena Conciliation was set down for 26 September 2024.	The matter remained unresolved. The Commissioner issued the certificate of outcome	Awaiting date for Arbitration from the Bargaining Council.	Notice of conciliation and certificate of outcome.

000296

												and referred the matter for Arbitration		
								2nd	Number of disputes and grievances resolved		**Realised: SAMWU obo T J Moiloa** Conciliation was set down for 24 October 2024. The Presiding Officer issued the outcome of the disciplinary hearing.	None.	None.	Notice of conciliation and case withdrawal form.
											Realised: S M Mokwena Conciliation was set down for 22 November 2024. At the conciliation hearing the matter was withdrawn by the applicant.	None.	None.	Notice of arbitration and Settlement Agreement.
											Realised: SAMWU obo V Mokoena Arbitration was set down for 25 November 2024. Settlement Agreement – That the employee be considered for an acting capacity on a	None.	None.	Notice of conciliation, certificate of outcome, notice of arbitration, Postponement Ruling, notice of arbitration and Settlement Agreement.

000297

											rotational basis within his department section, pending the finalisation of the Staff Establishment review and filling of vacant positions which he will be given a fair and equal opportunity to apply for.			
								3rd	Number of disputes and grievances resolved		**Realised: SAMWU obo K Simelane** Conciliation was set down for 3 February 2025. Remained unresolved and the Commissioner issued the certificate of outcome. Arbitration was set down for 11 March 2025. Postponement Ruling – The matter was postponed to 20 March 2025. Settlement Agreement - Employee's suspension was uplifted	None.	None.	Grievance application form. Condonation Ruling.

000298

											and he will be placed at the Tourism Section from 24 March 2025 until 30 April 2025 pending the finalisation of the disciplinary hearing. **Realised: Grievance E R Mofokeng** Submitted a grievance application form regarding racism. Grievance was withdrawn by the employee.	None.	None.	Notice of conciliation, certificate of outcome, notice of arbitration, Postponement Ruling, notice of arbitration, Postponement Ruling, notice of arbitration and Settlement Agreement.
									4th	Number of disputes and grievances resolved	**Realised: T T Setlogelo** Condonation Ruling - Condonation is refused. The case file is ordered closed. **Realised: SAMWU obo T J Moiloa** Conciliation was set down for 3 February 2025. Remained unresolved and the Commissioner issued the	None. None.	None. None.	Notice of conciliation and Jurisdictional Ruling.

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											certificate of outcome. Arbitration was set down for 10 March 2025. Postponement Ruling - Matter postponed to 24 March 2025. Arbitration was set down for 24 March 2025. Postponement Ruling - Matter postponed to 17 April 2025. Arbitration was set down for 17 April 2025. Settlement Agreement - The employee is demoted to the post of Traffic Warden and one (1) level below the post he occupied, new level 7. Travelling allowance is not applicable, as it is identified for Traffic Officers. **Realised: V Sesele**	None.	None.	Notice of conciliation, notice of arbitrations,

000300

											Conciliation was set down for 8 May 2025. Jurisdictional Ruling - Referral of the dispute was not done within the 90-day timeframe. In the absence of an application for condonation being granted, the SALGBC lacks jurisdiction to adjudicate the dispute. **Realised: SAMWU obo K Semelane** Conciliation was set down for 28 November 2024. Remained unresolved. Arbitration was set down for 21 and 31 January 2025. Jurisdictional Ruling - The SALGBC lacks jurisdiction to arbitrate the dispute. The matter has been referred to CCMA for	None.	None.	Jurisdictional Ruling, notice of arbitration (CCMA) and Settlement Agreement. Notice of conciliation, certificate of outcome, notice of arbitration and Settlement Agreement. Condonation Ruling.

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												Agreement - Whereas the applicant was found guilty in an internal disciplinary hearing and was sanctioned with demotion, the said demotion be replaced with a demotion from the position as Traffic Officer on a salary post level 6 to the demoted position of Traffic Warden on a post level 7 and the Applicant may submit an application for vehicle allowance with supporting documentation for the Municipal Manager to consider in terms of the internal policy. **Realised: S Madlala** Condonation Ruling - Condonation	None.	None.	

000303

											is refused. The case file is ordered closed.			
	- Compliance with contract management due diligence processes	To provide legal support to Council and management staff in discharge of responsibilities generally	All	05 Litigation cases		20.4 Numbers of litigations resolved	100 % achieved.	1st	Number of litigations resolved		**Realised:** 1 case was handled. Matter struck of the Roll.	None.	None.	Notice of Motion
								2nd	Number of litigations resolved		**Realised:** No litigations were received during this period	None.	None.	
								3rd	Number of litigations resolved		**Realised:** No litigations were received during this period	None.	None.	
								4th	Number of litigations resolved		**Realised:** 1 case was handled. Matter was settled out of court.	None.	None.	Combined Summon and e-mail date 17 April 2025.

KEY PERFORMANCE AREA 4: ENHANCING GOOD GOVERNANCE AND PUBLIC PARTICIPATION

000304

OFFICE OF THE MM



	Office of the Executive Mayor	Office of the Speaker	MPAC	Public Engagement (Petitions and Complaints Management)	TOTAL	Enhancing Good Governance and Public Participation (Management & Admin)	TOTAL
Nr of Annual target as per SDBIP	5	4	2	2	13	6	19
Nr of Annual target Realised	5	2	1	2	10	3	13
Nr of Annual Not Realised	0	2	1	0	3	3	6

Directorate: OFFICE OF THE MM	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Office of the Executive Mayor	5	5	0	100%	
Office of the Speaker	4	2	2	50%	
MPAC	2	1	1	50%	
Public Engagement (Petitions and Complaints Management)	2	2	0	100%	
TOTAL	13	10	3	77%	
Enhancing Good Governance and Public Participation (Management & Admin)	6	3	3	50%	
TOTAL	19	13	6	68%	

000305

MPAC

Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
promote od vernance d countabilit n the use municipal sources	4 MPAC meetings	4 reports presented to Council	All Wards	100% achieved.	Source of funding Internal	21.1 4 MPAC meetings held to consider Annual report, oversight report and AG Action Plan progress reporting	100% achieved.	1st	1 MPAC meeting held and report serving in Council		**Realised: Meetings held as per schedule**	None	None	20 4 quarterly reports Minutes and attendan register of meetings held
								2nd	1 MPAC meeting held and report serving in Council		**Realised: Meetings held as per schedule**	None	None	
								3rd	1 MPAC meeting held and report serving in Council		**Realised: Meetings held as per schedule**	None	None	
								4th	1 MPAC meeting held and report serving in Council		**Realised: Meetings held as per schedule**			
	2 Stakeholder Engagements	2 Broader public engagements initiatives undertaken	All	0% achieved.		21.2 To promote good governance, transparency and accountability.	0% achieved.	1st	**NO TARGET FOR QUARTER 1**					21 2 quarterly reports 2 attendance registers
								2nd	1 Stakeholder engagement initiative		**Not Realised: No report submitted**			
								3rd	**NO TARGET FOR QUARTER 3**					
								4th	1 Stakeholder engagement initiative		**Not Realised: No report submitted**			

000306

22 Political Management and Oversight: Office of The Executive Mayor

Key performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
o romote ood overna ce and ccounta ility.	Number of initiatives implemented by 2027.	Number of initiatives implemented.	All	75% achieved		22.1Women Empowerment programmes. 4 initiatives implemented	100% achieved	1st	1 initiative implemented		**Realised:** 09 August 2024 Mayoral Women Empowerment Mashaeng Community Hall 28 August 2024 Women in Uniform Programme Bohlokong New Hall			-Photos -Registers -Reports
								2nd	1 initiative implemented		**Realised:** Programme of skills and empowerment of young women Training 10 December 2024 Bethlehem Town hall			
								3rd	1 initiative implemented		**Realised:** New Year Babies programme 01 January 2025 Phekolong Hospital			
								4th	1 initiative implemented		**Realised** GBVF RRT WORKSHOP 09-10 June 2025 Lavender hill Woman in Stokvels 18 May 2025 Fateng tse Ntsho Hall			

000307

											END GBVF Programme 27 June 2025 Boiketlong Hall				
			All	100% achieved		22.2 Youth Empowerment Programmes. Implementation of youth development strategy (education, health, entrepreneurship and activism) 5 initiatives implemented	100% achieved.	1st	2 initiatives implemented		**Realised:** Meeting with Yout farmers 27 July 2024 Council Chamber			-Photos -Registers -Reports
								2nd	1 initiative implemented		**Realised:** **NSFAS DRIVE** 04-11 November 2 Mashaeng, Fateng-Ntsho, Kgubetswa Mautse, Bethlehe **NSFAS DRIVE** 02-06 December 2 Mashaeng, Fateng-Ntsho, Kgubetswa Mautse, Bethlehe			
								3rd	1 initiative implemented		**Realised:** **DRUG AWARNE CAMPAIGN** 15 JAN-14 FEBR ALL SCHOOLS ACROSS DIHLABENG **MAYORAL HIG SCHOOL TOURNAMENT** 06 March 2025 All schools High across DLM **SANDF APPLICATIONS** 01 February-22 February All towns across D			
								4th	1 initiative implemented		**Realised** Mayoral High sch Tournament Finals 25 April 2025			

000308

											Bohlokong Stadiu Youth Developme Programme 20 April 2025 Fateng tse Ntsho Stadium 20 April 2025			
			All	75% achieved		22.3 EDUCATION 6 initiatives implemented	100% achieved.	1st	2 initiatives implemented		Realised:			
								2nd	2 initiatives implemented		**Realised:** **Pledge signing** 18 October Mashaeng, Fateng- Ntsho, Kgubetswa Mautse, Bethlehem **NSFAS DRIVE** 04-11 November 2 Mashaeng, Fateng- Ntsho, Kgubetswa Mautse, Bethlehem **NSFAS DRIVE** 02-06 December 2 Mashaeng, Fateng Ntsho, Kgubetswa Mautse, Bethlehem			-
								3rd	1 initiative implemente d		**Realised:** MAYORAL HIGH SCHOOL TOURNAMENT 06 March 2025 All schools High a DLM			-
								4th	1 initiative implemente d		**Realised** 1st Annual Mayora Easter Tournamen 19-21 April 2025 Mashaeng Stadium Youth Outreach			

000309

											20 April 2025 Fateng tse Ntsho Stadium 20 April 2025				
				75% achieved		22.4 Health Awareness Campaigns : HIV/Aids/ HCT/STI/ Breast Cancer. 4 initiatives implement ed	100% achiev ed.	1st	1 initiative implemente d		**Realised:** 23 Aug 2024 Social dialog-Health, GBV and drug and alcohol abuse Tshepano Primary School			-Photos -Reports -Registers
								2nd	1 initiative implemente d		**Realised:** Cancer awareness walk on 25 October 202			
								3rd	1 initiative implemente d		**Realised**: IGR (FIGHT AGA GBV AND FEMI MEETING) 07 February 2025 Council Chambers			
								4th	1 initiative implemente d		**Realised** GBVF 100 Days Challenge Launch 19 May 2025 Town Hall			
				100% achieved		22.5 Facilitate social dialogue and social cohesion. 11 initiatives implement ed	75% achiev ed.	1st	4 initiatives implement: Mayoral Imbizo		**Realised:** 18 July 2024 Mandela Day Cleaning Campaign Programme Distribution of Blankets for Elder People around Dihlabeng 15 August 2024 New Hall Ward 1,2,3,4,5,6,7,8,9, 10,11,16,18,19 16 August 2024			-Photos -Reports -Registers

000310

											10h00 Mautse Community Hall Ward 15,17 14h00 Mashaeng Community Hall Ward 12, 13, 14, 20			
								2nd	2 initiatives implement: Mayoral Imbizo		**Realised:** **Imbizo** 01 November 2024 Fateng tse Ntsho **Mayoral Operati** **Compliance** 17 December 2024 Bethlehem **Roadblock Opera** 20 December 2024 R26 route to Fouriesburg **Mayoral Kids Fun-fare** 22 December 2024 Fateng tse Ntsho stadium 24 December 2024 Mashaeng Stadium			
								3rd	3 initiatives implement: Mayoral Imbizo		**Not Realised:** IMBIZO 14 February 2025 Rosendal			
								4th	2 initiatives implement Mayoral Imbizo		**Realised** IDP ROAD SHOW 08-16 April 2025 Around Dihlabeng Mayoral Church Outreach 18 April 2025 New Hall			

000311

											BUDGET STEER COMMITTEE MEETING 15 MAY 2025 Council Chamber Mayoral Budget Outreach 18- 20 May 2025 Paul Roux Budget Vote 29 May 2025 Paul Roux Stadium IGR MEETING 01 April 2025 Council Chamber			

23 Public Participation: Office of The Speaker

ey erformanc Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baselin e informa tion	24/25 Annual Budget Allocation	24/25 Annual Target	2024/ 25 Actua ls	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditur e	Progress	Challeng es	Remedial Action	Evidence Attached
nctionalit ind ability of ouncil	Preside over Council Meetings and adherence to council meeting schedule.	-4 Council Meetings facilitated	All	100% achieve d.	Source of Funding: Internal	23.1 4 Council meetings held as per approved schedule	100% achie ved.	1st	1 Council meetings held		**Realised** 3 Council Meetings held 4 July 2024	None	None	-Minutes and attendance register of meetings held
								2nd	1 Council meetings held		**Realised**			
								3rd	1 Council meetings held		**Realised** 4 Council Meetings held	None	None	
								4th	1 Council meetings held		**Realised** 4 Council meetings were successful	1 was postponed due to incomplet e MPAC report.	The report was submitted at a later stage	Attendance registers be attached.

000312

		- Implementation of Council Induction and delegation of powers training programme.		0% Achieved	Source of Funding: Internal	23.2 Organise 2 Training programmes for the new council and its sub-committees.	50% achieved	1st	Organise 1 Training programmes: Induction training for the new Council.		**Realised** 1 Training held on 5 September 2024			- Invitations - Attendance Registers -
								2nd		**No TARGET FOR QUARTER 2**				
								3rd	Organise 1 Training programmes: Induction training for the new Council.		**Not Realised**	No Induction held	Training for the new Council in 2026	
								4th		**NO TARGET FOR QUARTER 4**				
Functionality of Ward Committees and broader Public Participation.	- Ward committee meeting schedule. - 4 Ward Committee Reports tabled in Council	100 % of functional ward committees in terms of the new model.	All	50% achieved		23.3 Quarterly ward committee management meetings held and reports submitted to the office of the Speaker.	25% achieved	1st	20 ward committee meetings to be held		**Not Realised:**	- No meeting schedules and most don't comply with one meeting per quarter	- The Speaker must report to Council on the functionality of ward committees.	quarterly reports - Minutes and attendance register of meetings held
								2nd	20 ward committee meetings to be held		**Not Realised:**	Only 10 ward committee meetings were held.		
								3rd	20 ward committee meeting held		**Not Realised**	Only 8 Ward Committees hold meetings	Ward Committees to comply	
								4th	20 ward committee meeting held		**Realised** 13 Ward Committees held their meetings this quarter	Misunderstanding between the chairperson and the committee members.	- Some ward committee must be disbanded and new committees must be	

000313

												Some don't even convene at all.	formed. Some members are no longer active in the committees as they no longer stay in the Municipality	
	- Nr of Public participation initiatives	Community programmes initiated	All	100% achieved.		23.4 4 Awareness programme	100% achieved	1st	1 Awareness programme		**Realised** 4 Awarenes s programs held	None	None	Minutes and attendance register of meetings held
								2nd	1 Awareness programme		**Realised** 2 Awarenes s programs held	None	None	
								3rd	1 Awareness programme		**Realised** 4 Awarenes s programs held	None	None	
								4th	1 Awareness programme		**Realised** We had 4 public participation programmes	No challenges	- None	Attendance registers of the event and pictures if necessary.

0003144

24 Public Engagement Mechanism														
Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actuals	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To promote good governance and accountabilit	Number of petitions resolved within the required turn- around times	4 Petitions committee reports	All	50% achieved.	Source of Funding: Internal	24.1 Functional Petition's Committee.	100% achieved.	1st	Establishment of Committee and report on Number of petitions received and resolved		**Realised** Committee has been established	None	None	Minutes of Council
								2nd	Report on Number of petitions received and resolved		**Realised** Committee has been established and not petitions were received.	None	None	
								3rd	Report on Number of petitions received and resolved		**Realised** Committee has been established and not petitions were received.	None	None	
								4th	Report on Number of petitions received and resolved		**Realised** Committee has been established and not petitions were received.	None	None	
	Number of complaints resolved within the required turn- around times	4 complaints management system reports	All	75% achieved.	Source of Funding: Internal	24.2 Complaints Management System.	100% achieved.	1st	Functional complaints management system		**Realised:** Complaints were captured and reported to the relevant departments.	None	None	- 4 quarterly reports - Minutes and attendance register of meetings held
								2nd	Functional complaints management system		**Realised:** Complaints were captured and reported to the relevant departments.	None	None	
								3rd	Functional complaints management system		**Realised:** Complaints were captured and reported to the relevant departments.	None	None	

000315

								4th	Functional complaints management system		**Realised:** Complaints were captured and reported to the relevant departments.	None	None	

25 **Management and Administration**

ey erformance bjective	Key Performance Indicator	Unit of Measure	Ward Numbe r	Bas elin e info rma tion	24/25 Annual Budget Allocatio n	24/25 Annual Target	202 4/2 5 Act ual	MONITORING FRAMEWORK						
								QT R	Quarterly Projected Targets	Expenditu re	Progress	Challenges	Remedial Action	Evidence Attached
o add value d improve e unicipality' perations. o assist the unicipality accomplish objectives bringing a stematic, sciplined proach to aluate and prove the fectiveness risk nagement, ntrol and vernance ocesses.	Advising the accounting officer and report to the audit committee on the implementatio n of the internal audit plan. Establish and maintain a positive image of the Organisation	Furnishing of documentation on the audits performed as per the annual Internal Audit plan, mainly the Letter of engagement and the report.		40% achi eved	N\A	25.1 Internal Audit Functionality as per the approved risk-based audit plan	0% ach iev ed.	1st	Approval of Strategic Documents of Internal Audit Unit PMS (Q1 – Q3 Roll Over) FMCMM – Q1		**Not Realised** **Not Realised** **Not Realised**	The municipalit y has not yet appointed the Audit and Performanc e Manageme nt Committee, Manageme nt did not complete FMCMM for Q1 assessments	Internal Audit Strategic documents were distributed to Manageme nt for comments. The municipalit y is in the process of appointing the Audit and Performanc e Manageme nt Committee.	Draft Strategic Documents Reports.
	Adherence to legislative requirements							2nd	Implementation of the approved risk-based audit plan PMS (Q1)		**Not Realised:** **Not Realised:**	Appoint of the Audit and Performanc e Manageme nt Committee not yet finalised.	Council to finalise the appointmen t of the Committee. PMS Q1 Audit is in	
o provide rough good vernance a gh rforming,														

000316

people-centred administration.									Contract Management FMCMM – Q2		**Not Realised:** **Not Realised:**	The focus of IA was more on assisting the AGSA in relation to the Audit Process Audit not conducted due to technical challenges. Management did not complete FMCMM Q2 Assessment	progress and will be reported together with Q2 To be conducted in Q4 Assessment to be conducted in Q3	
								3rd	Implementation of the approved risk-based audit plan (DORA FMCMM Q3 SCM PMS 2)		**Not Realised**	Lack of tools of Trade. The memorandum was submitted to the office of the MM & Director Corporate Services requesting tools of trade.	The Internal audit function is awaiting Management to procure the tools of trade.	
								4th	Implementation of the approved risk-based audit plan		**Not realised**			
	Establish and maintain a positive image of the Organisation	- Nr of Audit and Risk Committee's Reports tabled in Council	All	0% achieved	N/A	25.2 Risk Management functionality as per the approved risk management strategy	25 % achieved.	1st	Reviewed and updated Risk Register		**Not Realised:**	Lack of submission by management	Management to submit their updated risk registers	- 4 Quarterly updated risk register

00031

	Adherence to legislative requirements							2nd	Update and report on risk register		**Realised:** Draft Risk Register updated	None		
								3rd	Reviewed and updated Risk Register		**Not Realised** Risk register update is ongoing	Will take a long time to finish		
								4th	Updated risk register submitted to Council for Noting		**Not Realised** Risk register update is ongoing			
				0% achieved	N/A	25.3 Implementation of the approved Anti-corruption strategy	25 % achieved.	1st	Development of an Anti-corruption strategy		**Realised:** Anti-Corruption strategy developed.		Policy Committee recommended the adoption of the policy.	- Approved strategy - 4 Quarterly reports
								2nd	Adoption and implementation of the Anti-corruption strategy		**Not Realised:**	ITEM was referred back by Council	ITEM to be presented to Council for adoption in the next sitting.	
								3rd	Implementation and reporting on Anti-corruption		**Not Realised:**	ITEM was referred back by Council	ITEM to be presented to Council for adoption in the next sitting.	
								4th	Implementation and reporting on Anti-corruption		**Not Realised**			
		Functional OPMS		100 % achieved	N/A	25.4 Functional Organisational PMS in line with Municipal resources and priorities	100 % achieved.	1st	Effective PMS implemented		**Realised** Developed, facilitated approval & submission of 2024/2025 SDBIP & SDBIP Reporting template to Council	Section 80 to Sit on the 08 October 2024	None	**Evidence Attached,** -Section 80 Agenda

000318

											Developed & facilitated 24/25 Performance Contracts of Directors. **Realised** Developed 2023/2024 Draft Annual Report. Mailed 2023/2024 Draft Annual Report to AG, CoGTA, National Treasury, Provincial Treasury and Legislature. Conducted the 2024/ 2025 performance information Audit	None None None	None None None	-24/25 Performance Contracts of -Municipal Manager -Chief Financial Officer And Directors -Submission Letters 2023/2024 Draft annual report. Submission letters. -Performance Audit report -Quantitative Analysis
								2nd	Effective PMS implemented		**Realised** Consolidated Q1 SDBIP Progress Report & ITEM presented to Council meeting. Conducted 24/25 Q2 Performance Information Audit.	None	None	Q1 SDBIP Progress report. Performance Audit Report. Quantitative Analysis. Auditor General's Matters

000319

										Attending to Auditor General matters			
								3rd	Effective PMS implemented		**Realised** Consolidated the Q2 SDBIP Progress Report and presented to committee of Council.	None	None	Q2 Mid Report Term Performance Report (Agenda) 17 March 2025 Addendum 17 March 2025 Attendance Register.
											Realised Conducted 24/25 Q3 Performance Information Audit.	None	None	-Performance Information Audit -Notice
											Realised Distributed Notice of 23/24 Draft Annual Report to All Public Libraries & Units including Municipality website & Facebook	None	None	Email correspondence -23/24 Draft Annual Report -Proof of submissions.
											Realised emailed 23/24Draft Annual Report to COGTA, Provincial & National, Treasury Free State Legislature	None	None	Agenda)
								4th	Effective PMS implemented		**Realised** Consolidated the draft Q3 SDBIP Progress	None	None	Attendance Register.

000320

											Report and presented to committee of Council. Submitted Draft 2023/2024 Draft Annual Report to Council Advertised Notice for invitation of Public Inputs & Comments Addressing Auditor General's matters and queries concerning 23/24 Draft Annual Report Distributed Notice of the Adoption of 2023/2024 Oversight & Annual Report to all public libraries and Municipal Website and Municipal Facebook Developed the 2023/2024 Annual Oversight Report			2023/2024 Draft Annual Report Council Resolution Attendance Register Invitation Letters Notice 2023/2024 Draft Annual Report Notice

000321

												Emailed and uploaded 2023/2024 Annual Report for the invitation of Public Comments &Inputs to all Libraries, Units &AG, COGTA, Provincial & National Treasury Free State Legislature Developed the 2025/2026 Draft SDBIP Report & submitted Manager Budget & Expenditure (Provincial & National Treasury)			
		- Approved and Adopted IDP document by council. - Credible IDP adopted and implemented		100 % achieved	Internal Budget R 400 000.00	25.5 Review and Adopt the Integrated Development Planning	100 % achieved.	1st	Adoption of Process Plan by end of August	N/A	**Realised** 2025/2026 IDP and Budget Process plan was adopted on the 20 August 2024.	**None**	**None**	- 2025/2026 IDP and Budget Process Plan - Council Resolution. - Adverts. - District and Province Submission Letters. - Attendance Registers and Invitation letters
								2nd	IDP Review Meetings in all DLM Units.		**Realised** IDP Representative Forum scheduled on the 26 September 2024 took place at	None	None	

000322

											Bohlokong New Hall.			
								3rd	Adoption of Draft IDP document by end of march 2025.		**Realised** 2025/2026 Draft Integrated Development Plan was adopted on the 31 March 2025 at Bethlehem Town Hall.	None	None	- 2025/2026 Draft Integrated Development Plan. - Submission letters to District and CoGTA. - Public Notice - Council Resolution
								4th	Approval of the IDP by end of May 2025.	**N/A**	**Realised** 2025/ 2026 IDP was adopted on the 29 May 2025.	**None**	**None**	
		- Nr of newsletters published.		100 % achieved	Internal Budget	25.6 Communications & Marketing Strategy Implementation	100 % achieved.	1st	Communications & Marketing Strategy Implementation List of Activities captured in the action plans		**Realised:** Reacted to media enquiries. -All announcements, notice are updated on Facebook. -All municipal events were attended by marketing and communications Team. -Updating Social media page. - Statements made on local newspapers	None	None	-Council adopted Communication and Marketing Strategy -Emails/WhatsApp -Screenshots on updated announcements, notices and updated Facebook page. -Event Report -Dated Photos -Copies of local newspaper articles **Quarterly reports**
								2nd	Communications & Marketing Strategy Implementation		**Realised:** Reacted to media enquiries. -All announcements, notice are	None	None	

000323

											updated on Facebook. -All municipal events were attended by marketing and communicatio ns Team. -Updating Social media page. - Statements made on local newspapers				
								3rd	Communicatio ns & Marketing Strategy Implementation		**Realised:** Reacted to media enquiries. -All announcement s, notice are updated on Facebook. -All municipal events were attended by marketing and communicatio ns Team. -Updating Social media page. - Statements made on local newspapers	None	None		
								4th	Communicatio ns & Marketing Strategy Implementation		**Realised:** Reacted to media enquiries. -All announcement s, notice are updated on Facebook.	None	None		

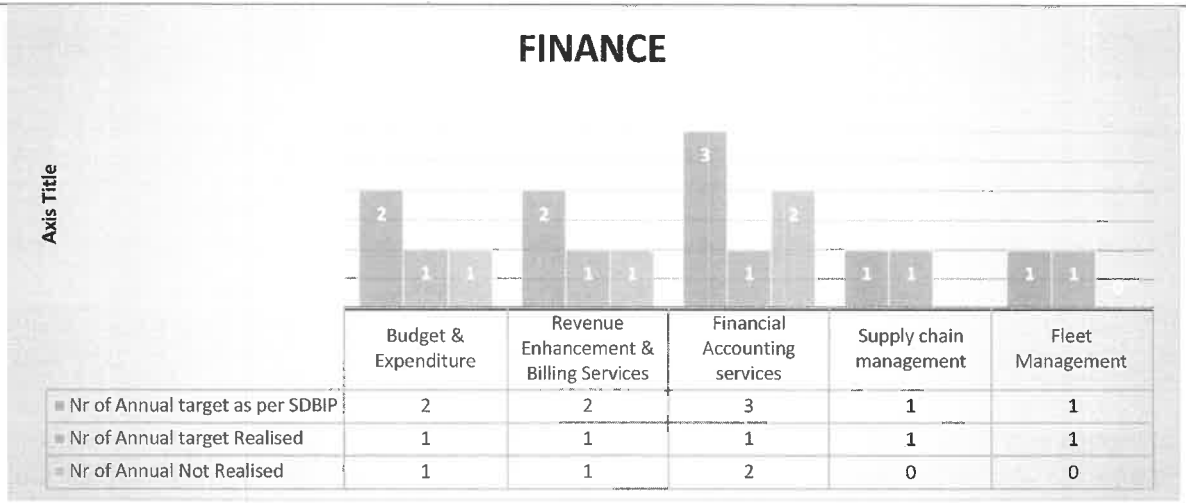
000324

											-All municipal events were attended by marketing and communicatio ns Team. -Updating Social media page. - Statements made on local newspapers			

KEY PERFORMANCE AREA 5: SOUND FINANCIAL MANAGEMENT

Directorate: FINANCE	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realized	Rating
Budget & Expenditure	2	1	1	50%	
Revenue Enhancement & Billing Services	2	1	1	50%	
Financial Accounting services	3	1	2	33%	
Supply chain management	1	1	0	100%	
Fleet Management	1	1	0	100%	
TOTAL	9	5	4	56%	

000325



	Budget & Expenditure	Revenue Enhancement & Billing Services	Financial Accounting services	Supply chain management	Fleet Management
Nr of Annual target as per SDBIP	2	2	3	1	1
Nr of Annual target Realised	1	1	1	1	1
Nr of Annual Not Realised	1	1	2	0	0

26 Budget and Expenditure Management

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
ilability credible get	2024/25 adjustment budget approved by Council.	- Approved budget	All	12 reports prepared	Internal	26.1 2024/25 adjustment budget implemented.	9 out of 12 reports submitted (75%) No adjustment budget done. 2025/26 budget	1st	Monitor 3 monthly performance of both revenue and expenditure targets based on the budget.		Realised			Expenditure Reports sent MM; Directors Managers
								2nd	Monitor 3 monthly performance of both revenue and expenditure targets based		Realised			

000326

								appro ved		on the budget.					
									3rd	Monitor 3 monthly performance of both revenue and expenditure targets based on the budget		**Not Realised** Due to system failure the monitorin g of 3 months performan ce of revenue and expenditu re targets could not be performed	System failure	Based on Schedule G the monthly performance of revenue and expenditure targets budget will be prepared on April as per attached	
										Prepare final draft adjustment budget for approval by Council. (If Necessary)		**Not Realised** Due to system failure the final draft adjustmen t budget could not be prepared	System failure	Based on Schedule G the final draft adjustment budget will be prepared on April as per attached	
										Capture final approved adjustment budget if approved by		**Not Realised** Due to system failure the final approved	System failure	Based on Schedule G the final approved adjustment budget will be capture on	

000327

									Council on the system.		adjustment budget could not be captured.		April as per attached	
								4th	Monitor 3 monthly performance of both revenue and expenditure targets based on the budget.		**Realised**			
									Send final budget to Treasury in hard and soft copy		**Realised**			
	Prepare 2024/2025 Annual Budget Allocation	- Adherence to public participation schedule	All	2024/25 budget approved by Council.	Internal	26.2 2025/2026 Annual Budget Allocation prepared	100% achieved 2025/26 budget approved	1st	Prepare budget process plan in August 2024 and submit to council for approval		Realised	None	None	2025/2026 Budget Process Plan Council Resolution
								2nd	**NO TARGET FOR QUARTER 2**					
								3rd	Prepare first draft estimates for the 2025/2026 Annual Budget Allocation along with the Treasury Schedules.		**Realised**	None	None	Draft budget document Draft Estimates Public Participation Schedule Public hearings 2526 draft budget and 2526 draft IDP public meetings newspaper advert
									Advertise and place		**Realised**		None	

000328

									schedule on website					
								4th	Prepare budget participation schedule for the public participation process.		**Realised**	None	None	Notice: Public Hearings & Newspaper
									Submit draft budget to Treasury in hard and soft copy.		**Realised**	None	None	Draft Budget Documentation25/26
									Conduct public participation as per agreed schedule.		**Realised**	None	None	IDP &Budget Steering Committee Meeting Final Budget Documentation 25/26
									Revise budget to incorporate public comments and Present final budget for approval by Council		**Realised**	None	None	Council Resolution

000329

27 Revenue Enhancement														
Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Improved revenue collection	Collect R 480 million per annum. Collection of 120 000 000 per quarter Debtors do not exceed R 1 500 000 000 billion	R480 Million collected Effective Debt management	Outcome Activity	66% achieved	Internal Internal	27.1 Improved collection	66% achieved	1st	1. Monthly debt management meeting with credit control and debt collection section. 2. Collection of 120 000 000 per quarter. 3. Implementation of collection strategy.		**Realised** **Not Realised** **Realised**			-Minutes of the debt collection meeting - List of debtors per ward - Copy BS 902 report - Receipt report - Incentive policy - Collection strategy. Debt Relief Plan
								2nd	1. Monthly debt management meeting with credit control and debt collection section. 2. Collection of 120 000 000 per quarter. 3. Implementation of collection strategy.		Realised Not Realised Realised			

000330

									3rd	1. Monthly debt management meeting with credit control and debt collection section. 2. Collection of 120 000 000 per quarter. 3. Implementation of collection strategy.		**Not realised**	Solar system was hacked and the information for debtors was wiped out	All the billing information will have to be recaptured from the month of July 2024.	- List of debtors per ward - Copy BS 902 report - Receipt report - Incentive policy Minutes of the debt collection meeting
									4th	1. Monthly debt management meeting with credit control and debt collection section. 2. Collection of 120 000 000 per quarter. 3. Implementation of collection strategy.		**Realised** **Realised** **Realised**	Solar system was hacked and the information for debtors was wiped out Implementation of the collection strategy is an on-going process.	All the billing information will have to be recaptured from the month of July 2024.	- List of debtors per ward - Copy BS 902 report - Receipt report - Incentive policy
	Proper Indigent management	Approved Indigents with access to free basic services	Updated Indigent policy and financial system	All Wards	100#% realised		27.2 Updated indigent register	75% achieved	1st	Prepare Ward profile		**Realised:** Ward Profiles for Q1 Prepared and	Deceased Estate, Previous financial year debt not written off. High water	Transfer of Ownership to the heir of the deceased. Council resolution	Indigent Register Report sent to CoGTA Indigent verification and

0000331

										Verification and registration of new Indigents as per Indigent campaign		submitted as POE. **Realised:** verification and registration of indigents done on an ongoing basis and register updated and signed off.	usage by Indigents. Communication between Eskom and Municipality to provide FBE for Eskom supplied areas	to write off the debt of the previous financial year. Monthly updates report sent to Eskom to update the registered indigents.	registration time table
									2nd	Prepare Ward profile Ongoing registration of Indigents Updating of indigent register		**Realised:** Ward Profiles for Q2 Prepared and submitted as POE. **Realised:** verification and registration of indigents done on an ongoing basis. **Realised:** register updated and signed off.	Deceased Estate, Previous financial year debt not written off. High water usage by Indigents. Communication between Eskom and Municipality to provide FBE for Eskom supplied areas	Transfer of Ownership to the heir of the deceased. Council resolution to write off the debt of the previous financial year. Monthly updates report sent to Eskom to update the registered indigents.	
									3rd	Prepare Ward profile Ongoing registration of Indigents		Not Realised Not Realised			

000337

									Updating of indigent register.		Not Realised			
								4th	Prepare Ward profile Ongoing registration of Indigents Updating of indigent register		**Realised:** Ward Profiles for Q4 Prepared and submitted as POE. **Realised:** verification and registration of indigents done on an ongoing basis and register updated and signed off.	Deceased Estate, Previous financial year debt not written off. High water usage by Indigents. Communication between Eskom and Municipality to provide FBE for Eskom supplied areas Deceased Estate, Previous financial year debt not written off. High water usage by Indigents. Communication between Eskom and Municipality to provide FBE for Eskom supplied areas	Transfer of Ownership to the heir of the deceased. Council resolution to write off the debt of the previous financial year. Monthly updates report sent to Eskom to update the registered indigents.	

000333

28 Financial Accounting and Reporting

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Ensure proper accounting for public funds.	23/2024 Audit report	AG Opinion.	Whole of Municipality	50% achieved	Internal	28.1 Submission of audited 2023/24 Financial statements, audited and AG report.	50% achieved.	1st	1. Prepare 2023/24 Annual Financial Statement and Submit Annual Financial Statement to Auditor General and Provincial /National Treasury		**Realised**	None		Annual financial statement submitted to AG and relevant departments Register for Request for Information 2020/21 Action Plan Attached and feedback from Provincial Treasury Audit Action Plan 2023/24 Communication Register Audit Report Annual Financial Statement
									2. Ensure that all requests for information by the AG are provided within specified time frame.		**Realised**	None		
									3. Ensure that all exceptions are answered within the specified time frame.		**Realised**	None		
								2nd	1. Ensure that all requests for information by the AG are provided within specified time frame.		**Not Realised:**	Not all the requested information was provided on time.	Prepare information and ensure its readily available for Audit.	

000334

									2. Ensure that all exceptions are answered within the specified time frame. 3. Receive Audit Report on Annual financial Statement		**Not Realised:** **Realised:**	Not all exceptions were responded to in time.	Improve the management of the exceptions register.	
								3rd	1. Prepare action plan to address all audit queries resulting from the 2023/24 audit. 2. Implement 50% of the action plan for addressing the 23/24 financial statements audit.		**Not Realised** **Not Realised**			
								4th	1. Implement 100% of the action plan for addressing the 2023/24 financial statements audit. 2. Prepare current year Financial Statement Audit Action Plan		**Not Realised** **Realised**	Received MR in April		

000335

GRAP compliant asset register.	GRAP compliant asset register	AG Opinion	70% achieved		Internal	28.2 Full GRAP compliant asset register.	70% achieved	1st	Update asset registers to ensure that all assets are recorded as per GRAP 17. Assist with audit queries and verification by Auditor General		**Realised** **Realised**	None None		Asset register RFIs attached
								2nd	Prepare action plan for the asset verification process for adoption by Finance Portfolio Committee. Resolve audit queries and correct them on asset registers and financial statements		**Not Realised:** **Realised:**	Management report not issued in time	Action Plan to be implemented in the Q3	
								3rd	Perform spot checks on verified assets per unit Identification of assets to be written off and assets to be auctioned (If necessary).		**Realised**			Q1: Documentary proof of

000336

								4th	Perform 100% asset verification for movable assets as per approved asset verification plan. Continuously update the asset register to ensure that asset register continuously complies with GRAP. Send item to council for the assets to be written off and assets to be auctioned. (If Necessary)		**Realised** **Realised** **Not Realised**	None None The team busy compiling the list for council	The additional staff has been requested	updated assets. Q2: Report to finance committee Q4: Monthly Reconciliations Q2: Reports to be submitted to council Q4: Prepare Item to council
Ensure accurate and proper financial reporting.	Monthly report to finance portfolio committee	12 Sec 80 Reports	All	100% achieved	Internal	28.3 12-month reports tabled to finance portfolio committee.	75% achieved.	1st	Prepare monthly reports in accordance with Section 71 of the MFMA. Prepare section 52(d) report for end June		**Realised** **Realised**			Expenditure Reports Section 71 Reports Section 52(d) Reports
								2nd	Prepare monthly reports in accordance with Section		**Realised:**	None	None	

000337

									71 of the MFMA. Prepare section 52(d) report and submit to finance portfolio		**Realised:**	None	None	
								3rd	Prepare monthly reports in accordance with Section 71 of the MFMA. Prepare section 52(d) report and submit to finance portfolio. Submit Section 72 to Provincial and National Treasury		**Not realised**			
								4th	Prepare monthly reports in accordance with Section 71 of the MFMA. Prepare section 52(d) report and submit to finance portfolio.		**Realised**			**C schedules uploaded to Go Muni**

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29 Supply Chain

Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK						
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
Transparent supply chain management processes.	Fully functional supply chain management unit with reduced queries from Internal Audit and External audit.	Transparent and compliant supply chain management 100% adherence to SCM processes. Reduced irregular, Unauthorized, fruitless & wasteful expenditure.	Whole of municipality	100% achieved	Internal	29.1 All supply chain regulations and policies applied.	100% achieved	1st	1. Update SCM database with qualified service providers and implement the supplier database.		**Realised**	None		Updated Supplier database Spread sheet
									2. Implement supply chain processes for quotes		**Realised**	None		List of awarded bidders
									3. All deviation reports signed by the MM.		**Realised**	None		Deviation reports signed by the MM
								2nd	1. Update SCM database with qualified service providers and implement the supplier database.		**Realised**	None		Updated Supplier database Spread sheet
									2.Implement supply chain processes for quotes		**Realised**	None		List of awarded bidders
									3.All deviation reports signed by the MM.		**Realised**	None		Deviation reports signed by the MM

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								3rd	1. Update SCM database with qualified service providers and implement the supplier database. 2.Implement supply chain processes for quotes 3.All deviation reports signed by the MM.		**Realised** **Realised** **Realised**			Updated Supplier database Spread sheet List of awarded bidders Deviation reports signed by the MM
								4th	1. Update SCM database with qualified service providers and implement the supplier database. 2.Implement supply chain processes for quotes 3.All deviation reports signed by the MM 4.Obtain council approval for changes to the Supply Chain Policy		**Realised** **Realised** **Realised** **Realised**			Updated Supplier database Spread sheet List of awarded bidders No deviations in the 4th Quarter. Council minutes of the final budget approval

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30 Fleet Management													
Key Performance Objective	Key Performance Indicator	Unit of Measure	Ward Number	Baseline information	24/25 Annual Budget Allocation	24/25 Annual Target	2024/25 Actual	MONITORING FRAMEWORK					
								QTR	Quarterly Projected Targets	Expenditure	Progress	Challenges	Remedial Action	Evidence Attached
To remove or minimize the risks associated with vehicle investment, improving efficiency, productivity and providing 100% compliance with government legislation	Fully functional Fleet Management Services to enhance and support service delivery through well maintained fleet of vehicles and both vehicle and driver compliance	Implementation of Fleet Management disciplines as follows: Manage the Fleet Policy, Fleet Administration and Fleet Expense control	In and out of the Dihlabeng's jurisdiction	70% achieved	Internal	30.1 Application of the Municipal Vehicle Policy and the National Road Traffic Act Target to be rephrased	70% achieved	1st	1. Vehicle Certificate of Fitness 2. Vehicle Licence Renewal 3. Fleet Administration 4. Fleet Expenses Control 5. Fleet Policy Formulation 6. Fuel report or monthly use		**Realised** **Realised** **Realised** **Realised** **Not Realised** **Not Realised**	None None	None None	Report on Fleet Management
								2nd	1. Vehicle Certificate of Fitness 2. Vehicle Licence Renewal 3. Fleet Administration 4. Fleet Expenses Control 5. Fleet Policy Consultation Process 6. Fuel report or monthly use		**Realised:** **Realised:** **Realised:** **Not Realised:** **Not Realised:**	None	None	

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								3rd	1. Vehicle Certificate of Fitness 2. Vehicle Licence Renewal 3. Fleet Administration 4. Fleet Expenses Control 5. Fleet Policy Implementation 6. Fuel report or monthly use		**Realised:** **Realised:** **Realised:** **Realised:** **Not Realised:** **Not Realised:**	None	None	
								4th	1. Vehicle Certificate of Fitness 2. Vehicle Licence Renewal 3. Fleet Administration 4. Fleet Expenses Control 5. Fuel report or monthly use		**Realised:** **Realised:** **Realised:** **Realised:** **Not Realised:**	None	None	

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MUNICIPAL MANAGER

M NTHELI

DIHLABENG LOCAL MUNICIPALITY

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
FOR THE PERIOD: 01 July 2024 TO 31 JULY 2025

SIGNED AND APPROVED BY THE MUNICIPAL MANAGER: .....

DATE: 29 AUGUST 2025

SIGNED AND APPROVED BY THE EXECUTIVE MAYOR .....

DATE: 29 AUGUST 2025

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