LEKWA-TEEMANE LOCAL MUNICIPALITY “NW 396”

ANNUAL PERFORMANCE REPORT 2024/2025

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

Honourable Councillors, distinguished guests, partners in development and the people of Lekwa-Teemane—allow me to begin by expressing my deep appreciation for the privilege to lead this municipality and to table the Annual Report for the 2024/2025 financial year, as required by the Municipal Finance Management Act, Act 56 of 2003. This report is more than a statutory obligation; it is our collective mirror, reflecting both our advances and the challenges we must still conquer.

The Annual Report outlines our performance against the commitments we set in the 2024/2025 Integrated Development Plan and the Service Delivery and Budget Implementation Plan. It tells the story of a municipality striving, at every turn, to deliver reliable services, expand and opportunities and restore dignity to every household in our jurisdiction.

Our resolve remains unwavering: **to improve the quality of life for all residents of Lekwa-Teemane**. To fulfil this mandate sustainably, we appeal to every business operating in our municipality to register formally, to honour their service obligations and to engage constructively with the municipality in managing their accounts. Likewise, we call upon families who meet the indigent criteria to visit our offices with the necessary documentation so they may access free basic services—support that is their right and our responsibility.

We continue to navigate financial pressures, infrastructure backlogs and historical service delivery constraints. Yet, despite these realities, this municipality stands upon the courage and dedication of its council, its senior management and its workforce. These are men and women who work tirelessly—often beyond the public eye—to move Lekwa-Teemane forward.

We also welcome the audit outcomes issued by the Auditor-General of South Africa. They provide us not only with oversight but with an opportunity to strengthen our governance systems. We commit ourselves to addressing every matter raised. A comprehensive action plan will be developed, implemented and monitored by our oversight committees, with progress reported transparently to our stakeholders.

As we chart the path into the 2025/2026 financial year, let us renew our shared commitment to accountability, cooperation and service excellence. Let us strengthen the social compact between the municipality, provincial and national partners, the business community and our residents.

I extend my heartfelt appreciation to the leadership of the municipality, our management teams, supporting sector departments and every municipal employee who has contributed to advancing our strategic and operational goals during the 2024/2025 financial year. Your commitment keeps the wheels of local democracy turning.

Together, we will build a municipality that works, that delivers and that honours the hopes of its people.

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

Municipal Overview and Background

The Lekwa-Teemane Local Municipality Annual Report for the 2024/2025 financial year has been compiled in accordance with Section 46 of the Local Government: Municipal Systems Act, No. 32 of 2000 (as amended), Section 127(2) of the Local Government: Municipal Finance Management Act (MFMA), No. 56 of 2003 and all applicable circulars, templates and guidelines. In particular, MFMA Circular No. 63 provides specific guidance on the preparation of annual reports and outlines the reporting framework that municipalities are required to follow. This report, covering the period from July 1, 2024, to June 30, 2025, reflects the municipality's performance against its Service Delivery and Budget Implementation Plan (SDBIP) and its compliance with this legislative mandate.

The purpose of this Annual Report is to communicate the municipality's performance in delivering programs and services aligned to the Council-approved budget, Integrated Development Plan (IDP) and the SDBIP. The SDBIP serves as the municipality's annual performance plan and outlines quarterly targets and key performance indicators for each core performance area. This report, therefore, records the progress made toward fulfilling the strategic objectives set for the 2024/2025 financial year.

While important strides have been made, the municipality continues to experience significant challenges. High unemployment levels and aging infrastructure remain central concerns affecting service delivery. These pressures call for strong partnerships and support from all stakeholders as the municipality pursues innovative, sustainable interventions to improve residents' quality of life.

During the year under review, the municipality operated without a substantive Accounting Officer and Technical Director following their resignations in February and April 2024, respectively. Despite this leadership gap, management welcomes the audit outcomes issued by the Auditor-General of South Africa (AGSA), including the emphasis on matters that remain recurring. The audit report highlights serious concerns regarding material losses, non-compliance with legislation and going-concern risks. Although there has been a slight improvement—reflected in the reduction of audit findings from 26 to 22—substantial work remains, particularly in strengthening the preparation, implementation and monitoring of the Post-Audit Action Plan (PAAP) to eliminate the root causes that contribute to the municipality's ongoing disclaimer.

The municipality was placed under Eskom's voluntary debt relief programme. While certain compliance conditions were met, key commitments—such as settling the current account, ring-fencing electricity revenue and implementing smart meters—were not achieved, thereby placing the municipality at risk of remaining dependent on the programme. Eskom and Water Affairs remain the largest creditors and both accounts are at various stages of litigation. Encouragingly, progress was made toward the end of the financial year between Dr. Ruth Segomotsi Mompati District Municipality (as Water Services Authority) and Magalies Water (as Water Services Provider) to assume responsibility for portions of the Eskom and Water Affairs debt relating to water treatment and raw water abstraction. Although litigation is ongoing, there is a notable willingness from all parties, including organs of state, to engage in Intergovernmental processes for a sustainable resolution.

Community Participation

The municipality consists of seven wards and community concerns continue to focus primarily on water shortages, inadequate sanitation, electricity interruptions and deteriorating road infrastructure. Existing reservoir capacity is insufficient to meet the needs of Christiana and the surrounding areas. However, through the District Development Model, the appointment of a director: Technical Services and improved communication with the District Municipality, there is renewed optimism that lasting solutions are within reach.

The Mayor engaged directly with communities through imbizos in both Christiana and Bloemhof. As part of enhancing public participation and service delivery responsiveness, the municipality hosted Thuntsa Lerole programmes and the Office of the Speaker implemented a ward-based reporting tool to strengthen the escalation and resolution of community needs.

Despite ongoing financial constraints, the municipality concluded the financial year in a relatively stable and encouraging financial position, even as challenges relating to bulk service accounts persist.

In closing, I wish to express my appreciation to the political leadership in Council—the Mayor, the Speaker, the Executive Committee and all oversight structures, including the Audit Committee, Performance and Risk Management Committee and the Municipal Public Accounts Committee. Administratively, I extend my gratitude to the management team and all municipal employees for their continued commitment and support. Together, we remain focused on improving governance, enhancing service delivery and meeting the needs of the communities we serve.

Z K KGATLHA
MUNICIPAL MANAGER
T .1

THE VISION AND MISSION

VISION

"To create a responsive and caring municipality for all who live in it."

MUNICIPAL MISSION

To render Services effectively and efficiently in a sustainable manner to our community
To promote developmental local government through community participation

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND

As of June 30, 2025, 868 households in Christiana town and 90 in Bloemhof along the Vaal River banks still rely on septic tanks for sewage disposal, as they are not yet connected to the sewer network. The municipality services these households daily using vacuum trucks, a challenging task that often results in overflows into streets and, in some cases, watercourses.

In Bloemhof De Hoek, sewer reticulation for 99 households has been constructed, but these households have not yet been connected to the waterborne sewer system due to discrepancies in levels, delaying the project's handover.

Refuse removal has been a significant success for the municipality, despite limited resources. Over 100% of households receive weekly refuse removal services, as more areas are formalized, improving access for collections. The remaining households without refuse removal services are in new, inaccessible informal areas, making it nearly impossible for the municipality to provide services. The landfill sites are managed according to best environmental practices, strategically located along major roads leading into and out of Christiana and Bloemhof.

Township establishment has become an annual activity at Lekwa-Teemane, with over 500 fully subsidized units completed in Bloemhof and Christiana during the current financial year across various projects. Geluksoord Ext 4 in Christiana and Bloemhof Ext 10 in Bloemhof have been completed, while Bloemhof Ext 12 and 13 are planned for development within the next two years. In addition to fully subsidized housing, the municipality is expanding housing opportunities through the establishment of restructuring zones and the sale of municipal land to applicants who do not qualify for full subsidies, a process initiated in late 2018.

Town planning approvals have been delayed due to the need to align with the Spatial Planning and Land Use Management Act, 2013 (SPLUMA). The municipality is working to achieve compliance to accelerate economic development and increase revenue. The SPLUMA by-law was adopted in 2017, followed by the Spatial Development Framework (SDF) and the Municipal Planning Tribunal (MPT) in 2019 and the L and Use Scheme in 2020.

T. 2

MUNICIPAL FUNCTIONS

The Municipality is currently performing the following powers and functions:		
MUNICIPAL FUNCTION	**YES/NO**	**PERFORMANCE ANALYSIS**
Air Pollution	Yes	Not performed
Building Regulations	Yes	Inadequately performed
Electricity Reticulation	Yes	Performed with INEP and Eskom
Local Tourism	Yes	Performed through the LED Unit
Municipal Planning	Yes	Performed through IDP
Storm Water	Yes	Inadequately Performed
Trading Regulations	No	Provincial competency
Potable Water	Yes	Performed
Sanitation	Yes	Inadequately performed
Municipal Health Services	No	Provincial Competency
Billboards and Adverts in public places	Yes	Inadequately performed
Cemeteries	Yes	Inadequately Performed
Cleansing	Yes	Inadequately Performed
Control of Public Nuisance	Yes	Inadequately Performed
Fencing and Fences	Yes	Inadequately performed
Local amenities	Yes	Inadequately Performed
Local Sports Facilities	Yes	Inadequately performed
Municipal Parks and Recreation	Yes	Inadequately Performed
Municipal Roads	Yes	Inadequately Performed
Public Places	Yes	Inadequately Performed
Refuse Removal	Yes	Inadequately Performed
Street Lighting	Yes	Inadequately Performed
Street Trading	Yes	Inadequately Performed
Pontoon and Ferries	Yes	Inadequately Performed
Noise pollution	Yes	Inadequately Performed
Pounds	Yes	Inadequately Performed
Furthermore, the following functions are performed on an agency basis:		
Library Services		
Traffic and Licensing		

POPULATION

Population Details									
								Population '000	
Age	**2022/23**			**2023/24**			**2024/25**		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Age: 0 – 4	3088	3142	6230	3225	3370	6595	3456	3365	6821
Age: 5 – 9	2875	2822	5697	3693	3640	7333	2756	2845	5601
Age: 10 – 19	5005	4952	9957	5018	5240	10258	5723	5730	11453
Age: 20 – 29	4899	4473	9372	4308	4521	8829	5109	5148	10257
Age: 30 – 39	3781	3514	7295	4400	4682	9082	4574	4797	9368
Age: 40 – 49	2769	2769	5538	2876	2903	5779	3197	3462	6659
Age: 50 – 59	2130	2183	4313	2260	2224	4484	2195	2551	4746
Age: 60 – 69	1278	1491	2769	1163	529	1692	1414	1715	3129
Age: 70+	852	1225	2077	1048	1354	2402	704	1070	1774
Source: Statistics South Africa									

Overview of Neighbourhoods within Lekwa-Teemane LM
Settlement Type
Towns
Bloemhof
Christiana
Townships
Coverdale
Boitumelong
Salamat
Utlwanang
Geluksoord
Rural settlements
Bloemhof Farms
Christiana Farms
Informal settlements
Golf view
Bloemhof Ext 12
Bloemhof Ext 13

Natural Resources	
Major Natural Resource	**Relevance to Community**
Land	Access to land
	High Agriculture Potential
	Food Production
Water	Access to water
	Food Production
Mineral Resources: Diamond	Job Creation
	Economic Development
	T .4

COMMENT ON BACKGROUND DATA: The principal towns within the municipality are Bloemhof and Christiana. These towns are predominantly agricultural in nature, with farming constituting the main private-sector economic activity and source of employment. Both towns exhibit rural to semi-rural characteristics and are geographically dispersed.

Outside these two towns, the majority of residents reside in township areas. This spatial pattern presents a developmental challenge that requires targeted intervention by the Lekwa Teemane Local Municipality. The revised Lekwa Teemane Spatial Development Framework (Draft, 2006) addresses the municipality within two distinct-level spatial contexts, where these areas are treated separately for planning and development.

T .5

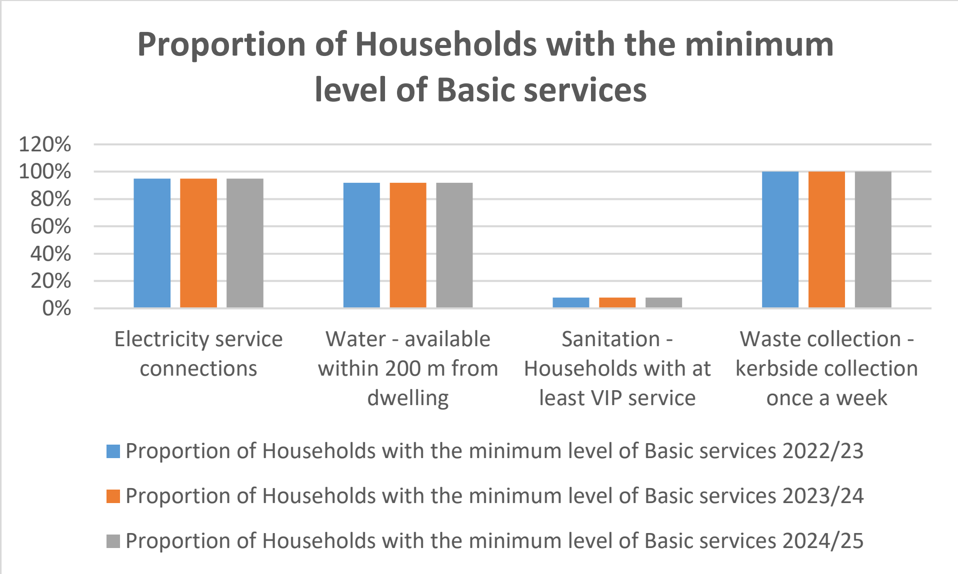
SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Overall, the municipality is making progress in achieving the Millennium Development Goals related to basic service delivery. However, the rising number of indigent households poses a significant challenge to the sustained provision of these services, as fewer households can afford them. Despite this, the municipality is committed to ensuring that every household receives a minimum level of service.

T.6

Proportion of Households with the minimum level of Basic services			
	2022/23	**2023/24**	**2024/25**
Electricity service connections	95%	95%	95%
Water - available within 200 m from dwelling	92%	92%	92%
Sanitation - Households with at least VIP service	8%	8%	8%
Waste collection - kerbside collection once a week	100%	100%	100%



T.7

COMMENT ON ACCESS TO BASIC SERVICES:

A high staff shortage in some basic service provision departments is a major risk for the municipality, as well as the lack of equipment. The current municipal fleet is constantly breaking down because most of it is old and cannot be properly serviced.

T.8

FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Lekwa Teemane Local Municipality is dependent on rates and services income as well as grants income, which are core to the municipal income. The municipality's sustainability is dependent on the effective management of its resources, as well as the community's effective contributions to and participation in the budgeting process and the payment of rates and services. Non-payment of rates and services is a national concern and the municipality is not free from the problem. The collection of outstanding debt remains a big challenge.

T.9

Financial Overview: Year 2024/2025			**R' 000**
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	113 173	113 173	110 544
Taxes, Levies and Tariffs	231 104	229 644	193 651
Other	134 119	134 119	102 407
Sub Total	478 396	476 936	406 602
Less: Expenditure	340 734	344 673	274 263
Net Total*	137 662	132 623	132 339
** Note: surplus/(deficit)*			*T.10*

Operating Ratios	
Detail	**%**
Employee Cost	21%
Repairs & Maintenance	1%
Finance Charges & Impairment	38%
	T.11

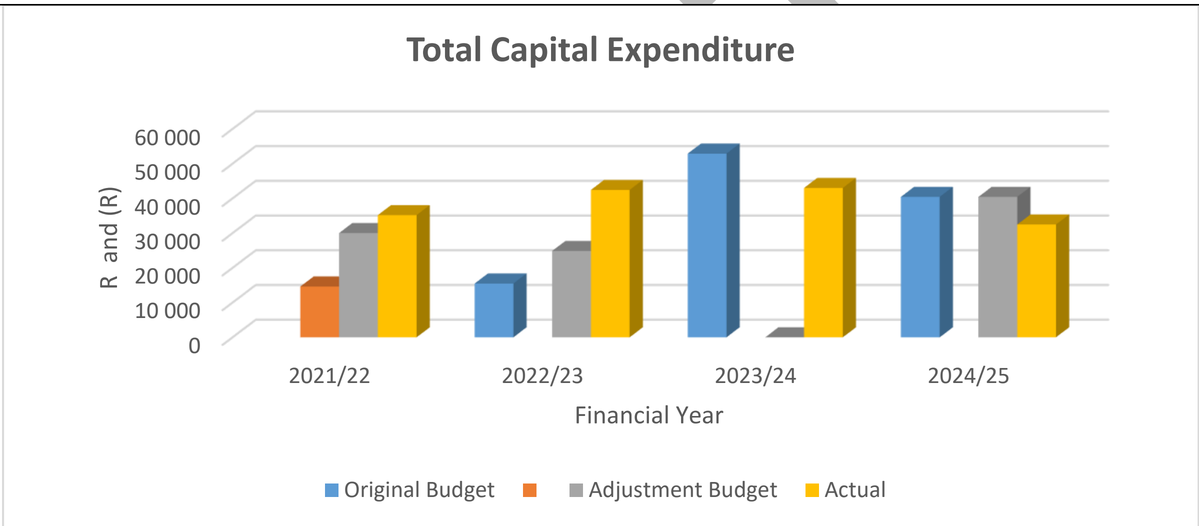
COMMENT ON OPERATING RATIOS:

<u>Expected norms for items identified in T 11 under Operating ratios are as follows:</u>

1 Employee Costs- approximately 21% of total operating cost
2 Repairs and maintenance- approximately 1.0% of the total operating cost
3 Finance Charges and Depreciation- approximately 38% of the total operating cost

T.12

Total Capital Expenditure: 2024 to 2025			R'000	
Detail	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Original Budget	14 624	15 485	52 894	40 442
Adjustment Budget	30 012	24 857	16 298	40 442
Actual	35 177	42 436	43 004	32 474
				T.13



T14

ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality currently has a 50% vacancy rate for senior management positions, primarily due to the resignation of the municipal manager in May 2024(resigned at the end of April and served notice) and the resignation of the Director of Technical resignation in January 2025. Overall, the municipality has a 7.59% vacancy rate, with most critical positions filled. The majority of vacant positions are at the entry level. The organizational structure has been reviewed to include only funded positions, preventing an inflated vacancy rate caused by unfunded roles.
T.15

AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2024/2025
The Auditor General issued an adverse audit opinion mainly due to the significant material aspects on the presentation of the annual financial statements, which were not fairly presented in accordance with Generally Recognized Accounting Practice (GRAP), as well as the disclosure notes thereof.*T.16*

STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of the next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of the approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for the previous financial year	
4	Submit draft 2024/25 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	The Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report, including consolidated annual financial statements and performance report, to the Auditor General	
10	Annual Performance Report, as submitted to the Auditor General, to be provided as input to the IDP Analysis Phase	
11	Auditor General audits the Annual Report, including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	January
13	The Mayor tables the Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report	
14	The Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	March
17	The oversight report is made public	
18	The oversight report is submitted to the relevant provincial councils	
19	Commencement of the draft Budget and IDP finalisation process for the next financial year, guided by insights from the Annual Report and Oversight Reports	March
T.17		

CHAPTER 2 – GOVERNANCE

POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

Section 156 (2) of the Constitution provides that the legislative power of a Municipality vests exclusively in its Council. The Municipal Council performs both legislative and Executive functions and focuses on legislative, oversight and a participatory role.
It has delegated its executive function to the Mayor. The Council's primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from the Council's function as a policy maker, Councillors are also actively involved in community work and the various social programmes in the Municipal area.
T.18

Political Structure	Functions
Mayor **CLLR S.M. Motlhabi**	The mayor identifies the needs of the municipality, review and evaluate those needs, in order of priority, recommends to the municipal council strategies, programmes and services to address priority needs through the IDP and estimates the value of revenue and expenditure, taking into account any applicable national and provincial development plans and recommends and determines the best way to deliver strategies, programmes and services to maximum benefit of the community. The Mayor is also responsible for the approval of the Service Delivery and Budget Implementation Plan
Speaker	The Speaker presides over the meetings of Council and ensures that meetings are conducted according to the rules of order of the Council.

COMMITTEES OF COUNCIL

Corporate Services and Good Governance: Cllr Letebele
Finance Committee: Cllr Letebele
Community Services and LED: Cllr L.D. Legabe / Cllr Mongalane
Infrastructure Development and Town Planning: Cllr L.D. Legabe/ Cllr Mongalane
Municipal Public Accounts Committee: Cllr T. Setsetse

T.19

COUNCILLORS

The municipal council consists of fourteen members elected by mixed-member proportional representation. Seven are elected past the post voting in seven wards, while the remaining seven are chosen from party lists so that the total number of party representatives is proportional to the number of votes received.

T.20

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for this Act and must guide compliance with this Act to political structures, political office bearers and officials of the municipality and any entity under the sole or shared control of the municipality.

The Administration component of Lekwa-Teemane Local Municipality is headed by the Municipal Manager, comprises of four (4) Directorates, headed by the Directors who report directly to the Municipal Manager in terms of Section 56 of Municipal Systems Act 32 of 2000.

The Managers Strategic Planning and Operations, Integrated Development Planning and Performance Management System (PMS) also report directly to the office of the Municipal Manager.

Refer to Appendix C

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TOP STRUCTURE		
Name	**Position**	**Functions**
Vacant Jeffrey Leseisane	Acting Municipal Manager	As head of administration and Accounting Officer of the municipality, the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council.
Filled Thapelo Moseki	Chief Finance Officer	The CFO is responsible for ensuring effective and efficient strategic management of the finance department, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management and risk management.

TOP STRUCTURE		
Name	**Position**	**Functions**
Filled Jan Botha Sparks	Director of Community Services	This Director of Community Services is responsible for Parks, Cemeteries, Housing, Waste Collection and Traffic
Filled Jeffrey Leseisane	Director Corporate Services	The Director Corporate Services is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide appropriately relevant Administration, Legal Support, Human Resource Management and IT
Vacant Serame Lesie	Acting -Director Technical Services	The Director of Technical Services is responsible for Water, Sanitation, Electricity and Roads Services of the Municipality and the maintenance of infrastructure.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations assist sector stakeholders to ensure that planning is aligned. Promoting Intergovernmental Relations (IGR) helps to make everyone aware that there is one seamless government working together to serve the people. It builds teamwork within the various spheres of government and between all stakeholders.

Intergovernmental Relations activities include:

Planning and budgeting
Consultations
Dispute resolutions
Reporting
Feedback

T.21

2.3 INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL RELATIONS

The primary purpose of the intergovernmental relations in the municipality is to enhance and improve relations with other stakeholders by mobilizing resources and forging strategic partnerships, which will ensure coordination of service delivery with other spheres of government. This is realized through coordination and management of all municipal relationships with other spheres of government and facilitation of information sharing through the intergovernmental relations at Lekwa-Teemane Local Municipality

T.22

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality has 1 agency, Lekwa-Teemane Development Agency. The Agency is tasked and responsible for finding investors and ensuring that there is development within the municipality. The municipality is responsible for overseeing the Agency.

T.23

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

T.24

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Ward Committees have been established in all wards to ensure public participation and accountability. These are some of the mechanisms that the municipality uses to distribute information and address the challenges of the communities effectively. The Ward Public Meetings also provide a platform for effective interaction and accountability for the Council and the community.

T.25

WARD COMMITTEES

The municipality has established seven Ward Committees, which drive information in terms of the needs of the communities.

T.26

NATURE AND PURPOSE OF MEETING	DATE OF EVENT	NUMBER OF PARTICIPATING MUNICIPAL COUNCIL	NUMBER OF PARTICIPATING MUNICIPAL ADMINISTRATORS	NUMBER OF COMMUNITY MEMBERS ATTENDED
Ward 1 Public Meetings	24/07/2024 19/08/2024 20/09/2024	Cllr Tebogo Komane	Mr. L Tshweu	135 154 105

	22/10/2024			98
	21/11/2024			147
	10/12/2024			132
	15/01/2025			122
	20/02/2025			105
	24/03/2025			128
	24/04/2025			110
	22/05/2025			106
	26/06/2025			180
Ward 2 Public Meeting	15/08/2024	Cllr. Mapaseka Mongalane	Mr. Chweu	182
	15/08/2024			105
	16/09/2024			147
	15/10/2024			156
	15/11/2024			148
	04/12/2024			125
	15/01/2025			136
	18/02/2025			125
	11/03/2025			172
	14/04/2025			109
	15/05/2025			105
	12/06/2025			179
Ward 3 Public Meetings	16/07/2024	Cllr. Thabo Setsetse	Mr. Chweu	184
	14/08/2024			165
	11/09/2024			180
	16/10/2024			170
	12/11/2024			164
	03/12/2024			145
	13/01/2025			158
	11/02/2025			162
	12/03/2025			142
	12/04/2025			149
	13/05/2025			158
	11/06/2025			169

Ward 4 Public Meetings	16\01\2024	Cllr. Adams	Mr. Chweu	104
	14/08/204			106
	11/09/2024			118
	16/10/2024			164
	12/11/2024			141
	03/12/2024			122
	13/01/2025			130
	11/02/2025			106
	12/03/2025			98
	12/04/2025			88
	13/05/2025			107
	11/06/2025			114
Ward 5 Public Meetings	13/07/22024	Cllr. Pilane	Ms. D Senosi	188
	11/08/2024			155
	15/09/2024	Two		102
	12/10/2025			205
	17/11/2024			255
	07/12/2024			112
	27/08/2024			185
	19/11/2024			144
	18/01/2025			206
	16/02/2025			182
	15/03/2025			105
	13/04/2025			116
	16/05/2025			186
	15/06/2025			204
Ward 6 Public Meetings	09/07/2024	Cllr. Theo Gerber	Ms. D Senosi	69
	19/08/2024			78
	1710/2024			104
	22/11/2024			108
	02/12/2024			109
	20/01/2025			132
	24/02/2025			124
	19/03/2025			121

	07/04/2025 21/05/2025 20/06/2025			102 111 97
Ward 7 Public Meetings	18/07/2024 13/08/2024 19/09/2024 23/10\2024 24/11/2024 08/12/2024 21/01/2025 16/02/2025 09/03/2025 23/04/2025 19/05/2025 18/06/2025	Cllr. Matshidiso Hossain	Ms. D Senosi	101 120 109 121 097 117 197 165 174 185 205 205

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:
There was a marked improvement in community participation, with all councillors meeting the minimum required number of meetings. During the 2024/2025 financial year, ward councillors successfully convened public meetings as expected. The speaker expressed satisfaction with the level of community turnout at the ward meetings held by councillors.

T.27

2.5.IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated into a score?	Yes
Does the budget align directly with the KPIs in the strategic plan?	Yes
Do the IDP KPIs align with the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes

Were the four-quarter aligned reports submitted within the stipulated time frames?	Yes
** Section 26 Municipal Systems Act 2000* *T.28*	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The scope of corporate governance includes political, administrative, inter-government governance and public accountability and participation to ensure that the municipality is managed to the desired requirements of the community and within the rules, processes and laws by which the municipality operates and is regulated and controlled.

T.29

2.6 RISK MANAGEMENT

RISK MANAGEMENT

To ensure that a municipality complies with the requisite standards of corporate governance, the MFMA states that the accounting officer of a municipality has to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls. The benefits that will accrue from having and maintaining the systems will include, inter alia:

- Objectives are more likely to be achieved;
- Damaging things will not happen or are less likely to happen and
- Beneficial things will be or are more likely to be achieved

Lekwa-Teemane Local Municipality has no capacity to carry out this role internally. The internal audit and risk management units of the Dr. Ruth Segomotsi Mompati District Municipality offer this service to the municipality.

After the assessment of the risk factors in the municipality, the Risk Management Unit lists the following as the top six risks to the municipality

- Reliance on external resources to achieve internal objectives
- Theft of municipal resources/property
- External interference on decision-making
- Revenue collection (or lack of)
- Extreme overtime
- Failure to maintain the IT environment.

T.30

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Anti-Corruption Policy was developed by the Municipality and adopted by the Council on the 31st May 2018 and reviewed on 31 May 2024.

T.31

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The supply chain management aims at supporting the strategic decision of the Municipality thereby ensuring effective and efficient service delivery to its internal and external clients, also to ensure that purchasing and procurement of goods and services are done according to prescribed legislations and Lekwa-Teemane Local Municipality Supply Chain Management Policy The municipality has established the following committees: Bid specification, Bid Evaluation and the Adjudication committees. The Municipality has a supply management policy regulating the procurement process.

T.32

2.8.1. SUPPLY CHAIN MANAGEMENT FUNCTIONALITY.

The Supply Chain Management Policy of the Lekwa-Teemane Local Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution. The Supply Chain Management Policy complies with the requirements of Section 112 of the MFMA as well as the Supply Chain Regulations of 2005.

During the year, bid committee meetings were held as follows:

- Bid Specification – 6
- Bid Evaluation – 7
- Bid Adjudication –9

2.8.2. SUPPLY CHAIN MANAGEMENT POLICY AND MANUAL FOR SUPPLY CHAIN MANAGEMENT.

The policy further provides for a system on demand management, acquisition management, logistics and disposal management, as well as risk and performance management.

The Procedure Manual or policy further prohibits the awarding of contracts to certain categories of persons in line with the MFMA and Municipal Supply Chain Regulations.

Ethical standards are part of the policy and detail how Supply Chain Practitioners, role players and officials must conduct themselves when dealing with supply chain issues, which are not limited to procurement alone but include other issues of competition, fair dealing, value of money, effectiveness, as well as cost effectiveness, as is required by the Constitution of the Republic.

The declaration of interest is emphasized and awarding to persons whose tax matters are not in order is not permissible.

Deviation from Supply Chain Management Regulations is permissible under the following circumstances:

- Emergency
- Sole Supplier
- Impractical or impossible to follow the process
- Special works of art

The Supply Chain Management Policy is reviewed when there are policy changes, as its implementation in the supply chain is a highly regulated environment.

2.8.3. LOGISTICS AND DISPOSAL MANAGEMENT

The system of logistics management deals mainly with the following aspects:

- The placing of manual orders for all acquisitions other than those from petty cash; and
- Before payment is approved, certification by the responsible officer that the goods and services have been received or rendered.

No goods, items, or any inventory items were disposed of during the 2024/2025 financial year.

2.8.4. AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

The Bid Adjudication Committee (BAC) makes recommendations to the Accounting Officer on all bids and the awarding of contracts. The BAC does not have delegated powers to make any award. Refer to page ***70*** for awards made during the year under review.

2.9 BY-LAWS

By-laws Introduced during 2024/25					
Newly Developed	**Revised**	**Public Participation Conducted Before Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
Draft	Draft	None	None	None	None
**Note: See MSA section 13.*				*T.33*	

COMMENT ON BY-LAWS:

It should be noted, however, that by-laws have been reviewed and gazetted on issues that are related to budget-related policies – i.e., Credit Control Policy, Tariff Policy and Rates Policy. The Municipality also adopted the Spatial Planning and Land Use Management by-law during the year under review.

The following by-laws are at draft stage and were submitted to the Portfolio Committee and are to be processed for adoption by Council, after which community participation processes will take place before gazetting them:

1 Township Economies

T.34

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipality has planned to upgrade its website, but it could not be implemented due to the cash-flow challenges. External IT Support Services has been appointed to manage the Internet and Municipal Website and the information is submitted by the Municipality for advertisement. Much as the communication officer was appointed, this aspect still needs to be enhanced

T.35

2.10. PUBLIC SATISFACTION WITH MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

Public satisfaction within the municipality is conducted in the form of Suggestion Boxes and a Complaint
Register. In areas where the community feels the municipality can improve, such inputs are registered in the Suggestion Box and attended.

The Municipality makes use of Public Participation to communicate information to the Community and all issues raised by Communities are registered and channeled through the relevant departments for urgent attention. Other complaints and compliments are received in writing by the Community members and they are acknowledged and addressed. In complementing the previous year's methods, a ward-based development tool has been developed to ensure that ward committees record community complaints

T.36

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

INTRODUCTION

Service Delivery is in terms of the Constitution of the Republic of South Africa, Schedule 4, Part B, which determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and the strategic objectives of the Lekwa-Teemane Local Municipality, certain issues are set out to be achieved during the financial year. *T.37*

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The following have been achieved during the 2024/25 financial period:
Provided 100% of registered and approved indigents earning less than R3,500 per month (indigents) with access to free basic services

- Access to basic water
- Access to basic sanitation
- Access to basic electricity
- Access to basic refuse removal

The above-mentioned achievements are part of municipal functions, as in terms of the Constitution of the Republic of South Africa, Schedule 4 and Part B Function.
The following tables indicate the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA.
These key performance indicators are linked to the National Key Performance Areas.

T.38

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005
The Municipality is a Water Service Provider (WSP) and the Dr Ruth Segomotsi Mompati District is a Water Service Authority (WSA). 89% of households within the Municipality have access to yard water connections. The WSA has contracted Magalies Water for the operation and maintenance of bulk water infrastructure. The municipality is responsible for the maintenance of internal reticulation.

There have been water supply issues over the years and mainly due to failing bulk infrastructure. The upgrading of water treatment plants has been identified as one of the key projects that would alleviate the water supply problems. The municipality will be engaging the stakeholders to ensure that the implementation of these projects is fast-tracked

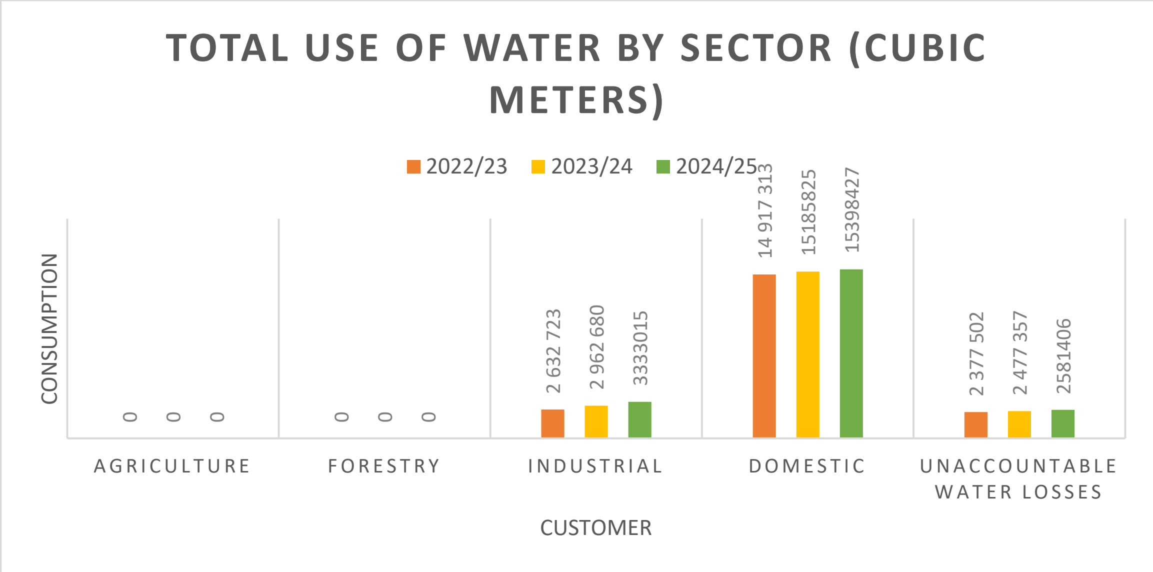
The Municipal IDP prioritises the upgrading of the Christiana Water Purification Plant. The plant cannot cater to the current demand and has to be upgraded within the MTEF period. The town with the townships continues to expand as more areas are proclaimed and RDP houses are built.

The Bloemhof Water Purification Plant is currently being upgraded in the year under review. The scope of work also included installing generators, which would assist in ensuring water is treated and distributed during load shedding. *The generators have been installed and commissioned*

T.39

Total Use of Water by Sector (cubic meters)					
	Agriculture	**Forestry**	**Industrial**	**Domestic**	**Unaccountable water losses**
2022/23	Raw Water	Raw Water	2 632 723	14 917 313	2 377 502
2023/24	Raw Water	Raw Water	2 962 680	15 185 825	2 477 357
2024/25	Raw Water	Raw Water	3 333 015	15 398 427	2 581 406

T.40



T.41

<u>WATER USE BY SECTOR</u>:

The Magalies water purifies a total of 19, 10Mega litres (*ML*) per day. This is made of 10.5 mL in Bloemhof and 8.60 mL in Christiana. Water usage accounts for 13% of the water consumption. Unaccounted water accounts for an annual 12% loss of total production and the domestic usage accounts for the bulk of the usage at 75% of the annual production.

T.42

Employees: Water Services

Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	12	17	17	0	0%
4 – 6	0	0	0	0	0%
16 – 18	2	2	2	0	0%
Total	14	19	19	0	0%

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

T.43

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipal IDP prioritises the upgrading of the Christiana Water Purification Plant. The plant cannot cater to the current demand and has to be upgraded within the MTEF period. The town with the townships continues to expand as more areas are proclaimed and RDP houses are built.
The Bloemhof Water Purification Plant is currently being upgraded in the year under review. The scope of work also included installing generators, which would assist in ensuring water is treated and distributed during load shedding. The generators have been installed and commissioned.

T.44

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

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The Municipality has eradicated all bucket systems within the Municipality. 94% of households have access to waterborne sanitation and 6% make use of septic tanks.
In Christiana, there are approximately 898 septic tanks that the municipality services using a vacuum truck and sewer reticulation for 99 households was constructed in Bloemhof in the Die Hoek area; however, the households were not connected to the sewer system. These septic tanks have a significant impact on the operational costs as the Municipality makes use of honey suckers (suction trucks) to empty the tanks.
The municipality has undertaken a project under the Provincial Infrastructure Grant. This project entails the decommissioning of septic tanks in Christiana and replacing them with a waterborne sewer system. The project commenced in December 2022 and the project is still under construction; delays were experienced due to changes in scope as well as applications

for approval for variation orders and contract price adjustments

T.45

Employees: Sanitation Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	17	17	0	0%
4 - 6	0	0	0	0	0%
13 - 15	2	2	2	0	0%
Total	11	19	19		0%

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

T.47

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality's priority for the next 5 years is to upgrade the wastewater treatment plants. With the town and townships gradually expanding, the priority is to ensure the plants can accommodate the expected effluent.

T.48

ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989, 1994, 1995 and the Electricity Regulation Act 2006.

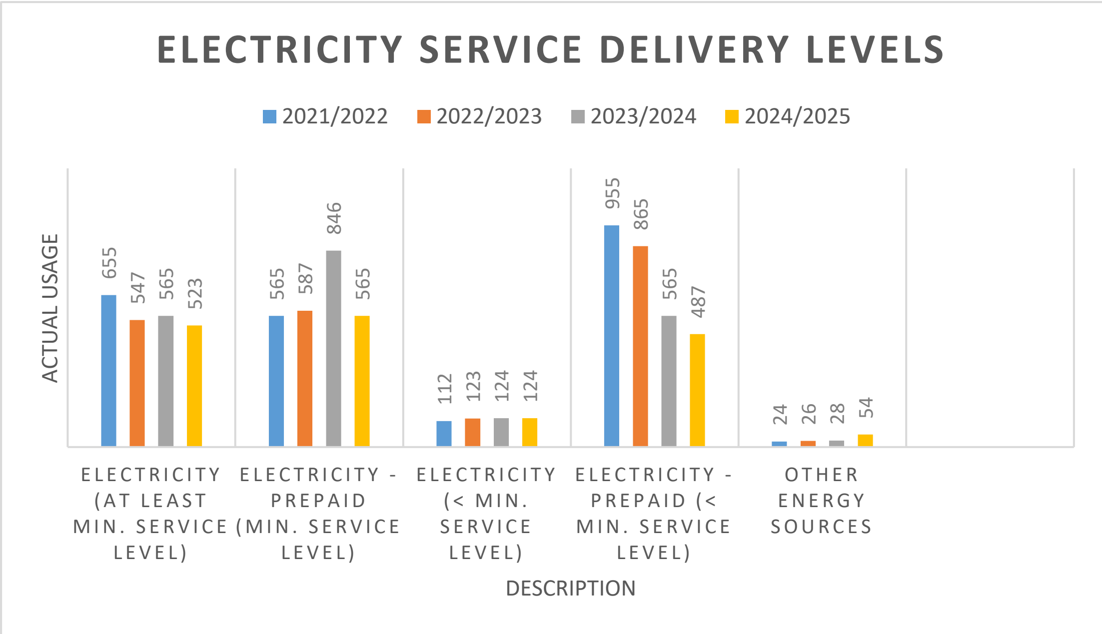
The Municipality is a licence holder for the provision of electricity to about 45% of households in Lekwa Teemane Local Municipality. Access to electricity within the Municipality, including areas provided by Eskom, is 95%.

The Municipality currently has a backlog of 1,500 households (Eskom area) within the jurisdiction. The Municipality is also responsible for public lighting. There is a total of 71 high mast lights. The Municipality continues providing basic electricity to households registered as indigents.

The municipality in the year under review managed to repair 13 high mast lights that were non-functional

55 meters were replaced in the year under review

, T.49



T.50

Electricity Service Delivery Levels				
				Households
Description	**Year -3**	**Year -2**	**Year -1**	**Year 0**
	Actual No.	**Actual No.**	**Actual No.**	**Actual No.**
Energy: **(above minimum level)**				
Electricity (at least min. Service level)	655	547	565	523
Electricity - prepaid (min. Service level)	565	587	846	565
Minimum Service Level and Above sub-total	1,220	1,134	1,411	1,088
Minimum Service Level and Above Percentage	52.8%	52.8%	66.3%	62.1%
Energy: **(below minimum level)**				
Electricity (< min. Service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487

Other energy sources	24	26	28	54
Below Minimum Service Level sub-total	1,091	1,014	717	664
Below Minimum Service Level Percentage	47.2%	47.2%	33.7%	37.9%
Total number of households	2,310	2,147	2,127	1,753
				T.51

Employees: Electricity Services					
Job Level	**2023/24**	**2024/25**			
	Employees	**Posts**	**Employees**	**Vacancies (full-time equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	6	6	6	0	0%
4 – 6	2	5	4	1	10%
16 – 18	2	2	2	0	0%
Total	10	10	10	0	0%

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.T.52*

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The municipality repaired 13 high mast lights during the year under review that had previously been non-functional. The remainder of the high mast lights are still awaiting Eskom to replace breakers on their networks
T.53

.4 WASTE MANAGEMENT (THIS SECTION INCLUDES: KERBSIDE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Waste collection within the municipality is above 97% for every household. This figure also includes industrial and business collection points within the municipality. Collection is done diligently every week in each area. Street cleaning continues unabated weekly in both towns by waste and cleansing department staff. In other areas, the municipality utilises the Community Works Programme and EPWP workers to provide this service. The acquisition of a new refuse removal truck in 2018 has greatly improved the provision of this service. As communities expand, especially in informal settlements, the municipality formalises these areas to ensure they also receive services. The new informal settlement of Bloemhof Ext 12, 13 and Geluksoord Ext 5 is the latest such community with high numbers of disadvantaged households who are now receiving basic refuse collection. Through programmes such as the accelerated service delivery “Thuntsa Lerole” initiatives, the municipality managed to reduce the number of illegal dumping sites.

T.54

	Households		
Description	**2022/23**	**2023/24**	**2024/25**
	Actual	**Actual**	**Actual**
	No.	**No.**	**No.**
Solid Waste Removal: **(Minimum level)** Removed at least once a week *Minimum Service Level and Above sub-total* *Minimum Service Level and Above percentage*	14048	14048	14048
Solid Waste Removal: **(Below minimum level)** Removed less frequently than once a week Using the communal refuse dump Using your refuse dump Another rubbish disposal No rubbish disposal *Below Minimum Service Level sub-total* *Below Minimum Service Level Percentage*	Supplied within the minimum standards	Supplied within the minimum standards	Supplied within the minimum standards
Total number of households	**14048**	**14048**	**14048**
	T.55		

Employees: Solid Waste Management Services

Job Level	2023/24	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 17	50	55	49	6	11%
Total	50	55	49	6	11%

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

T.56

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

The municipality currently operates 2 unlicensed landfill sites, which were initially licensed to the Dr Ruth Segomotsi Mompati District Municipality. Two new sites have been identified to develop landfill sites. The planning and licensing have commenced with the assistance of DFFE. The licenses have since been given to the municipality. In terms of the powers and functions, the waste function is a shared service between the District Municipality and Lekwa-Teemane. However, there is a need to review our waste management by-law. The municipality must align its integrated waste management plan with the National Environmental Management Laws Amendment Act (NEMLA). DFFE is assisting the Municipality in reviewing its IWMP. DFFE has further appointed two environmental graduates to assist the Municipality with all environmental issues. To curb illegal dumping sites, the Municipality converted some open spaces into parks. Owners of vacant land were requested to fence off their properties. *T.57*

3.5 HOUSING

INTRODUCTION TO HOUSING

The municipality has made noticeable progress in providing housing in line with National housing standards and, in most cases, has performed above the provincial average. Several township establishments have been undertaken in the municipality, spread over multiple years. Along with that, the municipality is now embarking on providing housing opportunities rather than focusing solely on fully subsidised housing. This entails creating a wider range of housing options for different markets, ranging from rental units, fully subsidised units, the Finance Linked Individual Subsidy Programme, and Restructuring zones.

On top of these formalised programmes, the municipality has been swift to intervene and provide basic services in several informal settlements that crop up unpredictably. The municipality has provided basic services, such as water, sanitation, and internal roads, to these areas. The Department of Human Settlements has started with phase one of 500 units in Bloemhof Ext 12. *T.58*

Percentage of households with access to basic housing

Year-end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021/22	20000	16950	84
2022/23	20000	16950	84
2023/24	1574	16950	85
2024/25	1574	16950	85
			T.59

Employees: Housing Services					
Job Level	2023/24	2024/25			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
0 – 17	1	1	1	0	0%

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

T.60

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The municipality undertook projects in both Christiana Geluksoord Ext 4, Ext 5 and Bloemhof Ext 11, 12 & 13. In Bloemhof Ext 12, bulk infrastructure is at 95% complete. The municipality is not a housing implementing agent but rather makes municipal land available for the development of social housing. The funding was provided by the provincial Department of Local Government and Human Settlements; thus, all the expenditure on housing does not reflect on the municipal balance sheet. Every aspect of housing projects, excluding land availability, is provided for within the housing subsidy provided and managed by the above-mentioned department. The Department of Human Settlements is currently assisting the Municipality in installing water and sanitation in these areas, Bloemhof Ext.12 and Geluksoord Ext. 5. A contractor has been appointed by the Department of Human Settlements to build 500 housing units in Bloemhof Ext.12 This will be the first phase of the 1500 housing units. All disputes on portion 5582 Ext.12 were successfully attended.

T.61

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 194 of the Constitution provides the Objects of Local Government, its existence and mandate. Lekwa-Teemane Local Municipality provides free basic services to its residents as per the Indigent Register. *T.62*

Free Basic Services to Low-Income Households										
	Number of households									
	Total	Households earning less than R3,500 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2022/23	18 500	18 500	13 000	70%	11 000	59%	14,500	78%	8 000	43%
2023/24	18 524	7 741	7 741	100%	7 741	100%	7 741	100%	7 741	100%
2024/25	18 524	7 883	7 883	100%`	7 883	100%	7 883	100%	7 883	100%
									T.63	

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality provides free basic services to all indigents who have been registered on the indigent register. The municipality also provides paupers' funerals to families who cannot bury their loved ones.
T.64

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROAD TRANSPORT

The Municipality's Road network has a total length of 120km. Of that, 60km has an acceptable wearing course – that is, asphalt, chip and spray, paving, etc. The other 60km is gravel roads and taken as a backlog.

T.65

Gravel Road Infrastructure				
				Kilometres
	Total gravel roads	New gravel roads were constructed	Gravel roads upgraded to tar/paving	Gravel roads graded/maintained
2020/21	63	0	0	3
2021/22	63	0	0	3

2022/23	60	0	3	3
2023/24	60	0	0	3.1
2024/25	58.9	0	1.1	17.5
				T.66

Tarred Road Infrastructure **Kilometres**					
	Total tarred/paved roads	**New tar/paved roads**	**Existing tar roads re-tarred**	**Existing tar roads re-sheeted**	**Tar roads maintained**
2020/21	57	1	0	0	6
2021/22	57	3	0	0	3
2022/23	60	3	0	0	3
2023/24	60	0	0	0	0
2024/25	61.1	1.1	2.4	0	0
					T.67

Cost of Construction/Maintenance **R' 000**						
	Gravel			**Tar/Paved**		
	New	**Gravel - Tar/Paved**	**Maintained**	**New**	**Re-worked**	**Maintained**
2021/22	0.00	10 600 000	4 640 000.00	10 600 000.00	0.00	7 450 000
2022/23	0.00	10 600 000	4 640 000.00	10 600 000.00	0.00	7 450 000
2023/24	0.00	0.00	0		0	0
2024/25	0.00			13 000 000	12 458 000	
						T.68

Employees: Road Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	8	6	6	0	0%
4 – 6	3	0	0	0	0%
16 - 18	2	2	2	0	0%
Total	13	8	8	0	100%

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

T.69

Capital Expenditure 2024/25: Roads and Stormwater R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from the original budget	Total Project Value
Total All					
Project A: Construction of Paved Roads & Stormwater – Utlwanang	2 327	2 327	4 674	(2 347)	(2 347)
Project B: Construction of Paved Roads & Stormwater – Boitumelong	8 562	8 562	8 032	530	530
Project B: Construction of Paved Roads & Stormwater – Geluksoord	1 000	1 000	999	1	1

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T.70*

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:
The municipality has, from time to time, conducted maintenance of infrastructure; however, due to a lack of resources, the maintenance has not been carried out efficiently. The municipality managed to rehabilitate 2.4km of tar road to paving under the MDRG Municipality managed to construct 1.1km from gravel to paving under MIG *T.71*

3.9 WASTEWATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Stormwater drainage is classified as a functional area of Municipalities under Schedule 5B of the Constitution.

Key objectives for continued maintenance are:

- Assets are maintained to perform at optimum levels during their life cycle – reducing service disruptions;
- Critical areas are identified early and managed.
- Performance of assets is reviewed to suit service delivery and to ensure assets are fit for purpose.
- The costs of maintaining the assets over their life cycle are quantified and justified;
- Information is gathered to assist future decision-making and budgeting.

The maintenance includes the following:

- Removal of silt in the stormwater channels;
- Weed control (encroachment) in the storm water channels;
- Removal of silt in the stormwater culverts;
- Removal of debris in the stormwater culverts;
. Cleaning of v-drains

T.72

Stormwater Infrastructure Kilometres				
	Total Stormwater measures	**New stormwater measures**	**Stormwater measures upgraded**	**Stormwater measures maintained**
2022/23	60	3	0	6.5
2023/24	60	0	0	3.1
2024/25	60	0	0	0.952
				T.73

Cost of Construction/Maintenance R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2022/23	0	4557	0
2023/24	0	0	1300
2024/25	13 000	12 458	0
T .74			

Employees: Stormwater Services					
Job Level	2023/24	2024/25			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	8	6	6	0	0%
4 - 6	3	0	0	0	0%
16 - 18	2	2	2	0	0%
Total	13	8	8	0	0%

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T.75*

COMMENT ON THE PERFORMANCE OF STORM WATER DRAINAGE OVERALL:

INTRODUCTION TO STORMWATER DRAINAGE

Stormwater drainage is classified as a functional area of Municipalities under Schedule 5B of the Constitution.

Key objectives for continued maintenance are:

- Assets are maintained to perform at optimum levels during their life cycle – reducing service disruptions;
- Critical areas are identified early and managed.
- Performance of assets is reviewed to suit service delivery and to ensure assets are fit for purpose;

- The costs of maintaining the assets over their life cycle are quantified and justified.
- Information is gathered to assist future decision-making and budgeting.

The maintenance includes the following:

- *Removal of silt in the stormwater channels;*
- *Weed control (encroachment) in the storm water channels;*
- *Removal of silt in the stormwater culverts;*
- *Removal of debris in the stormwater culverts;*

The municipality constructed 1.1 km of stormwater and upgraded 2.4 km
Municipality has, from time to time, conducted maintenance of infrastructure; however, due to a lack of resources, the maintenance has not been carried out efficiently.

T.76

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Economic development is dependent on sound town planning frameworks and legislation being in place within a municipality. Clear town planning policies have a direct bearing on investor confidence within a municipality. The town planning legislation is in place but may be outdated and not in line with new national legislation, as well as keeping up with other legislation, such as the Local Government: Municipal Systems Act, 2000.

T.77

3.10 PLANNING

INTRODUCTION TO PLANNING

The Lekwa-Teemane Land Use Scheme and the Spatial Development Framework were adopted in 2020. These two form the backbone of municipal planning. Besides this legislation, the municipality has appointed one town planner, but still needs to appoint other staff in the planning unit. All town planning applications were handled by the town planner and, at times, by external consultants. This arrangement worked well under the old town planning ordinances dating back to 1986. The introduction of the Spatial Planning and Land Use Management Act of 2013 changed the town planning landscape. This change in legislation has placed planning approvals in limbo within the municipality, as there was no structure to approve planning applications. The absence of the Municipal Planning Tribunal meant the municipality could not approve any planning applications for a very long time.
The term for the Municipal Planning Tribunal (MPT) lapsed, and it was advertised for establishment after the council resolution of Aug 2023. Through an advert for nominations, the Municipality received only a few applications. Finally, the municipality has made great progress in establishing the Municipal Planning Tribunal, and an item is before Council for the appointment of its members

Applications for Land Use Development						
Detail	**Formalisation of Townships**		**Rezoning**		**Built Environment**	
	2022/23	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2024/25**
Planning application received	3	0	10	3	70	107
Determination made in the year of receipt	0	0	0	0	70	107
Determination made in the following year	0	0	0	0	0	09
Applications withdrawn	0	0	0	0	0	98
Applications outstanding at year's end	0	0	0	0	0	98
						T.79

T.78

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Bloemhof Ext 12 township establishment is completed and Ext 13 is in a planning phase. Geluksoord ext. 5 township establishment completed; these establishments are primarily for mixed housing settlements within the Municipality.

T.80

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Municipality gives support to emerging SMMEs through infrastructure projects, i.e., Water Pipeline to Schweizer-Reneke, Upgrading of the Bloemhof Reservoir, Resealing of the N12 within Lekwa-Teemane jurisdiction, Bloemhof Dam Wall Development Project, Construction of Paved Road and Storm Water Project, Construction of Paved Road and Storm Water in Utlwanang, Sewer Reticulation Project in Boitumelong. SMMEs receive support through the Littering Project, Grass cutting and Sewer Networks around the Hoek taxi ranks and multi-purpose centre, etc. The municipality was unable to review the LED Strategy due to a lack of capacity. An intervention was sourced from COGTA National and a commitment was made by COGTA to assist the Municipality in reviewing the LED Strategy in the 2024/25 financial year. The Municipality is an active participant in the District Development Mode

For the Resealing Project by SANRAL, the Contractor, through the Corporate Social Investment Program, has assisted with the following

1. Refurbishment of the Bloemhof town hall

2. disability group (gas stove, gas bottle, fridge and mattresses

3. Boyco (laptops, printer and projector)

4. youth (door, handles and 2 laptops)

5.15 Youth identified to undergo skills development (transfer) by Roadmac

T.81

Sector	2023/24	2024/25
Agric, forestry and fishing	1.5	1.5
Mining and quarrying	2	2
Manufacturing	63	63
Wholesale and retail trade	52	52
Finance, property, etc.	52	52
Govt, community and social services	25	25
Infrastructure services	41	41
Total	236.5	236.5
		T.81

COMMENT ON LOCAL JOB OPPORTUNITIES:

The municipality has an Economic Development Plan, which aims to attract investors and create an environment for meaningful participation of SMMEs

Jobs Created during 2024/25 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in the year No.	Method of validating jobs created/lost
Total (all initiatives)				
2022/23	700	0	700	Appointment letters & ID copies
2023/24	100	0	100	Appointment letters & ID copies
2024/25	986	0	986	Appointment letters, ID copies and control list
				T 82

Job creation through EPWP* projects

Details	EPWP Projects No.	Jobs created through EPWP projects No.
2022/23	1	120
2023/24	1	72

2024/25	1	96
** - Extended Public Works Programme*	***T.83***	

Employees: Local Economic Development Services					
Job Level	**2023/24**	**2024/25**			
	Employees	**Posts**	**Employees**	**Vacancies (full-time equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
Total	1	1	1	0	0%
					T.84

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality not only provides basic services to its residents, but also has several complementary social services that are meant to enhance the life experience of its residents. These services are meant to complement the other main services offered by the municipality to uplift communities, especially those that may not be able to afford private leisure and entertainment. To this end, the municipality maintains several facilities such as play parks, libraries and stadiums.

T.85

3.12 LIBRARIES AND COMMUNITY FACILITIES

INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

Besides the sports facilities, there are libraries in Bloemhof and Christiana. The third library in Boitumelong (Bloemhof was burnt years back during protest actions in 2014). The Boitumelong/Coverdale library is in the planning stages. This library will cater to the Boitumelong and Coverdale communities.
The Utlwanang Library is still not complete. The Department of Arts, Culture, Sports and Recreation is in the process of looking at other avenues to complete it. The sportsgrounds and libraries are complemented by an array of public open spaces and play parks scattered around the municipality, mostly in township areas where the majority of the population is based.
The Geluksoord Park was revamped by local youth through a social responsibility contribution from a contractor, but it was vandalised again. The old Boitumelong office space was converted into a park.

T.86

Employees: Libraries					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	4	4	4	0	0%
*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* **T.87**					

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

The two stadiums, namely the Geluksoord and Boitumelong stadiums, were fully funded by the Department of Culture, Arts and Traditional Affairs (North West). The Utlwanang Stadium project has started.

The operating costs have been integrated into the operations of the Sports and Recreation Section within the municipality, as we use the same personnel in the maintenance of the facilities.
T.88

3.13 CEMETERIES

INTRODUCTION TO CEMETERIES

The municipality maintains 8 cemeteries between Christiana and Bloemhof, with no known crematorium services provided in the municipality. The current cemeteries available are not sufficient to sustain burial services for the next few years.T.89

Employees: Cemeteries					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0	0	0	0	0	0

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts num are as at 30 June. *Posts must be established and funded in the approved budget or the adjustm budget. Full-time equivalents are calculated by taking the total number of working days lost (exclu weekends and public holidays) while a post remains vacant and adding together all such days by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give number of posts equivalent to the accumulated days.* **T.90**

COMMENT ON THE PERFORMANCE OF CEMETRIES:

No capital projects have been planned or completed in the last few years in this section.

T.91

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES

Chapter 7 of the Constitution of the Republic of South Africa states that a municipality comprises councillors, officials and the community. For the municipality to govern its affairs correctly, it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for Service Delivery purposes.

Policies must be put in place that will address the needs of the community in terms of how service delivery matters will be addressed.

For the municipality to be able to address service delivery matters, the municipality must, within limits, approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address staff matters and this can only be achieved through a costed organogram that must be cost-effective, but that also provides sufficient management and other positions in order for the municipality to be able to render effective and satisfactory services.

Management must ensure that tools of the trade are made available to staff. This includes ICT services and networks, including the necessary licenses.

For the municipality to finance service delivery, it must ensure that the budgetary expenditure will be redeemed through cash collection that will be generated by payment for services. Payment for services will be covered by payment for rates and taxes and will include a proper and sufficient municipal service delivery network, such as water pipes and reservoirs, as well as sewer and electrical networks and plant and equipment.

T.92

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

In terms of Chapter 7, Section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority of a municipality is vested in its municipal council.

The municipal Council of Lekwa-Teemane Local Municipality is recognised as a municipality with a Speaker/Mayor, which is combined with a ward participatory system in terms of Chapter 12 of the Municipal Structures Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council is vested with the Speaker/Mayor, who must, however, report to Council and is assisted by Councillors established for a Portfolio and who may make decisions. However, there are certain matters on which the Speaker/Mayor, as the head of the municipality, cannot make decisions, i.e., the approval of the budget, IDP and bylaws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers, certain matters may be delegated by Council to the Mayor, who will, in turn, sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors, who may in turn further sub-delegate to other officials.
T.93

3.26 HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job Level	**2023/24**	**2024/25**			
	Employees	**Posts**	**Employees**	**Vacancies (full-time equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0%
4 – 6	2	2	1	1	50%
7 – 9	0	0	0	0	0%
10 – 12	0	1	1	0	0%
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	3	4	3	1	25%

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.T.94*

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

Employees: ICT Services					
Job Level	**2023/24**	**2024/25**			
	Employees	**Posts**	**Employees**	**Vacancies (full-time equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 20	1	3	3	0	0%

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* **T.95**

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	**2023/24**	**2024/25**			
	Employees	**Posts**	**Employees**	**Vacancies (full-time equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	1	1	1	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	1	1	1	0	0%

*Totals should match those in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* **T.96**

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

KEY PERFORMANCE AREA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

T.S=Technical services C.S=Community services M.O=mayor's Office BTO=Budget and Treasury Office CP.S=Corporate Services MM=Municipal Manager's Office

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
To deliver sustainable essential services such as water, sanitation, electricity and roads for the Lekwa-Teemane communities	Number of households with access to basic water supply **KPI.1** **T.S**	Provision of water supply to households connected to the Municipal network	New	Opex	14707 Households with access to basic water supply by the end of June 2025	14707 Households with access to basic water supply1	N/A	N/A	Billing report
	Number of households with access to basic sanitation supply **KPI.2** **T.S**	Provision of sewer/sanitation supply to households connected to the Municipal network	New	Opex	14031 Households with access to basic sewer/sanitation supply by end June 2025	14031 Households with access to basic sewer/sanitation	N/A	N/A	Billing report
	Number of households with access to basic Electricity supply **KPI.3** **T.S**	Provision of Electricity supply to households connected to the Municipal network	New	Opex	4524 Households with access to basic Electricity supply by the end of June 2025	4524 Households with access to basic Electricity	N/A	N/A	Billing report
	Number of households with basic solid waste collection **KPI.4** **C. S**	General maintenance of landfill sites as required by the National Environmental Management Waste Act, 2008.	18,524 households to receive weekly solid waste collection	Opex	18,524 households to receive weekly solid waste collection by June 2024	18524 households received weekly solid waste collection	N/A	N/A	Collection schedules

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Number of illegal dumping sites cleared. **KPI.5** **C.S**	Cleaning of inappropriately disposed litter at identified hotspots	New	Opex	30 illegal dumping sites cleared by June 2025	30 illegal dumping sites cleared by June 2025	N/A	N/A	Illegal dumping sites clearing report with dated pictures /coordinates
	Number of landfill sites maintained **KPI.6** **C.S**	General maintenance of landfill sites as required by the National Environmental Management Waste Act, 2008	2 landfill sites are maintained monthly	Opex	2 landfill sites will be maintained by the end of June 2025	2 landfill sites are maintained	N/A	N/A	Landfill sites maintenance reports with dated pictures
	Number of sports facilities maintained **KPI.7** **C.S**	Quarterly maintenance of 3 existing sports facilities in Boitumelong, Coverdale and Geluksoord, which includes Cleaning, grass cutting, irrigation and weed control	3. Sports facilities are maintained monthly	Opex	3 sports facilities will be maintained every month by the end of June 2025	3 sports facilities are maintained monthly	N/A	N/A	Sports facilities maintenance reports with dated pictures
	Number of municipal parks and gardens maintained **KPI.8** **C.S**	General maintenance of the Geluksoord park and Municipal gardens and islands, grass-cutting, trimming, watering and cleaning.	Maintenance of municipal park (grass cutting, removal of weeds, watering of plants, removal of waste)	Opex	2 municipal parks and gardens will be maintained monthly by the end of June 2025	2 municipal parks and gardens are maintained monthly	N/A	N/A	Parks & gardens maintenance reports with dated pictures

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Rand value collected on Vehicles tested **KPI.9** **C.S**	Rand value income collected through vehicle testing	New KPI	Opex	R400 000 Collected on vehicles tested by June 2025	R400 000 Collected on vehicles tested	N/A	N/A	Collection schedules
	Number of signboards of illegal dumping erected **KPI.10** **C.S**	Erected signage to warn against illegal dumping at identified hotspots	No Illegal dumping signs	Opex	10 signboards of illegal dumping will be erected by the end of June 2025	0 signboards	No budget available	Budgeted for the 2026/27 FY	Proof of purchase/erection
	Number of new cemeteries established **KPI.11** **C.S**	Establishment of a new burial site	Current cemeteries are full.	Opex	2 new cemeteries will be established by the end of June 2025	0 cemeteries established	No budget available	Budgeted for the 2026/27 FY	Completion certificate
	Number of roadblocks conducted **KPI.12** **C.S**	Traffic Law enforcement operations	New KPI	Opex	To conduct 8 (K78) Road Blocks by the end of June 2025	8 (K78) Road Blocks conducted	N/A	N/A	Roadblock reports
	Number of high mast luminaries to be repaired/maintained in (Bloemhof and Christiana) **KPI.13** **T.S**	General maintenance of high mast lights, inclusive of replacement of globes/luminaires	71 High mast luminaries	R2 000 000	71 high mast luminaries to be repaired/maintained in Bloemhof and Christiana by the end of June 2025	High mast laminated, repaired/maintained in Bloemhof and Christiana	No budget available	Budgeted for the 2026/27 FY	Maintenance Report
	KM of municipal roads maintained **KPI.14** **T.S**	Maintenance includes resealing, road patching, grading/blading	Pothole-riddled roads	R1 500 000	5 KM of municipal roads will be maintained by the end of June 2025	5.971 km municipal roads maintained	N/A	N/A	- Before & After pictures Maintenance Report

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	KMs of stormwater drainage are maintained **KPI.15** **T.S**	Cleaning of the drainage system by removing all impediments to the drainage	5km stormwater drainage	R1 500 000	4 km of stormwater drainage will be maintained by the end of June 2025	0 km of stormwater drainage is maintained	Limited resources	Budgeted for the 2025/26 FY	- Before & After pictures Maintenance Report
	KMs of municipal internal roads paved **KPI.16** **T.S**	(2 KMs of municipal internal roads paved in Utlwanang	Gravel Road	Capex	2 KMs of municipal internal roads paved by the end of June 2025	0 km of municipal internal roads paved	Limited funds	Planned for 25/26 FY to be completed	Quarterly progress reports Completion reports of 1.1km and 0.9km Completion report and certificate of 2km
	Number of Taxi ranks constructed **KPI.17** **T.S**	Building of a taxi rank	2 taxi ranks constructed in Bloemhof and Christiana	R388 858	2 Taxi rank constructed by the end of June 2025	0 Taxi rank constructed	No budget available	The project is on hold	Quarterly progress reports Completion Certificate
	Number of substations upgraded **KPI.18** **T.S**	Upgrade the intake substation in Christiana to ensure it is fully compliant and well capacitated to handle additional electrical load	New	R6 447 000	1 Substation upgraded by the end of June 2025	1 Substation upgraded	N/A	N/A	Quarterly progress reports Completion report and Certificate
	Number of households electrified	98 new households electrified at	New	R1 960 000	98 households electrified by the end of June 2025	98 households electrified	N/A	N/A	Quarterly progress reports Completion

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	KPI.19 T.S	Geluksoord Ext 4							report and Certificate
	Number of infills electrified **KPI.20** T.S	39 infills electrified at Geluksoord 2, 3 & 4	New	R351 000	39 infills will be electrified by the end of June 2025	39 infills electrified	N/A	N/A	Quarterly progress reports Completion report and Certificate
	Number of streetlights retrofitted for energy efficiency. **KPI.21** T.S	replacing existing street lights with LED-based lamps	New	R4 000 000	598 streetlights retrofitted for energy efficiency by the end of June 2025	598 streetlights retrofitted for energy efficiency	N/A	N/A	Quarterly progress reports Completion or Closeout Report
	Number of Departmental risk registers updated **KPI.22** MM	An updated risk register, reflecting the risks within the municipality	4 Departmental risk registers updated	Opex	4 Departmental risk registers updated by the end of June 2025	4 Departmental risks	N/A	N/A	Updated departmental risk registers
	Number of Departmental meetings conducted **KPI.23** C.S	Departmental meetings to communicate internal matters and resolutions	4 Departmental meetings conducted	Opex	4 Departmental meetings conducted by the end of June 2025	4 Departmental meetings conducted	N/A	N/A	Minutes / Attendance Registers
	Number of Departmental reports submitted to the MM, 5 days after the end of the quarter **KPI 24** MM	Performance reports to the MM on the implementation of the SDBIP as per the PMS framework	4 Departmental reports submitted	Opex	4 Departmental reports submitted to the MM, 5 days after the end of each quarter	4 Departmental reports submitted to the MM, 5 days after the end of June 2025	N/A	N/A	Quarterly Departmental Reports
	Number of reports on the implementation of the Audit Action Plan submitted to the MM **KPI.25**	To record the progress of the implementation of the audit action plan to address the		Opex	2 reports detailing progress on the implementation of the Audit Action Plan by the end of June 2025	2 reports detailing progress on the implementation of the Audit Action Plan	N/A	N/A	Report detailing progress on the implementation of the Audit Action Plan

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	BTO	prior year's audit findings							
	Rand value income collected from vehicle registrations and licensing renewals **KPI.26** **CS**	Rand value income collected through vehicle registrations, licensing and renewals		Opex	R 1 600 000 collected from vehicle registrations and licensing renewals by June 2025	R800 000 collected from Vehicle registration and licensing renewals	Lack of payment by the motorist	Perform awareness or Revised the target on 25/26 SDBIP	Collection schedules

KEY PERFORMANCE AREA 2: LOCAL ECONOMIC DEVELOPMENT

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
Strengthening the enabling environment through more flexible regulations, better access to finance and markets, improved infrastructure facilities	The LED Strategy is aligned to the Provincial and National LED Strategy/Framework developed **KPI.27** **C.S**	Review the LED strategy to align with the Provincial and National Strategy	Outdated LED strategy	Opex	The LED Strategy aligned to the Provincial and National LED Strategy/Framework developed by the end of June 2025	0 LED Strategy aligned to the Provincial and National LED Strategy/Framework developed	Awaiting COGTA to implement the review of the LED Strategy as per the resolution of our previous meeting	Written to COGTA to provide an update on the commitment made in the previous meeting to assist the municipality in the implementation of the LED Strategy Review promptly	LED Strategy aligned to the Provincial and National LED Strategy/Framework

and business support,	Number of municipal LED intergovernmental platforms convened. **KPI.28** **C.S**	LED intergovernmental engagement session	4 LED intergovernmental platforms convened	Opex	4 LED intergovernmental platforms convened by June 2025	4 LED intergovernmental platforms convened	N/A	N/A	Minutes /Registers /invites
	Number of work opportunities created through CWP. **KPI.29** **C.S**	work opportunities created through CWP	500 work opportunities created through CWP	Opex	100 work opportunities created through CWP by June 2025	100 work opportunities created through CWP	N/A	N/A	Approval schedules/contracts
	Number of jobs created through the municipality's local economic development initiatives, including capital projects **KPI.30** **C.S**	Jobs created through the municipality's local economic development initiatives, including capital projects	100 jobs created through the municipality's local economic development initiatives, including capital projects	Opex	100 jobs created through the municipality's local economic development initiatives, including capital projects, by the end June 2025	100 jobs created through the municipality's local economic development	N/A	N/A	Appointment letters/contracts
	Number of work opportunities created through EPWP **KPI.31** **C.S**	work opportunities created through EPWP	120 work opportunities created through EPWP	R1 200 000	140 work opportunities created through EPWP by the end of June 2025	140 work opportunities created through EPWP	N/A	N/A	Appointment letters/contracts

KEY PERFORMANCE AREA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
Build and strengthen the financial management of the municipality to enhance service delivery and achieve clean audit by 2019	Number of financial policies reviewed and adopted by the council **KPI.32** **BTO**	1. Credit Control debt collection, 2. Asset management policy, 3. Indigent policy, 4. Property Rates policy 5. Supply Chain Management Policy, 6. Tariff policy, 7. Cash Management policy, 8. Budget Policy 9. Borrowing policy. 10. Cost Containment Policy - Review 3 policies per quarter and if changes are adopted by the council.	Finance policies 1. Credit Control debt collection, 2. Asset management policy, 3. Indigent policy, 4. Property Rates policy 5. Supply Chain Management Policy, 6. Tariff policy, 7. Cash Management policy, 8. Budget Policy 9. Borrowing policy. - Review 3 policies per quarter and if changes are adopted by the council. 10. Cost Containment Policy	Opex	10 reviewed and approved financial policies by the end of June 2025	10 reviewed and approved financial policies	N/A	N/A	Reviewed and approved policies
	Number of reports on effective revenue management submitted **KPI.33** **BTO**	12 reports on effective revenue management submitted	Reports on Revenue Management	Opex	12 reports on effective revenue management submitted by the end of June 2025	12 reports on effective revenue management submitted	N/A	N/A	Sec 71 report

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Number of reports on expenditure management submitted **KPI.34** **BTO**	Reports on creditors reconciliation, reports on and withdrawals	Reports on Expenditure Management	Opex	12 reports on expenditure management submitted by the end of June 2025	12 reports on expenditure management submitted	N/A	N/A	Sec 71 report
	Number of reports on the Conditional Grants spending in accordance with DoRA and Grant Frameworks **KPI.35** **BTO**	Expenditure reports on conditional grants	Conditional Grants	Opex	12 reports on the Conditional Grants spending in accordance with DoRA and Grant frameworks by the end of June 2025	12 reports on conditional Grants spending in accordance with DoRA and Grant frameworks	N/A	N/A	Sec 71 report
	Number of SCM compliance reports submitted **KPI.36** **BTO**	Quarterly report on 1. Contract Management 2. Deviation report, 3. Bid awarded above R300 000 4. Number of quotations 5. 6. Repairs and maintenance 7. UIF & W	4 SCM compliance reports to be submitted	Opex	4 SCM compliance reports submitted by the end of June 2025	4 SCM compliance reports submitted	N/A	N/A	SCM Reports

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Financial viability as expressed by the ratios (debt coverage ratio, outstanding service debtors to revenue and Cost coverage ratio) **KPI.37** **BTO**	Financial Viability as expressed by the ratios (debt coverage ratio 4:1, Outstanding service debtors to revenue = 3:1 Coverage age = 3:1)	12 Financial Viability Reports Expressed in Ratios	Opex	4 Financial viability ratios report by the end of June 2025	4 Financial viability ratios report	N/A	N/A	Section 71 report
	Number of Indigent Households Receiving Free Basic Services **KPI.38** **BTO**	Free basic services are provided to households earning less than R3500. Benefits that are provided. 1. 6klm Water 2. 50 klw electricity 3. Other services at 100%	7116 indigents are currently receiving free basic services	Opex	10,000 indigent households receiving Free Basic Services by the end of June 2025	7116 Indigent households receiving Free Basic Services	No new applicants came for registration	Ward committees and ward councilors should be involved in the indigent registration process, as they are the ones who know their community members.	Indigent register
	Percentage (%) collection of revenue achieved **KPI.39** **BTO**	Quarterly revenue collected against the actual billing	59% Collection rate	Opex	80% collection of revenue achieved by the end of June 2025	39.11% collection of revenue achieved	Faulty meters and Incorrect billing.	Appoint an independent person responsible for disconnectio ns and reconnectio ns.	Section 71
	Percentage of the municipality's budget spent on implementing its workplace skills plan	The budgeted amount for WSP per Vote	WSP	R500 000	100% of the municipality's budget was actually spent on implementin	100% of the municipality's budget is actually spent on implementing	N/A	N/A	WSP Expendit ure Report

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	KPI.40 **CP.S**				g its workplace skills plan by the end of June 2025	its workplace skills plan			
	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year, in terms of the municipality's integrated development plan **KPI.41** **T.S**	Report on actual spending on MIG and INEP capital expenditure	2023/2024 Expenditure	R40 442 000	100% of the municipality's capital budget is actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan submitted by the end of June 2025	100% of the municipality's capital budget is actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan submitted	N/A	N/A	MIG Expenditure
	Timeous submission of Annual Financial Statements to the Auditor General by the end of August **KPI.42** **BTO**	Submission of Annual Financial Statements to AGSA by 31 August 2023	Timeous submission of Draft consolidated 2017/18 Annual Report to Internal Audit Committee & Auditor General by 31 August 2019	Opex	Timeous submission of 2023/2024 Annual Financial Statements to the Auditor General by the end of August 2024	1 Annual Financial Statements submitted to the Auditor General by 31 August 2024	N/A	N/A	AFS

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Percentage of audit findings addressed **KPI.43** **BTO**	Audit findings are addressed as contained in the post-audit action plan	Post Audit Action Plan	Opex	100% of audit findings addressed by the end of June 2025	50% of audit findings addressed	Historical balances that cannot be supported	Appointed the same financial consultants from the previous year to assist in clearing prior year qualification and historical balances	PAAP

KEY PERFORMANCE AREA 4: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
To provide the necessary strategic support for the implementation of the SDBIP To build and enhance the human resource capacity of the municipality; To ensure that there is a good, sound	Number of posts filled as per the approved funded structure **KPI.44** **CP.S**	Filling of vacant funded posts in the approved structure	3 Posts filled	Opex	10 posts filled as per the approved funded structure by the end of June 2025	10 posts filled as per the approved funded structure	N/A	N/A	Appointment letters
	Number of employees employed in accordance with the Employment Equity Plan **KPI.45**	In terms of the Employment Equity Plan, target groups include disabled and women. These groups	8 Employees employed according to EEP.	Opex	8 employees will be employed in accordance with the Employment Equity Plan by the end of	8 employees employed in accordance with the Employment Equity Plan	N/A	N/A	Appointment letters

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
industrial relationship between the employer and the employee; To create a safe working environment for all employees; To enhance corporate image	**CP.S**	to be considered during the recruitment and selection process			June 2025				
	Number of officials capacitated in terms of the workplace Skills Plan **KPI.46** **CP.S**	Officials of the municipality are to be capacitated with skills as provided for in the WSP	50 officials trained during the 2024/25 Financial year.	Opex	10 Officials capacitated in terms of the WSP by the end of June 2025	10 Officials capacitated in terms of the WSP	N/A	N/A	Training reports
	Number of councillors trained **KPI.47** **CP.S**	Councillors capacitated in line with the skills provided for in the WSP	14 Councillors Trained in 17/18	Opex	7 Councillors trained by the end of June 2025	7 Councillors trained	N/A	N/A	Training report
	Number of learnership opportunities created **KPI.48** **CP.S**	Unemployed youth and employees enrolled in the learnerships in line with the WSP	20 learnership opportunities created	Opex	20 learnership opportunities created by the end of June 2025	20 learnership opportunities created	N/A	N/A	Appointment Letters
	Number of reports on the workplace skills plan submitted to LGSETA **KPI.49** **CP.S**	Report on the implementation of the WSP	1 report on the workplace skills plan submitted to LGSETA	Opex	1 report on the workplace skills plan submitted to LGSETA by October 2024	1 report on the workplace skills plan submitted to LGSETA	N/A	N/A	Report on WSP

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Number of Local Labour Forum meetings held **KPI.50** **CP.S**	Records of the LLF meetings	4	Opex	4 Local Labour Forum Meetings held in June 2025	4 Local Labour Forum Meetings held	N/A	N/A	Attendance Register and Minutes Reports
	Number of reports on the implementation of the Occupational Health and Safety policy **KPI.51** **CP.S**	Quarterly reports on the implementation of OHS	4 reports on the implementation of the Occupational Health Safety policy by the end of June 2025	Opex	4 reports on the implementation of the Occupational Health and Safety policy by the end of June 2025	4 reports on the implementation of the Occupational Health and Safety policy by	N/A	N/A	Quarterly reports
	Number of reports submitted to the council on disciplinary cases **KPI.52** **CP.S**	Quarterly reports on new developments or progress on the ongoing disciplinary cases	4 Reports submitted to the council on disciplinary cases by the end of June 2025	Opex	4 Reports submitted to the council on disciplinary cases by the end of June 2025	4 Reports submitted to the council on disciplinary cases	N/A	N/A	Quarterly reports
	Number of SDBIP quarterly performance reports generated **KPI.53** **MM**	Performance is reported every quarter	4 SDBIP quarterly performance report submitted	Opex	1 SDBIP quarterly performance reports generated by the end of June 2025	4 SDBIP quarterly performance reports generated	N/A	N/A	Quarterly Performance

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
	Number of annual municipal performance reports developed in compliance with section 46 **KPI.54** **MM**	Annual Municipal Performance was developed to measure Institutional performance	Annual Report submitted.	Opex	1 Annual municipal performance report developed in compliance with section 46 by the end of August 2025	1 Annual municipal performance report developed in compliance with section 46	N/A	N/A	Annual Municipal Performance Report
	Municipal Council oversight report submitted to Council **KPI.55** **MM**	Oversight report of the MPAC on the Annual report	Municipal Council Oversight report submitted	Opex	1 Municipal Council oversight report submitted to Council by the end of March 2025	1 Municipal Council oversight report submitted to Council	N/A	N/A	Council oversight report resolution
	Number of signed performance agreements by MM and Section 56 employees **KPI.56** **MM**	Signed performance agreements inclusive of PDP, Scorecard & Reg 2006 by MM and Section 56 employees	3 Performance Agreements signed.	Opex	5 signed performance agreements by MM and Section 56 employees by July 2024	5 signed performance agreements by MM and Section 56 employees	N/A	N/A	Signed Performance Agreements
	Mid-Term performance assessment conducted **KPI.57** **MM**	Performance report detailing the performance of the municipality for the 1st half of the	2021/22 Mid-Term report	Opex	1 Mid-Term performance assessment conducted on 25 January 2025	1 Mid-Term performance assessment conducted	N/A	N/A	Midterm Assessment Report

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
		financial year, sec.72 MFMA							
	Approved SDBIP **KPI.58** **MM**	Approval of the SDBIP by the Mayor within 28 days after adoption of the budget in terms of Section 53 of the MFMA	Approved SDBIP within days of the adoption of the budget.	Opex	1 Approved SDBIP by the end June 2025	1 Approved SDBIP	N/A	N/A	Approved SDBIP
	Number of employee wellness Programmes conducted **KPI.59** **CP.S**	A wellness programme	3 Employee Wellness Programme conducted (sport & welcoming for new Senior Managers)	Opex	2 employee wellness programmes will be conducted by the end of June 2025	0 employee wellness programme conducted	Budget Constraints	Planned to be conducted 1st quarter of the 2025/26 FY	Wellness Programme report
	Number of IDP Representative meetings held **KPI.60** **MM**	IDP Consultative Forum	1 IDP Rep Forum Meetings Held	Opex	2 IDP Representative meetings Held by the end of June 2025	2 IDP Representative meetings held	N/A	N/A	Minutes/registers / invites

KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
To ensure good governance.	% council resolutions implemented **KPI.61** **CP.S**	To coordinate the updating of the Council Resolution Register	4 matrix Resolution Register Developed	Opex	100% Implementation of Council resolutions by the end of June 2025	100% implementation of Council resolutions	N/A	N/A	Resolution register
	Number of Newsletters produced **KPI.62** **CP.S**	The generation of a newsletter reflecting all activities in the Municipalities	New	Opex	2 Newsletters produced by the end of June 2025	2 Newsletters produced	N/A	N/A	Copy Of News Letter
	Number of Municipal Annual Reports submitted to Council **KPI.63** **MM**	Submission and tabling of the Annual report to Council	2022/23 Annual Report	Opex	1 Annual Report submitted to Council by the end of June 2025	1 Annual Report submitted to Council	N/A	N/A	Copy of Annual Report
	Number of risk registers updated **KPI.64** **MM**	1 risk register developed in the first quarter and updated quarterly	Risk Registers	Opex	1 Risk registers updated by the end of June 2025	1 Risk registers updated	N/A	N/A	Updated Risk registers
	Number of Ward committee meetings held **KPI.65** **CP.SM.O**	Every ward committee of the 7 wards is expected to hold at least one meeting per month	84 Committee meetings held.	Opex	84 Ward committee meetings held by the end of June 2025	84 Ward committee meetings held	N/A	N/A	Registers and Minutes of meetings

KEY PERFORMANCE AREA 6: SPATIAL RATIONALE

Objective	Key Performance Indicators	Indicator Description	Baseline	Budget	2024/25 Annual target	Actual	Reason for deviation	Remedial action	POE
Good integrated governance	Number of IDPs adopted by the council **KPI.66** **MM**	Adoption of the IDP by the Council	2019/20 IDP	Opex	1 IDP adopted by the council by the end of May 2024	1 IDP adopted by the council	N/A	N/A	Adopted IDP/Resolution

Achieved
Not achieved

COMPARISON OF 2023/24 AND 2024/25 PERFORMANCE

Summary of Performance per Department

Community Service

Total No of KPIs	09
Total Achieved	09
Total Not Achieved	00
Overall Performance	100%

Technical Services

Total No of KPIs	06
Total Achieved	03
Total Not Achieved	03
Overall Performance	43%

Budget & Treasury Office

Total No of KPIs	11
Total Achieved	06
Total Not Achieved	05
Overall Performance	55%

Municipal Manager's Office

Total No of KPIs	11
Total Achieved	09
Total Not Achieved	02
Overall Performance	82 %

Corporate Services

Total No of KPIs	10
Total Achieved	07
Total Not Achieved	03
Overall Performance	70%

Mayor's Office

Total No of KPIs	03
Total Achieved	01
Total Not Achieved	02
Overall Performance	33%

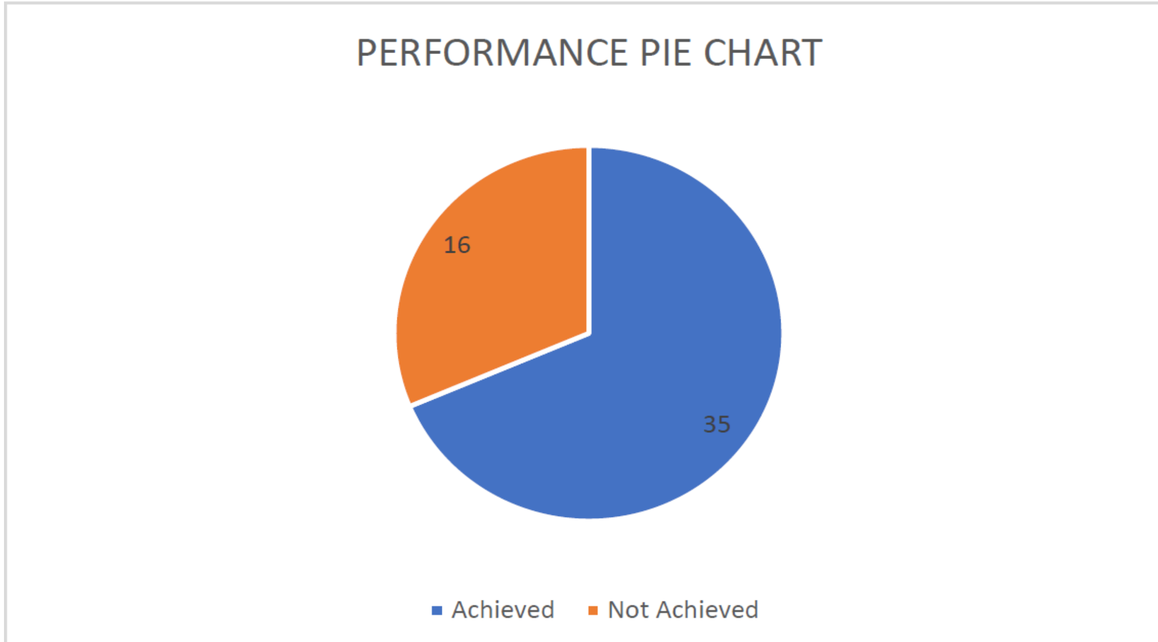
Summary of Organisational Performance

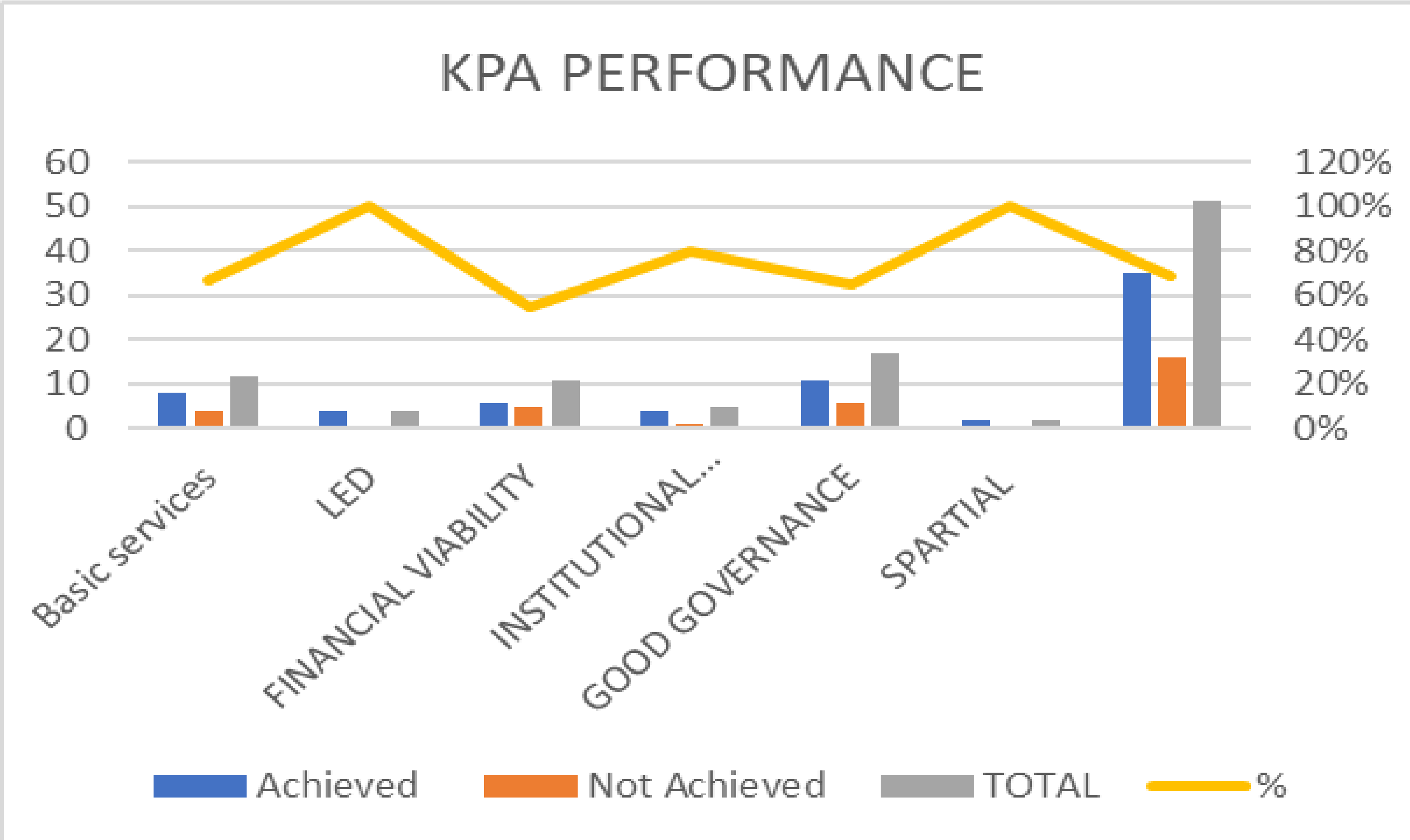
-

Total KPIs= 51

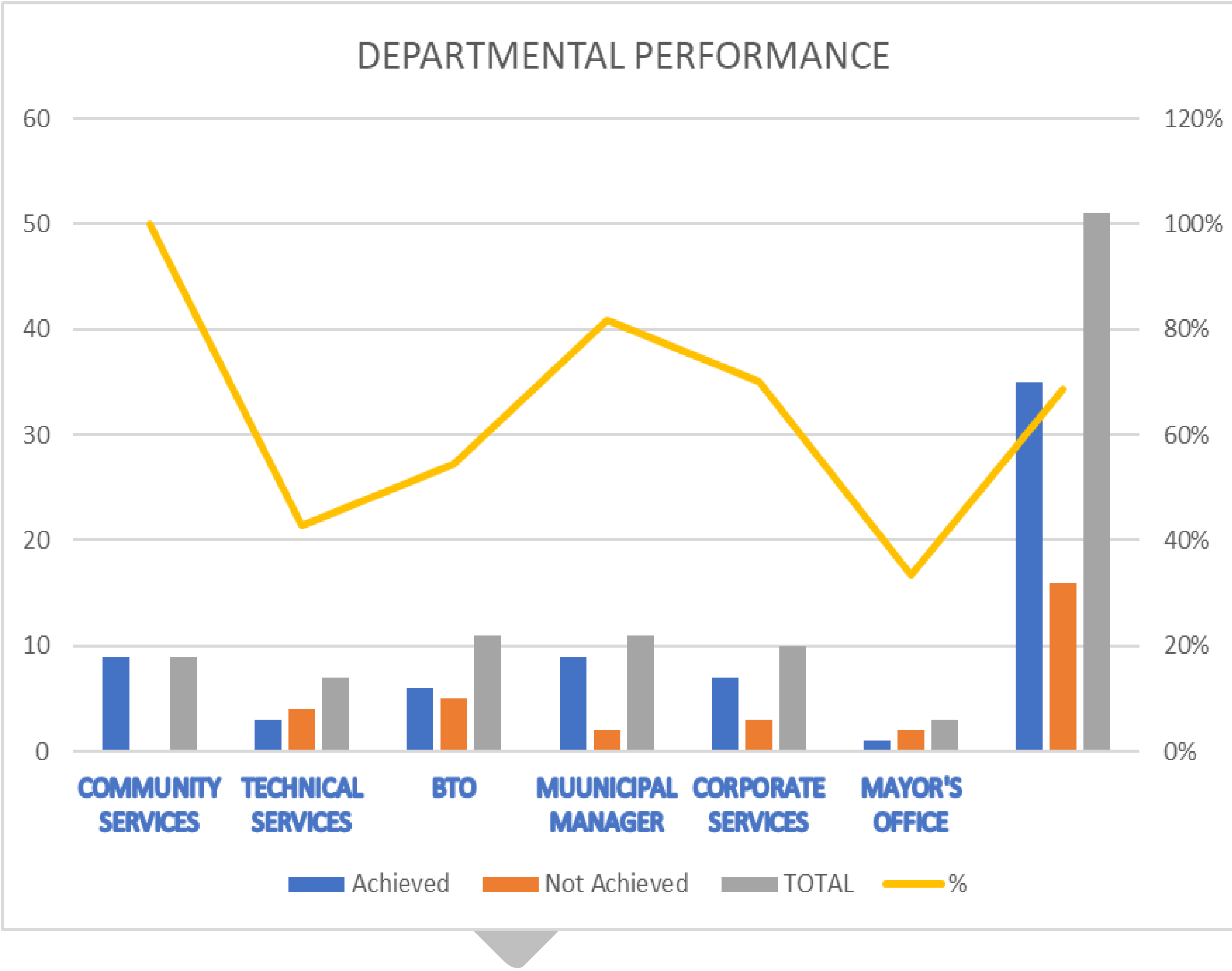
KPIs Achieved= 35

KPIs Not Achieved =16





KPA PERFORMANCE
60
50
40
30
20
10
0
120%
100%
80%
60%
40%
20%
0%
Basic services
LED
FINANCIAL VIABILITY
INSTITUTIONAL...
GOOD GOVERNANCE
SPARTIAL
Achieved
Not Achieved
TOTAL
%



DEPARTMENTAL PERFORMANCE
60
50
40
30
20
10
0
120%
100%
80%
60%
40%
20%
0%
COMMUNITY SERVICES
TECHNICAL SERVICES
BTO
MUUNICIPAL MANAGER
CORPORATE SERVICES
MAYOR'S OFFICE
Achieved
Not Achieved
TOTAL
%

EXTERNAL SERVICE PROVIDER'S INFORMATION

LEKWA-TEEMANE LOCAL MUNICIPALITY

SUPPLIER REPORT ON BIDS APPOINTED ABOVE R300 000

CONSOLIDATED REPORT 2024-25

Bid Number	Project/Service Description	Advertisement Date	Closing date	Appointment Date	Days taken to Appoint	Amount (Including VAT)	Name Of Supplier	Origin of Service Provider
LTLM2024-010A	PROVISION OF TRAINING SERVICES OF OCCUPATIONAL HEALTH AND SAFETY	21-Apr-24	08-May-24	15-Jul-24	68	R165,600.00	-Mbuso Management Solutions	Orkney
LTLM2024-011A	APPOINTMENT OF A PANEL OF SERVICE PROVIDERS TO SERVE ON A PANEL OF SKILLS DEVELOPMENT FACILITATORS FOR A PERIOD OF 36 MONTHS	21-Apr-24	22-May-24	15-Jul-24	54	Actual Rate Amount	Doughthul (Pty) Ltd t/a Dougthul Skills DVPT Projects -Leano Human Capital Solutions (Pty) Ltd -Tshepang Consulting and Projects -Mbuso Management Solutions	Edenvale Potchefstroom Rustenburg Orkney

LTLM2024-012A	PROVISION OF TRAVELAGENCY SERVICES FOR A PERIOD OF 36 MONTHS	21-Apr-24	22-May-24	15-Jul-24	54	Actual Rate Amount	Nonki C Travels (Pty) Ltd	Hartbeespoort
LTLM2024-015A	PANEL OF EXPERTS TO PROVIDE REVENUE ENHANCEMENT AND DEBT COLLECTION ON AN ON-RISK BASIS FOR 36 MONTHS	09-Jun-24	10-Jul-24	15-Jul-24	5	Actual Rate Amount	Dreamfinders AMMM Inc Jv -NuDebt Management (Pty) Ltd -Black Dot & Buzano -Sempro Consulting	Klerksdorp Gauteng Bryanston Pretoria
LTLM2024-016A	CONSTRUCTION OF PAVED ROADS AND STORMWATER AT BOITUMELONG	09-Jun-24	10-Jul-24	09-Sept-24	61	R18,300,429.26	Tarcon Projects (Pty) Ltd	Stilfontein

LTLM2024-018A	APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR ELECTRICAL FAULT FINDING AND OTHER EMERGENCY SERVICES ON AN AS AN WHEN REQUIRED BASIS FOR 36 MONTHS	09-Jun-24	10-Jul-24	23-Aug-24	44	Actual Rate Amount	- Bataung Projects and Training - DM Consulting Engineers (Pty) Ltd	Taung Klerksdorp
LTLM2024-019A	PROVISION OF SECURITY SERVICES FOR A PERIOD OF 36 MONTHS	16-Jun-24	17-Jul-24	23-Aug-24	37	R23,712,152.76	Diphethogo Trading CC	Bloemhof
LTLM2025-001A	Upgrading of Utlwanang Sports Facility	08-Sept-24	04-Oct-24	03-Jan-25	91	R8 613 213.49	Leano 87 Solutions (Pty) Ltd	Rustenburg
RE-ADVERT: LTLM2024-009A-01	APPOINTMENT OF A PANEL OF SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING FOR 36 MONTHS	13-Oct-24	13-Nov-24	23-Jan-25	71	Rates only	MHR Consultants (Pty) Ltd	Klerksdorp

RE-ADVERT: LTLM2024-009A-02	APPOINTMENT OF A PANEL OF SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING FOR 36 MONTHS	13-Oct-24	13-Nov-24	23-Jan-25	71	Rates only	Zakhe General Distributors (Pty) Ltd	Bloemhof
RE-ADVERT: LTLM2024-009A-03	APPOINTMENT OF A PANEL OF SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING FOR 36 MONTHS	13-Oct-24	13-Nov-24	23-Jan-25	71	Rates only	KSM Supply Construction Service	Christiana

LTLM2025-003A	Appointment of Service Providers to supply and deliver IT Hardware Equipment and IT Peripherals	01-Dec-24	29-Jan-25	24-Apr-25	85	Rates only on an as-an-when required basis	KKOM Technologies (Pty) Ltd -PEO Information Technologies (Pty) Ltd -Indlela Data (Pty) Ltd -Odirile IT Holdings JV Dunamis Emporium Services (Pty) Ltd	Bloemfontein Midrand Klerksdorp Pretoria
LTLM2025-004A	Appointment of a Service Provider for the supply and delivery of mobile offices	23-Feb-25	12-Mar-25	12-May-25	61	R 706,215.00	Kwikspace Modular Building (Pty) Ltd	Klipriver
RE-ADEVRTLTLM2025-002A	Appointment of a panel of advertising Agency Servcies for a period 36 months	23-Feb-25	26-Mar-25	12-May-25	47	Rates only on an as-an-when required basis	Kwanza Communications -Kamata Promotions -Procurement GR8s (Pty) Ltd	Gauteng Johannesburg Gauteng

RE-ADEVRT: LTLM2024-018A	Appointment of a panel of legal practitioners for a period 36 months	23-Feb-25	26-Mar-25	09-May-25	44	Rates only on an as-an-when required basis	• Ogboro Attorneys• ME Tlou•De Swardt Myambo Hlahla Attorneys•TMK Attorneys Inc•Sibeko Incorporated Attorneys•Rangwako Attorneys•Ramothwala Attorneys•Hlawu Maluleke•Ramalekana Incorporated•Zisiwe Attorneys•TV Shuping Attorneys•Leepile Attorneys•ME Kuaho Inc Trading as Kuaho Attorneys•MPM Molefe & Associates Attorneys•Nchupetsang Inc•Matamela Attorneys•Bobelo Attorneys Inc•M Mere and Associates	

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

INTRODUCTION

In terms of the approved organizational structure, the Municipality consists of the Office of the Municipal Manager and four departments: Corporate Services, Technical Services, Community Services, and the Budget and Treasury Office. The function of Strategic Planning, Monitoring and Performance resides in the Office of the Municipal Manager. The Municipality has an approved complement of 224 in the organizational structure 212 posts are filled and 12 are vacant (5.4% vacancy rate)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	**2023/24**	**2024/25**			
	Employees	**Approved Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
Waste Water (Sanitation)	11	6	6	0	0%
Technical Services	39	39	39	0	0%
Electricity	24	14	11	2	21%
Waste Management (Refuse)	52	53	48	2	6%
Community Services	5	5	5	0	0%
Housing	1	1	1	0	0%
Waste Water (Stormwater Drainage)	22	17	17	0	0%
Finance (BTO)	47	47	47	0	0%
Office of the MM	5	5	3	2	40%
Roads	1	1		0	0%
Local Economic Development	1	1	1	0	0%
Planning (Strategic & Regulatory)	1	4	3	1	25%
Corporate Services	30	30	25	5	17%
Office of the Speaker	3	3	3	0	0%

Office of the Mayor	3	3	3	0	0%
Totals	223	224	212	12	%
					T.97

Vacancy Rate: 2024/25			
Designations	***Total Approved Posts** No.	***Vacancies (Total time that vacancies exist using full-time equivalents)** No.	***Vacancies (as a proportion of total posts in each category)** %
Municipal Manager	1	1	100%
CFO	1	0	0%
Other S56 Managers (excluding Finance Posts)	4	2	50%
Other Managers (Finance posts)	5	0	0%
Other Managers (Corporate Services)	4	1	33%
Other Managers (Community Services)	5	0	0%
Other Managers (Technical Services)	3	0	0%
Other Managers (Office of the Mayor)	1	0	0%
Other Managers (Office of the MM)	2	1	50%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	29	0	0%
Highly skilled supervision: levels 9-12(Finance posts)	23	0	0%
Total	**82**	**5**	**6.09%**
*Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the*			

same set (e.g., 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.98

Turnover Rate			
Details	Total Appointments as of the beginning of the Financial Year No.	Terminations during the Financial Year No.	Turnover Rate*
2022/23	208	21	0.10%
2023/24	3	12	4%
2024/25	8	8	8%
** Divide the number of employees who have left the organisation within a year, by the total number of employees who occupied posts at the beginning of the year*			*T.99*

COMMENT ON VACANCIES AND TURNOVER:

The table above shows the turnover rate in the Municipality for the current and previous years. The total vacancy rate for the financial year under review is 5.4% vacancy rate.

T.100

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Lekwa-Teemane Local Municipality acknowledges that its most important assets are its employees. It is therefore responsible to ensure that these assets are developed, maintained and motivated to ensure that the Municipal workforce services are sustained.

Municipal workforce management is achieved through the HR Strategy, adherence to and compliance with applicable legislation and reviewing policies, procedures and processes aimed at regulating the workplace.

The Municipality has its policies, which are aimed at ensuring that all processes are followed and implemented. Policies and plans guide fair and consistent staff treatment and a consistent approach to managing staff.

T.101

POLICIES

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Affirmative Action	0%	0%	To be developed
2	Attraction and Retention	100%	To be reviewed	To be reviewed in line with staff regulations
3	Code of Conduct for Employees	100%	Not reviewed	Still applicable
4	Delegations, Authorisation & Responsibility	100%	Not reviewed	Still applicable
5	Disciplinary Code and Procedures	100%	Not reviewed	Still applicable
6	Essential Services	0%	0%	To be developed
8	Employment Equity	100%	None	To be reviewed
10	Grievance Procedures	90%	Not reviewed	Still applicable with the SALGBC grievance procedure
12	Human Resource and Development	Draft	None	To be adopted by the Council
13	Information Technology	Draft	None	Adopted by the Council
14	Job Evaluation	100%	Not reviewed	Still applicable
15	Leave	100%	Not reviewed	To be aligned with the 2024 new conditions of services
17	Official Housing	100%	Not revived	Policy still applicable
18	Official Journeys	100%	Not reviewed	Still applicable
19	Official transport to attend Funerals	90%	90%	To be developed.

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
20	Official Working Hours and Overtime	100%	Not reviewed	Still applicable
21	Organisational Rights	100%	None	Still applicable
22	Payroll Deductions	100%	None	Policy existing
23	Performance Management and Development	100%	Not reviewed	To be aligned with the staff regulations of 2021
24	Recruitment, Selection and Appointments	100%	Not reviewed	To be aligned with the staff regulations of 2021
25	Remuneration Scales and Allowances	100%	None	To be reviewed
26	Resettlement	100%	Not reviewed	To be reviewed
30	Special Skills	100%	0%	To be developed in the training policy
32	Uniforms and Protective Clothing	100%	Not reviewed	Still applicable
33	Other: car and travelling allowance	100%	Not revived	Still applicable

Use the name of local policies if different from above and for any other HR policies not listed.

T.102

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Human Resources maintains and develops policies and procedures that comply with applicable legislation and provide necessary guidelines and awareness among employees on issues related to the workplace. The Municipality has reviewed its policies during this reporting year and the process is still in the consultation stage.

T.103

INJURIES, SICKNESS AND SUSPENSIONS

Number of days and Cost of Sick Leave (excluding injuries on duty) 2024/25

Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per employee Days	Estimated cost R' 000
Lower-skilled (Levels 1-2)	0	0%	0	0	0	R0.00
Skilled (Levels 3-5)	438	16%	43	95	4.61	
Highly skilled production (levels 6-8)	369	10%	29	54	6.83	
Highly skilled supervision (levels 9-12)	120	5%	12	23	5.22	
MM and S57	0	0	0	0	0	R 0.00
Total	**819**	**31%**	**84**	**172**	16.66	

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

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

T.104

COMMENT ON INJURY AND SICK LEAVE:

The Human Resource unit deals with sick leave efficiently and the capturing of sick leave days has improved a lot. The general sick leave pattern is seasonal, especially in winter. Managers are closely monitoring sick leaves in their sections and departments.

A designated OHS official deals with injuries on duty, but there were no injuries on duty reported in the 2024/25 financial year.

T.105

Number and Period of Suspensions 2024/25				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**

2X Traffic Clerks (Christiana)	Conflict of interest	2021/03/05 =	Dismissed	September 2023
				T106

Disciplinary Action Taken on Cases of Financial Misconduct 2024/25			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
Licensing Clerks	Negligence of funds	Yes	None
			T.107

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:
There were no financial misconduct cases reported during the financial year under review/all the cases are for previous years and the municipality needs to expedite them. *108*

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:
No performance rewards were provided for the financial year 2024/2025 *T .109*

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT
Most of the HR Policies are still relevant and applicable, but some need to be reviewed. *T.110*

4.5 SKILLS DEVELOPMENT AND TRAINING

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	0	0	0	0	0	0
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	1	4	1
Any other financial officials	**17**	**0**	**17**	**0**	**0**	**22**

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Supply Chain Management Officials	1	0	1	1	1	1
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	**22**	**0**	**22**	**3**	**4**	**18**
** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)*						*T.111*

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

In terms of the Skill Development Act (1998 and Municipal Systems Act (2000), employers are obliged to provide employees with the necessary Skill/training to develop their human resource capacity. It is stated in Section 55 (1) that the Municipal Manager, as the head of administration, must ensure that employees are trained to be able to be effective in their day-to-day activities.

95 % of finance officials meet the competency requirements stipulated by the legislation, i.e., National Treasury Regulations. The 5% are newly appointed and provision will be made for them to be trained in the next financial year; the municipality was struggling to appoint a service provider to enrol officials who don't comply with competency regulations

T.112

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is how a municipality seeks to obtain value for money from workforce expenditure. There is a strong national drive for creating employment and municipalities are one arm of government that normally feels the pressure to create new jobs in their sphere. Although the Municipality depends on its financial viability to support the creation of employment. The creation and the filing of posts are budgeted for and measured against the approved budget and operational requirements.

The remuneration part of employment costs is determined through the bargaining Council. Salary wage increments are also determined by the bargaining Council and implemented as prescribed. *T.113*

EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE :

Effective Management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

The purpose of the Task Job Evaluation system is to achieve uniform norms and standards in the description of similar jobs and their grading and to underpin job comparison. Its purpose was also to close the salary disparities that were identified in most of the positions. Lekwa-Teemane Local Municipality has evaluated all the positions in the Organisational Structure and the process was finalised. *T.114*

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded 2024/25		
Beneficiaries	**Gender**	**Total**
Lower-skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	9
	Male	4

Senior management (Levels 13-16)	Female	0
	Male	2
MM and S 57	Female	0
	Male	0
Total		0

Those with disabilities are shown in brackets (x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).

T.115

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Assistant Accountant	9	10	1	Job evaluation
Licensing Clerk	2	7	1	Job evaluation
Inquiry Clerk	2	10	1	Job evaluation
Data Capturer	2	10	1	Job evaluation
Pit assistance	2	5	1	Job evaluation
Cashier	2	7	1	Job evaluation

T.116

Employees appointed to posts not approved

Department	Level	Date of Appointment	No. appointed	Reason for appointment when no established post exists
None	None	None	None	None

T.117

DISCLOSURES OF FINANCIAL INTERESTS

In terms of the requirements of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, disclosures were made by Councillors, Senior Managers and Middle Managers concerning their financial interests.

Disclosures of Financial Interests		
2024/25		
Position	**Name**	**Description of Financial Interests* (Nil / Or details)**
(Executive) Mayor	S.M Motlhabi	None
	M. Pilane	None
Member of MayCo/Exco		
	L. Legabe	None
Councillor	Komane	None
	Mongalane	None
	Setsetse	None
	Adams	None
	Gerber	None
	Hussein	None
	KL Duiker	None
	Letebele	None
	Seneke	None
	Nel	None
Acting Municipal Manager		None
Chief Financial Officer	T. Moseki	None
Other S57 Officials		
Corporate Services	J, Leseisane	Director K3 Investment (properties and investments)
Technical Services	M. Duba	None
Community Services	J.B. Sparks	None
** Financial interests to be disclosed even if they were incurred for only part of the year. See MBRR SA34AT*		

CHAPTER 5 – FINANCIAL PERFORMANCE

5. AN ASSESSMENT BY THE MUNICIPALITY'S ACCOUNTING OFFICER OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

The municipality's rates and taxes accounts have grown to R1 091 248 801.00 over the years and this is a real concern for the Municipality. The age analysis above indicates that the greater portion of the monies that are owed to the municipality are older than 120 days and more, which casts doubt on the collectability of the amounts. The Municipality will be embarking on strategies to reduce the debt book of the municipality. The strategies include the following

- Writing off the irrecoverable debts
- Providing an incentive to consumers to pay their accounts timeously
- Converting the prepaid conventional meters to prepaid meters
- Registering of the indigents.
- Performing data cleansing on the debtor's book of the Municipality

FINANCIAL PERFORMANCE OVERVIEW: YEAR 2024/2025			
		R'000	
DETAILS	**ORIGINAL BUDGET**	**ADJUSTMENT BUDGET**	**ACTUAL**
Revenue			
Grants	113 173	113 173	110 952
Property rates and service charges	231 104	229 644	190 611
Other revenue	134 119	134 119	287 299
TOTAL REVENUE	478 396	476 936	477 910
Less:			
OPEX expenditure	340 734	344 673	478 949
Balance	137 662	132 623	1 039
Surplus/ (deficit)	137 662	132 623	1 039

ANALYSIS OF THE AUDITED FINANCIAL PERFORMANCE FOR THE 2024/25 FINANCIAL YEAR:

COMPONENT A: REVENUE COLLECTION PER VOTE

REVENUE BY VOTE					
SOURCE DESCRIPTION	ORIGINAL BUDGET (R '000)	ADJUSTED BUDGET (R '000)	ACTUAL (R '000)	% of Original Budget	% of Adjusted Budget
Vote 1 – Municipal Manager & Council	0	0	0	0	0

Vote 2 – Corporate Services	0	0	0	0	0
Vote 3 – Budget & Treasury Office	146 410	146 410	154 231	105.34%	105.34%
Vote 4 – Community Services	27 565	25 333	30 877	112.02%	112.02%
Vote 5 – Technical Services	304 421	298 068	208 625	68.53%	68.87%

REVENUE COLLECTION PER SOURCE

DESCRIPTION					
	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	% of Original Budget	% of Adjusted Budget
Revenue	R '000	R '000	R '000	R '000	R '000
Property Rates	51 786	51 786	60 813	117.43%	117.43%
Service Charges	179 319	170 934	155 291	86.6%	90.85%
Rental of facilities and equipment	17	17	278	25.27%	25.27%
Interest charged on overdue accounts	75 553	75 553	67 198	88.94%	88.94%
Transfer to revenue – Grants	113 173	113 173	110 952	98.04%	98.04%
Other revenue	58 549	58 549	83 378	142.41%	142.41%
TOTAL REVENUE	478 397	470 012	477 910	99.90%	101.68%

FINANCIAL PERFORMANCE OF OPERATIONAL EXPENSES

OPERATIONAL COSTS PER SOURCE					
DESCRIPTION					
	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	% of Original Budget	% of Adjusted Budget
Expenditure	R '000	R '000	R '000	R '000	R '000
Employee Related Costs	92 769	93 959	95 937	103.41%	102.11%
Remuneration of Councillors	7 406	7 781	7 046	95.14%	90.55%
Debt Impairment – Non-Cash	83 520	83 520	164 529	196.99%	196.99%
Depreciation & Asset Impairment	33 981	33 981	26 147	76.95%	76.95%

Finance Charges	2 100	2 100	19 367	922.24%	922.22%
Materials and Bulk Purchases	78 873	75 648	92 189	116.88%	121.87%
Contracted Services	23 500	29 858	34 776	147.98%	116.47%
Other expenditure	18 585	17 287	38 959	209.63%	225.37%
TOTAL EXPENDITURE	340 734	344 673	478 949	140.56%	138.96%
TOTAL REVENUE	478 396	476 936	477 910	99.90%	100.20%
Less: Total Expenditure	340 734	344 673	478 949	140.56%	138.96%
Surplus / (deficit)	137 662	132 263	1 039	0.75%	0.79%

FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

ROADS

ROADS				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R ‘000	R ‘000	R ‘000	%
Total Operating Revenue	23 825	23 825	18 821	21%
Expenditure:				
Employees	11 084	8 923	9 037	-1.27%
Repairs and Maintenance	281	997	940	5.72%
Other expenditure	10 980	10 980	11 234	-2.31%
Total Operating Expenditure	22 345	20 900	21 211	-1.49%

PMU

PMU				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget

	R ‘000	R ‘000	R ‘000	%
Total Operating Revenue	832	832	991	-19%
Expenditure:				
Employees	906	1100	1084	1.45%
Repairs and Maintenance	0	0	0	0%
Other expenditure	0	0	22	0%
Total Operating Expenditure	906	1100	1106	-0.5%

ELECTRICITY

ELECTRICITY				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R ‘000	R ‘000	R ‘000	%
Total Operating Revenue	**208 863**	**214 174**	**144 050**	**34**
Expenditure:				-32
Employees	3 823	4 217	5 424	-32
Repairs and Maintenance	2 000	2 378	1 746	32
Other expenditure	91 073	91 734	100 711	-10
Total Operating Expenditure	**96 896**	**98 329**	**107 881**	**-10**

WATER

WATER				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R ‘000	R ‘000	R ‘000	%

Total Operating Revenue	**42 827**	**64 382**	**34 907**	**69**
Expenditure:				
Employees	7 192	6 932	6 008	65
Repairs and Maintenance	3 000	1 403	1 966	-19
Other expenditure	4 326	2 404	602	42
Total Operating Expenditure	**14 518**	**10 738**	**8 576**	**15**

SEWERAGE

SEWERAGE				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R '000	R '000	R '000	%
Total Operating Revenue	**28 073**	**66 391**	**36 580**	**106**
Expenditure:				
Employees	3 013	2 664	3 150	-16
Repairs and Maintenance	1 500	1 678	1 423	17
Other expenditure	281	98	104	-2
Total Operating Expenditure	**4 795**	**4 440**	**4 677**	**-5**

COMMUNITY SERVICES

COMMUNITY				
Description	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R '000	R '000	R '000	%

Total Operating Revenue	**58 363**	**77 431**	**88 732**	**-19**
Expenditure:				
Employees	25 128	25 128	26 689	-6
Repairs and Maintenance	1 170	920	915	0.4%
Other expenditure	4 427	4 627	7 601	-67%
Total Operating Expenditure	**35 205**	**30 675**	**35 205**	**-13%**

GRANTS

FINANCIAL PERFORMANCE GRANTS					
Grant Description					
	Original Budget	Adjustment Budget	Actual	% of Original Budget	% of Adjustment Budget
Transfer and Subsidies					
Local Government Equitable Share	68 806	68 806	68 806	100%	100%
Expanded Public Works Programme	1 200	1 200	1 200	100%	100%
Local Government Financial & Management Grant	3 000	3 000	3 000	100%	100%
Library Grant	981	981	686	69.93%	69.93
TOTAL OPERATIONAL GRANTS	73 987	73 987	73 692	99.6%	99.6%
Integrated Electrification National Programme (INEP)	10 528	10 528	9 764	92.74%	92.74%
Municipal Infrastructure Grant	23 825	23 825	19 812	83.16%	83.16%
Energy Efficiency Demand and Site Management	4 000	4 000	2 898	72.45%	72.45%

TOTAL CAPITAL GRANTS	36 406	36 406	32 474	89.12%	89.12%

COMPONENT A 4.6.8

Employee Cost		
Management of Employees		
Description	**Basis of Calculation**	**Audited Outcome**
Employee Cost	Employee Cost / (Total Revenue – Capital Revenue)	(95 937/477 910 – 32 474) = 21.54%

ANALYSIS OF CAPITAL AND OPERATING EXPENDITURE

Analysis of Capital and Operational Expenditure					
2025					
Description	Original Budget	Adjustment Budget	Actual	Original Budget Variance	Adjustment Budget Variance
	R '000	R '000	R '000	R '000	R '000
Capital Expenditure	40 442	40 442	32 474	7 968	7 968
Operating Expenditure	340 734	344 673	478 949	66 471	70 410
TOTAL EXPENDITURE	381 176	385 115	511 423	74 439	78 381
Capital projects are as follows:					
Construction of Paved Roads & Stormwater – Utlwanang	2 327	2 327	4 674	(2 347)	(2 347)
Construction of Paved Roads & Stormwater – Boitumelong	8 562	8 562	8 032	530	530
Construction of Paved Roads & Stormwater - Geluksoord	1 000	1 000	999	1	1
Upgrading of Sports Facility – Utlwanang	8 000	8 000	4 998	3 002	3 002
Operating expenditure breakdown is as follows:					
Employee Related Costs	92 769	93 959	95 937	(3 021)	(1 831)

Remuneration of Councillors	7 406	7 781	7 046	404	779
Debt Impairment	83 520	83 520	164 529	81 481	81 481
Depreciation and asset impairment	33 981	33 981	26 147	0	0
Finance Charges	2 100	2 100	19 367	(14 253)	(14 253)
Bulk purchases	73 152	73 152	89 668	(16 516)	(16 516)
Contracted Services	23 500	29 858	34 776	(10 722)	(4 364)
Other expenditure	24 306	20 322	41 479	(2 026)	(5 910)

SOURCES OF FINANCE

Capital Expenditure by Funding Source					
Details	Original Budget	Adjusted Budget	Actual	% of Original Budget	% of Adjusted Budget
National Government:					
Municipal Infrastructure Grant (MIG)	23 825	23 825	19 812	83.16%	83.16%
Integrated Electrification National Programme (INEP)	10 528	10 528	9 764	92.74%	92.74%
Energy Efficiency Demand Site Management (EEDSM)	4 000	4 000	2 898	72.45%	72.45%
Borrowing					
Internally generated funds	1 789	1 789	3 220	(180%)	(180%)
TOTAL CAPITAL SPENDING	40 142	40 142	35 694	88.92%	88.92%

Note: INEP + EEDSM = 12 662

CASH FLOW

Cash flow management is critical to the municipality as it enables the organization to assess whether enough cash is available at any point in time to cover the council's commitments.

Cash Flow Management and Investment			
Cash flow			
Cash Flow Statement			
	Original Budget	**Adjusted Budget**	**Actual**
Cash flow from Operating Activities			
Receipts			
Services	148 871	175 551	63 010
Grants	113 173	113 173	114 769
Interest income and other income	3 122	2 851	88 702
Payments			
Suppliers and employees	220 033	244 367	192 283
Finance Charges	2 100	2 100	16 969
Transfers and Grants	1 100	1 100	0
NET CASH FROM /(USED) OPERATING ACTIVITIES	488 399	539 142	229
Cash flow from Investing Activities			
Receipts			
Purchase of PPE	40 442	40 442	-7 877
Proceeds from the sale of PPE	0	0	0
Purchase of investment property	0	0	0
Proceeds from the sale of investment property	0	0	0
Purchase of intangible assets	0	0	-156
Finance costs			12 045
NET CASH FROM/(USED) INVESTING ACTIVITIES	0	0	4 012
Cash flow from Financing Activities			
Finance lease payments	0	0	-2 348
Proceeds from financial liabilities	0	0	2 172
NET CASH FROM/(USED) FINANCING ACTIVITIES	0	0	-175
Finance costs	0	0	0
NET INCREASE/ (DECREASE) IN CASH HELD	1 500	1 500	4 066
Cash/cash equivalents at the year begin:	11 768	11 768	5 505

Cash/cash equivalents at the year-end:	13 268	13 628	9 571

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality, as audited by the Auditor General and approved by the council or a provincial or national executive.
Baseline	The current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in the year before the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life for citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key Performance Indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key Performance Areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".

Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e., a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measurement.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and their employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services, including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and* *b) which specifies the total amount that is appropriated for the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committee Assignments, and Council Attendance					
Council Members	**Full Time / Part Time** **FT/PT**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage of Council Meetings Attendance** %	**Percentage Apologies for non-attendance** %
Clr Motlhabi	FT	Mayor/	PR: African National Congress	100%	0%
Cllr Pilane	FT	Speaker	Ward 5 African National Congress	100%	0%
Clr Setsetse	PT	MPAC Chairperson	Ward 3 African National Congress	100%	0%
Clr Dabampe/ Cllr Letebele	FT	Finance & Corporate (Chair) Community Services	PR Economic Freedom Fighters	100%	0%
Cllr L. Legabe	FT	Community Services& LED(Chair)	PR Forum for Service Delivery	100%	0%
Clr Komane	PT	Infrastructure Development and Town planning and MPAC	Ward 1: Economic Freedom Fighters	100%	0%
Cllr Mongalane	PT	Corporate, community, Finance and Infrastructure Development and Town Planning	Ward 2: Democratic Alliance	100%	0%
Cllr Adams	PT	Finance and Infrastructure Development and Town Planning	PR: Democratic Alliance	100%	0%
Cllr Gerber	PT	Finance & Corporate, Community	Ward 5 Democratic Alliance	100%	0%

Councillors, Committee Assignments, and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage of Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			%	%
		Services& LED, Infrastructure Development & Town Planning and Corporate Services			
Cllr L. Hussein	PT	Whip	Ward 7: PR African National Congress	100%	0%
Cllr Duiker	PT	Finance & Corporate, Community Services & LED and MPAC	PR: African National Congress	100%	0%
Cllr Letebele/ Cllr Gaeding	PT	Corporate Services	PR: Economic Freedom Fighters	100%	0%
Cllr Seneke	PT	Community Services and Finance	PR: Economic Freedom Front	100%	0%
Cllr Nel	PT	Corporate Services, Infrastructure Development & Town Planning, Community Services, Finance and MPAC	PR Freedom Front Plus	100%	0%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*					*T A*

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**

Corporate Services and Finance Portfolio	The Corporate Services and Finance Portfolio Committee considers and makes recommendations to the Council about the matter delegated to it, which includes, but is not limited to: ▪ Municipal Land and Property Management ▪ Staff establishment and Organisational Structure ▪ Development and Review of System Delegation ▪ Municipal Administration ▪ Human Resources Development ▪ Bargaining Council Agreements ▪ Security ▪ Public Participation of Communities in Municipal Matters ▪ Financial Management of the Municipality ▪ MFMA Implementation ▪ Financial Viability Assessment ▪ Risk Management and Assessment
Infrastructure, Development and Town Planning Portfolio Committee	The Infrastructure, Development and Town Planning Portfolio Committee considers and makes recommendations to Council about matters delegated to it, which include, but are not limited to: ▪ Building Regulations ▪ Trading Regulations ▪ Licensing of Dogs ▪ Amusement Facilities ▪ Local Roads and Streets ▪ Local Amenities ▪ Storm Water Management Systems in build-up areas
Community Services and LED Portfolio Committee	The Community Services and LED Portfolio Committee considers and makes recommendations to Council about matters delegated to it, which include, but are not limited to: ▪ Cemeteries, funeral parlours and crematoria serving the area of the municipality ▪ Cleansing ▪ Refuse removal, refuse dumps and solid waste disposal sites serving the area of the municipality ▪ Municipal Parks and Recreation ▪ Local Economic Development ▪ Markets serving the area of the municipality
Municipal Public Accounts Committee	The main purpose of MPAC is to exercise oversight over the executive functionaries of the Council and to ensure good governance in the municipality. This will include oversight over municipal entities: ▪ The MPAC interrogates various aspects of the municipal financial reporting and performance reporting as provided for in the MFMA ▪ MPAC also has responsibility over matters delegated to it by Council
	T B

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Director/Manager (State title and name)**
Office of the Municipal Manager	Mr Kopano Jeffrey Leseisane (Acting Municipal Manager)
Corporate Services	Mr Kopano Jeffrey Leseisane
Community Services	Mr Jan Botha Sparks
Finance	Mr Thapelo Cornelius Moseki
Technical Services	Mr.SM Lesie (Acting-Director Technical Services)
T C	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

APPENDIX E – WARD REPORTING

WARD COMMITTEE MEETINGS: WARD 1

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Komane	Councillor	24/07/24; 19/08/24;23/09/24, 22/10/24; 21/11/24;10/12/24 15/01/25; 20/02/25; 24/03/25; 24/04/25; 22/05/25 & 26/06/25.
G.I. Mocumi	Secretary	
Enoch Botha	Dept. Education	
Valentine Didimalang	Sassa	
Thabo Diratsagae	Health	
Berta Mathebula	SAPS	
Edward Kgoroyadira	Labour, Home Affairs & ESKOM	
Tlhago Makhure	Infrastructure	
Kgomotso Setlhogo	Arts & Culture	

WARD COMMITTEE MEETINGS: WARD 2

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Mapaseka Mongalane	Councillor	15/06/24; 15/07/24; 15/08/24; 159/09/24; 15/10/24; 15/11/24; 04/12/24 15/01/25; 16/02/25; 15/03/25; 14/04/23; 15/05/25 & 15/06/25
Karabo Noguka	Social Development	
Matshediso Sebiya	Sports & Recreation	
Puseletso Motshabi	Home Affairs	
Realeboga Maoka	Education	
Steve Ncube	Health	
Phillemon Molawa	Correctional Services	
Percy Kubu	Churches	
Othusitse Dupa	SASSA	
Mohudi Ncube	Health	

WARD COMMITTEE MEETINGS: WARD 3

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Thabo Setsetse	Ward Councillor	
Isaac Makhoana	Secretary	

Dipuo Bahuritshe, Lorraine Modise	SAPS & Correctional Services	16/07/24, 14/08/24; 11/09/24; 16/10/24; 12/11/24; 03/12/24 11/01/25;11/02/25; 12/03/25; 12/04/25 & 13/05/25 & 11/06/25
Moniemang Maemola	Health	
Meikie Seitshokelo	Education	
Lorraine Modise/ Shimi Mogapi/ Nunu Matlhare	Social Development & SASSA	
Tefo Marumo	Home Affairs	
Lorraine Modise/ Dipuo Bahurutshe	Elders Committee	
Boisile Makhelane/ Tefo Marumo	Churches	
Ompie Mokhoane/ Nunu Matlhare	Sports & Recreation	

WARD COMMITTEE MEETINGS: WARD 4

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr W. Adams	Councillor	02/07/24; 06/08/24; 12/09/24, 17/10/24; 19/11/24. 05/12/24; 16/01/25; 17/02/25; 20/03/25; 23/04/25; 22/05/25; 17/06/25
Maleshane Nakin	Dept. Health	
Suzzy Oliphant	Dept. Social Development & SASSA	
Mpho Mosikare	Projects	
Naomi Agaamag	Dept. Education	
Ms Nel	SAPS & Correctional Services	
Mr Phillips	Dept. Labour	
Mr Chweu	Dept. Arts & Culture	
George Joseph	Community Development	

WARD COMMITTEE MEETINGS: WARD 5

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Pilane	Councillor	13/07/24; 11/08/24; 15/09/24; 12/10/24; 17/11/24; 07/12/24 18/01/25; 16/02/25; 15/03/25; 13/04/25; 16/05/25; 15/06/25
Mpontsheng Tabane	Secretary	
Monnapule Mokgethi	Education	
Beku Matoko	Arts, Culture & Recreation	
Kedisaletse Sereetse	Health	

Lesego Windvoel	Infrastructure	
Ace Shomoleile	SAPS & Correctional Services	
Kerileng Motshiwagae	Social Development & SASSA	
Motlalepule Mokwalatsie	Home Affairs	

WARD COMMITTEE MEETINGS: WARD 6

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Gerber	Councillor	09/07/24; 19/08/24; 17/09/24; 17/10/24; 22/11/24; 02/12/24. 20/01/25; 24/02/25; 19/03/25; 07/04/25; 21/05/25 & 20/06/25
Nthabiseng Mokwena	Education	
Boitumelo Dipico	ESKOM, Labour, SASSA & Social Development	
Gaarutiwe Makuapane	Infrastructure	
Bonginkosi Nkomo	SAPS & Correctional Services	
Maria Thameng	Health	
Kelebogile Mophoso	Home Affairs	

WARD COMMITTEE MEETINGS: WARD 7

NAME OF REPRESENTATIVE	CAPACITY REPRESENTING	DATES OF MEETINGS HELD DURING THE YEAR
Cllr Hussain	Ward Councillor	18/07/24; 13/08/24; 19/09/24; 23/10/24; 24/11/24; 08/12/24 21/01/25; 16/02/25; 09/03/25; 23/04/25; 19/05/25; 18/06/25
Olebogeng Morake	Secretary	
Nonkululeko Senosi	Social Development & SASSA	
andries Mashitiso	SAPS & Correctional Services	
Sophie van Vyk	Education	
Peter Morapedi	Labour & ESKOM	
Kagiso Englishman	Home Affairs	
Puseletso Morebudi		

DATES FOR WARD MASS MEETINGS

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
WARD 1	24/07/2024 19/08/2024 20/09/2024	-22/10/2024 21/11/2024 10/12/2024	-15/01/2025 20/02/2025 24/03/2025	24/04/2025 22/05/2025 26/06/2025
WARD 2	15/08/2024 15/08/2024 16/09/2024	-15/10/2024 15/11/2024 04/12/2024	15/01/2025 18/02/2025 11/03/2025	14/04/2025 15/05/2025 12/06/2025
WARD 3	16/07/2024 14/08/2024 11/09/2024	16/10/2024 12/11/2024 03/12/2024	13/01/2025 11/02/2025 12/03/2025	12/04/2025 13/05/2025 11/06/2025
WARD 4	16\01\2024 14/08/204 11/09/2024	16/10/2024 12/11/2024 03/12/2024	13/01/2025 11/02/2025 12/03/2025	12/04/2025 13/05/2025 11/06/2025
WARD 5	13/07/22024 11/08/2024 15/09/2024 27/08/2024	12/10/2025 17/11/2024 07/12/2024 19/11/2024	18/01/2025 16/02/2025 15/03/2025	13/04/2025 16/05/2025 15/06/2025
WARD 6	09/07/2024 19/08/2024	1710/2024 22/11/2024 02/12/2024	20/01/2025 24/02/2025 19/03/2025	07/04/2025 21/05/2025 20/06/2025

WARD 7	18/07/2024 13/08/2024 19/09/2024	23/10\2024 24/11/2024 08/12/2024	21/01/2025 16/02/2025 09/03/2025	23/04/2025 19/05/2025 18/06/2025

APPENDIX F – WARD REPORTING

Functionality of Ward Committees

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Komane Isaac Motsumi Ditlhoriso Makhuane Valentine Didimalang Thabo Diratsagae Berta Mathebula Edward Kgoroyadira Tlhago Makhure Kgomotso Setlhogo	Yes	12	12	1
Ward 2	Cllr Mapaseka Mongalane Karabo Noguka Matshediso Sebiya Puseletso Motshabi Realeboga Maoka Steve Ncube Phillemon Molawa Percy Kubu Othusitse Dupa	Yes	12	12	0

Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
	Mohudi ncube				
Ward 3	Cllr Thabo Setsetse Isaac Mokhoana Dipuo Bahuritshe, Lorraine Modise Moniemang Maemola Meikie Seitshokelo Lorraine Midise/ Shimi Mogapi/ Nunu Matlhare Tefo Marumo Lorraine Modise/ Dipuo Bahurutshe Boisile Makhelane/ Tefo Marumo Ompie Mokhoane/ Nunu Matlhare	Yes	12	12	1
Ward 4	Cllr W. Adams Maleshane Nakin Suzzy Oliphant Mpho Mosikare Naomi Agaamag Ms Nel Mr Phillips Mr Chweu George Joseph	Yes	12	12	1
Ward 5	Cllr Pilane Mpontsheng Tabane	Yes	12	12	4

Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
	Monnapule Mokgethi Beku Matoko Kedisaletse Sereetse Lesego Windvoel Ace Shomoleile Kerileng Motshiwagae Motlalepule Mokwalatsie				
Ward 6	Cllr Gerber Nthabiseng Mokwena Boitumelo Dipico Gaarutiwe Makuapane Bonginkosi Nkomo Maria Thameng Kelebogile Mophoso	Yes	12	12	0
Ward 7	Cllr Hussain Olebogeng Morake Nonkululeko Senosi andries Mashitiso Sophie van Vyk Peter Morapedi Kagiso Englishman	Yes	12	12	0

WARD COMMITTEE AND ITS FUNCTIONALITY

WARD NUMBER	COMMITTEE ESTABLISHED (YES/NO)	NUMBER OF REPORTS SUBMITTED TO THE SPEAKER'S OFFICE	NUMBER OF MEETINGS HELD
WARD 1	YES	12	12
WARD 2	YES	12	12
WARD 3	YES	12	12
WARD 4	YES	12	12
WARD 5	YES	12	12
WARD 6	YES	12	12
WARD 7	YES	12	12

APPENDIX G: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE BY VOTE					
SOURCE DESCRIPTION	ORIGINAL BUDGET (R '000)	ADJUSTED BUDGET (R '000)	ACTUAL (R '000)	% of Original Budget	% of Adjusted Budget
Vote 1 – Municipal Manager & Council	0	0	0	0	0
Vote 2 – Corporate Services	0	0	0	0	0
Vote 3 – Budget & Treasury Office	146 410	146 410	154 231	105.34%	105.34%
Vote 4 – Community Services	27 565	27 565	30 877	112.02%	112.02%
Vote 5 – Technical Services	304 421	302 921	208 625	68.53%	68.87%

APPENDIX I – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

We are pleased to submit the report of the Audit and Performance Committee for the year ended 30 June 2025.

1. BACKGROUND

Dr. Ruth Segomotsi Mompati District Municipality and its local municipalities, namely Mamusa Local Municipality, Kagisano-Molopo Local Municipality, and Lekwa-Teemane Local Municipality, have opted for the shared Audit and Performance Committee Services. The Audit and Performance Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Committee has adopted its terms of reference.

2. STATUTORY REQUIREMENTS

Section 166 of the MFMA stipulates that each municipality must establish an audit committee. The audit committee is an independent advisory body that advises the municipal council, the political office bearers, the accounting officer, and the management of the municipality on the following matters:

- ✓ Internal financial control and internal audits;
- ✓ Risk management;
- ✓ Accounting policies;
- ✓ The adequacy, reliability and accuracy of financial reporting and information;
- ✓ Performance management;
- ✓ Effective governance;
- ✓ Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;
- ✓ Performance evaluation;
- ✓ Any other issues referred to it by the municipality;
- ✓ Review of the annual financial statements to provide an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall compliance with the MFMA, DORA any other applicable legislation;
- ✓ Respond to Council on any matter raised by the Auditor- General (AGSA); and carry out such investigation into the financial affairs of the municipality.

3. ATTENDANCE OF MEETINGS

An audit committee is an independent advisory body appointed by the Council. In terms of Section 166 of the Municipal Finance Management Act of 56 of 2003.

In accordance with the contract entered into by Dr. RSMDM and APAC (Resolution: 09/2021/22), the council appointed APAC from 01 September 2024 to 31 August 2024.

Initial and Surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED			
		13 August 2024 (Statutory meeting)	29 Aug 2024 (Special AFS Review)	12 Nov 2024 (Statutory Meeting)	18 Feb 2025 (Statutory Meeting)
Ms. J. Masite	Chairperson	👍	👍	👍	👍
Prof. G.Malebe	Member	👍	👍	👍	👍
Adv. S. Dikole	Member	👍	👍	👍	👍
Ms. L. Holele	Member	👍	👍	👍	👍
Ms. M. Ralikonyana	Member	👍	👍	👍	👍
Mr. E. Van Rensburg	Member	👍	👍	👍	👍

The request to extend the contracts for the existing APAC was tabled and approved by the council. The Committee Served till the 30 March 2025.

Council appointed a new Committee on 1 April 2025; the term will run till 31 May 2028. It comprises the following independent non-executive members who have the requisite and relevant skills and experience to fulfil the audit committee's duties.

THE FOLLOWING TABLE DEPICTS THE CURRENT AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE.

Name and surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED
		29 May 2025 (Statutory meeting)
Ms. J. Masite	Chairperson	👍
Prof. G. Malebe	Member	👍
Mr. L. Berend	Member	👍
Ms. M. Mothelesi	Member	👍
Mr. S. Mofokeng	Member	👍
Mr. A. Nchoe	Member	👍
Ms. F. Mudau	Member	👍
Mr. A. Kekesi	Member	👍

The following, although not members of the Audit and Performance Audit Committee, have a standing invitation to the Committee meetings:

- ✓ Accounting Officer;
- ✓ Chief Financial Officer;
- ✓ Chairperson of the Risk Committee;
- ✓ Section 56 Managers/Departmental Heads;
- ✓ Chief Audit Executive;
- ✓ Chief Risk Officer;
- ✓ The Auditor- General (As and when); and
- ✓ The Provincial Treasury
- ✓ Cogta

The members of the Audit and Performance Audit Committee also held meetings with the Municipal Manager as the Accounting Officer, the Chairperson of Risk Management Committee, Senior Management of the municipality, the Internal Audit and the Auditor-General, collectively and individually, on matters related to governance, internal control, performance, financial information, risk and other relevant matters concerning the municipality.

4. INTERNAL AUDIT

The Internal Audit of the Dr Ruth Segomotsi Mompati District Municipality is in-house and has discharged its mandate in terms of its charter and managed to execute 100% of the projects as per the 2024/25 Internal Audit Risk-Based Annual Plan. Internal Audit performed significant work on behalf of the Auditor General (physical verification of immovable assets), which demonstrates a growing reliance on Internal Audit by the Auditor General. This collaboration not only highlights the increasing trust placed in Internal Audit but also enabled the municipality to achieve notable cost savings.

The Audit and Performance Committee thinks that the Internal Audit unit is operating effectively to meet its mandate and has considered the risks pertinent to the municipality in its audit plans.

The following documents were approved by the Audit and Performance Committee and recommended to Council for adoption:

- Internal Audit Charter
- Internal Audit Risk-Based Plan
- Three-Year Rolling Strategic and Annual Audit Plan
- The Audit and Performance Audit Committee Process Plan

5. EFFECTIVENESS OF INTERNAL CONTROLS

The system of internal control was not entirely effective during the year under review, as compliance with prescribed policies and procedures was lacking in certain instances. The following reports are among others that were presented to the Audit and Performance Committee:

- ✓ Audit of quarterly performance information;
- ✓ Expenditure Management;
- ✓ Supply Chain Management;
- ✓ ICT audit;
- ✓ Governance;
- ✓ Leave Management;
- ✓ Local Economic Development; and
- ✓ Asset management.
- ✓ Recruitment and Selection
- ✓ Financial Reporting

6. RISK MANAGEMENT

The municipality has a risk unit that consists of three staff members and a Chairperson of the Risk Management, Anti-fraud, and Anti-corruption Committee.

The Audit and Performance Committee is satisfied that:

- ✓ Risk management has been fully embedded in the municipality's process but risks are not mitigated properly.

7. PERFORMANCE MANAGEMENT

Part of the responsibilities of the Audit and Performance Audit Committee includes the review of performance management. The Committee has, in terms of the performance of the municipality, reviewed the functionality of the performance management system and it appears to be functional; however, there is room for improvement insofar as achievement of planned targets and compliance matters are concerned.

The Audit and Performance Audit Committee has also noted improvement in compliance with Section 46(a)(i) of the Municipal Systems and related regulations and circulars. Reports on the evaluation of service providers were submitted to the Audit Committee and the Auditor General.

8. YEAR- END REPORTING

The APAC has reviewed the Annual Performance Report and provided recommendations to management for implementation before the report was submitted to the Auditor-General and the quarterly reports submitted by management during the year.

9. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Performance Audit Committee, in its meeting held on 29 August 2025, discussed the draft annual financial statements and unaudited annual report with the Accounting Officer, before submitting to the Auditor General. The Audit and Performance Committee wishes to indicate that it reviewed the financial statements, focusing, among others on:

- ✓ Significant financial reporting adjustments and estimates contained in the Draft Annual Financial Statements;
- ✓ Clarity and completeness of disclosures;
- ✓ Accounting policies and practice;
- ✓ Significant adjustments arising from the audit;
- ✓ Reasons for major year to year fluctuations; and
- ✓ Reinstatement of prior year amounts.

The Audit and Performance Audit Committee reviewed and noted and recommended the Draft Annual Financial Statements for the financial year ended 30 June 2025.

10. RECOMMENDATION FOR SUBMISSION OF THE AFS AND APR TO THE AUDITOR GENERAL

The Audit and Performance Audit Committee has:

Reviewed the draft Annual Financial Statements and Annual Performance Report and recommended that these reports be submitted to AGSA for auditing purposes after ALL the recommendations raised by the committee have been considered by management.

11. FINAL AUDITOR GENERAL'S REPORT

The Audit and Performance Audit Committee has:

- Further reviewed the Financial Statements to be included in the Annual Report with the Accounting Officer.
- Discussed and adopted the Auditor-General and the Management report and management response thereof.

12. CONSIDERATION OF THE FINAL AGSA AUDIT REPORT

The Audit and Performance Audit Committee concur and accept the conclusions of the Auditor-General on the Annual Financial Statements and Annual Performance Report and thinks that the Audited Financial Statement and Annual Performance Report will be read together with the report of the Auditor-General.

The Audit and Performance Audit Committee recommends that:

- The Municipality develops a PAAP that reflects the root cause analysis, which should be monitored duly by management and the Executive Mayor per section 131 of MFMA, monthly review by the Internal Audit Function and quarterly review by APAC.
- Internal Audit Function reviews the implementation of the Post Audit Action Plan.

- Submission of progress report to the council on the implementation of actions to resolve AG findings every quarter.
- Consequence management should be implemented where there has been negligence or non- submission of information in a timely.

13. CONCLUSION

The Audit and Performance Committee acknowledges the cooperation and assistance of Dr. RSMDM for coordinating the activities of the Committee. The Audit and Performance Audit Committee further acknowledges the commitment to good governance as shown by the Honourable Speaker, Mayor and Council. And further express gratitude to the Municipal Manager, Senior Management, Chief Audit Executive and her staff for the support and commitment to the work of the Audit and Performance Committee.

Furthermore, the APAC would like to congratulate the Municipality for a slight reduction on audit findings as compared to the previous audit outcome.

The Audit and Performance Audit Committee remains confident that if all matters raised by the Internal Audit and Auditor-General can receive due consideration and intervention, the audit opinion will improve.

The Committee is committed to fully executing our assurance and oversight function to strengthen Corporate Governance.

SJ. Masite, CIA, CFE, CMIIA

Chairperson of the Audit and Performance Audit Committee

Date: Jan 2026

REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON LEKWA-TEEMANE LOCAL MUNICIPALITY

Report on the audit of the consolidated and separate financial statements

ADVERSE OPINION

1. I have audited the consolidated and separate financial statements of the Lekwa-Teemane Local Municipality and its subsidiary (the group) set out from page 162 to 257, which comprise the consolidated and separate statement of financial position as at 30 June 2025, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and, the consolidated and separate cash flow statement and the consolidated and separate statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the consolidated and separate financial position of the Lekwa Teemane Local Municipality and it's subsidiary as at 30 June 2025, and its consolidated and separate financial performance and consolidated and separate 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 ADVERSE OF OPINION

INVESTMENT PROPERTY

3. The municipality did not correctly account for investment properties as required by GRAP 16, *Investment properties,* as properties that did not meet the definition of investment property were incorrectly recognised as investment property. Consequently, investment property and fair value adjustment were overstated by R9 784 241 in the consolidated and separate financial statements.

PROPERTY, PLANT AND EQUIPMENT

4. I was unable to obtain sufficient appropriate audit evidence that management had appropriately accounted for capital work-in-progress - roads, pavements & storm water included in property, plant and equipment, due to the status of the accounting records. I was unable to confirm these capital work-in-progress - roads, pavements & storm water included in property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to capital work-in-progress - roads, pavements & storm water included in property, plant and equipment of R77 585 193 (2024: R88 852 244) as included in note 11 to the consolidated and separate financial statements were necessary.

PAYABLES FROM EXCHANGE TRANSACTIONS

5. I was unable to obtain sufficient appropriate audit evidence that trade payables, unallocated deposits and debtors with credit balance are correctly accounted for due to the status of accounting records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustment relating to trade payables of R400 659 827 (2024: R301 808 589) and R398 243 654 (2024: R298 755 271) as disclosed in note 13 of consolidated and separate financial statements respectively, unallocated deposits of R3 746 864 (2024: R6 249 966) and debtors with credit balance of R9 773 760 (2024: R8 716 656) as included in note 13 of the notes to the consolidated and separate financial statements was necessary.

VAT payables

6. The municipality did not have adequate systems and processes in place to correctly account for value-added tax (VAT) payables as required by GRAP 104, *Financial instruments*. Allowance for impairment loss was not taken into account when calculating the VAT payable. I was unable to determine the full extent of the misstatements was necessary to VAT payable, stated at R52 962 719 (2024: R48 526 946) and R 53 019 476 (2024: R 48 566 491) in the consolidated and separate financial statements respectively, as it was impracticable to do so.

INVENTORY CONSUMED

7. The municipality did not have adequate systems and processes in place to correctly account for inventory consumed as required by GRAP 1, *Presentation of financial statements.* The amount disclosed in note 41 do not agree with the corresponding amount reported in the statement of financial performance. In addition, I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for inventory consumed. As described in note 42 to the consolidated and separate financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the inventory consumed corresponding figure stated at R3 168 898 in the consolidated and separate financial statements.

RECEIVABLES FROM EXCHANGE TRANSACTIONS

8. The municipality did not have adequate systems and processes in place to correctly account for the allowance for impairment, as required by GRAP 26, *Impairment of Cash-Generating Assets*. The methodology applied in calculating the impairment was not in accordance with the municipality's approved accounting policy. I was therefore unable to determine the full extent of the misstatements on receivable from exchange transaction, stated at R261 674 561 in the consolidated and separate financial statements, as it was impracticable to do so.

9. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions for agency services due to the status of accounting records. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any

further adjustments to agency services included in receivables from exchange transactions stated at R 6 266 062 in note 4 to the consolidated and separate financial statements were necessary.

Receivables from non-exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for receivable from non-exchange transactions due to the status of accounting records. I was unable to confirm this receivable from non-exchange transaction by alternative means. Consequently, I was unable to determine whether any further adjustments receivable from non-exchange transaction stated at R60 598 531 (2024: R49 143 350) in note 5 to the consolidated and separate financial statements were necessary.

REVENUE FROM EXCHANGE TRANSACTIONS

11. Service charges were not recognised as required by GRAP 9, Revenue from exchange transactions. Properties were identified for which service charges were not billed, customers billed more than once in one period and rebates were applied for customers who do not qualify as indigents. I was unable to determine the full extent of the misstatements of service charges, stated at R155 290 697 in note 19 to the consolidated and separate financial statements, and related trade and other receivables from exchange transactions, stated at R261 674 561 to the consolidated and separate financial statements, as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

12. The municipality did not have adequate systems and processes in place to correctly account for service charges as required by GRAP 9, water management included in revenue from exchange transactions were calculated using incorrect consumptions. This resulted in revenue from exchange transactions being overstated by R15 119 895 and trade and other receivable from exchange understated with the same amount in the consolidated and separate financial statements. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus in the consolidated and separate financial statements

13. During 2024, the municipality did not correctly account for service charges as required by GRAP 9, *Revenue from exchange transactions*. Revenue from electricity, waste management, waste water management and water included in revenue from exchange transactions were calculated using incorrect consumptions and incorrect tariffs. This resulted in revenue from exchange transactions being understated by R44 879 810 and trade and other receivable from exchange understated with the same amount in the consolidated and separate financial statements. My audit opinion on the consolidated and separate financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year consolidated and separate financial statements is also modified because of the possible effect of this matter on the comparability of the service charges for the current period.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

14. The municipality did not have adequate systems and processes in place to correctly account for property rates as required by GRAP 23, *Revenue from non-exchange transactions*. Property rates were billed for properties that are not in the valuation roll, customers billed more than once in one period and property rates were calculated using incorrect market values in the current and previous year. This resulted in the revenue from non-exchange transactions for property rates being overstated by R9 530 878 (2024: R8 575 592) and receivable from non-exchange transactions was overstated by the same amount in the consolidated and separate financial statements. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus in the consolidated and separate financial statements

15. The municipality did not have adequate systems and processes in place to correctly account for traffic fines as required by GRAP 23, *Revenue from non-exchange transactions.* Traffic fines were not billed and recorded in the current year. I was unable to determine the full extent of the understatement of traffic fines, stated at R78 782 472 in note 31 of the consolidated and separate financial statements, and related receivables from non- exchange transactions, stated at R82 259 616 in note 5 to the consolidated and separate financial statements, as it was impracticable to do so.

Debt impairment

16. I was unable to obtain sufficient appropriate audit evidence that debt impairment was correctly accounted for due to the status of accounting records. I was unable to confirm this debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment relating to debt impairment of R164 529 440 (2024: R139 553 677) as included in note 37 to the consolidated and separate financial statements was necessary.

OPERATIONAL COSTS

17. During 2024, the municipality did not correctly classify operational cost based on the nature of the expenditure as required by GRAP 1, *Presentation of financial statements*, resulting in operational expenditure being overstated and contracted services being understated by R12 493 653. My audit opinion on the consolidated and separate financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year consolidated and separate financial statements is also modified because of the possible effect of this matter on the comparability of the goods and services for the current period.

CONTRACTED SERVICES

18. During 2024, the municipality did not have adequate systems and processes in place to correctly account for contracted services as required by GRAP 1, *Presentation of financial statements*. Repairs and maintenance not recorded. This resulted in contracted services being understated by R10 337 578. My audit opinion on consolidated and separate financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the goods and services for the current period.

COMMITMENTS

19. The municipality did not have adequate systems and processes in place to correctly account for commitments as required by GRAP 1, *Presentation of financial statements.* Some commitments were not based on the correct contractual amounts. Consequently, the current year commitments are understated by R12 734 797, while the prior year commitments were overstated by R5 551 689 in the consolidated and separate financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

20. The municipality did not correctly calculate the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in financial statements*. This is due to unexplained differences identified in the statement of comparison of budget and actual amounts presented in the consolidated and separate financial statements for the current year. I was unable to determine the full extent of the errors as it was impracticable to do so.

CASH FLOW STATEMENT

21. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required GRAP 2, Cash flow statements. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities for the current and previous years. I was unable to determine the full extent of the errors as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to net cash flows from operating activities of R686 019 (2024: R14 495 917) and R228 764 (2024: R14 422 617) as presented in the cash flow statement and disclosed in note 45 and net cash flows from investing activities of R3 767 691 (2024: R619 452) and R4 012 355 (2024: R619 452) to the consolidated and separate financial statements respectively.

PRIOR PERIOD ERROR

22. Not all prior period errors were disclosed in note 49 to the consolidated and separate financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 49 to the consolidated and separate financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the consolidated and separate financial statements.

CONTINGENCIES

23. I was unable to obtain sufficient appropriate audit evidence that contingent liabilities are correctly accounted for due to the status of accounting records. I was unable to confirm these liabilities by alternative means. Consequently, I was unable to determine whether any adjustment relating to contingent liabilities of R195 039 627 disclosed in note 47 to the consolidated and separate financial statements was necessary.

IRREGULAR EXPENDITURE

24. Section 125(2) (d) (i) of the Municipal Finance Management Act 56 of 2003 (MFMA) requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to the status of the accounting records. I was unable to confirm this irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R254 626 829 (2024: R251 485 587) and R242 187 514 (2024: R241 542 684) as disclosed in note 54 of the consolidated and separate financial statements respectively.

Unauthorised expenditure

25. Section 125(2) (d) (i) of the MFMA requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of the accounting records. I was unable to confirm this unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R387 149 778 (2024: R355 269 514) as included in note 52 was to the consolidated and separate financial statements was necessary.

FRUITLESS AND WASTEFUL EXPENDITURE

26. Section 125(2) (d) (i) of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure due to the status of the accounting records. I was unable to confirm these fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R6 599 837 (2024: R105 627) and R6 494 210 included in note 53 of the notes to the consolidated and separate financial statements respectively.

Segment information

27. The municipality did not disclose the segment information for the current year, and previous year as required by GRAP 18, *Segment reporting*. I was unable to determine the extent of the omission of segment information to the consolidated and separate financial statements as it was impracticable to do so.

Distribution losses

28. The municipality did not disclose the distribution losses for the current year and prior year as required by section 125(2)(d)(i) of the MFMA. Adequate control measures were not in place to accurately determine the extent of these losses. Consequently, I was unable to determine the extent of the omission of distribution losses in the consolidated and separate financial statements as it was impracticable to do so.

Service concession

29. The municipality did not disclose the service concession arrangement for the current year, and the previous year, as required by GRAP 32, *Service concession arrangements*. Adequate control

measures were not in place to accurately determine the extent of these losses. Consequently, I was unable to determine the extent of the omission of the service concession arrangement in the consolidated and separate financial statements as it was impracticable to do so.

Financial instruments

30. The municipality did not disclose the municipal relief debt loan as required by GRAP 104, *Financial Instruments.* This is due to the municipality not disclosing the following:

- the municipality's eligibility and participation status;
- conditions attached to the debt relief,
- the amounts approved, written off, or deferred, and
- compliance with the programme's terms and reporting requirements.

Statement of net changes in assets

31. The municipality did not correctly calculate the statement of changes in net assets in accordance with GRAP 1, *Presentation of Financial Statements.* This is due to unexplained differences identified in the statement of changes in net assets presented in the consolidated and separate financial statements. I was unable to determine the full extent of the errors as it was impracticable to do so.

CONTEXT FOR OPINION

32. 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.

33. 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.

34. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

35. I draw attention to the matter below. My opinion is not modified in respect of this matter.

36. I draw attention to note 58 to the consolidated financial statements, which indicates that at 30 June 2025, the municipality's current liabilities exceeded its current assets by R161 649 245. The municipality has disclosed a significant amount of contingent Liabilities in the 2024/2025 financial year. Should the outcome of the cases not be favourable to the municipality, this could result in significant financial losses. As stated in note 58, these events or conditions, along with the

other matters as outlined in note 58, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

OTHER MATTER

37. I draw attention to the matter below. My opinion is not modified in respect of this matter.

38. 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

39. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Division of Revenue Act 5 of 2023 (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.

40. In preparing the consolidated and separate 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

41. 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.

42. A further description of my responsibilities for the audit of the consolidated and separate 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

43. 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 material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

44. I selected the following material performance indicators related to key performance area 1: service delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected those indicators that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

45. KPI 1 - Number of households with access to basic water supply

- KPI 2 - Number of households with access to basic sanitation supply
- KPI 3 - Number of households with access to basic electricity supply
- KPI 4 - Number of households with basic solid waste collection
- KPI 5 - Number of illegal dumping sites cleared
- KPI 6 – Number of landfill sites maintained
- KPI 13 - Number of high mast luminaries to be repaired/maintained in (Bloemhof and Christiana)
- KPI 14 - KM of municipal roads maintained
- KPI 15 – KMs of Stormwater drainage maintained
- KPI 16- KMs of municipal roads maintained
- KPI 18- Number of substations upgraded
- KPI 19 – Number of households electrified
- KPI 20 – Number of infills electrified
- KPI 21 - Number of streetlights retrofitted for energy efficiency

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

47. 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 on measures taken to improve performance.

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

49. The material findings on the reported performance information for the selected material performance indicators are as follows:

Various indicators

50. I could not determine if the reported achievements were correct, adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Number of households with access to basic water supply	14707	14712
Number of households with access to basic sanitation supply	14031	14048
Number of households with access to basic electricity supply	4524	4518
Number of households with basic solid waste collection	18524	16584

Various indicators

51. Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement	Actual achievement
KMs of municipal roads maintained	5km	20.87km	12.5km
Number of illegal dumping sites cleared	30	30	14

Various indicators

52. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Number of high mast luminaries to be repaired/maintained in (Bloemhof and Christiana)	75	25
Number of streetlights retrofitted for energy efficiency	598	537

OTHER MATTERS

53. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

54. 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.

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

KEY PERFORMANCE AREA 1: SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Targets achieved: 58%

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households with access to basic electricity supply	4524 households with access to basic electricity supply by end June 2025	4518 households with access to basic electricity
Number of households with basic solid waste collection	18524 households to receive weekly solid waste collection by June 2025	16584 households received weekly solid waste collection
Number of high mast luminaries to be repaired/maintained in (Bloemhof and Christiana)	71 high mast luminaries to be repaired/maintained in (Bloemhof and Christiana) by the end of June 2025	25 high masts laminated repaired/maintained in Bloemhof and Christiana
KMs of stormwater drainage maintained	10 km of stormwater drainage maintained by the end of June 2025	0.1 km of stormwater drainage maintained
Number of substations upgraded	1 substation upgraded by end of June 2025	0 substation upgraded
Number of households electrified	98 households electrified by end June 2025	95 households electrified
Number of streetlights retrofitted for energy efficiency	598 streetlights retrofitted for energy efficiency by end of June 2025	537 streetlights retrofitted for energy efficiency

MATERIAL MISSTATEMENTS

56. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for key performance area 1: 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

57. 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.

58. 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.

59. 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 understandably. The selected legislative requirements are included in the annexure to this auditor's report.

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

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

61. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving an adverse audit opinion.

Strategic planning & performance management

62. The performance management system and related controls were inadequate as the performance management system was not always adhered to and properly managed as required by municipal planning and performance management regulation 7(1).

63. Annual performance objectives and indicators were not established for Lekwa-Teemane Development Agency and included in its multi-year business plan, as required by section 93B (a) of the MSA.

64. The performance of Lekwa-Teemane Development Agency was not monitored and reviewed as part of the annual budget process, as required by section 93B (b) of the MSA.

Expenditure management

65. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.

66. An adequate management, accounting and information system was not in place, as expenditure is not recorded when incurred, as required by section 65(2) (b) of the MFMA.

67. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The full extent of the irregular expenditure could not be quantified, as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with the normal procurement process.

68. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified, as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payment to suppliers.

69. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1) (d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on the approved budget.

Revenue management

70. An adequate management, accounting and information system, which accounts for revenue, was not in place, as required by section 64(2) (e) of the MFMA.

71. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

72. Revenue due to the municipality was not calculated every month, as required by section 64(2)(b) of the MFMA.

73. Accounts for municipal charges were not billed for 12 months, as required by section 64(2)(c) of the MFMA and estimates were not performed, as billings could not be performed.

Consequence management

74. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

Procurement and contract management

75. The performance of some of the contractors or providers was not monitored every month, as required by section 116(2)(b) of the MFMA.

76. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c) (ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Human resource management

77. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

Conditional grant

78. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 24 of 2024).

Oversight

79. 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.

OTHER INFORMATION IN THE ANNUAL REPORT

80. The accounting officer is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

81. My opinion on the consolidated and separate 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.

82. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

83. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

84. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

85. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

86. Leadership failed to adequately monitor the implementation of action plans, and the continued lack of consequence management for poor performance resulted in repeat findings that could have been prevented. Oversight was not effectively exercised, as decisive actions to address risks relating to complete and accurate financial and performance reporting, as well as the related internal controls, were not taken.

87. Management did not adequately monitor and review financial and performance reporting, compliance with laws and regulations, and the effectiveness of internal controls. Despite the use of consultants to compile the financial statements, the submitted statements were of poor quality and contained numerous errors that could have been prevented had proper review processes been implemented.

88. The audit committee and internal audit unit were functional during the year under review. However, these structures had limited impact on financial and performance reporting, compliance with laws and regulations, and the overall internal control environment. The municipality did not adequately address the deficiencies identified by the internal audit and audit committee, nor did it implement their recommendations.

89. The Municipal Public Accounts Committee (MPAC) did not fulfil its oversight responsibilities. The committee did not conduct the required investigations into unauthorised, irregular, fruitless, and wasteful expenditure, resulting in inadequate accountability and weakened governance processes within the municipality.

MATERIAL IRREGULARITIES

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

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

Full and proper records not kept – 2019-20 – receivables and consumer debtors

91. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of receivables and consumer debtors as required by section 62(1) (b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

92. The lack of full and proper records is likely to result in substantial harm to the municipality, as it contributed to the material uncertainty regarding its ability to continue operations as disclosed in note 46 to the 2019-20 financial statements. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

93. The accounting officer was notified of the material irregularity on 11 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.

94. The accounting officer could not provide sufficient and appropriate actions taken or planned actions to be taken in response to being notified of the suspected material irregularity. I had recommended that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 30 April 2022.

95. The non-compliance with section 62(1) (b) of the MFMA should be investigated to determine the reasons and circumstance that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.

96. Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1) (b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:

- Billing information and reconciliations to support revenue from service charges;
- Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality;
- Creditors reconciliations of amounts due by the municipality to third parties; and
- Detailed records of water and electricity purchases and sales to quantify the extent and reason for distribution losses.

97. I had further recommended that the accounting officer should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 31 July 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum strategy to:

- Implement the debt collection policy and increase the collection of revenue;
- Efficiently manage the available resources of the municipality; and
- Fund routine maintenance as well as urgent repairs of infrastructure assets.

98. The above timeframes for the implementation of the recommendations were running concurrently.

99. I considered the written response and substantiating documentation provided on 6 May 2022, 10 June 2022 and 29 July 2022 respectively on the implementation of the recommendations, and concluded that the recommendations were not adequately implemented at the stipulated time and appropriate actions were not taken to address the material irregularity.

100. On 7 August 2023, I notified the accounting officer of the following remedial actions to address the MI, which should be implemented within six months from the date of the notification with a progress report after three months:

101. I further recommended that the accounting officer take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the auditee, as required by section 135(1) and 135(3)(a) of the MFMA. The plan must have described the anticipated timeframe and milestones to be achieved and include as a minimum strategy to:

- Implement the debt collection policy and increase the collection of revenue;
- Efficiently manage the available resources of the municipality; and
- Fund routine maintenance as well as urgent repairs of infrastructure assets.

102. The AO provided a progress report on 15 February 2024, three (3) months late, and the report was not supported by any substantiating documentation. On 19 February 2024, I provided the municipality with feedback on the progress report, outlining the shortcomings identified in the progress report and aspects that must be addressed in the final response, which was due in March 2024. The AO submitted a final response on 28 March 2024, supported by limited substantiating evidence. I assessed the submissions and concluded that the AO has not adequately implemented or made satisfactory progress with the implementation of the remedial action. In addition, the response by the AO did not address the remedial action on financial viability, as the AO failed to develop and commence with an action plan to address the financial problems of the municipality. Although the response by the AO was supported by substantiating documentation, it was inadequate to support all actions taken or in process.

103. I invoked section 11(2) of the Material Irregularity Regulations (the MI regulations), requesting intervention from relevant role players in the Accountability Eco System (AES). This action was taken to address the ongoing issues and ensure corrective measures were implemented.

104. On 12 June 2024, I invoked section 11(2) of the Material Irregularity Regulations (the MI regulations), requesting intervention from relevant role players in the Accountability Ecosystem (AES). This action was taken to address the ongoing issues and ensure corrective measures were implemented to resolve the material irregularity. The role players were requested to submit a progress report on the interventions implemented to the Office of the Premier by 30 September 2024 and the Office of the Premier had to submit a report to me on all the interventions implemented by relevant role players by 31 October 2024.

105. Delays were noted in the progress report being provide and I engaged the Office of the Premier in April 2025 on the outstanding progress report.

106. A progress report on the actions being taken by the relevant role players were submitted by the Office of the Premier on 14 May 2025. Shortcomings were noted in the actions being taken as part of the intervention, which were duly communicated to the Office of the Premier on 23 June 2025,

whereafter an extension was requested until 26 September 2025 to submit a revised progress report.

107. On 6 October 2025, the Office of the Premier submitted a revised progress report. The progress report was assessed, and further shortcomings were noted and duly communicated with the Office of the Premier on 20 October 2025.

108. The progress with the actions taken by the accounting officer and the interventions implemented by the relevant role players to address the material irregularity is under assessment, which will inform my determination on the further appropriate action to take.

OTHER REPORTS

109. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

110. The Directorate for Priority Crime Investigation (the Hawks) conducted an investigation into the 2014-15 allegations of fraud and corruption relating to the construction of Utlwanang community library and the investigation and the report was handed over to the Director of Public Prosecution for final decision on prosecution. The final decision was still outstanding at the reporting date.

111. The Directorate for Priority Crime Investigation is currently investigating allegations of irregular sale and disposal of municipal immovable property during 2019-20. The investigation was still ongoing at date of this report.

112. The South African Police Service is currently investigating an allegations of fraud and corruption relating to monies collected at the traffic department of the municipality during 2020/21. The investigation is still ongoing at date of this report.

Auditor-General

Rustenburg

11 December 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit[i]
- The selected legislative requirements for compliance testing

AUDITOR GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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

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

related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for the purposes of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

LEKWA-TEENAME DEVELOPMENT AGENCY

2024/25

ANNUAL REPORT

1. PROFILE OF LEKWA-TEEMANE LOCAL MUNICIPALITY

Lekwa-Teemane Local Municipality is situated in the Dr Ruth Segomotsi Mompati District Municipality in the South Eastern Region of the North West Province. The municipal area comprises of two major towns of: Christiana and Bloemhof, with Christiana as the municipal head office. The total geographical area of the municipality is 3,681.2560 square kilometres and borders the Vaal River on the eastern side.

The municipality has an estimated population of 53 248 persons and 14 930 house-holds. The unemployment rate is estimated to be over 34% and the poverty rate is estimated to be over 70%. The agricultural sector is the largest employer, employing over 24%.

Source: Statistics South Africa- Census 2011.

2.

PROGRAMME MANAGER'S OVERVIEW

As the Acting Programme Manager of the Lekwa-Teemane Local Development Agency (LTLDA), I am honoured to present a comprehensive overview of our performance for the financial year ended 30 June 2025. Established under Section 86 of the Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003), the LTLDA catalyzes sustainable economic development in Lekwa-Teemane Local Municipality, driving initiatives that align with the Integrated Development Plan (IDP). Our performance is evaluated across four strategic pillars: sound governance, institutional development and transformation, financial viability and local economic development. These pillars, detailed below, reflect our commitment to fostering inclusive growth, job creation and poverty alleviation in Christiana and Bloemhof, positioning Lekwa-Teemane as a beacon of opportunity in the North West Province.

Sound Governance

Effective 1 June 2025, the LTLDA appointed a distinguished board of directors, marking a pivotal milestone in strengthening our governance framework. Comprising four accomplished professionals, the board is poised to hold its inaugural meeting in the first quarter of 2026. This board's strategic oversight will unlock access to external grant funding from government and private institutions, amplifying our capacity to create jobs and drive transformative projects. By ensuring compliance with the Companies Act, 2008 (Act 71 of 2008), the board will steer catalytic initiatives, such as infrastructure development, to align with Lekwa-Teemane's vision for sustainable economic prosperity.

Institutional Development and Transformation

The LTLDA operates with a streamlined staff complement of two dedicated professionals in acting capacities, constrained by five vacant positions due to limited revenue streams. These vacancies, critical for project monitoring and management, will be filled once self-sustaining initiatives generate sufficient income. The absence of a functional board for most of the 2024/2025 financial year delayed key institutional processes, including policy updates, performance agreement formalization and website revitalization, all requiring board approval. With the new board's appointment, we are strategically positioned to address these gaps, bolster institutional capacity and empower our workforce to drive transformative economic outcomes. My completion of the Municipal Finance Management Programme (MFMP), as mandated by the National Treasury, further equips the LTLDA to uphold financial governance standards.

Financial Viability

The LTLDA faces significant financial challenges, with insolvency rendering our current assets insufficient to meet obligations or sustain operations, as outlined in the Annual Financial Statements submitted to the Auditor-General in August 2024. A notable debt owed to the Auditor-General, accrued from prior audit fees, underscores our financial constraints. However, our successful clearance of all SARS obligations for the 2025 tax year reflects a commitment to fiscal discipline, compliant with the Tax Administration Act, 2011. The entity will derive facilitation fees when the catalytic projects are implemented. This strategic intervention, aligned with the IDP, will reduce reliance on municipal grants, address the Auditor-General debt and pave the way for long-term financial stability.

Local Economic Development
The LTLDA activated three high-impact projects in the 2024/2025 financial year, each designed to stimulate economic growth and job creation.

- **Christiana Transit Node Project**: Approved by Council in June 2022, this project is advancing with an investor conducting preliminary studies. Phase 1 will deliver a Truckstop Development, followed by Phase 2, the Christiana Mall Development, enhancing logistics and economic activity in Christiana.
- **Bloemhof Mall Project**: Initiated in August 2023, this investor-driven initiative involves a consultant appointed on risk to secure funding for a modern retail mall. Studies are underway, with construction expected to commence in mid-2026, creating jobs and boosting local commerce.
- **Brickmaking Project**: Launched on 20 February 2024 by the Honourable Mayor, Councillor Sebang Motlhabi, in Bloemhof, this initiative engaged 40 young people to manufacture 60mm paving bricks for retail and 80mm bricks for local and external contractors. This project strengthens infrastructure development and supports SMME growth, aligning with national economic priorities. The Project was active in both Bloemhof and Christiana for the course of the financial year.
- **Agricultural College Project**: Initiated in November 2024, this is an investor-driven project that is meant to bring an Agricultural Training Hub into Lekwa Teemane with various programs. The investors commenced with the subdivision of the land through Town planners to suit the requirements for the varied programs.

Conclusion
The LTLDA stands at a transformative juncture, with the newly appointed board poised to unlock funding and accelerate project implementation in the 2025/26 financial year. We remain optimistic that continued Council support, including the allocation of land for catalytic projects, will drive economic development, create sustainable jobs and alleviate poverty in Lekwa-Teemane. I extend my heartfelt gratitude to the community for their steadfast support, the parent municipality for its invaluable in-kind and financial contributions and our stakeholders for their shared vision. Together, we are building a vibrant, inclusive economy that positions Lekwa-Teemane as a model of excellence in local development.

Prepared by: Marian Chitima
Acting Programme Manager
Lekwa-Teemane Local Development Agency

3. GOVERNANCE

The Board of Directors of the LTLDA should subscribe to the letter and spirit of good corporate governance expressed in King Code IV and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (as amended). The Board should recognise the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance continuously to ensure that the entity is managed ethically and within prudently determined risk parameters.

4. POLITICAL AND ADMINISTRATIVE GOVERNANCE

The LTLDA receives its mandate from the LTLM through the office of the Municipal Manager. The LTLM is represented on the board by the Chairperson of the LED Portfolio committee, who exercises political oversight. The LTLDA relies on support from the LED Portfolio Committee as contained in the Service Level Agreement. The Finance and Administration Officers are responsible for providing corporate governance, financial sustainability and compliance support.

4.1. POLITICAL GOVERNANCE

LTLDA interacts with the LED Portfolio Committee for the oversight of its activities and functions. In respect of strategic and operational matters, the LTLDA management should be accountable to the Board of Directors, which stands in a fiduciary relationship with the municipality.

The Board of Directors is directly accountable to the council, which is the 100 percent shareholder.

4.2. ADMINISTRATIVE GOVERNANCE

The Lekwa-Teemane Local Development Agency is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large;
- Carrying on business through fair commercial and competitive practices;
- Eliminating discrimination and enabling employees to realise their potential through continuous training and development of their skills;
- Being responsible towards the environment and social issues and
- Ensuring that each of its directors declares any direct or indirect personal or business interest that might adversely affect such director in the proper performance of their stewardship of the entity.

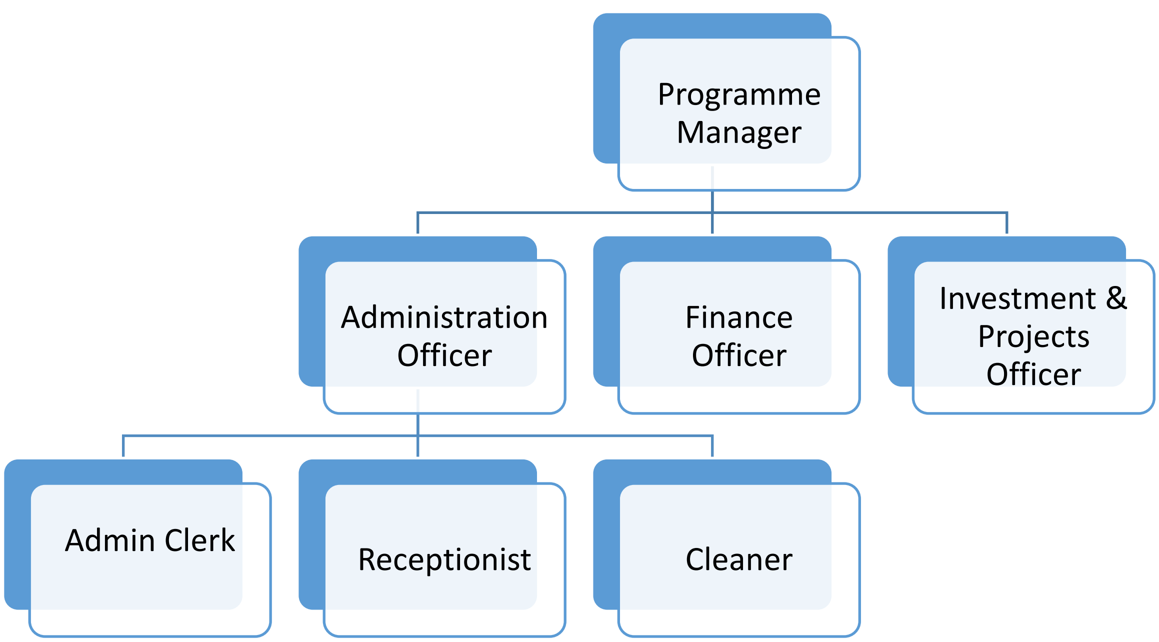
5. DIRECTORS AND EMPLOYEE DECLARATIONS OF INTEREST

In accordance with its Code of Conduct, which is consistent with Schedule1 of the Municipal Systems Act and the provisions of the Policy on Declarations of Interest of Directors of LTLDA. The Entity maintains a register of Directors' Declarations. LTLDA ensures that a declaration register is also circulated at every Board and Board Committee meeting for the Directors to declare any interests in relation to every matter that is to be discussed at a particular meeting. In terms of the LTLDA's Employee Code of Ethics and Terms and Conditions of Employment, all LTLDA employees are required to fill in declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the LTLDA, gifts and hospitality and the status of their municipal accounts.

The Board of Directors of the LTLDA subscribes to the letter and spirit of good corporate governance expressed in King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (as amended). The Board recognises the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance continuously to ensure that the entity is managed ethically and within prudently determined risk parameters.

Organogram

The LTLDA staff organogram as at 30 June 2025 is reflected in the following diagram:



6. ECONOMIC EMPOWERMENT, HR DEVELOPMENT, WELLNESS AND HEALTH AND SAFETY

This KPA is measured in five areas:

- Employment Equity.
- Staff Turnover.
- HIV/AIDS Policy Compliance.
- Occupational Health & Safety Compliance.
- Expenditure on training and development of staff.

6.1. EMPLOYMENT EQUITY

The employment equity of LTLDA looks as follows:

- Black staff percentage – 100% of the total staff complement is black.
- Female staff – 100% of the total staff is female.
- Black females in management positions – 100% of the total number of employees in management. At present, 100% of the staff is black, 100% are females, and 100% of the senior management team is made up of black women.

6.2. STAFF TURNOVER

Staff Movement

STAFF MOVEMENT	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
Appointments									0
Resignations	1								1
Dismissals									0
Retirements									0
Absenteeism									0
Termination/Other									0

6.3. HIV/AIDS POLICY COMPLIANCE

The Lekwa-Teemane Local Development Agency has developed a draft staff wellness policy, which needs to be approved by the Board of Directors. During the year under review, no HIV/AIDS counselling sessions were conducted.

6.4. OCCUPATIONAL HEALTH & SAFETY COMPLIANCE

One Health & Health Compliance inspections were conducted by the Department of Labour. The Development Agency is making use of a portion of the municipal building. Compliance certificates were issued to the Parent Municipality. Occupational health & safety legislation is posted on the notice board.

6.5. EXPENDITURE ON TRAINING AND DEVELOPMENT OF STAFF

1 staff member attended training for municipal finance management for the year ended June 2025.

7. INTRODUCTION TO THE PERSONNEL

Employee total, Turnover and Vacancies

Description	2025	2024		
	Employees No.	Approved Post No.	Employees no.	Vacancies no.
Top Management	1	1	1	0
Middle management	0	3	0	3
Clerk	0	1	0	1
Administration/Receptionist	1	1	1	0
Totals	**2**	**6**	**2**	**4**

Turn-Over Rate

Details	Total appointments as of beginning of financial year no.	Terminations/Resignations during financial year No.
2024/2025	0	1

No policies were reviewed for this financial year (2024/2025). All policies that were utilised were adopted from the municipality.

8. EMPLOYMENT EQUITY

The following principles continue to guide our employment equity initiatives:

The LTLDA has adopted the Employment Equity Plan of the Parent Municipality.

- The LTLDA undertakes an annual review of its EE process and general employment practices.
- The Employment Equity Statistics are sourced to review progress and provide direction regarding progress in the implementation of the employment equity plan.
- To ensure focus, the Board's Human Resources Committee also provides regular input to the strategies and initiatives regarding EE and its implementation in the organisation

Employment Equity Demographics Status for 2024/2025

Staff Movement

STAFF MOVEMENT	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
Appointments									0
Resignations	1								1
Dismissals									0
Retirements									0
Absenteeism									0
Termination/Other									0
TOTAL	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**

Employment Equity Status-Demographics

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
Top Management	0	1	0	0	0	0	0	0	**1**
Middle management	0	1	0	0	0	0	0	0	**1**
Clerk	0	0	0	0	0	0	0	0	**0**
Housekeepers	0	0	0	0	0	0	0	0	**0**
TOTAL	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**2**

9. GENDER EQUITY

LEVELS	BLACK		WHITE		TOTALS
	Male	Female	Male	Female	
Top Management	0	1	0	0	1
Middle management	0	1	0	0	1
Clerk	0	0	0	0	0

Administration	0	0	0	0	0
TOTAL	**0**	**2**	**0**	**0**	**2**

LEVELS	POSITIONS
Top Management	CEO/Program Manager
Middle management	Finance Officer, Project Officer/Admin Officer
Clerk	Admin Clerk
Administration	Cleaner/Receptionist

The LTLDA currently has 100% Black staff, which exceeds the target of 80% provided in the Employment Equity Plan. The LTLDA currently has 100% female staff against the target of 50%.

The LTLDA currently has 100% Black females in management positions against a target of 50%.

10. LOCAL ECONOMIC DEVELOPMENT

IDP development objectives	Corporate objectives	Baseline	Key performance indicator	Output indicator	Budget	Annual target	Annual Action Target	Reasons for Deviation	POSSIBLE SOLUTIONS	EVIDENCE
Institutional Development and Transformation	Operate a well Administered Agency	4 HR policies adopted	4 HR policies adopted by the end of June 2025	4HR Policies adopted	n/a	4 HR policies adopted by the end of June 2025	Not achieved	The entity is still waiting for the appointment of the board by the council.	Pursue the municipality for the appointment of the board	Council resolution 30 May 2025
Institutional Development and Transformation	Operate a well Administered Agency	2 Performance Contracts signed	2 staff signed performance agreements by the end June 2024	Signed performance contracts	n/a	2 staff signed performance agreements by the end of July 2024	Not achieved	No board of directors and the entity is short- staffed	Appointment of the board and staff	None
Institutional Development and Transformation	Operate a well Administered Agency	3 staff members trained	3 staff members trained by June 2025	Number of staff trained	Opex	3 staff members trained by June 2025	Not achieved	No projects for revenue generation	Implementation of projects for sustainability	Training Schedule
Institutional Development and Transformation	Operate a well Administered Agency	Website not updated	4 updates on website by June 2025	Website updated	Opex	Website updated 4 times by June 2025	Not achieved	No board of directors	Awaiting the appointment of the board of directors	No website active
Sound Governance	Relevant policy implementation and monitoring	Progress Report for previous Audit in place	4 progress reports on audit action plan submitted to council by June 2025	4 Progress reports submitted	n/a	4 progress reports on audit action plan submitted to council June 2025	Not achieved	No board of directors	Appointment of board of directors	Council resolution 30 May 2025
Sound Governance	Relevant policy implementation and monitoring	No progress reports on the resolution register	4 progress reports on the implementation of resolutions submitted to the council	Quarterly progress implementation of resolutions taken	n/a	4 progress reports on the implementation of resolutions submitted to the council	Not achieved	No resolutions due to the absence of the board	Appointment of Board	Council resolution 30 May 2025

IDP development objectives	**Corporate objectives**	**Baseline**	**Key performance indicator**	**Output indicator**	**Budget**	**Annual target**	**Annual Action Target**	**Reasons for Deviation**	**POSSIBLE SOLUTIONS**	**EVIDENCE**
			by June 2025			by June 2025				
Sound Governance	Relevant policy implementation and monitoring	1 performance report	4 performance reports submitted to the Board by June 2025	Reports submitted quarterly	n/a	4 performance reports submitted to the Board by June 2025	Not achieved	No reports submitted due to the absence of the board	Appointment of the board by the council	Council resolution 30 May 2025
Sound Governance	Relevant policy implementation and monitoring	Board committees established	4 board and 4 audit committee meetings conducted by June 2025	4 meetings were conducted for each committee	Opex	8 meetings conducted by June 2025	Not achieved	No meetings were conducted due to the absence of the board	Appointment of the board by the council	Council resolution 30 May 2025
Sound Governance	Relevant policy implementation and monitoring	Mid-year report submitted	Submit a mid-year budget and performance assessment report to the council by January 2025	1 assessment report		Submit a mid-year budget and performance assessment report to the council by January 2025	Achieved	N/A	1 report submitted	Mid-year report

IDP development objectives	Corporate objectives	Baseline	Key performance indicator	Output indicator	Budget	Annual target	Annual Action Target	Reasons for Deviation	POSSIBLE SOLUTIONS	EVIDENCE
Sound Governance	Relevant policy implementation and monitoring	2023/24 Annual Financial Statements submitted	Submit the AFS for approval to the council by 20 August 2024	AFS submitted timeously	opex	Submit the AFS for approval to the council by 20 August 2024	Achieved	n/a	n/a	Audited AFS 2023/24
Sound Governance	Relevant policy implementation and monitoring	2023/24 Annual Performance Report submitted	Compile a Draft Annual report by 20 August 2024	Draft report submitted together with AFS	opex	Compile a draft Annual report by 20 August 2024	Achieved	n/a	n/a	Annual report 2023/2024
Financial Viability	An effective and efficient financial management system and budget implementation		2025/26 final budget approved by 31 May 2025 and adoption of financial policies	Approved Budget	opex	2025/26 budget approved by the board 31 May 2025	Not Achieved	No board of directors.	Appointment of a board of directors.	2025/26 unapproved budget.
Financial Viability	An effective and efficient financial		12 financial reports submitted to the council by the end	12 financial reports submitted and Circular 71 reports		12 financial reports submitted to the council by the end	Achieved	None	n/a	Financial reports

IDP development objectives	Corporate objectives	Baseline	Key performance indicator	Output indicator	Budget	Annual target	Annual Action Target	Reasons for Deviation	POSSIBLE SOLUTIONS	EVIDENCE
	management system and budget implementation		of June 2025			of June 2025				
Financial Viability	An effective and efficient financial management system and budget implementation		Integrated financial management plan adopted by the end of June 2025	1 integrated financial plan		Integrated financial management plan adopted by the end of June 2025	Not achieved.	No board of directors.	Appointment of the board	Previous board contracts.
Financial Viability	An effective and efficient financial management system and budget implementation	Supplier database	Advertise for supplier database information by the end of June 2024	Updated supplier database	opex	Constant supplier database information by the end of June 2024	Not achieved	No projects	Appointment of the board	N/A

IDP development objectives	Corporate objectives	Baseline	Key performance indicator	Output indicator	Budget	Annual target	Annual Action Target	Reasons for Deviation	POSSIBLE SOLUTIONS	EVIDENCE
Financial Viability	An effective and efficient financial management system and budget implementation	SCM Policy	Reports on the implementation of the SCM policy MFMA section (63)	4 Report on the implementation of the SCM policy	opex	Submit the report to the council on SCM policy implementation by 30 June 2025	Not Achieved	N/A	N/A	Financial report
Local Economic Development	Project identification and implementation	Economic Development of Lekwa-Teemane	4 reports on the implementation of projects submitted to the council by June 2025	Project implementation reports submitted		4 reports on the implementation of projects submitted to the council by June 2025	Achieved	N/A	Appointment of the board	Previous board contracts
Local Economic Development	Project identification and implementation	Economic Development of Lekwa-Teemane	2 investment seminars will be conducted by June 2025	Investor attraction to Lekwa - Teemane		2 investment seminars will be conducted by June 2025.	Not Achieved	No board of directors	Appointment of the board by the council	Previous board contracts
Local Economic Development	Project identification and implementation	Brickmaking Project	Continuation of Brickmaking Project in Bloemhof	Profitable Brickmaking Project	opex	Operational Brickmaking Project by June 2025	Achieved	N/A	N/A	Project reports

IDP development objectives	Corporate objectives	Baseline	Key performance indicator	Output indicator	Budget	Annual target	Annual Action Target	Reasons for Deviation	POSSIBLE SOLUTIONS	EVIDENCE
Local Economic Development	Project identification and implementation	Poultry /Farm Project in Christiana	Continuation of Poultry & Farm Project in Christiana	Profitable Poultry & Farming Project	opex	Operational Poultry Farm Project by June 2025	Not achieved	Study requires review	Appointment of the board	Council resolution 30 May 2025
Local Economic Development	Project identification and implementation	Bloemhof Mall	Implementation of Bloemhof Mall Project	Bloemhof Mall Implementation	opex	Bloemhof Mall Project Implementation by 30 June 2025	Achieved	Project in planning phase	N/A	Timelines provided by the investor.
Local Economic Development	Project identification and implementation	Packaging Project	Implementation of Packaging Project	Operational Packaging Project	opex	Implementation of Potato Packaging project in Lekwa Teemane by 30 June 2025	Not Achieved	Study requires review	Appointment of board	Council resolution 30 May 2025
Local Economic Development	Project identification and implementation	Skills Training Centre	Implemented STC in Lekwa-Teemane	Operational Skills Training Centre	opex	Set up of a STC in Lekwa – Teemane by 30 June 2025	Not achieved	No board of directors	Appointment of board	Council resolution 30 May 2025

11. RISK MANAGEMENT

The LTLDA's board monitors risk through the Audit, Finance and Risk Committee. The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects, such as the risk financing, risk returns and risk profiles. Further and primarily, the Committee bears accountability for ensuring that there is an effective risk management process and system within the organisation. This approach does not relieve the LTLDA Board of its accountability and responsibility in ensuring that an adequate and effective risk management system and process is in place, as the Board is expected to exercise the duty of care, skill and diligence in identifying, assessing and monitoring risks as presented by the Development and Risk Committee. It recommends to the Board risk strategies and policies that need to be set, implemented and monitored.

The LTLDA's risk management strategy is guided by the principles of the enterprise-wide risk management system in terms of which all identified risk areas are managed systematically and continuously at the departmental level. The LTLDA has a risk register in place, which is treated as a working risk management document, of which the identified risks are constantly recorded and properly managed. The LTLDA's management monitors and evaluates the implementation and efficiency of management's controls and such actions are identified as actions to improve current controls in the risk register.

12. SYSTEM AND INSTITUTIONAL EFFICIENCY

This KPA is measured in the following area:

- Clean Audits
- Operating Budget Management
- SCM compliance
- GRAP Compliance

13. AUDITS

During the 2024/25 financial year, the entity obtained a disclaimer outcome.

14. LEKWA TEEMANE LM ANNUAL FINANCIAL STATEMENTS

Lekwa Teemane Local Municipality
(Registration number NW396)
Consolidated Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998)
	Division of Revenue Act (Act 1 of 2007)
	Local Government: Municipal Finance Management Act (Act no.56 of 2003)
Mayoral committee	
Mayor	Councillor - S.M Motlhabi
	Councillor M.M Pilane (Speaker)
	Councillor J.M Dabampe - Portfolio Committe Chairperson - Finance, Corporate Services and Good Governance
	Councillor L. D. Legabe - Portfolio Committee Chairperson - Community Services and Local Development and Infrastructure and Town Planning.
	Councillor T.H Setsetse: Municipal Public Accounts Committee
Councillors	Councillor M.E Mongalane
	Councillor E.G Letebele
	Councillor M.A Seneke
	Councillor A. Nel
	Councillor K.L Duiker
	Councillor T. Gerber
	Councillor M.S Hossain (Whip)
	Councillor W. Adams
	Councillor T. Komane
Grading of local authority	Grade 3
Accounting Officer	Kgatlha ZK
Registered office	Cnr Robyn & Dirkie Uys Street Christiana 2680
Business address	Cnr Robyn & Dirkie Uys Street Christiana 2680
Postal address	P. O. Box 13 Christiana 2680
Bankers	First National Bank Nedbank
Auditors	Auditor General Registered Auditors

General Information

Legal representative	Lizel Venter Attorneys Jafta Incorporated De Swartdt Vegel Kgomo Attorneys Kuaho Attorneys Sibeko Incorporated Adv Toka Machabaphala Ngwane Attorneys Rangwako Attorneys De Swart Myambo Hlahla Attorneys Z. Sikunyana Attorneys A.F Van Wyk Attorneys

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

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

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

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors. I would like to bring to your attention the following material matters to your attention: I certify that the salaries, allowances and benefits of councillors as disclosed in note 33 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government’s determination in accordance with the Act.

The external auditors, being the Auditor-General of South Africa, are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements have been examined by the economic entity's external auditors.

The consolidated annual financial statements set out on pages 5 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2025 and were signed by:

Kgatlha ZK
Accounting Officer

Statement of Financial Position as at 30 June 2025

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2025	2024	2025	2024
Assets					
Current Assets					
Inventories	3	613 365	835 466	613 365	835 466
Sanlam Limited listed shares	12	69 880	63 749	69 880	63 749
Receivables from exchange transactions	4&6	261 674 561	172 306 318	261 674 561	172 306 318
Receivables from non-exchange transactions	5&6	60 598 531	49 143 350	60 598 531	49 143 350
Long-term debtors		(122 602)	63 606	(122 602)	63 606
Cash and cash equivalents	7	9 610 081	5 693 908	9 583 853	5 505 004
		332 443 816	**228 106 397**	**332 417 588**	**227 917 493**
Non-Current Assets					
Investment property	9	528 909 521	493 824 400	528 909 521	493 824 400
Property, plant and equipment	11	351 692 130	345 654 886	351 679 113	345 641 869
Intangible assets	10	93 036	290 836	92 215	290 015
Heritage assets	8	170 000	170 000	170 000	170 000
Investments in controlled entities	61	-	-	20 100	20 100
Long-term debtors		705 284	598 898	705 284	598 898
		881 569 971	**840 539 020**	**881 576 233**	**840 545 282**
Total Assets		**1 214 013 787**	**1 068 645 417**	**1 213 993 821**	**1 068 462 775**
Liabilities					
Current Liabilities					
Finance lease obligation		638 761	2 347 500	638 761	2 347 500
Payables from exchange transactions	13	429 976 211	330 959 013	427 560 474	327 906 131
VAT payable	14	52 962 719	48 526 946	53 019 476	48 566 491
Consumer deposits	15	1 851 006	1 814 521	1 851 006	1 814 521
Employee benefit obligation	16	2 010 000	1 142 000	2 010 000	1 142 000
Unspent conditional grants and receipts	17	4 225 148	180	4 225 148	180
Provisions	18	2 429 216	2 124 445	2 429 216	2 124 445
		494 093 061	**386 914 605**	**491 734 081**	**383 901 268**
Non-Current Liabilities					
Other financial liabilities	62	14 014 575	12 357 893	14 014 575	12 357 893
Finance lease obligation		-	638 761	-	638 761
Employee benefit obligation	16	27 180 000	23 715 000	27 180 000	23 715 000
Provisions	18	16 764 077	16 377 270	16 764 077	16 377 270
		57 958 652	**53 088 924**	**57 958 652**	**53 088 924**
Total Liabilities		**552 051 713**	**440 003 529**	**549 692 733**	**436 990 192**
Net Assets		**661 962 074**	**628 641 888**	**664 301 088**	**631 472 583**
Accumulated surplus		661 415 858	628 641 888	663 754 874	631 472 583
Total Net Assets		**661 415 858**	**628 641 888**	**663 754 874**	**631 472 583**

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2025	2024	2025	2024
Revenue					
Revenue from exchange transactions					
Sale of Goods and Rendering of Services	20	1 021 311	921 500	1 021 311	921 500
Service charges - Electricity	19	105 403 227	96 273 831	105 403 227	96 273 831
Services charges - Waste Management	19	14 897 922	14 256 779	14 897 922	14 256 831
Services charges -Waste Water Management	19	18 210 852	17 451 355	18 210 852	17 451 355
Services charges - Water	19	16 778 696	21 810 471	16 778 696	21 810 471
Rental of facilities and equipment	21	278 452	297 143	278 452	297 143
Interest earned from receivables	25	67 197 960	61 322 487	67 197 960	61 322 487
Agency services	22	2 542 348	2 431 601	2 542 348	2 431 601
Licences and permits	23	427 601	575 489	427 601	575 489
Operational revenue		13 575	1 160 804	13 575	1 160 804
Interests on investments	24	609 691	859 995	590 648	783 995
Total revenue from exchange transactions		**227 381 635**	**217 361 455**	**227 362 592**	**217 285 507**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	35 319 683	40 163 301	35 319 683	40 163 301
Property rates - penalties imposed	29	25 493 431	24 295 752	25 493 431	24 295 752
Transfer revenue					
Government grants & subsidies	30	110 951 757	121 520 385	110 951 757	121 520 385
Fines, Penalties and Forfeits	31	78 782 472	422 569	78 782 472	422 569
Municipal contribution		2 969 050	1 860 000	-	-
Total revenue from non-exchange transactions		**253 516 393**	**188 262 007**	**250 547 343**	**186 402 007**
Total revenue		**480 898 028**	**405 623 462**	**477 909 935**	**403 687 514**
Expenditure					
Employee related costs	32	(96 995 819)	(87 254 787)	(95 937 414)	(86 043 238)
Remuneration of councillors	33	(7 045 729)	(7 071 960)	(7 045 729)	(7 071 960)
Depreciation and amortisation	34	(26 147 182)	(24 276 660)	(26 147 182)	(24 247 684)
Finance costs	36	(19 366 848)	(6 837 576)	(19 366 848)	(6 837 576)
Debt Impairment	37	(164 529 440)	(139 553 677)	(164 529 440)	(139 553 677)
Early settlement discount		(2 039 495)	(8 524 740)	(2 039 495)	(8 524 740)
Bulk purchases	38	(89 667 846)	(75 321 040)	(89 667 846)	(75 321 040)
Contracted services	39	(34 776 278)	(37 079 225)	(34 776 278)	(37 079 225)
Transfers and Subsidies	59	(2 956 975)	(1 650 805)	(2 956 975)	(1 650 805)
Inventory consumed	40	(2 521 577)	(3 168 898)	(2 521 577)	(3 168 898)
Operational costs	43	(35 398 617)	(24 407 413)	(33 960 608)	(23 623 850)
Total expenditure		**(481 445 806)**	**(415 146 781)**	**(478 949 392)**	**(413 122 693)**
Operating deficit		**(547 778)**	**(9 523 319)**	**(1 039 457)**	**(9 435 179)**
Gain on disposal of assets and liabilities		-	968 841	-	968 841
Fair value adjustments	28	35 091 252	31 097 203	35 091 252	31 097 203
Actuarial gains/losses	16	(1 491 000)	2 409 982	(1 491 000)	2 409 982
Impairment loss	35	(56 401)	(66 128)	(56 401)	(66 128)
Inventories losses/write-downs		(222 101)	(222 101)	(222 101)	(222 101)
		33 321 750	**34 187 797**	**33 321 750**	**34 187 797**
Surplus for the year		**32 773 972**	**24 664 478**	**32 282 293**	**24 752 618**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Economic entity		
Balance at 01 July 2023	**603 977 410**	**603 977 410**
Changes in net assets		
Surplus for the year	24 664 478	24 664 478
Total changes	24 664 478	24 664 478
Balance at 01 July 2024	**628 641 886**	**628 641 886**
Changes in net assets		
Surplus for the year	32 773 972	32 773 972
Total changes	32 773 972	32 773 972
Balance at 30 June 2025	**661 415 858**	**661 415 858**
Note(s)		
Controlling entity		
Balance at 01 July 2023	**606 720 017**	**606 720 017**
Changes in net assets		
Surplus for the year	24 752 566	24 752 566
Total changes	24 752 566	24 752 566
Balance at 01 July 2024	**631 472 581**	**631 472 581**
Changes in net assets		
Surplus for the year	32 282 293	32 282 293
Total changes	32 282 293	32 282 293
Balance at 30 June 2025	**663 754 874**	**663 754 874**
Note(s)		

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity 2025	Economic entity 2024	Controlling entity 2025	Controlling entity 2024
Cash flows from operating activities					
Receipts					
Services charges		63 009 843	-	63 009 843	-
Interest income		609 691	859 995	590 648	783 995
Government Grants and Subsidies		116 629 100	106 203 750	114 769 100	104 343 750
Receipts from customers		70 212 802	55 436 431	70 212 802	55 436 431
Camera fines receipts		11 427 523	-	11 427 523	-
Agency services		6 470 589	-	6 470 589	-
		268 359 548	162 500 176	266 480 505	160 564 176
Payments					
Employee costs		(93 023 358)	(84 427 914)	(93 023 358)	(84 427 914)
Suppliers		(101 098 502)	(91 078 783)	(100 471 200)	(90 684 434)
Finance costs		(16 968 732)	(1 179 480)	(16 968 732)	(1 179 480)
Other cash item		(57 000 000)	-	(57 000 000)	-
		(268 090 592)	(176 686 177)	(267 463 290)	(176 291 828)
Net cash flows from operating activities	45	**686 019**	**(14 495 917)**	**228 764**	**(14 422 617)**
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(8 121 524)	(3 265 394)	(7 876 860)	(3 265 394)
Proceeds from sale of property, plant and equipment	11	-	2 645 942	-	2 645 942
Purchase of other intangible assets	10	(156 000)	-	(156 000)	-
Finance costs		12 045 215	-	12 045 215	-
Net cash flows from investing activities		**3 767 691**	**(619 452)**	**4 012 355**	**(619 452)**
Cash flows from financing activities					
Finance lease payments		(2 347 500)	-	(2 347 500)	-
Proceeds from other financial liabilities		2 172 097	-	2 172 097	-
Finance costs		-	(388 194)	-	(388 194)
Net cash flows from financing activities		**(175 403)**	**(388 194)**	**(175 403)**	**(388 194)**
Net increase/(decrease) in cash and cash equivalents		**4 278 307**	**(15 503 563)**	**4 065 716**	**(15 430 263)**
Cash and cash equivalents at the beginning of the year		5 693 908	21 027 020	5 505 004	20 935 267
Cash and cash equivalents at the end of the year	7	**9 972 215**	**5 523 457**	**9 570 720**	**5 505 004**

The accounting policies on pages 13 to 45 and the notes on pages 46 to 95 form an integral part of the consolidated annual financial statements.

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
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of Goods and Rendering of Services	682 000	-	**682 000**	1 021 311	**339 311**	
Service charges - Electricity	122 577 000	(1 500 000)	**121 077 000**	-	**(121 077 000)**	
Services charges - Waste Management	13 318 000	-	**13 318 000**	-	**(13 318 000)**	
Services charges -Waste Water Management	17 012 000	-	**17 012 000**	-	**(17 012 000)**	
Services charges - Water	26 411 000	-	**26 411 000**	155 290 697	**128 879 697**	
Rental of facilities and equipment	17 000	-	**17 000**	278 452	**261 452**	
Interest earned from receivables	54 314 000	-	**54 314 000**	67 197 960	**12 883 960**	
Agency services	3 476 000	-	**3 476 000**	2 542 348	**(933 652)**	
Licences and permits	-	-	**-**	427 601	**427 601**	
Operatinal revenue	102 000	-	**102 000**	13 575	**(88 425)**	
Interests on investments	-	-	**-**	590 648	**590 648**	
Total revenue from exchange transactions	**237 909 000**	**(1 500 000)**	**236 409 000**	**227 362 592**	**(9 046 408)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	51 786 000	-	**51 786 000**	35 319 683	**(16 466 317)**	
Property rates - penalties imposed	21 238 000	-	**21 238 000**	25 493 431	**4 255 431**	
Transfer revenue						
Government grants & subsidies	74 520 000	-	**74 520 000**	110 951 757	**36 431 757**	
Fines, Penalties and Forfeits	247 000	-	**247 000**	78 782 472	**78 535 472**	
Other gains	54 041 000	-	**54 041 000**	-	**(54 041 000)**	
Total revenue from non-exchange transactions	**201 832 000**	**-**	**201 832 000**	**250 547 343**	**48 715 343**	
Total revenue	**439 741 000**	**(1 500 000)**	**438 241 000**	**477 909 935**	**39 668 935**	
Expenditure						
Employee costs	(92 769 000)	-	**(92 769 000)**	(95 937 414)	**(3 168 414)**	
Remuneration of councillors	(7 406 000)	-	**(7 406 000)**	(7 045 729)	**360 271**	
Depreciation and amortisation	(33 981 000)	-	**(33 981 000)**	(26 147 182)	**7 833 818**	
Impairment loss/ Reversal of impairments	-	-	**-**	(56 401)	**(56 401)**	
Finance costs	(2 100 000)	-	**(2 100 000)**	(19 366 848)	**(17 266 848)**	
Debt Impairment	(83 520 000)	-	**(83 520 000)**	(164 529 440)	**(81 009 440)**	
Bulk purchases	(73 152 000)	-	**(73 152 000)**	(89 667 846)	**(16 515 846)**	
Contracted Services	(23 500 000)	-	**(23 500 000)**	(34 776 278)	**(11 276 278)**	
Transfers and Subsidies	(1 100 000)	-	**(1 100 000)**	(2 956 975)	**(1 856 975)**	

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
Inventory consumed	(5 721 000)	-	**(5 721 000)**	(2 521 577)	**3 199 423**	
Operational costs	(17 485 000)	-	**(17 485 000)**	(33 960 608)	**(16 475 608)**	
Total expenditure	**(340 734 000)**	**-**	**(340 734 000)**	**(476 966 298)**	**(136 232 298)**	
Operating surplus	**99 007 000**	**(1 500 000)**	**97 507 000**	**943 637**	**(96 563 363)**	
Transfers and subsidies - capital (monetary allocations)	38 653 000	(38 653 000)	**-**	35 091 252	**35 091 252**	
Actuarial gains/losses	-	-	**-**	(1 491 000)	**(1 491 000)**	
Inventories losses/write-downs	-	-	**-**	(222 101)	**(222 101)**	
	38 653 000	**(38 653 000)**	**-**	**33 378 151**	**33 378 151**	
Surplus before taxation	**137 660 000**	**(40 153 000)**	**97 507 000**	**34 321 788**	**(63 185 212)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**137 660 000**	**(40 153 000)**	**97 507 000**	**34 321 788**	**(63 185 212)**	

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	401 000	3 226 000	**3 627 000**	613 365	**(3 013 635)**	
Other financial assets	-	-	**-**	69 880	**69 880**	
Receivables from exchange transactions	136 568 000	9 509 000	**146 077 000**	261 674 561	**115 597 561**	
Receivables from non-exchange transactions	105 194 000	8 199 000	**113 393 000**	60 598 531	**(52 794 469)**	
VAT receivable	11 986 000	22 969 000	**34 955 000**	-	**(34 955 000)**	
Long-term debtors	-	-	**-**	(122 602)	**(122 602)**	
Cash and cash equivalents	13 260 000	(50 652 000)	**(37 392 000)**	9 583 853	**46 975 853**	
	267 409 000	**(6 749 000)**	**260 660 000**	**332 417 588**	**71 757 588**	
Non-Current Assets						
Investment property	461 938 000	-	**461 938 000**	528 909 521	**66 971 521**	
Property, plant and equipment	326 972 000	-	**326 972 000**	351 679 113	**24 707 113**	
Intangible assets	-	-	**-**	92 215	**92 215**	
Heritage assets	170 000	-	**170 000**	170 000	**-**	
Investments in controlled entities	-	-	**-**	20 100	**20 100**	
Receivables from exchange transactions	17 249 000	-	**17 249 000**	-	**(17 249 000)**	
Long-term debtors	20 000	-	**20 000**	705 284	**685 284**	
	806 349 000	**-**	**806 349 000**	**881 576 233**	**75 227 233**	
Total Assets	**1 073 758 000**	**(6 749 000)**	**1 067 009 000**	**1 213 993 821**	**146 984 821**	
Liabilities						
Current Liabilities						
Financial liabilities	(5 034 000)	-	**(5 034 000)**	-	**5 034 000**	
Finance lease obligation	-	-	**-**	638 761	**638 761**	
Payables from exchange transactions	(806 045 000)	(5 801 000)	**(811 846 000)**	1 066 600 851	**1 878 446 851**	
Taxes and transfers payable (non-exchange)	(26 661 000)	-	**(26 661 000)**	53 019 476	**79 680 476**	
VAT payable	(34 424 000)	7 110 000	**(27 314 000)**	-	**27 314 000**	
Consumer deposits	(1 737 000)	-	**(1 737 000)**	1 851 006	**3 588 006**	
Employee benefit obligation	-	-	**-**	2 010 000	**2 010 000**	
Unspent conditional grants and receipts	-	-	**-**	4 225 148	**4 225 148**	
Provisions	(3 154 000)	-	**(3 154 000)**	2 429 216	**5 583 216**	
	(877 055 000)	**1 309 000**	**(875 746 000)**	**1 130 774 458**	**2 006 520 458**	
Non-Current Liabilities						
Other financial liabilities	-	-	**-**	14 014 575	**14 014 575**	
Financial liabilities	(16 465 000)	-	**(16 465 000)**	-	**16 465 000**	
Employee benefit obligation	(23 179 000)	-	**(23 179 000)**	27 180 000	**50 359 000**	
Provisions	(14 507 000)	-	**(14 507 000)**	16 764 077	**31 271 077**	
	(54 151 000)	**-**	**(54 151 000)**	**57 958 652**	**112 109 652**	

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
Total Liabilities	**(931 206 000)**	**1 309 000**	**(929 897 000)**	**1 188 733 110**	**2 118 630 110**	
Net Assets	**142 552 000**	**(5 440 000)**	**137 112 000**	**25 260 711**	**(1 971 645 289)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	142 552 000	(8 058 000)	**134 494 000**	663 754 875	**529 260 875**	

Significant Accounting Policies

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2025	2024	2025	2024

1. Significant accounting polices

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

1.1 Basis of preparation

The consolidated 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 consolidated 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.

1.2 Presentation currency

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

1.3 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity 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 Interests in other entities

Consolidated financial statements

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non-financial. The actual impact of an entity’s involvement with another entity can have positive or negative aspects.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

The consolidated annual financial statements are the consolidated annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Significant Accounting Policies

1.5 Interests in other entities (continued)

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties.

An economic entity is a controlling entity and its controlled entities.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity.

Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

Presentation of consolidated financial statements

The entity as controlling entity presents consolidated consolidated annual financial statements.

1.6 Significant judgements and sources of estimation uncertainty

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

In the process of applying its accounting policies, and in preparing the consolidated annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the consolidated annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Trade and other receivables

The economic entity assesses its 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 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.

Significant Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Available-for-sale financial assets

The municipality follows the guidance of GRAP Standard to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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 economic entity 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 economic entity 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 and 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 economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of valuein-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that key assumptions considered may change which may then impact our estimations and may then require a material adjustment to the carrying value of the 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. 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 service delivery assets are inherently uncertain and complex. Thus, they could materially change over time and entails consideration of some information that may be subjective in nature. They are significantly affected by a number of factors such as the political environment and direction taken by provincial or national government, prevailing social conditions and needs, together with economic factors such as inflation and interest rates.

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 18 - Provisions.

Expenditure

The economic entity recognises the expenses incurred on an accrual basis.

Significant Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for movable and immovable assets based on the information available at each reporting date. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. Thus, management considers such changes as change in accounting estimates as the useful lives, residual values (if any) and depreciation would have been based on information available at the previous reporting dates. Should the information show that there was an error at inception in considering the available facts, such changes are considered as a change in accounting policy thus a prior period error.

Regarding fully depreciated assets, management usefull live versus the economic life principle to determine whether there is need to reassess the usefull life of such assets. If the assets have reached their economic life, fully depreciated assets continue to be measured as such and assesses whether disclosure of the fact that it has fully depreciated assets still in use is necessary

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, which include discount rates, expected rates of return on assets future salary increases, mortality rates and future pension increases. Due to long-term nature of these plans, such estimates are subject to signiaficant uncertainty. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality uses the prime interest rate plus a reasonable adjustment to discount future cash flows, where necessary.

In addition to this, where Investment Certificates were not received, management estimated the amount of interest due or earned on the investment, based on the available data

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 opening balance and closing balance of the allowance for doubtful debts balance.

Classification as investment property

The municipality regulary reviews its property portolio and determine which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and building fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio have either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Accounting by principals and agent

The economic entity makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied based on agrements between the municipality and the respective entities.

Additional information is disclosed in Note 56.

1.6 Significant judgements and sources of estimation uncertainty (continued)

Depreciation and Carrying Value of items of Property, Plant and Equipment

The estimation of useful lives of assets is based on management's judgement. Management considers the impact of factors such as technology, service requirements and /or required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of the useful lives, and what their condition will be at that time.

Further, when the municipality fully complied with GRAP Standards to determine the value of the assets, where the cost amounts were not available, management use the current market values of similar assets and adjusted that using condition assessment. Condition assessment is based on management's judgement.

Water Inventory and Cost of Purifying Water

Water Inventory: The amount of water in the municipality's reserviors is based on management judgement. Management make use of engineers to perform these estimates.

Cost of Purifying Water: This is also based on management judgement by reference to the market researches available adjusted by inflation rates (CPI), if the research was conducted more than a year ago. Reference is also made to Water Processing Bodies.

Consumables - Allowance for slow moving, damaged and obsolete inventory An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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
- sale in the ordinary course of operations.

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

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

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

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

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

Significant Accounting Policies

1.7 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

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

When classification is difficult, further criteria is used to distinguished investment property form owner-occupied property and from property held for sale in the ordinary course of operations,depending on the nature of the scenarion.

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

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 economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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.

Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	15 - 40 years
Plant and machinery	Straight-line	3 -15 years
Furniture and fixtures	Straight-line	5 -10 years
Motor vehicles	Straight-line	6 -7 years
Office equipment	Straight-line	3 -10 years
IT equipment	Straight-line	2 -10 years
Electrical Infrastructure	Straight-line	15 - 70 years
Roads, Pavements, Bridges and Storm water networks	Straight-line	3 - 80 years
Sanitation & Other Community assets	Straight-line	6 - 11 years
Graveyard sites	Straight-line	15 - 40 years
Recreational facilities	Straight-line	10 - 40 years
Sports facilities	Straight-line	15 - 50 years
Landfill Sites	Straight-line	20 - 30 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 economic entity assesses at each reporting date whether there is any indication that the economic entity 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 economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Significant Accounting Policies

1.8 Property, plant and equipment (continued)

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

1.9 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Management measures the asset using the cost model. Changes in the liability are treated as follows:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.10 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 economic entity 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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Significant Accounting Policies

1.10 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, not internally generated	Straight-line	1- 10 years

Intangible assets are 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 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).

1.11 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

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 economic entity’s operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

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

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

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

Significant Accounting Policies

1.11 Heritage assets (continued)

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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

Recognition

The economic entity 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 economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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.

Impairment

The economic entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity 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 economic entity 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).

1.12 Investments in controlled entities

IIn the municipality's separate financial statements, investments in controlled entities are carried at cost;

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate annual financial statements when its right to receive the dividend or similar distribution is established..

1.13 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.

Significant Accounting Policies

1.13 Financial instruments (continued)

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

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

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

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

A financial asset is:

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

A financial 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.

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

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

Significant Accounting Policies

1.13 Financial instruments (continued)

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

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

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

Significant Accounting Policies

1.13 Financial instruments (continued)

Classification

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

Financial Assets	Category
Receivables from exchange and non-ecxhange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost
Money Market Investments	Financial asset measured at amortised cost
Other financial asset	Financial asset measured at amortised cost
Held to Maturiry Investments	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:

Financial Liabilities	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Bank overdraft and borrowings	Financial liability measured at amortised cost
Concessionary loan	Financial liability measured at amortised cost
Ordinary Loan	Financial liability measured at amortised cost
Other financial liability	Financial liability measured at amortised cost

Initial recognition

The municpality 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 municpality recognises financial assets using trade date accounting.

1.14 Consumer Debtors

Recognition

The economic entity recognises consumer debtors 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 economic entity initially measures consumer debtors at their transaction amount.

Subsequent measurement

The economic entity measures consumer debtors 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.

Significant Accounting Policies

1.13 Financial instruments (continued)

Impairment losses

The economic entity assesses at each reporting date whether there is any indication that a consumer debtors, 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 economic entity considers, as a minimum, the following indicators:

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

If there is an indication that a consumer debtor, or a group of consumer debtors, may be impaired, the economic entity 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 economic entity 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 consumer debtor 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 economic entity derecognises a consumer debtor, or a part thereof, when:

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

The carrying amounts of any consumer debtor 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.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Significant Accounting Policies

1.13 Financial instruments (continued)

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.15 Statutory receivables

Recognition

The economic entity recognises statutory receivables as follows:

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

Initial measurement

The economic entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

The economic entity 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 economic entity considers, as a minimum, the following indicators:

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

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the economic entity 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 economic entity 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.

1.14 Consumer Debtors (continued)

1.14 Statutory receivables (continued)

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

Derecognition

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

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

1.16 Leases

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

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

Finance leases - lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity’s net investment in the finance lease.

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 14%.

Each lease payment is allocated between the liability and finance charges so as to achive a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balalnce of the liability for each period. The property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The municipality will not incur a foreign currency lease liability other than that allowed by the MFMA (Act 56 of 2003).

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

Significant Accounting Policies

1.16 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.17 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

Current replacement cost is the cost the economic entity 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 formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

1.18 Cash and cash equivalents

Cash comprises cash on hand and money market deposits 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.

Significant Accounting Policies

1.18 Cash and cash equivalents (continued)

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

1.19 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

1.19 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the economic entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

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 economic entity 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.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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 economic entity 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.

Significant Accounting Policies

1.19 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Significant Accounting Policies

1.19 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The economic entity 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.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.20 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

1.20 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 economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity 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 economic entity 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 economic entity 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.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Significant Accounting Policies

1.20 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 economic entity 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 economic entity 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 economic entity 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.

1.21 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

Significant Accounting Policies

1.22 Provisions and contingencies

Provisions are recognised when:
- the economic entity 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 economic entity 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 municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Significant Accounting Policies

1.22 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.19 and 1.20.

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.23 Capital 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.

1.24 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.

Significant Accounting Policies

1.24 Revenue from exchange transactions (continued)

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 economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity 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 economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Significant Accounting Policies

1.24 Revenue from exchange transactions (continued)

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

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

1.25 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

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

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

Significant Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

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

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

Recognition

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

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

Measurement

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

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

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.

1.25 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Taxation revenue are not grossed up for the amount of tax expenditures.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

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

Significant Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

Services in-kind

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

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

Concessionary loans received

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.26 Value Added Tax

The municipality accounts for Value Added Tax (VAT) in its financial records on an accrual basis (invoice basis). However, payments to SARS are accounted for on a cash or payment basis. The municipality is liable to account for VAT at the standard rate of 15% in terms of section 7(1) of the VAT Act in respectr of supply of goods or services, except where the suppliers are specifically zero-rated in terms of section 11, exempted in terms of section 12 of VAT Act or scoped out for VAT purpose. The municipality accounts for VAT on a monthly basis.

1.27 Finance income and expenses

Finance income is recognised on a time proportion basis using the effective interest method. If is recognised as it accrues in the surplus or deficit for the year. Dividends income is also recognised in the surplus or deficit on the date the municipality has a right to receive payment, which in the case of quoted shares is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit and loss and imapirment losses recognised on financial assets.

1.28 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.

1.29 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Significant Accounting Policies

1.29 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.30 Comparative figures

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

When accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. When there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year camparatives are restated accordingly.

1.31 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.

1.32 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.

1.33 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Significant Accounting Policies

1.34 Segment Information

A segment is an activity of a Municipality:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.35 Gratuities

The muncipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.36 Budget information

Economic Entity is 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 economic entity 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 economic classification linked to performance outcome objectives.

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

The consolidated 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.

1.37 Related parties

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

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

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Significant Accounting Policies

1.37 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity 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 economic entity.

The economic entity 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 economic entity 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 economic entity is exempt from the disclosures in accordance with the above, the economic entity 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 consolidated annual financial statements.

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

The economic entity 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.

1.39 Donations and Contributions

Revenue from donations is recognised as revenue when: (1) it is probable that the economic benefits or services potential associated with the transaction will flow to the municipality, (2) the amount of revenue can be measured reliably, (3) any restrictions associated with the donation have been met.

Revenue from donations is measured at the fair value of the considerations received or receivable which is the cash amount received or where the donation is in the form of Property, Plant and Equipment, the fair value of the property, plant and equipment received or receivable.

1.40 Consumer deposit

Consumer deposits are charged when new water and/or electricity accounts are opened. The amounts vary per consumer and are approved by Council as part of the tariff structure.

The consumer deposits are refunded to the the customers when the water and/or electricity accounts are closed with the municipality.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, there are no new standards and interpretations that are effective for the current financial year and that are relevant to the municipality's operations.

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	No effective date set	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date set	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	No effective date set	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Not expected to impact results but may result in additional disclosure

3. Inventories

Consumable stores	613 365	835 466	613 365	835 466
Inventories recognised as an expense during the year	2 562 478	3 332 270	2 562 478	3 332 270

Inventory pledged as security

There were no Inventories pledged as security.

4. Receivables from exchange transactions

Deposits	577 461	577 461	577 461	577 461
Operating Lease Receivable	42 711	38 931	42 711	38 931
Agency fees Receivable	6 266 062	6 400 967	6 266 062	6 400 967
Other debtors #4	625 374	625 374	625 374	625 374
Consumer debtors - Electricity	112 685 974	62 215 015	112 685 974	62 215 015
Consumer debtors - Water	19 809 448	31 136 547	19 809 448	31 136 547
Consumer debtors - Waste Management	44 236 836	31 218 099	44 236 836	31 218 099
Consumer debtors - Waste Water Management	72 636 937	38 254 678	72 636 937	38 254 678
Consumer debtors - Property Rental Debtors	4 793 758	1 839 246	4 793 758	1 839 246
	261 674 561	**172 306 318**	**261 674 561**	**172 306 318**

Trade and other receivables pledged as security

There are no receivables from exchange transactions that were pledged as security.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

5. Receivables from non-exchange transactions

Traffic Fines	5 505	2 553 919	5 505	2 553 919
Consumer debtors - Property Rates	60 593 026	46 589 431	60 593 026	46 589 431
	60 598 531	**49 143 350**	**60 598 531**	**49 143 350**
Gross Receivables from non-exchange transactions above are as follows:				
Traffic Fines	82 259 616	82 259 616	82 259 616	82 259 616
Consumer debtors - Property Rates	307 159 138	315 561 155	307 159 138	315 561 155
	389 418 754	**397 820 771**	**389 418 754**	**397 820 771**
Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:				
Traffic Fines	(79 740 530)	(79 740 530)	(79 740 530)	(79 740 530)
Consumner debtors - Property Rates	(252 478 972)	(252 478 972)	(252 478 972)	(252 478 972)
	(332 219 502)	**(332 219 502)**	**(332 219 502)**	**(332 219 502)**
Net Receivables from non-exchange transactions above	**3 399 279**	**65 601 269**	**57 199 252**	**65 601 269**
Total receivables from non-exchange transactions	60 598 531	65 601 269	60 598 531	49 143 350

There were no trade and other receivables pledged as security during the year under review and prior year.

Receivables from non-exchange transactions past due but not impaired

Receivables from non-exchange transactions which are less than 2 months past due are not considered to be impaired. At 30 June 2025, R 8 852 201- (2024 8 390 481: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	4 640 646	3 883 626	4 640 646	3 883 626
2 months past due	4 211 555	4 506 855	4 211 555	4 506 855

Receivables from non-exchange transactions impaired

As of 30 June 2025, receivables from non-exchange transactions of R 286 551 885 (2024: R 264 221 115) were impaired and provided for.

The ageing of these receivables is as follows:

Over 3 months	277 699 684	255 830 634	277 699 684	255 830 634

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	253 238 464	220 841 316	253 238 464	220 841 316
Provision for impairment	-	32 397 148	-	32 397 148
	253 238 464	**253 238 464**	**253 238 464**	**253 238 464**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

6. Consumer debtors disclosure

Gross balances				
Consumer debtors - Property Rates	347 144 911	310 810 546	347 144 911	310 810 546
Consumer debtors - Electricity	328 897 662	256 410 528	328 897 662	256 410 528
Consumer debtors - Water	243 836 823	218 526 304	243 836 823	218 526 304
Consumer debtors - Waste Management	158 718 284	129 484 429	158 718 284	129 484 429
Consumer debtors - Waste Water Management	204 930 255	168 705 543	204 930 255	168 705 543
Consumer debtors - Sundry	8 969 777	8 789 758	8 969 777	8 789 758
	1 292 497 712	**1 092 727 108**	**1 292 497 712**	**1 092 727 108**
Less: Allowance for impairment				
Consumer debtors - Propert Rates	(286 551 885)	(264 221 115)	(286 551 885)	(264 221 115)
Consumer debtors - Electricity	(216 211 688)	(194 195 513)	(216 211 688)	(194 195 513)
Consumer debtors - Water	(224 027 375)	(187 389 757)	(224 027 375)	(187 389 757)
Consumer debtors - Waste Management	(114 481 448)	(98 266 330)	(114 481 448)	(98 266 330)
Consumer debtors - Waste Water Management	(132 293 318)	(130 450 865)	(132 293 318)	(130 450 865)
Consumer debtors - Sundry	(4 176 019)	(6 950 512)	(4 176 019)	(6 950 512)
	(977 741 733)	**(881 474 092)**	**(977 741 733)**	**(881 474 092)**
Net balance				
Consumer debtors - Rates	60 593 026	46 589 431	60 593 026	46 589 431
Consumer debtors - Electricity	112 685 974	62 215 015	112 685 974	62 215 015
Consumer debtors - Water	19 809 448	31 136 547	19 809 448	31 136 547
Consumer debtors - Waste Management	44 236 836	31 218 099	44 236 836	31 218 099
Consumer debtors - Waste Water Management	72 636 937	38 254 678	72 636 937	38 254 678
Consumer debtors - Sundry	4 793 758	1 839 246	4 793 758	1 839 246
	314 755 979	**211 253 016**	**314 755 979**	**211 253 016**
Long term receivables - Current				
Gross balance	528 251	714 459	528 251	714 459
Less : Allowance for doubtful debts	(481 222)	(650 853)	(481 222)	(650 853)
	47 029	**63 606**	**47 029**	**63 606**
Long term receivables - Non Current				
Gross balance	3 102 303	2 995 916	3 102 303	2 995 916
Less : Allowance for doubtful debts	(2 566 650)	(2 397 019)	(2 566 650)	(2 397 019)
	535 653	**598 897**	**535 653**	**598 897**
Net balance	**582 682**	**662 503**	**582 682**	**662 503**
Property Rates				
Current (0 -30 days)	4 640 646	3 883 626	4 640 646	3 883 626
31 - 60 days	4 211 555	4 506 855	4 211 555	4 506 855
61 - 90 days	4 429 315	4 510 919	4 429 315	4 510 919
91 - 120 days	9 466 020	9 865 240	9 466 020	9 865 240
121 - 365 days	324 397 375	288 043 906	324 397 375	288 043 906
Less: Allowance for impairment	(286 551 885)	(264 221 115)	(286 551 885)	(264 221 115)
	60 593 026	**46 589 431**	**60 593 026**	**46 589 431**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

6. Consumer debtors disclosure (continued)

Electricity				
Current (0 -30 days)	9 468 832	9 499 419	9 468 832	9 499 419
31 - 60 days	6 873 233	6 905 108	6 873 233	6 905 108
61 - 90 days	6 406 929	6 316 008	6 406 929	6 316 008
91 - 120 days	10 597 736	10 571 798	10 597 736	10 571 798
121 - 365 days	295 550 932	223 118 195	295 550 932	223 118 195
Less: Allowance for impairment	(216 211 688)	(194 195 513)	(216 211 688)	(194 195 513)
	112 685 974	**62 215 015**	**112 685 974**	**62 215 015**
Water				
Current (0 -30 days)	3 209 964	4 076 193	3 209 964	4 076 193
31 - 60 days	2 836 342	2 861 964	2 836 342	2 861 964
61 - 90 days	3 694 481	3 443 767	3 694 481	3 443 767
91 - 120 days	7 213 121	7 093 562	7 213 121	7 093 562
121 - 365 days	226 883 515	201 050 818	226 883 515	201 050 818
Less: Allowance for impairment	(224 027 975)	(187 389 757)	(224 027 975)	(187 389 757)
	19 809 448	**31 136 547**	**19 809 448**	**31 136 547**
Waste Management				
Current (0 -30 days)	2 184 454	2 921 604	2 184 454	2 921 604
31 - 60 days	2 082 592	2 096 679	2 082 592	2 096 679
61 - 90 days	2 453 444	2 235 371	2 453 444	2 235 371
91 - 120 days	4 342 618	4 353 850	4 342 618	4 353 850
121 - 365 days	147 655 176	117 876 925	147 655 176	117 876 925
Less: Allowance for impairment	(114 481 448)	(98 266 330)	(114 481 448)	(98 266 330)
	44 236 836	**31 218 099**	**44 236 836**	**31 218 099**
Waste Water Management				
Current (0 -30 days)	2 749 755	2 758 873	2 749 755	2 758 873
31 - 60 days	2 613 254	2 621 475	2 613 254	2 621 475
61 - 90 days	3 110 294	2 797 262	3 110 294	2 797 262
91 - 120 days	5 571 288	5 573 340	5 571 288	5 573 340
121 - 365 days	190 885 664	154 954 593	190 885 664	154 954 593
Less: Allowance for impairment	(132 293 318)	(130 450 865)	(132 293 318)	(130 450 865)
	72 636 937	**38 254 678**	**72 636 937**	**38 254 678**
Sundry (Property Rental Debtors)				
Current (0 -30 days)	1 208 444	34 881	1 208 444	34 881
31 - 60 days	31 122	36 595	31 122	36 595
61 - 90 days	14 509	38 136	14 509	38 136
91 - 120 days	4 494 614	2 488 856	4 494 614	2 488 856
121 - 365 days	3 221 088	6 191 290	3 221 088	6 191 290
Less: Allowance for impairment	(4 176 019)	(6 950 512)	(4 176 019)	(6 950 512)
	4 793 758	**1 839 246**	**4 793 758**	**1 839 246**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

6. Consumer debtors disclosure (continued)

Long term receivables				
Current (0 -30 days)	2 866	3 009	2 866	3 009
31 - 60 days	2 866	3 045	2 866	3 045
61 - 90 days	2 866	3 045	2 866	3 192
91 - 120 days	2 866	10 187	2 866	10 187
121 - 365 days	3 619 090	3 960 942	3 619 090	3 690 942
Allowance for doubtful debts	(3 047 872)	(3 047 872)	(3 047 872)	(3 047 872)
	582 682	**932 356**	**582 682**	**662 503**

Reconciliation of allowance for impairment				
Balance at beginning of the year	(884 125 689)	(718 623 889)	(884 125 689)	(718 623 889)
Contributions to allowance	(96 267 641)	(139 553 677)	(96 267 641)	(139 553 677)
Prior year correction	-	(25 948 123)	-	(25 948 123)
	(980 393 330)	**(884 125 689)**	**(980 393 330)**	**(884 125 689)**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	9 460 605	5 557 565	9 436 578	5 370 862
Short-term deposits	149 368	136 235	147 275	134 142
Other cash and cash equivalents	108	108	-	-
	9 610 081	**5 693 908**	**9 583 853**	**5 505 004**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB - Main- 63008107963	9 436 578	5 370 862	20 807 205	9 436 578	5 370 862	20 807 205
NEDBANK - Fixed Deposit - 091452129997	30 813	28 106	26 863	30 813	28 106	26 863
NEDBANK - Fixed Deposit - 85865739997	23 343	21 362	20 449	23 343	21 362	20 449
NEDBANK - Fixed Deposit - 8779207/9998	90 499	82 054	78 130	90 499	82 054	78 130
NEDBANK - Fixed Deposit - 8779207/9997	2 611	2 263	2 611	2 611	2 263	2 611
ABSA BANK - Call Account - 9064509639	9	9	9	9	9	9
Total	**9 583 853**	**5 504 656**	**20 935 267**	**9 583 853**	**5 504 656**	**20 935 267**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Heritage assets

Economic entity	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	170 000	-	170 000	170 000	-	170 000

Controlling entity	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	170 000	-	170 000	170 000	-	170 000

Reconciliation of heritage assets Economic entity - 2025

	Opening balance	Total
Historical monuments	170 000	170 000

Reconciliation of heritage assets Economic entity - 2024

	Opening balance	Total
Historical monuments	170 000	170 000

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	170 000	170 000

8. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2024

	Opening balance	Total
Historical monuments	170 000	170 000

Notes to the Consolidated Annual Financial Statements

Figures in Rand

9. Investment property

Economic entity	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	528 909 521	-	528 909 521	493 824 400	-	493 824 400

Controlling entity	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	528 909 521	-	528 909 521	493 824 400	-	493 824 400

Reconciliation of investment property - Economic entity - 2025

	Opening balance	Fair value adjustments	Total
Investment property	493 824 400	35 085 121	528 909 521

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	462 744 966	31 079 434	493 824 400

Notes to the Consolidated Annual Financial Statements

9. Investment property (continued)

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	493 824 400	35 085 121	528 909 521

Reconciliation of investment property - Controlling entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	462 744 966	31 079 434	493 824 400

Pledged as security

No Investment property is pledged as security:

9. Investment property (continued)

Details of valuation

Investment property valuations were conducted by Eagilwe Property Consulting and Asset Management at fair value, based on the comparable sales and depreciated replacement cost methods. Vacant land and farms were valued using comparable sales method and leased buildings, the depreciated replacement cost method was followed. The valuations were performed before the submission of the financial statements to reflect the fair values as at the end of the financial year - 30 June 2025.

A material fair value adjustment was made to the Investment property balance to ensure fair presentation as at year end. The fair values of undeveloped land and residential properties were based on comparative market prices after intensive market surveys and research. Gains and losses arising from a change or re-measurement to fair values were recognised in the profit or loss section.

Eagilwe Property Consulting and Asset Management's independent professional valuers who hold a professional registration with the South African Council for the Property Valuers Profession (SACPVP).

During the current year a fair value adjustment was recognised amounting to R (2024: R31,079,434) have been recognised in the statement of financial performance.

A register of all investment properties is kept at the premises of the municipality for inspection

Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Intangible assets

Economic entity	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 731 598	(3 638 562)	93 036	3 731 598	(3 440 762)	290 836

Controlling entity	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 714 976	(3 622 761)	92 215	3 714 976	(3 424 961)	290 015

Reconciliation of intangible assets - Economic entity - 2025

	Opening balance	Amortisation	Total
Computer software, other	290 836	(197 800)	93 036

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	367 825	156 000	(232 989)	290 836

10. Intangible assets (continued)

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	290 015	(197 800)	92 215

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	365 376	156 000	(231 361)	290 015

Pledged as security

There are no intangible assets pledged as security:

Notes to the Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

Economic entity	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	18 794 609	-	18 794 609	18 794 609	-	18 794 609
Buildings	8 180 356	(4 877 358)	3 302 998	7 566 256	(4 621 349)	2 944 907
Infrastructure - Roads,pavement,bridges and stormwater	317 103 305	(200 254 871)	116 848 434	292 991 831	(189 020 588)	103 971 243
Plant and machinery	2 598 204	(2 118 227)	479 977	2 533 442	(1 660 254)	873 188
Office furniture and equipment	4 406 877	(4 015 917)	390 960	4 865 288	(3 971 670)	893 618
Motor vehicles	15 260 567	(11 549 671)	3 710 896	15 734 941	(11 663 155)	4 071 786
Office equipment	14 213	(13 209)	1 004	14 213	(13 209)	1 004
IT equipment	4 965 335	(2 429 852)	2 535 483	3 294 553	(2 000 916)	1 293 637
Infrastructure - Electricity	165 665 452	(93 460 618)	72 204 834	165 665 452	(85 440 878)	80 224 574
Community Assets	31 841 810	(14 337 285)	17 504 525	31 841 810	(13 238 115)	18 603 695
Landfill sites	13 009 047	(9 342 845)	3 666 202	13 604 876	(8 514 008)	5 090 868
WIP - Roads,Pavements & storm water	77 585 193	-	77 585 193	88 852 244	-	88 852 244
WIP In progress - Community Assets	21 038 520	-	21 038 520	16 037 759	-	16 037 759
WIP - Electricity	11 530 318	-	11 530 318	-	-	-
Leased Assets - Printers	5 561 588	(5 043 522)	518 066	5 561 588	(3 189 660)	2 371 928
Water Infrastructure	1 789 731	(209 620)	1 580 111	1 789 731	(159 905)	1 629 826
Total	**699 345 125**	**(347 652 995)**	**351 692 130**	**669 148 593**	**(323 493 707)**	**345 654 886**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Controlling entity	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	18 794 609	-	18 794 609	18 794 609	-	18 794 609
Buildings	8 180 356	(4 877 358)	3 302 998	7 566 256	(4 621 349)	2 944 907
Infrastructure - Roads, Pavement, Bridges and Storm Water	317 103 305	(200 254 871)	116 848 434	292 991 831	(189 020 588)	103 971 243
Plant and machinery	2 472 993	(1 993 353)	479 640	2 408 231	(1 535 380)	872 851
Office furniture and equipment	4 301 637	(3 916 974)	384 663	4 760 048	(3 872 727)	887 321
Motor vehicles	15 260 567	(11 549 671)	3 710 896	15 734 941	(11 663 155)	4 071 786
IT equipment	4 896 807	(2 366 703)	2 530 104	3 226 025	(1 937 767)	1 288 258
Infrastructure - Electricity	165 665 452	(93 460 618)	72 204 834	165 665 452	(85 440 878)	80 224 574
Community Assets	31 841 810	(14 337 285)	17 504 525	31 841 810	(13 238 115)	18 603 695
Landfill sites	13 009 047	(9 342 845)	3 666 202	13 604 876	(8 514 008)	5 090 868
WIP - Roads, Pavements & Stormwater	77 585 193	-	77 585 193	88 852 244	-	88 852 244
Work In Progress - Community Assets	21 038 520	-	21 038 520	16 037 759	-	16 037 759
WIP - Electricity	11 530 318	-	11 530 318	-	-	-
Leased Assets - Printers	5 561 588	(5 043 522)	518 066	5 561 588	(3 189 660)	2 371 928
Water Infrastructure	1 789 731	(209 620)	1 580 111	1 789 731	(159 905)	1 629 826
Total	**699 031 933**	**(347 352 820)**	**351 679 113**	**668 835 401**	**(323 193 532)**	**345 641 869**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Change in estimates	Transfers	Impairment loss	Total
Land	18 794 609	-	-	-	-	-	18 794 609
Buildings	2 944 907	614 100	(256 009)	-	-	-	3 302 998
Infrastructure - Roads,pavement,bridges and stormwater	103 971 243	24 110 223	(11 233 032)	-	-	-	116 848 434
Plant and machinery	872 851	92 770	(463 177)	-	-	(22 804)	479 640
Office furniture and equipment	887 321	25 701	(505 247)	-	-	(23 112)	384 663
Motor vehicles	4 071 786	718 263	(1 064 979)	-	-	(14 174)	3 710 896
IT Equipment	1 288 258	1 812 520	(560 189)	-	-	(10 485)	2 530 104
Infrastructure - Electricity	80 224 574	-	(8 019 740)	-	-	-	72 204 834
Community Assets	18 603 695	-	(1 099 170)	-	-	-	17 504 525
Landfill Site	5 090 868	-	(828 837)	(595 829)	-	-	3 666 202
WIP - Roads, Pavements & StormWater	88 852 244	12 843 172	-	-	(24 110 223)	-	77 585 193
WIP - Community Assets	16 037 759	5 000 761	-	-	-	-	21 038 520
WIP - Electricty	-	11 530 318	-	-	-	-	11 530 318
Leased Assets - Printers	2 371 928	-	(1 853 862)	-	-	-	518 066
Water Infrastructure	1 629 826	-	(49 715)	-	-	-	1 580 111
	345 641 869	**56 747 828**	**(25 933 957)**	**(595 829)**	**(24 110 223)**	**(70 575)**	**351 679 113**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	18 794 609	-	-	-	-	18 794 609
Buildings	2 923 270	276 124	-	(254 487)	-	2 944 907
Infrastructure - Roads,pavement,bridges and stormwater	114 930 252	-	-	(10 959 009)	-	103 971 243
Plant and machinery	392 303	511 239	(4 699)	(25 288)	(705)	872 851
Office furniture and equipment	732 970	446 760	(68 611)	(199 772)	(24 026)	887 321
Motor vehicles	3 767 801	1 400 727	(2 317)	(1 073 834)	(16 812)	4 071 786
IT Equipment	976 492	809 318	(173 552)	(286 205)	(37 795)	1 288 258
Infrastructure - Electricity	87 766 486	-	-	(7 541 912)	-	80 224 574
Community Assets	19 685 677	-	-	(1 124 525)	-	18 603 695
Landfill site	4 723 197	999 572	-	(631 901)	-	5 090 868
WIP - Roads, Pavements & Stormwater	49 441 299	37 226 660	-	-	-	88 852 244
WIP - Community Assets	11 090 030	8 756 378	-	-	-	16 037 759
Leased Assets - Printers	4 225 791	-	-	(1 853 863)	-	2 371 928
Water network	1 679 541	-	-	(49 715)	-	1 629 826
	321 129 718	**50 426 778**	**(249 179)**	**(24 000 511)**	**(79 338)**	**345 641 869**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

11. Property, plant and equipment (continued)

Pledged as security

There are no fixed assets pledged as security.

The roads infrastructure projects are funded by the Municipal Infrastructure Grant and Provincial Infrastructure Grant . The community assets are all funded by the Municpal Infrastrure Grant.There are no projects that are halted or stopped The followig is the list of projects taking longer than expected to complete	-	-	-	-
BLOEMHOF: CONSTRUCTION OF TAXI RANK BOITUMELONG Municipality in the process of seeking further funding to complete the project.	4 823 352	4 493 161	4 823 352	4 493 161
CHRISTIANA: CONSTRUCTION OF TAXI RANK AT UTLWANANG Municipality in the process of seeking further funding to complete the project.	3 944 941	3 944 941	3 944 941	3 944 941
CONSTRUCTION OF BOITUMELONG MULTI PURPOSE HALL	7 566 240	7 566 240	7 566 240	7 566 240

Expenditure incurred to repair and maintain property, plant and equipment

Contracted services	7 202 062	10 337 578	7 202 062	10 337 578

12. Other financial assets

Designated at fair value				
Sanlam Limited listed shares	69 880	63 749	69 880	63 749

Sanlam limited listed shares
Lekwa Teemane Local Municipality holds 788 shares in Sanlam Limited, as at 30 June 2025 the shares were trading at R88.68 (2024: R80.92). The increase in share price resulted in recognising a fair value adjustment gain for the current year in the statement of financial position of R 6131 (2024 : R17,769).

Current assets				
Designated at fair value	69 880	63 749	69 880	63 749

13. Payables from exchange transactions

Trade payables	400 659 827	301 808 589	398 243 654	298 755 271
Debtors with Credit balances	9 773 760	8 716 656	9 773 760	8 716 656
Accrued leave pay	9 198 390	7 586 432	9 198 826	7 586 868
Retentions	6 597 370	6 597 370	6 597 370	6 597 370
Unallocated Deposit	3 746 864	6 249 966	3 746 864	6 249 966
	429 976 211	**330 959 013**	**427 560 474**	**327 906 131**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

14. VAT payable

Tax refunds payables	52 962 719	48 526 946	53 019 476	48 566 491

15. Consumer deposits

Housing rental	1 851 006	1 814 521	1 851 006	1 814 521

16. Employee benefit obligations

Defined benefit plans - General information

Defined benefit plan - Post Employment Medical Benefit Plan

The plan is a post employment medical benefit.

The municipality operates a funded post employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of different medical aid schemes such as Bonitas, Key Health and SAMWUMed.

The municipality's post-employment health care plan consists of entitlement by eligible employees to receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive either a 60% or 70% subsidy. All 60% post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5000 (2024: R 4,873) per principal member per month for the year ending 30 June 2024, and has been assumed to increase annually on 1 July at 75% of salary inflation. No other post employment benefits are provided to these employees. As at the balance sheet date, the members of the medical aid entitled to the post employement medical aid scheme subsidy were 125 (2024: 116) in service members and 16 (2024: 20) pensioners.

The most recent actuarial valuation of the benefit plan was carried out for the year ended 30 June 2025 by Arch Actuarial Consulting. The present value of the defined benefits obligation and the the related current services cost and past services costs were measured using the Projected Unit Credit Method. The post-employment health care benefit is not a funded arrangement i.e. there is no plan asset in place to meet this defined benefit obligation.

Carrying value - Long Service Award

Present value of the defined benefit obligation-wholly unfunded	(3 664 796)	(3 977 637)	(3 664 796)	(3 977 637)
Present value of the defined benefit obligation-partly or wholly funded	(429 000)	(310 217)	(429 000)	(310 217)
Fair value of plan assets	(344 000)	(275 395)	(344 000)	(275 395)
Fair value of reimbursement rights	(99 000)	820 676	(99 000)	820 676
Actuarial gains/losses	291 000	77 777	291 000	77 777
	(4 245 796)	**(3 664 796)**	**(4 245 796)**	**(3 664 796)**

Carrying value - Post employment medical benefit plan

Present value of the defined benefit obligation-wholly unfunded	(20 869 697)	(24 932 772)	(20 869 697)	(24 932 772)
Present value of the defined benefit obligation-partly or wholly funded	(720 000)	(831 903)	(720 000)	(831 903)
Fair value of plan assets	(2 491 000)	(2 596 773)	(2 491 000)	(2 596 773)
Fair value of reimbursement rights	1 043 000	1 987 777	1 043 000	1 987 777
Actuarial gains/losses	(1 200 000)	5 503 974	(1 200 000)	5 503 974
	(24 237 697)	**(20 869 697)**	**(24 237 697)**	**(20 869 697)**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

16. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,20 %	12,78 %	12,20 %	12,78 %
Consumer price inflation	6,19 %	6,84 %	6,19 %	6,84 %
Salary increase rate	7,69 %	8,34 %	7,69 %	8,34 %
Normal Retirement age (years)	65	65	65	65
Average retirement age	62	63	62	63
Age between husband and wife (Active members) (years)	5	5	5	5
Pensioner PA	90	90	90	90
Mortality during employment (Active members SA)	90	85	90	85

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Municipal Infrastructure Grant (MIG)	2 829 711	-	2 829 711	-
EWP Grant	180	180	180	180
Library Grant	294 120	-	294 120	-
Integrated National Electrification Programme Grant	1 101 137	-	1 101 137	-
	4 225 148	**180**	**4 225 148**	**180**

The nature and extent of government grants recognised in the consolidated annual financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 30 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Consolidated Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2025	2024	2025	2024

18. Provisions

Landfil sites	18.1	16 764 077	16 377 271	16 764 077	16 377 271
13th Cheque Provision		2 429 216	2 124 445	2 429 216	2 124 445
		19 193 293	**18 501 716**	**19 193 293**	**18 501 716**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Change in estimates	Interest charges	Total
13th Cheque provision	2 124 445	5 662 842	(5 358 071)	-	-	2 429 216
Enviromental rehabilitation	16 377 270	-	-	(595 829)	982 636	16 764 077
	18 501 715	**5 662 842**	**(5 358 071)**	**(595 829)**	**982 636**	**19 193 293**

Reconciliation of provisions - Controlling entity - 2024

	Opening balance	Additions	Reversed during the year	Reduction due to re-measurement or settlement without cost to entity	Total
13th Cheque provision	1 807 304	5 080 457	(4 763 316)	-	2 124 445
Enviromental rehabilitation	14 581 860	870 435	-	999 572	16 377 270
	16 389 164	**5 950 892**	**(4 763 316)**	**999 572**	**18 501 715**

Non-current liabilities	16 764 077	16 377 270	16 764 077	16 377 270
Current liabilities	2 429 216	2 124 445	2 429 216	2 124 445
	19 193 293	**18 501 715**	**19 193 293**	**18 501 715**

Lekwa Teemane council operates two disposal sites namely; Christiana and Bloemhof. In terms of the Environmental Conservation Act No. 73 of 1989, the municipality is required to rehabilitate such land upon closure of the dumping sites. Provision based on best estimate has been provided.

18.1 Landfill Sites

Opening Balance	16 377 271	14 507 263	16 377 271	14 507 263
Increases (Passage of Time/Discounted Rate)	982 636	870 436	982 636	870 436
Reversals -Adjustment for change in discount rate	(595 829)	999 572	(595 829)	999 572
Closing Balance	**16 764 078**	**16 377 271**	**16 764 078**	**16 377 271**

Lekwa Teemane council operates two disposal sites namely; Christiana and Bloemhof. In terms of the Environmental Conservation Act No. 73 of 1989, the municipality is required to rehabilitate such land upon closure of the dumping sites. Provision based on best estimate has been provided.

Environmental rehabilitation provision

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

18. Provisions (continued)

The operation of landfill sites results in an obligation to rehabilitate the landfill sites and prevent any further pollution after closure thereof in terms of section 28 of the National Environmental Management Act, 107 of 1998., Environmental Conservation Act, Act number 73 of 1989 or the Waste Management licenses issued under section 50 of the National Environmental Management: Waste Act, No 59 of 2008.

GRAP 19 provides for the recognition, measuremet and disclosure of provision or assets.

The municpality's landfill sites have an estimated remaining useful life of 5 (2023: 6 years) (Bloemhof) and 10 (2023: 11 years) (Christiana). The estimated costs of closure and rehabilitation of the landfill sites is R8,336,509 (2023: R7,341,324) for the Bloemhof landfill site and R8,040,762 (2023: R7,165,939) for the Christiana landfill site which have been discounted at a net discount rate of 6%.(2023:5,25%).

19. Service charges

Water	18 210 852	17 451 355	18 210 852	17 451 355
Electricity	105 403 227	96 273 831	105 403 227	96 273 831
Waste Management	14 897 922	14 256 779	14 897 922	14 256 779
Waste Water Management	16 778 696	21 810 471	16 778 696	21 810 471
	155 290 697	**149 792 436**	**155 290 697**	**149 792 436**

20. Sale of Goods and Rendering of Services

Sale of goods	1 021 311	921 500	1 021 311	921 500

21. Rental of facilities and equipment

Premises				
Rental of farms and municipality properties	268 258	287 326	268 258	287 326

22. Agency services

Agency Services - North West department of transport	2 542 348	2 431 601	2 542 348	2 431 601

Agency Services - North West provincial department of transport

23. Licences and permits

Licences and permits	427 601	575 489	427 601	575 489

24. Interests on investments

Interest revenue				
Short-term investments and call accounts	590 648	783 995	590 648	783 995
Interest received - other	19 043	76 000	-	-
	609 691	**859 995**	**590 648**	**783 995**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

25. Interest earned from receivables

Electricity	23 635 857	19 682 124	23 635 857	19 682 124
Water	18 128 741	17 713 384	18 128 741	17 713 384
Water Management	11 064 002	10 924 956	11 064 002	10 924 956
Waste Water Management	14 369 360	13 002 023	14 369 360	13 002 023
	67 197 960	**61 322 487**	**67 197 960**	**61 322 487**

26. Operational revenue

Handling and administartion fees	13 575	1 160 804	13 575	1 160 804

27. Actuarial gain

Actuarial gains/losses	(1 491 000)	2 409 982	(1 491 000)	2 409 982

28. Fair value adjustments

Investment property (Fair value model)	35 091 252	31 097 203	35 091 252	31 097 203

29. Property rates

Rates received

Business and Commercial	34 776 216	40 447 142	34 776 216	40 447 142
Organs of State	701 945	666 541	701 945	666 541
Small holdings and farms	10 948 040	8 635 528	10 948 040	8 635 528
Less: Income forgone	(11 106 518)	(9 585 910)	(11 106 518)	(9 585 910)
	35 319 683	40 163 301	35 319 683	40 163 301
Property rates - penalties imposed	25 493 431	24 295 752	25 493 431	24 295 752
	60 813 114	**64 459 053**	**60 813 114**	**64 459 053**

Valuations

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2022. 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 R0,012538 R - (2024: R - R0,01190694 is applied to property valuations to determine assessment rates. Rebates of 49% (2024: 48%) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being Monday, 30 September 2024 (Saturday, 30 September 2023). Interest at 11% per annum (2024: 11%), is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2027.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

30. Government grants & subsidies

Operating grants				
Equitable share	68 806 000	65 146 883	68 806 000	65 146 883
Disaster Relief Grant	4 000 000	3 219 000	4 000 000	3 219 000
Expanded Public Works Programmes	1 200 000	949 820	1 200 000	949 820
Financial Management Grant	3 000 000	3 100 000	3 000 000	3 100 000
Sports, Arts, Culture and Library Grant	375 900	127 500	375 900	127 500
Library grant	686 880	-	686 880	-
Skills Grant	407 625	224 053	407 625	224 053
	78 476 405	**72 767 256**	**78 476 405**	**72 767 256**
Capital grants				
Municipal Infrastructure Grant	19 812 489	15 714 000	19 812 489	15 714 000
Provincial Infrastructure Grant (PIG)	-	20 581 129	-	20 581 129
Municipal Disaster Relief Grant	-	12 458 000	-	12 458 000
Integrated National Electrification Programme Grant	12 662 863	-	12 662 863	-
	32 475 352	**48 753 129**	**32 475 352**	**48 753 129**
	110 951 757	**121 520 385**	**110 951 757**	**121 520 385**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	42 145 757	52 802 949	42 145 757	52 802 949
Unconditional grants received	68 806 000	65 146 883	68 806 000	65 146 883
	110 951 757	**117 949 832**	**110 951 757**	**117 949 832**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Current-year receipts	22 642 200	-	22 642 200	15 714 000
Transferred to revenue	(19 812 489)	-	(19 812 489)	(15 714 000)
Less: amount set-off against equitable share	-	-	-	(4 594 080)
Less: amount set-off against equitable share	-	-	-	4 594 080
	2 829 711	**-**	**2 829 711**	**-**

Energy Efficiency Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	-	73 803	-	73 803
Current-year receipts	4 000 000	-	4 000 000	-
Conditions met - transferred to revenue	(2 898 863)	(73 803)	(2 898 863)	(73 803)
Unspent conditional grant	(1 101 137)	-	(1 101 137)	-
	-	**-**	**-**	**-**

EPWP

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

30. Government grants & subsidies (continued)

Current-year receipts	1 200 000	950 000	1 200 000	950 000
Conditions met - transferred to revenue	(1 200 000)	(949 820)	(1 200 000)	(949 820)
Unspent conditional grant	-	(180)	-	(180)
	-	-	-	-

Purpose of the grant is to incentivise the municipality to expand work creation efforts through the use of labour intensive delivery methods (roads maintenance and the maintenance of buildings, low traffic volume roads and rural roads, basic services infrastructure, including water and sanitation reticulation (excluding built infrastructure), other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land-based livelihoods, social services programmes, community safety programmes) in line with Expanded Public WorksProgramme guidelines.

Municipal Disaster Relief Grant (MDRG)

Balance unspent at beginning of year	-	12 458 000	-	12 458 000
Conditions met - transferred to revenue	-	(12 458 000)	-	(12 458 000)
	-	-	-	-

Finance Management Grant

Current-year receipts	3 000 000	3 100 000	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)	(3 000 000)	(3 100 000)
	-	-	-	-

Purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Government Grant (PIG)

Current-year receipts	-	-	27 968 706	27 968 706
Conditions met - transferred to revenue	-	-	(27 968 706)	(27 968 706)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Integrated National Electrification Programme Grant

Current-year receipts	9 764 000	-	9 764 000	-
Conditions met - transferred to revenue	(9 764 000)	-	(9 764 000)	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

31. Fines, Penalties and Forfeits

Municipal Traffic Fines	78 782 472	422 569	78 782 472	422 569

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

32. Employee related costs

Basic	58 420 314	53 365 519	57 622 860	52 421 401
13th Cheaque	5 141 103	4 827 600	5 088 989	4 763 316
Medical aid - company contributions	4 209 533	3 918 343	4 209 533	3 918 343
UIF	459 480	453 936	447 606	435 384
Pension contributions	11 350 866	10 759 417	11 350 866	10 759 417
Leave pay provision charge	1 712 110	563 767	1 712 110	563 767
Bargaining Council	26 786	23 636	26 786	23 636
Overtime payments	5 330 956	4 539 894	5 330 956	4 539 894
Long-service awards	344 769	281 757	344 769	281 757
Acting allowances	470 956	509 093	470 956	509 093
Car allowance	4 960 051	4 895 545	4 960 051	4 895 545
Housing benefits and allowances	396 758	170 635	396 758	170 635
Leave Encashment	1 903 271	902 961	1 903 271	902 961
Group Insurance	9 061	8 485	9 061	8 485
Cellphone allowance	286 400	211 850	286 400	211 850
Standby allowances	1 758 942	1 619 754	1 758 942	1 619 754
Shift Allowance	17 500	18 000	17 500	18 000
	96 798 856	**87 070 192**	**95 937 414**	**86 043 238**

Remuneration of municipal manager

Basic salary	759 345	729 042	759 345	729 042
Car allowance	244 342	232 996	244 342	232 996
Cellphone allowance	14 400	7 800	14 400	7 800
Contributions to UIF, Medical and Pension Funds	2 125	2 037	2 125	2 037
Acting allowance	102 243	29 056	102 243	29 056
Housing allowance	-	4 800	-	4 800
	1 122 455	**1 005 731**	**1 122 455**	**1 005 731**

Mr. KJ Leseisane was appointed on permanent basis by council as the Executive Director: Corporate Services on the 3rd July 2023. He is currently acting as the Accounting Officer since the 15 of May 2024.

Remuneration of chief finance officer

Basic salary	759 345	759 982	759 345	759 982
Car allowance	210 721	212 016	210 721	212 016
Cellphone allowance	14 400	12 650	14 400	12 650
Contributions to UIF, Medical and Pension Funds	2 125	22 377	2 125	22 377
Non-pensionable allowance	-	11 865	-	11 865
Housing allowance	-	5 332	-	5 332
	986 591	**1 024 222**	**986 591**	**1 024 222**

Mr T.C Moseki was was appointed on permanent basis by Council as the CFO on 1 December 2023.

Remuneration of Corporate Service Director (Acting Municipal Manager)

Mr. KJ Leseisane was appointed on permanent basis by council as the Executive Director: Corporate Services on the 3rd July 2023. He is currently acting as the Accounting Officer since the 15 of May 2024.

Remuneration of Technical Services

Basic salary	420 108	663 370	420 108	663 370

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

32. Employee related costs (continued)

Car Allowance	74 531	118 735	74 531	118 735
Non-pensionable allowance	-	18 645	-	18 645
Contributions to UIF, Medical and Pension Funds	91 699	144 010	91 699	144 010
Cellphone allowance	8 400	13 200	8 400	13 200
Leave Encatachment	80 999	-	80 999	-
	675 737	**957 960**	**675 737**	**957 960**

Mr. MZ Duba was appointed on permanent basis by council as the Executive Director: Technical Services on the 3rd of July 2023.

Remuneration of Community Services

Basic salary	611 358	-	611 358	-
Car Allowance	257 897	-	257 897	-
Cellphone allowance	14 400	-	14 400	-
Contributions to UIF, Medical and Pension Funds	136 624	-	136 624	-
	1 020 279	**-**	**1 020 279**	**-**

Mr. J Sparks was appointed on permanent basis by council as the Executive Director: Community Services on the 1st May 2024 on permanent basis.

33. Remuneration of councillors

Mayor	1 151 872	1 318 397	1 151 872	1 318 397
Mayoral Committee Members	2 597 687	2 471 915	2 597 687	2 471 915
Councillors	3 296 170	3 281 648	3 296 170	3 281 648
	7 045 729	**7 071 960**	**7 045 729**	**7 071 960**

In-kind benefits

The Mayor full-time. He is provided with an office and secretarial support at the cost of the Council.

34. Depreciation and amortisation

Property, plant and equipment	26 147 182	24 276 660	26 147 182	24 247 684

35. Impairment loss

Impairments				
Property, plant and equipment The condition of the assets were assessed to be poor or very poor and this led to the impairment of the assets.]	56 401	66 128	56 401	66 128

36. Finance costs

Trade and other payables	13 488 324	917 577	13 488 324	917 577
Financial liability Instruments	5 878 524	5 919 999	5 878 524	5 919 999
	19 366 848	**6 837 576**	**19 366 848**	**6 837 576**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

37. Debt impairment

Bad debts written off	164 529 440	139 553 677	164 529 440	139 553 677

38. Bulk purchases

Electricity - Eskom	89 667 846	75 321 040	89 667 846	75 321 040

39. Contracted services

Outsourced Services				
Burial Services	112 795	74 640	112 795	74 640
Security Services	7 639 614	7 432 436	7 639 614	7 432 436
Consultants and Professional Services				
Business and Advisory	11 004 835	12 515 454	11 004 835	12 515 454
Infrastructure and Planning	-	316 177	-	316 177
Legal Cost	7 767 842	7 291 221	7 767 842	7 291 221
Contractors				
Catering Services	84 249	93 710	84 249	93 710
Distribution of Electricity by Others	612 299	565 544	612 299	565 544
Employee Wellness	20 670	-	20 670	-
Maintenance of Unspecified Assets	7 533 974	8 790 043	7 533 974	8 790 043
	34 776 278	**37 079 225**	**34 776 278**	**37 079 225**

40. Inventory consumed

Material and stores issued	2 562 478	3 150 569	2 562 478	3 150 569
Water consumed	-	73 215 957	-	73 215 957
	2 562 478	**76 366 526**	**2 562 478**	**76 366 526**

41. Gain or loss on disposal of assets and liabilities

Property, plant and equipment	-	968 841	-	968 841

42. Inventory (losses) surplus

Inventories losses/write-downs	(222 101)	(222 101)	(222 101)	(222 101)

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

43. Operational costs

Accomodation	641 344	812 832	641 344	812 832
Advertising	1 098 105	316 222	1 098 105	316 222
Auditors remuneration	7 387 552	6 668 948	7 387 552	6 300 015
Bank charges	463 503	516 371	456 423	512 835
Consumables	1 195	3 522	-	-
Hire	1 506 911	286 136	1 506 911	286 136
Insurance	1 804 301	2 336 567	1 804 301	2 320 230
Computer expenses	2 202 065	6 154 130	2 201 217	6 153 311
Motor vehicle expenses	341 948	-	341 948	-
Fuel and oil	2 757 462	1 739 822	2 757 462	1 739 822
Postage and courier	2 346	1 380	2 346	1 380
Printing and stationery	267 969	149 430	266 624	147 299
Protective clothing	200 488	692 049	200 488	692 049
Research and development costs	1 377 137	309 114	-	-
Skills development levy	596 840	494 008	596 840	494 008
Staff welfare	1 633 872	12 450	1 633 872	12 450
Subscriptions and membership fees	951 294	681 662	937 415	667 771
Transport and freight	750	2 505	750	2 505
Travel - local	756 691	965 831	720 166	903 711
Mayor bursary	-	260 000	-	260 000
Expense 6	1 595 546	133 437	1 595 546	133 437
Expense 8	739 745	1 347 562	739 745	1 344 402
Accomodations	8 378 738	-	8 378 738	-
Computer consumables	692 815	523 435	692 815	523 435
	35 398 617	**24 407 413**	**33 960 608**	**23 623 850**

44. Auditors' remuneration

Fees	7 387 552	6 668 948	7 387 552	6 300 015

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

45. Cash generated from (used in) operations

Surplus	32 773 972	24 664 478	32 282 293	24 752 566
Adjustments for:				
Depreciation and amortisation	4 045 469	24 276 660	4 045 469	24 247 684
Loss on sale of assets and liabilities	-	(968 841)	-	(968 841)
Fair value adjustments	(35 091 252)	(31 097 203)	(35 091 252)	(31 097 203)
Camera fines receipt	1 141 016	-	1 141 016	-
Impairment deficit	56 401	66 128	56 401	66 128
Debt impairment	164 529 440	139 553 677	164 529 440	139 553 677
Movements in retirement benefit assets and liabilities	4 333 000	369 716	4 333 000	369 716
Movements in provisions	691 578	2 187 148	691 578	2 187 148
Annual charge for deferred tax	-	(30 860 526)	-	(30 860 526)
Straight lining of operating lease expenses	252 452	(48 977 671)	252 452	(48 977 671)
Inventory losses or write-downs	(222 101)	(222 101)	(222 101)	(222 101)
Other non-cash items	(15 027 550)	95 465 121	(15 027 550)	95 465 121
Changes in working capital:				
Inventories	222 101	311 460	222 101	311 460
Receivables from exchange transactions	(89 368 243)	(44 980 508)	(89 368 243)	(44 980 508)
Consumer debtors	(164 529 440)	(139 553 677)	(164 529 440)	(139 553 677)
Other receivables from non-exchange transactions	(11 455 181)	11 307 482	(11 455 181)	11 307 482
Payables from exchange transactions	99 637 131	1 018 368	99 654 343	1 025 462
VAT	(17 212)	(7 094)	-	-
Taxes and transfers payable (non-exchange)	4 452 985	-	4 452 985	-
Unspent conditional grants and receipts	4 224 968	(17 125 703)	4 224 968	(17 125 703)
Consumer deposits	36 485	77 169	36 485	77 169
	686 019	**(14 495 917)**	**228 764**	**(14 422 617)**

46. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	Total
Loans to economic entities	45 980
Trade and other receivables from exchange transactions	12 724 100
Other receivables from non-exchange transactions	62 637 399
Consumer debtors	143 423 203
Cash and cash equivalents	20 935 267
	239 765 949

Financial liabilities

	Total
Compound instruments	16 465 204
Loans from economic entities	10 682 494
	27 147 698

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

47. Contingencies

The litigation claims are in progress against the municipality relating to various matters who alleges that the municipality have infringed on certain laws and regulations, and they are seeking damages totaling amount of R195,039,627 (2024:R180,567,828)

The municipal lawyers and management considers the likelihood of the actions against the municipality being successful is unlikely, and the cases should be resolved within the reasonable period possible.

Contingent liabilities incurred relating to interests in other entities

Contingent liabilities

The litigation claims are in progress against the municipality relating to various matters who alleges that the municipality ave infringed on certain laws and regulations, and they are seeking damages totaling amount of R 195 039 627 (2024: R118 567 828)

The municipal lawyers and management considers the likelihood of the actions against the municipality being successful is unlikely, and the cases should be resolved within the reasonable period possible.

<u>The following is the nature and financial implication of the cases</u>:

The current year balances includes legal costs incurred to date and likely settlement amount 1. Henry Bhikhoo vs Lekwa -Teemane Municipality	1 900 000	1 000 000

Case details: Civil Case

The Plaintiff is suing the Municipality R1.9 million after his son was bitten by the dog owned the Caretaker in Municipal Property (Boitumelong Stadium)The matter is ongoing.Pre trial conference was held in November 2021.Plaintiffs have applied to join the then caretaker as a defendant also.If it is granted, then parties ,inclusive of the then care taker, would have to do another pre trial. The plaintiff has not yet advanced the matter, as the plaintiff is the dominis litis, we cannot advance the matter on his behalf. laintiff has applied for a trial date and notice of set down. Matter was heard in August 2023 whereupon a postponement was granted for respondent to amend its plea and apply for joinder of Department of Public Works.

	-	-
3. IKGOPOLENG ELVIN TLHABAKI OBO GONTALFETSE SHADEY BUFFEL// MEC FOR EDUCATION NORTH WEST AND LEKWA-TEEMANE LOCAL MUNICIPALITY	5 800 000	5 800 000

The plaintiff is suing both the Education Department and the Municipality for R5 MIILION after a school child allegedly during school hours fell in an open water reservoir adjacent to the school. Matter ongoing we are opposing the matter as we are of the view that water infrastructure like reservoirs are the responsibility of the District Municipality as the Water Services AuthorityMatter ongoing-palintiff to advance the matter

Notes to the Consolidated Annual Financial Statements

47. Contingencies (continued)

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
4. Mmanyane Construction JV Morokolo V Lekwa-Teemane Local Municipality			9 800 000	-

The Applicant was awarded a contract to build a Multi purpose hall in Bloemhof for R9.8 million.In the course of things, due to inordinate delays, the Municipality sought to terminate the contract.The applicants then claimed damages from the Municipality and payments of work done as they were of the view that the termination was unlawful.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
5. Immerse Investments V Lekwa-Teemane Local Municipality			1 161 799	-

Plaintiff sued the Municipality for R1 161 799,00 for failing to pay for services rendered.The plaintiffs were contracted to build Boitumelong Taxi Rank

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
HWC van Zyl v Lekwa-Teemane Local Municipality			1 610 000	-

Plantiff served us with summonses alleging that she incurred damages of R161000,00 when her vehicle collised with another one after swerving to avoid a pothole.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
7. Russia Langa attorneys // Lekwa- Teemane Local Municipality			650 000	650 000

The attorney represented us in the VEC Electrical matter and was lackadaisical and negligent in dealing with the matter as the appeal that he noted lapsed. He then invoiced the Municipality for R650 000 as work done.He did not even submit a breakdown of the figures, despite being requested to do so. He then is suing us .We have filed our notice to oppose

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
8. HWC van Zyl v Lekwa-Teemane Local Municipality			117 828	117 828

Plantiff served us with summonses alleging that she incurred damages of R161000,00 when her vehicle collised with another one after ewerving to avoid a pothole. The claim is vague as it lacks fundamental information: where did the accident occur, there is no evidence attached of the alleged pothole, no police report. A memo was submitted that the matter be defended. Matter defended and they have not advanced the matter since we filed our opposing papers

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
9. Minister of Water & Sanitation vs Lekwa-Teemane Municipality			173 000 000	173 000 000

The department of Water & Sanitation sued the Municipality for over R173 million abstraction of water from the Vaal River.The matter was transferred to Northwest High Court on the 4th December 2019. We are defending the matter.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
ELVIS LEBITSA//LEKWA-TEEMANE LOCAL MUNICIPALITY			1 000 000	-

Applicant seeking damages of about R1M from the Municipality after his incomplete house structure was allegedly unlawfully demolished by the Municipality.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024
Total			195 039 627	180 567 828

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

48. Related parties

Relationships
Controlled Agency — Lekwa Teemane Develoment Agency

Related party balances

Investments in controlled entities				
Lekwa Teemane Development Agency			20 100	20 100

Related party transactions

Administration fees paid to on behalf of the Agency				
Lekwa Teemane Development Agency (Pty) Ltd			2 956 975	1 650 805

Key management information

Class	**Description**	**Number**
Mayoral committee	Refer below/mayoral committee on generanl information	3
Acting Municipal Manager (Effective May until June 2024)	Mr. KJ Leseisane	1
Mayor	S.M Mothlabi	1
Councillors	Refer below/mayoral committee on generanl information	14

Remuneration of management

Notes to the Consolidated Annual Financial Statements

Figures in Rand

48. Related parties (continued)

Management class: Executive management

2025

Name	Basic Salary	Telephone allowance	Leave Encatachment	Car Allowance	Contributions to UIF, Pension, Mdical	Acting Allowance	Total
Mr Leseisane KJ	759 345	14 400	-	244 342	2 125	102 243	1 122 455
Mr Moseki T	759 345	14 400	-	244 342	2 125	-	1 020 212
Duba MZ	420 108	8 400	-	74 531	91 699	-	594 738
Sparks JB	611 358	14 400	80 999	257 897	136 624	-	1 101 278
Mr Lesie RMS	-	-	-	-	-	25 149	25 149
	2 550 156	**51 600**	**80 999**	**821 112**	**232 573**	**127 392**	**3 863 832**

2024

Name	Basic salary	Telephone allowance	Car allowance	Telephone allowance	Acting allowance	Other long-term benefits	Total
Gunqisa BS	479 455	3 600	52 500	12 000	14 769	-	562 324
Leseisane KJ	699 625	3 600	-	12 000	-	96 392	811 617
Duba MZ	576 653	3 600	-	12 000	7 984	-	600 237
Moseki TC	759 982	3 600	-	7 200	8 176	-	778 958
Sparks JB	48 625	3 600	-	40 800	14 883	-	107 908
	2 564 340	**18 000**	**52 500**	**84 000**	**45 812**	**96 392**	**2 861 044**

48. Related parties (continued)

Management class: Key advisors/Sub committees

2025

Name	Basic salary	Backpay	Cellphone allowance	Internet allowance	Total
Mayor	941 759	29 931	43 200	3 804	1 018 694
Speaker	753 408	23 945	43 200	3 804	824 357
Chief whip	394 042	12 523	43 200	3 804	453 569
MMC	1 320 131	43 360	86 400	7 291	1 457 182
Other Concillors and MPAC	2 795 036	33 919	385 200	33 191	3 247 346
	6 204 376	**143 678**	**601 200**	**51 894**	**7 001 148**

2024

Name	Basic salary	Backpay	Cellphone allowance	Internet allowance	Total
Mayor	906 340	51 422	42 200	3 719	1 003 681
Speaker	725 073	41 875	42 200	3 719	812 867
Chief Whip	347 131	23 661	38 600	3 402	412 794
MMC	1 333 510	116 835	84 400	7 438	1 542 183
Other Councillors and MPAC	2 713 727	173 435	379 800	33 471	3 300 433
	6 025 781	**407 228**	**587 200**	**51 749**	**7 071 958**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

49. Prior Period Error Note

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 & performance

2024

	Note	As previously reported	Correction of error	Restated
Inventories		903 934	(68 468)	835 466
Trade and other receivables from exchange transactions		161 063 631	11 242 687	172 306 318
Receivables from non-exchange transaction		66 226 642	(17 083 292)	49 143 350
Property, plant and equipment		345 260 627	381 242	345 641 869
Payable from exchange transactions		(903 739 020)	575 832 889	(327 906 131)
VAT Payable		(6 300 653)	(42 265 838)	(48 566 491)
Consumer deposits		(1 806 521)	(8 000)	(1 814 521)
Financial liabilities		(20 476 784)	20 476 784	-
Other financial liabilities		(12 583 875)	225 982	(12 357 893)
Finance cost		35 791 641	(28 954 065)	6 837 576
Property rates		(41 599 489)	1 436 188	(40 163 301)
Government grants and subsidies		(117 949 832)	(3 519 621)	(121 469 453)
Bulk purchases		76 665 441	(1 344 401)	75 321 040
Contracted services		35 672 739	1 406 486	37 079 225
Invenory consumed		76 366 527	(73 197 629)	3 168 898
Operational costs		22 132 376	1 491 474	23 623 850
Employee related cost		86 061 873	(18 638)	86 043 235
Sale of goods and rendering of services		(612 200)	(309 300)	(921 500)
Property rates - Pernalties imposed		(24 714 023)	418 271	418 271
Debt Impairment		148 078 417	(8 524 740)	139 553 677
Early settlement discount		-	8 524 740	8 524 740
Operational revenue		612 201	(224 053)	-
Accumulated surplus		-	(446 401 121)	-
		(74 946 348)	**(482 423)**	**395 298 225**

49. Prior Period Error Note (continued)

Errors

Inventories

During the current year section 12 notice relating to the establishment of municipalities in North West Province was amended and as a result the liability relating to the department of water affairs and sanitation is the obligation of the district municipality effective from 29 Sept 2000 and as a result the Lekwa Teemane Local Municipality disputes all invoices from received from the department of water affairs and as a result inventory balance relating to water for distribution was written-off

Trade and other receivables from exchange transactions

In the current financial year, corrections were made to the age analysis, which affected customer accounts and led to a recalculation of the allowance for doubtful debts

Receivables from non-exchange transaction

During the current financial year, it was identified that property rates were erroneously billed on municipally owned properties.

Property, plant and equipment

During the current financial year, it was discovered that certain expenditure related to property, plant, and equipment had not been capitalized due to some invoices being omitted

Payable from exchange transactions

During the 2022/23 financial year, the Public Protector published a report following an investigation into allegations of misconduct by officials at the Lekwa-Teemane Local Municipality related to the irregular appointment of Cigicell (Pty) Ltd for the installation of smart electricity meters in the Bloemhof and Christiana townships. The findings revealed that the municipality unlawfully received R30 million from Cigicell and irregularly used these funds to settle its debt with Eskom. Consequently, it was determined that Cigicell does not owe the municipality, nor does the municipality owe Cigicell

In the current financial year, it was discovered that certain invoices pertaining to the 2023/24 financial year were not captured or recorded in the accounting system. This led to an understatement of Contracted Services, VAT Receivable, and Payables from Exchange Transactions

VAT Payables

In the current financial year, VAT assessments were recalculated dating back to 2018, and errors were identified]

Consumer deposits

During the current financial year, it was discovered that certain consumers' land deposits were not recorded at the correct amounts

Financial liabilities

During the 2022/23 financial year, the Public Protector published a report following an investigation into allegations of misconduct by officials at the Lekwa-Teemane Local Municipality related to the irregular appointment of Cigicell (Pty) Ltd for the installation of smart electricity meters in the Bloemhof and Christiana townships. The findings revealed that the municipality unlawfully received R30 million from Cigicell and irregularly used these funds to settle its debt with Eskom. Consequently, it was determined that Cigicell does not owe the municipality, nor does the municipality owe Cigicell

Other financial liabilities

49. Prior Period Error Note (continued)

It was discovered during the current financial year that the interest on the loan from Dr Ruth Local Municipality had been miscalculated

Property rates

During the current financial year, it was identified that revenue from property rates was recognized on properties owned by the municipality

Government grant and subsidies

During the current financial year, it was discovered that the grant from DR Ruth District and grant from LGSETA had not been allocated, resulting in a misstatement of revenue and unallocated deposit

Finance cost

In the current financial year, interest on invoices from the Department of Water and Sanitation was reversed following a decision to derecognise amounts payable to the Department due to the ongoing dispute.

Bulk Purchases

In the current financial year, it was found that electricity costs related to the municipality's operations were mistakenly recorded as bulk purchases in the 2023/24 financial year

Operational expenditure

In the current financial year, it was found that electricity costs related to the municipality's operations were mistakenly recorded as bulk purchases in the 2023/24 financial year.

Contracted Services

In the current financial year, it was discovered that certain invoices pertaining to the 2023/24 financial year were not captured or recorded in the accounting system. This led to an understatement of Contracted Services, VAT Receivable, and Payables from Exchange Transaction

Inventory consumed

During the current year section 12 notice relating to the establishment of municipalities in North West Province was amended and as a result the liability relating to the department of water affairs and sanitation is the obligation of the district municipality effective from 29 Sept 2000 and as a result the Lekwa Teemane Local Municipality disputes all invoices from received from the department of water

Property rates - penalties imposed.

During the current financial year, it was identified that interest on property rates for municipally owned properties was incorrectly charged

Debt impairment

In the current financial year, it was discovered that discounts granted to debtors for early settlement, in line with the municipality’s debt recovery policy, had been incorrectly recorded as debt impairment.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

50. Risk management

Financial risk management

Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Controlling entity

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	10 682 494	-	-	-
Financial Liabilities	16 465 204	-	-	-
Trade and other payables	897 958 674	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	9 710 561	-	-	-
Financial Liabilities	16 305 896	-	-	-
Trade and other payables	722 655 695	-	-	-

Credit risk

Financial instruments	-	-	-	-
Financial assets				
Investments - Sanlam shares	63 749	45 980	63 749	45 980
Investments in controlled entities	-	-	20 100	20 100
Trade and other receivables from exchange transactions	3 904 660	12 724 100	3 904 660	12 724 100
Receivables from non-exchange transactions	2 553 919	62 637 399	2 553 919	62 637 399
Consumer debtors	220 940 207	143 423 203	220 940 207	143 423 203
Cash and Cash Equivalents	5 505 004	20 935 267	5 505 004	20 935 267
	-	-	-	20 100
Financial liablilities	23 529 665	19 518 085	20 476 784	16 465 204
Other financial liabilities	12 583 875	10 682 949	12 583 875	10 682 949

Cash and cash equivalents: A significant amount of cash is held with FNB, who are the municipality's main bankers.

51. Events after the reporting date

The Accounting Officer is not aware of any events that occurred subsequent to year end that will affect the financial statements.

52. Unauthorised expenditure

Opening balance as previously reported	355 269 514	905 076 392	355 269 514	905 076 392
Add: Unauthorised expenditure - current	56 333 622	194 719 577	56 333 622	194 719 577
Less: Amount written-off by council	(24 453 358)	(744 526 455)	(24 453 358)	(744 526 455)
Closing balance	**387 149 778**	**355 269 514**	**387 149 778**	**355 269 514**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

52. Unauthorised expenditure (continued)

Analysed as follows: non-cash

Depreciation and Amortization	-	1 510 442	-	1 510 442
Bad debts Written off	2 039 495	21 210 529	2 039 495	21 210 529
Operating lease	3 265	-	3 265	-
	2 042 760	**22 720 971**	**2 042 760**	**22 720 971**

Analysed as follows: cash

Bulk purchases	17 158 854	-	17 158 854	-
Contracted services	4 179 644	15 938 321	4 179 644	15 938 321
General expenditure	-	28 300 959	-	28 300 959
Employee related costs	2 948 539	9 760 450	2 948 539	9 760 450
Inventory consumed	624 266	75 662 360	624 266	75 662 360
Operational costs	8 381 164	-	8 381 164	-
Interest, Dividends and Rent on Land [Expenditure]	19 141 420	-	19 141 420	-
Transferes and subsidiaries	1 856 975	-	1 856 975	-
	54 290 862	**129 662 090**	**54 290 862**	**129 662 090**

53. Fruitless and wasteful expenditure

Opening balance as previously reported	105 627	111 391 101	-	111 314 738
Add: Fruitless and wasteful expenditure identified - current	16 538 984	46 399 081	16 538 984	46 369 817
Less: Amount written-off by council	-	(111 314 738)	-	(111 314 738)
Less: Amount written off - current	(10 044 774)	(46 369 817)	(10 044 774)	(46 369 817)
Closing balance	**6 599 837**	**105 627**	**6 494 210**	**-**

Fruitless and wasteful expenditure is presented inclusive of VAT

Total Fruitless & Wasteful Expenditure for the year ended 30 June 2025 R 16 538 983.98

54. Irregular expenditure

Opening balance as previously reported	251 485 587	251 492 786	241 542 684	243 573 971
Add: Irregular expenditure - current	5 485 098	11 638 886	2 988 686	9 614 798
Less: Amount written-off by council	(2 343 856)	(11 646 085)	(2 343 856)	(11 646 085)
Closing balance	**254 626 829**	**251 485 587**	**242 187 514**	**241 542 684**

Notes to the Consolidated Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2025	2024	2025	2024

54. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings				
ELEGANT FUEL	No Contract/SLA, 3 quotations not sourced	1 070 000	-	1 070 000	-
OVERVAAL MOTORS	No Contract/SLA and Not registered on CSD	1 474 430	1 294 111	1 474 430	1 294 111
H2 ENTERPRISE PTY LTD	No Contract/SLA, 3 quotations not sourced	222 440	124 788	222 440	124 788
KAMATA PROMOTIONS	No Contract/SLA, 3 quotations not sourced	221 817	-	221 817	-
Samm and victoria houlding 77 (pty) ltd	SCM processes were not followed - the suppliers is not having a Contract/ SLA and not registeredon CSD	-	101 102	-	101 102
Engineering Aces Consulting Engineers	SCM processes were not followed - the suppliers is not having a Contract/ SLA and not registeredon CSD	-	1 869 129	-	1 869 129
Lokomotic (Pty) Ltd	SCM processes were not followed - the suppliers is not having a Contract/ SLA and not registeredon CSD	-	178 169	-	178 169
Kgomo Attorneys Inc	SCM processes were not followed - the suppliers is not having a Contract/ SLA and not registeredon CSD	-	243 132	-	243 132
De Swardt Vogel Myambo	contracts advertised for less than 30 days	-	339 849	-	339 849
Basadzi Personnel and Media (Pty) Ltd	SCM processes were not followed - the suppliers is not having a Contract/ SLA and not registeredon CSD	-	78 942	-	78 942
Harry Tours Logistics (Pty) Ltd for (Building Works)	Evaluation and adjudication criteria applied in evaluating andadjudicating the bids are the same as those indicated in theoriginal bid documentations	-	15 640	-	15 640
Velezwine pty ltd	The winning bidder's account for municipal rates and taxesand municipal service charges were not in arrears for morethan 3 months at the time of awarding the contract.	-	355 108	-	355 108
Sempro Consulting (Pty) Ltd	Evaluation and adjudication criteria applied in evaluating andadjudicating the bids are the same as those indicated in theoriginal bid documentations	-	5 014 827	-	5 014 827
		2 988 687	**9 614 797**	**2 988 687**	**9 614 797**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

55. Additional disclosure in terms of Municipal Finance Management Act

SALGA Contributions

Opening balance	464 625	388 075	464 625	388 075
Current year fees	26 786	23 648	26 786	23 648
Current year subscription / fee	937 415	940 976	937 415	940 976
Amount paid - current year	(1 240 977)	(888 075)	(1 240 977)	(888 075)
	187 849	**464 624**	**187 849**	**464 624**

Audit fees

Opening balance	11 420 569	5 973 067	11 420 569	5 973 067
Current year subscription / fee	7 664 422	8 097 502	7 664 422	8 097 502
Amount paid - current year	(8 100 000)	(2 650 000)	(8 100 000)	(2 650 000)
	10 984 991	**11 420 569**	**10 984 991**	**11 420 569**

PAYE and UIF

Opening balance	8 397 835	7 307 621	8 397 835	7 307 621
Current year subscription / fee	15 767 079	16 342 246	15 767 079	16 342 246
Amount paid - current year	(11 569 571)	(15 252 032)	(11 569 571)	(15 252 032)
	12 595 343	**8 397 835**	**12 595 343**	**8 397 835**

Pension and Medical Aid Deductions

Opening balance	14 565 860	8 074 538	14 565 860	8 074 538
Current year subscription / fee	22 555 395	20 787 442	22 555 395	20 787 442
Amount paid - current year	(24 556 800)	(14 296 120)	(24 556 800)	(14 296 120)
	12 564 455	**14 565 860**	**12 564 455**	**14 565 860**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

55. Additional disclosure in terms of Municipal Finance Management Act (continued)

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	Outstanding more than 90 days	Total
Cllr. Pilane	7 240	173 075	180 315
Cllr. Dabampe	4 579	69 592	74 171
Cllr. Duiker	3 390	12 166	15 556
Cllr. Setsetse	3 102	23 200	26 302
Cllr Seneke	3 394	22 523	25 917
Cllr. Komane	2 850	21 797	24 647
Cllr Nel	9 183	102 003	111 186
Cllr. Hossian	3 343	24 927	28 270
Cllr. Motlhabi	3 481	25 617	29 098
Cllr Adams	7 394	193 237	200 631
Cllr. Greber	31	935	966
Cllr. Legabe	6 060	141 181	147 241
Cllr Gaeding	10 454	327 856	338 310
	64 501	**1 138 109**	**1 202 610**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Pilane	6 614	149 451	156 065
Cllr. Dabampe	4 045	55 057	59 102
Cllr. Duiker	4 044	12 596	16 640
Cllr. Setsetse	3 348	14 794	18 142
Cllr Seneke	2 936	12 808	15 744
Cllr. Komane	2 507	13 211	15 718
Cllr. Nel	8 342	83 366	91 708
Cllr. Hossian	2 925	15 325	18 250
Cllr. Motlhabi	3 187	14 549	17 736
Cllr. Adams	9 294	176 298	185 592
Cllr. Greber	837	-	837
Cllr. Legabe	6 995	129 093	136 088
	55 074	**676 548**	**731 622**

56. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

56. Accounting by principals and agents (continued)

Details of the arrangment are as follows:Details of the arrangment are as follows:

The municipality has an agreement with the North West Department of Transport in which the municipality administer the licensing and the registration functions on behalf of the department of transport

The municipality receives an agency fees of 20% of the funds received on behalf of the department after the transaction fees as a compensation for the services carried out on behalf of the department. Any resulting differences is paid over to the department. There has not been any changes to the arrangement in the current year. Should the municipality fails to pay over the monies collected, the department will raise a liability as a result of non-payment.

The municipality also has an agreement with Contour wherein Contour sell electricity on behalf of the municiplity and charge the municipality a commission of 2.3%.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R- (2024: R3 233 994).

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Agency fees	fees received by the municipality for rendering administrative functions on behalf of North West Department of Transport.

Category(ies) of expenses paid or accrued on behalf of the principal, are:

Entity as principal

The resources have been recognised/have not been recognised by the agent in its financial statements.

Fee paid

Fee paid as compensation to the agent	-	-	403 735	31 309

57. Budget differences

Material differences between budget and actual amounts

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

57. Budget differences (continued)

Statement of comparison of budget and actual amounts explanations
PART A - material variances between budget and actual amounts were disclosed as required by paragraph 12(c) of Grap 24

Financial Performance
Service Charges (Electricity) - The conversion of conventional meters to prepaid has reduced the sales of electricity which impacted on the budgeted sales. This was not considered by the municipality when budgeting for the revenue.

Service Charges (Water) – Prior year figures and trends was used to budget for water, however, the actuals were indicative of higher collections has the amount was adjusted a little bit high during the adjustment budget.

Rental of facilities and equipment - Rental is based on the demand for facilities from residents within the municipal area therefore the demand was high and resulted in a higher revenue collection than the forecasted budgett.

Interest earned from receivables – Payment by customers on outstanding debts for services rendered is slow, resulting in high outstanding debts and interest is charged on overdue accounts. And since the municipality is implementing credit control measures, it was anticipated that interest on outstanding debt will decrease from the previous year
Agency services - The municipality opened the Christiana station for leaners licence, which was not anticipated during budget finalisation. And it was implemented after the first half of the financial year.

Operational revenue - The item’s budget was low and based on the fact that this is based on sale of items such tender documents. Therefore, the revenue is not guaranteed hence the low budget

Interest on investments – This item was not budgeted for as the municipality normally does not normally invest due to low cash flow.
Government grants- Operational - The grants are based on the DORA allocations. The difference is made by capital grants.
Fair Value adjustment - The fair value adjustment is from the remeasurement of the investment property that was not budgeted for.

Property Rates – The budget forecast was based on the previous year budget and not the trend. The municipality will however budget based on actuals for this item.

Government grants- Operational - The grants are based on the DORA allocations. The difference is made by capital grants.

Fines, penalties and forfeits – This items budget was low as the revenue is not guaranteed, hence the municipality tries not to budget a lot on the item.

Fair Value adjustment - The fair value adjustment is from the remeasurement of the investment property that was not budgeted for.

Finance costs - The interest charges on concessionary loan and on overdue accounts (mainly ESKOM and AG) was not considered during the budget preparations

Debt impairment - The increase is attributable to the increase in the additional impairment from provision for bad debt
Depreciation and Amortisation - The increase is attributable to the increase in the capital expenditure than budgeted.

Bulk purchases - At the budget adjustment date there was little movement in the account resulting the budget was not adjusted and we could not reliably estimate how much is needed as most of the invoices were not yet submitted to finance by Eskom. Bulk of transactions were posted towards financial year end.

Contracted services - main contributor to the overspending is legal fees. The account was spending in line with the budget at the adjustment period hence the slight adjustment. Invoices which contributed to the overspending were posted towards financial year end

Transfers and subsidies – The budget were based on the projections received from the agency.
interest on receivables, which is charged on overdue accounts.

	Economic entity		Controlling entity	
Figures in Rand	2025	2024	2025	2024

57. Budget differences (continued)

Inventory consumed – The consumables at year end were higher than the budgeted quantity, and also due to increased high costs

Operational costs – In general the municipality's budget is not funded hence a huge deficit

Financial Position

Assets

Inventories – The consumables at year end were higher than the budgeted quantity, and also due to increased high costs..

Receivable from exchange transactions – The difference is due to low budget on other receivables, no budget for licences and interest on receivables, which is charged on overdue accounts.

Receivable from non-exchange transactions – The balance relates to the Rates accounts that were budgeted under consumer debtors
that are currently going between the municipality and CIGICELL.

VAT receivables – VAT receivable was budgeted for based on trend.

Long-term Debtors – Long-term debtors is low due to some amounts being irrecoverable from the debtors

Cash and cash equivalents – The closing balance is higher because of the receipt of the equitable share.

Investment property – The valuations of the investment properties were very higher than the actual valuations performed by the valuers of the investment properties at year end

Property, Plant and Equipment – The additions and the transfers from the completed projects were budgeted to be lower than the actuals

Other receivables-Prepaid Electricity Cigicell – The CIGICELL debt owed to the municipality is not budgeted due to the disputes that are currently going between the municipality and CIGICELL.

Long term debtors – The number of debtors that entered into payment arrangement with the municipality was significantly lower than budgeted. This is due to the dire economic conditions faced by the customers

Liabilities.

Finance lease obligation – The municipality did not budget for the balance under liabilities, but under operational costs

Employee benefit obligation – The amount of the employee benefits obligations is only calculated at year end by the actuaries, hence it was not budgeted for

Unspent conditional grants and receipts - The grant are based on the DORA allocations and at the time of the budgets, the amount of unspent and spent grant could not be established.

Other financial liabilities – The Dr Ruth Mompati loan has not been repaid over the years and hence it's repayment was not budgeted for

Financial liabilities - The CIGICELL concessionary loan owed by the municipality is not budgeted due to the disputes that are currently going between the municipality and CIGICELL.

Provisions – The provision for environmental rehabilitation and leave provision was budgeted lower than the actual provision calculated by the environmental experts**.**

58. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 661 415 858 and that the municipality's current liabilities exceed its current assets by R 161 649 245.

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

The municipality had a deficit during the year under review. The municipalitys current assets to current liabilty ratio pauses a material uncertanity on the municipalitys going concern. Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account.

Contingent Liabilities – Lekwa Teemane Local Municipality has disclosed Contingent Liabilities in the 2024/2025 Financial year. Should the outcome of the cases not be favouable to the Municipality this could result in significant Financial Losses to the entity thus casting significant doubt on the entities ability to continue as a going concern.

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.The municipality is adequately funded by National Government to continue its operations.

Where applicable the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

The municipality is implementing optimal revenue enhancement strategy and credit control and debt collection policy along with cost containment policy to improve liquidity.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The municipality is in a possesion of the Financial Recovery Plan through Section 139 (a) and (c) of the MFMA.

59. Transfer and subsidies

Other subsidies				
Development Agency Assistance	2 956 975	1 650 805	2 956 975	1 650 805

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025	2024	2025	2024

60. Capital and Operational Commitments

Joint ventures

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	23 896 641	13 272 746	23 896 641	13 272 746
Total capital commitments				
Already contracted for but not provided for	23 896 641	13 272 746	23 896 641	13 272 746

Total commitments

Total commitments				
Authorised capital expenditure	23 896 641	13 272 746	23 896 641	13 272 746

This committed expenditure relates to property and will be financed by MIG. Operational commitments are not disclosed in the current year to comply with GRAP 19 reporting requirement.

61. Investment in controlled entities

Investments in controlled entities

Name Jurisdiction	Determination of ownership interest	Economic Entity % ownership interest 2025	Economic Entity % ownership interest 2024	Controlling Entity % ownership interest 2025	Controlling Entity % ownership interest 2024	Economic Entity Carrying amount 2025	Economic Entity Carrying amount 2024	Controlling Entity Carrying amount 2025	Controlling Entity Carrying amount 2024
Lekwa Teemane Development Agency	100	- %	- %	- %	100,00 %	-	-	20 100	20 100
						-	-	20 100	20 100
						-	-	20 100	20 100

The carrying amounts of controlled entities are shown at cost, net of impairment losses, if any.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025	2024	2025	2024

62. Other financial liabilities

Designated at Amortised cost	14 014 575	12 357 893	14 014 575	12 357 893

Dr Ruth Mompati District Municipality
Dr Ruth Mompati District Municipality
The amount relates to funds advanced by Dr Ruth Mompati District Municipality (DRMDM) in relation to the payment of salaries.The municipality is to pay the loan in three equal instalments of R1 000 000 from 30 April until 30 June 2017. Failure to pay the loan at the end of 30 June 2017 will accrue cumulating interest at 15% per annum. As at 30 June 2021 the municipality have failed to honour the terms and conditions of the agreement, a cumulative interest has been accrued amounting to R 4 135 688 (2024: R3 204 943). There are no repayment terms agreed with the District Municipality to recover from the defaulted periods and no plans to repay the loan togerher with accrued interest.
Another loan was received from Dr Ruth Mompati District municipality on the 23 June 2022 amounting to R 3 500 000 at no interest. The interest expense of R 2 938 542 (2024: R 5 614,58) was accrued using the prime rate in the cuurent year. The funds were advanced to the municipality with no terms.

63. Share capital / contributed capital

Issued				
Ordinary	-	100	-	-
Share premium	-	20 000	-	-
	-	**20 100**	**-**	**-**