



DRAFT ANNUAL REPORT 2024/25

MOQHAKA LOCAL MUNICIPALITY

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VOLUME 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FOREWORD



Cllr M E Mokatsane
Executive Mayor

It really gives me pleasure, and I am humbled by this opportunity given to me to present the 2024-2025 annual report as part of my responsibilities to ensure accountability of the executive.

In the previous annual report, we gave account on the appointment of senior managers, a report which pointed out the challenges brought by it, and regrettably we find ourselves in the same situation during this reporting period.

Let me take this opportunity to report that the information, communications and technology (ICT) system is up and running with minimal disruptions and this has positively contributed to ease communication and handling enquiries.

We have approved the new centralised supply chain management function with the aim of improving procurement and demand management so that we improve on our turnaround time and efficiency. This system is still in its commission phase, and we are closely monitoring its performance.

We managed during this period to acquire yellow fleet, and we hope this will assist reduce reliance on contracted services. This is a commendable move that will go a long way to address concerns that [5](#)

been raised by the Auditor General South Africa on the impact of contracted services to our limited financial resources.

The draft management letter on the annual municipal audit shows that not enough effort has been paid to improve from the previous financial year and this is a matter of great concern for the municipality. A qualification with findings cannot just be accepted without committing to developing a comprehensive response plan aimed at improving this outcome while we understand some of the reasons that lead to it.

Repeat findings are an area of serious concern and this will be our point of departure in the audit improvement plan.

We are committed to our approved revenue enhancement strategy and call upon all residents of our municipality to support this progressive effort that is aimed at mobilising financial resources to acquire more fleet and improve overall services delivery.

The Eskom debt is still one of the thorny issues that we are faced with and has a massive bearing on our overall financial planning and development of budget funding plan which has been a challenge during this period. We need to mention that we are committed to paying the debt, but we need to be transparent about challenges that we are faced with given the ongoing economic meltdown with its resultant increase in unemployment. Revenue collection will remain a focus area for us moving forward starting with our own employees and councillors given the legislative provision that binds them to pay for their services.

I thank you.



M E MOKATSANE
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



PH Tshabalala
Municipal Manager

The Municipality has a responsibility in line with Section 121(1) of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA) to prepare an annual report in accordance with the prescribed Regulations. The purpose to inter alia provide a record of the activities for the year, report on performance against the budget, and to promote accountability to the local community for the decisions made throughout the financial year.

The contents of this Annual report will provide a detailed insight into the operations of the municipality across all directorates during the 2024/2025 financial year. However, for the purpose of this summary I will touch on three of the main focus areas namely, accountable governance, sustainable service delivery and financial performance. These are also some of the main aspects highlighted by the Auditor General in the municipality's 2023/2024 qualified audit report, and the municipality is placing great emphasis to improve in these areas and ultimately achieve full compliance and a clean audit outcome.

As a baseline for the municipality to provide sustainable services to the community it is imperative that its finances are in good order and that stipulations of the Municipal Finance Management Act 56 of 2003 are complied with during all processes. Although the municipality made some positive strides the challenges such as cash flow constraints, under-collection of revenue, the growing debtors' book and unfunded budgets position over successive years have severely impacted the municipality's ability to function effectively. The effect of these challenges are evident in the increasing Eskom debt being the foremost challenge and financial risk for the municipality to address. Corrective steps among others included the development of a budget funding plan and revenue enhancement strategy, implementation of cost containment measures, the decision for centralization of the Supply Chain Management function as from 01 July 2025 as well as participation in the Eskom Debt Relief Programme. It can be reported that the municipality is fully committed to effectively resolve these challenges, not only with the target of achieving an improved audit opinion, but most importantly to strengthen our ability to provide sustainable services to the community of Moqhaka.

Accountable governance involves establishing structures, policies, and processes to direct and control the municipality's affairs, ensuring alignment with strategic goals and efficient service delivery. Moqhaka Municipality follows a comprehensive system of regulations and processes that are designed to sustain and enhance optimal and effective organizational management throughout all of the existing structures in order to enable the municipality to achieve its Constitutional mandate. The vacant senior management positions understandably created some instability in those areas of responsibility, however, it can be reported that the Municipal Manager resumed her duties on 12 June 2025 after fourteen months of suspension. The filling of the vacant positions of Chief Financial Officer, Director LED & Planning as well as Director Community & Social Services in accordance with the prescribed Regulations is regarded as high priority.

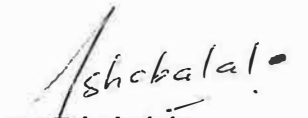
The provision of sustainable services to the people of Moqhaka in accordance with the Constitution of South Africa is and remains top priority for the municipality. During the 2024/2025 financial year the municipality achieved various operational as well as capital service delivery target. It can however not be overlooked that service delivery performance is directly linked to financial performance which considering the limitations previously eluded to resulted in some operational challenges such as the periodic unavailability of materials. Other challenges experienced included the increasing theft and vandalism of infrastructure for example water meters, electricity distribution infrastructure as well as underground streetlight cables.

Looking forward the focus areas for improvement regarding infrastructure services will amongst other be the restriction of water and electricity losses through possible participation in the National Treasury RT 29 contract for which the municipality will re-apply, as well as importantly to address the possible risk of not contaminating our water sources through the effective refurbishment of the Waste Water Treatment Plant. The anticipated acquisition of critically required yellow fleet and other fleet will promote improved service delivery in areas such as the repair of streetlights and high mast lights, repair and maintenance of roads, the repair of burst pipes and water leaks to mention a few.

In conclusion it can be confirmed that the municipality remains dedicated and steadfast in fulfilling its Constitutional mandate, to improve in all identified areas and to always provide the highest possible standard of service to the community through collaborative effort, effective management and compliance.

I wish to express my sincere appreciation and thanks the community of Moqhaka, the Executive Mayor, members of Council, the management team and all employees for their dedication and hard work throughout the year.

I thank you,


PH Tshabalala
MUNICIPAL MANAGER



1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The area of jurisdiction of the Moqhaka Local Municipality is situated in the southern part of the Fezile Dabi District Municipality. The former Kroonstad, Steynsrus and Viljoenskroon Transitional Local Councils and sections of the Riemland, Kroonkop and Koepel Transitional Rural Councils are included in the Moqhaka Local Municipality.

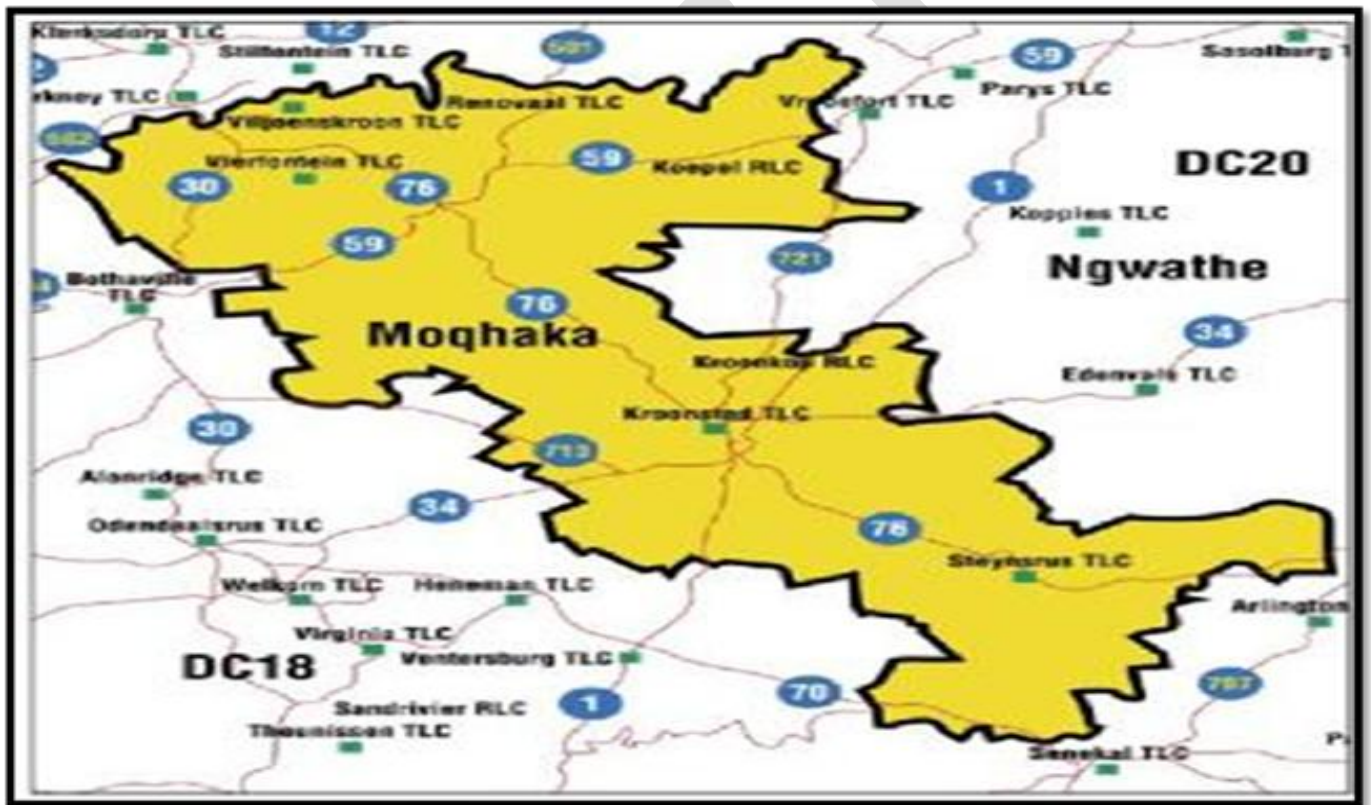
The general tendency of migration from rural to urban areas is also occurring in the area, as is the case in the rest of the Free State Province. The majority of the rural population is active within the agricultural sector. Regarding the population distribution (see Table 1), the area is largely urbanized (78% urban and 22% rural). In comparison to the other municipalities within the Fezile Dabi District, it appears as if Moqhaka is significantly less urbanised. However, the large rural population of the concerned region is attributed to the fact that the population of the Vierfontein and Renovaal villages as well as the Vaal Reefs hostel complex and informal settlement (see Table 6) is included in the rural population of Moqhaka.

The Greater Kroonstad is the centre of a large agriculture community that plays an important role in the economy of the district. Industrial activities subsequently contribute significantly to the district's economy. The Department of Correctional Services and the School of Engineer's Military bases are situated in the town. Kroonstad has of late become a distinguished holiday destination due to the ultra-modern and popular holiday resort of Kroonpark, adjacent to the Vals River. The urban area is situated adjacent the N1 National Road and located adjacent one of the largest and most important four-way railway junctions in South Africa.

The Viljoenskroon/Rammulotsi urban area is located within an area of extreme agricultural significance. The urban area plays a significant role in providing residential opportunities to the adjacent Goldfields and mining activities in the North West Province. The provincial roads P15/1 and P15/2 from Kroonstad to Klerksdorp in the North West Province extend through the area from north to south. The Steynsrus/Matlwangtlwang urban area is situated approximately 50km east of Kroonstad, 140km west of Bethlehem. The major link road between Bethlehem and Kroonstad stretches adjacent to the urban area. The area is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. More specialised services are rendered by Kroonstad as a large service centre in close proximity. The accessibility of the town, due to the main road and railway line, further influences growth in the area.

In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Moqhaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

Figure 1: Map of Moqhaka



In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Moqhaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential

area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

Vierfontein (referred to as “Vierfontein South”) is also a proclaimed town. The area was initially developed to provide residence for workers at the adjacent mine and electricity power station and was owned by Eskom. After mining activities ceased and the power station discontinued, a township establishment was done to formalize the existing town area during 1993. According to Proclamation No. 35 of 1995 (Provincial Gazette of 24 February 1995), the concerned area represented by General Plan SG No. 786/1993, was proclaimed a township under the name Vierfontein. The individual properties were sold and the majority of the inhabitants of Vierfontein are retired residents with a limited number of inhabitants that are employed in Viljoenskroon.

To the north of the town Vierfontein, a sectional title scheme was established that is referred to as “Vierfontein North”. As in the case of Vierfontein, this sectional title scheme also developed to provide residence for workers at the Vierfontein mine and power station, but most of the current inhabitants are also retired. The area was developed by the Dutch Reformed Church who was the initial property owner of the concerned farms. The concerned farms are currently the property of Vierfontein Developers Group Scheme who is also the current home owner’s association.

The Vaal Reefs hostel complex subsequently exists adjacent the Vaal River and in close proximity of Viljoenskroon. The hostels were developed by AngloGold who is the property owner of the concerned farms and provide residence to mine workers of the company. Although mining activities ceased on the Free State side of the Vaal River, the complex still exists and provides housing to approximately 9 000 residents. An informal settlement subsequently developed adjacent the Vaal Reefs hostels, consisting of approximately 720 residents.

Apart from the dominant role agriculture plays in the region, no other significant economic activity exists. The Moqhaka area, like the rest of the Fezile Dabi District, is not considered as a primary tourist destination, although the area is increasingly becoming a favourite weekend destination. The hunting and guesthouse industries displayed an exceedingly rapid growth the past few years. Recreation areas and facilities are predominantly confined to the urban areas. The Kroonpark recreation and holiday resort in Kroonstad attracts interest throughout the region.

The Vaal River borders Moqhaka to the west. The Vals and Renoster Rivers drain through the area towards the Vaal River. These rivers play a significant role in providing the raw water supply to Kroonstad, Steynsrus and Viljoenskroon respectively. The topography of the area is particularly homogeneous with no prominent features

and the area is characterised by extremely moderate slopes. The western areas, in the vicinity of Viljoenskroon, are known for various shallow and non-perennial pans.

Table 1: Overview Population by Age and Gender

Age	Male	Female	Total
0 - 4	6847	6574	13421
5 - 9	5873	6192	12065
10 - 14	6742	6939	13681
15 - 19	6270	6308	12578
20 - 24	6162	5857	12019
25 - 29	6050	5978	12028
30 - 34	6343	6358	12700
35 - 39	6004	5914	11919
40 - 44	5175	5252	10427
45 - 49	4169	4576	8746
50 - 54	4008	4090	8098
55 - 59	3396	4219	7615
60 - 64	2786	3921	6707
65 - 69	2038	3245	5283
70 - 74	1356	2289	3645
75 - 79	765	1450	2215
80 - 84	385	889	1274
85+	210	778	988
Total	74579	80830	155409

Table 2 : Population

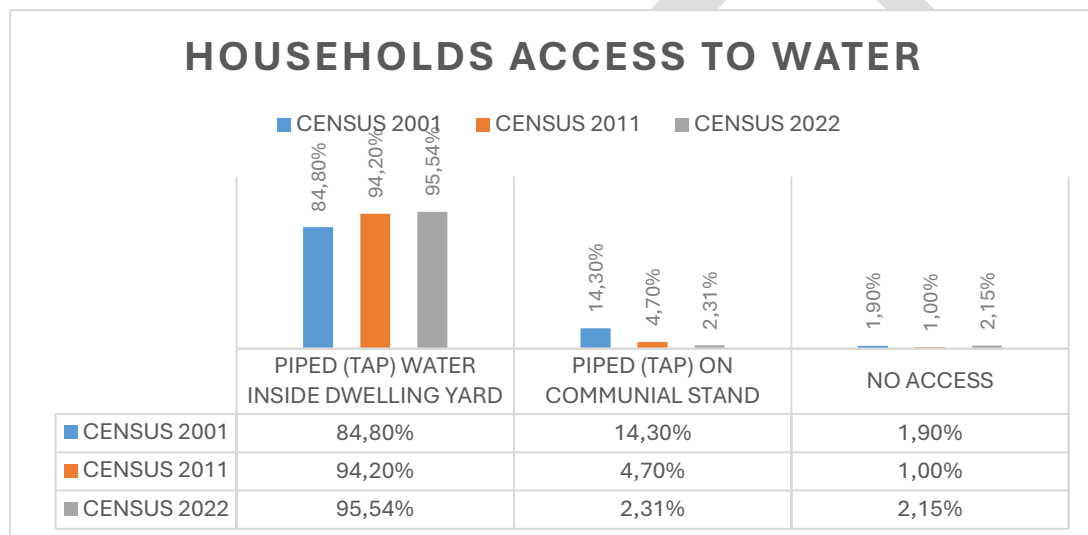
	Census 2001	Census 2011	Community Survey 2016	Census 2022
Population	167 892	160 532	154 732	155 410

+

Table 3: Households

	Census 2001	Census 2011	Community Survey 2016	Census 2022
Households	41 514	45 661	53 601	42 789
Average Household Size	4	3.5	2.9	3.6

GRAPH 1: ACCESS TO WATER



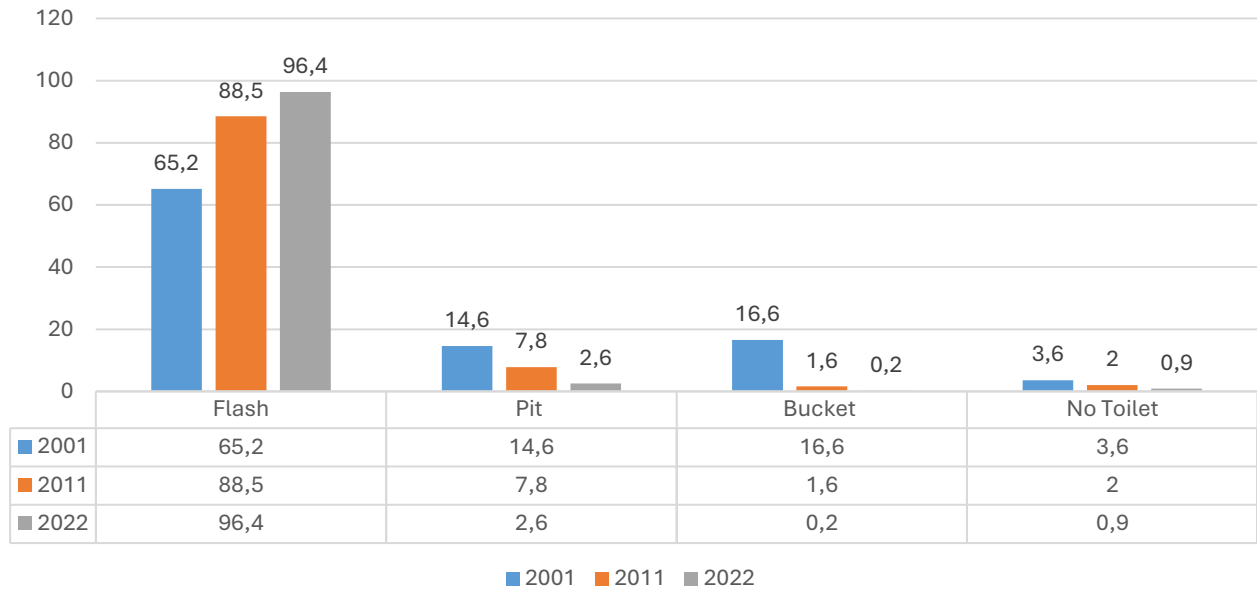
Census defined piped water as:-

- Piped (tap) water inside the dwelling/house
- Piped (tap) water inside yard
- Piped water on community stand
- Neighbour's tap
- Public/communal tap

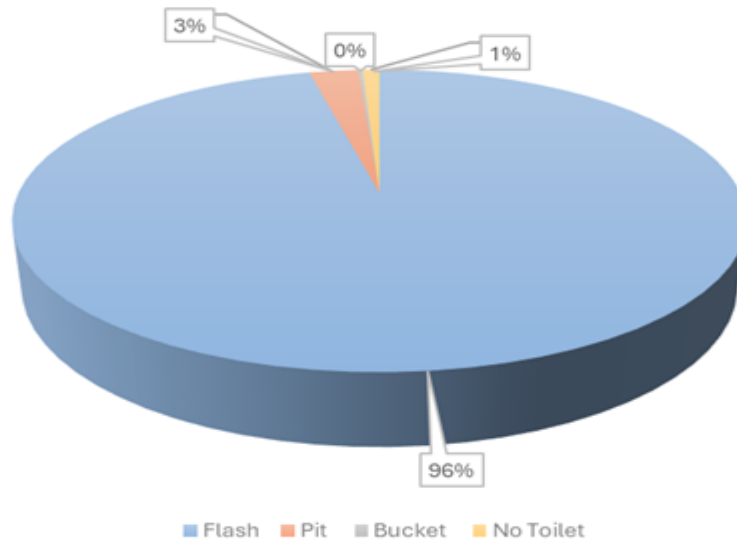
ACCESS TO SANITATION

Census 2022 results is shown in the figure below and shows that there is an increase in households with access to sanitation.

HOUSEHOLDS ACCESS TO SANITATION

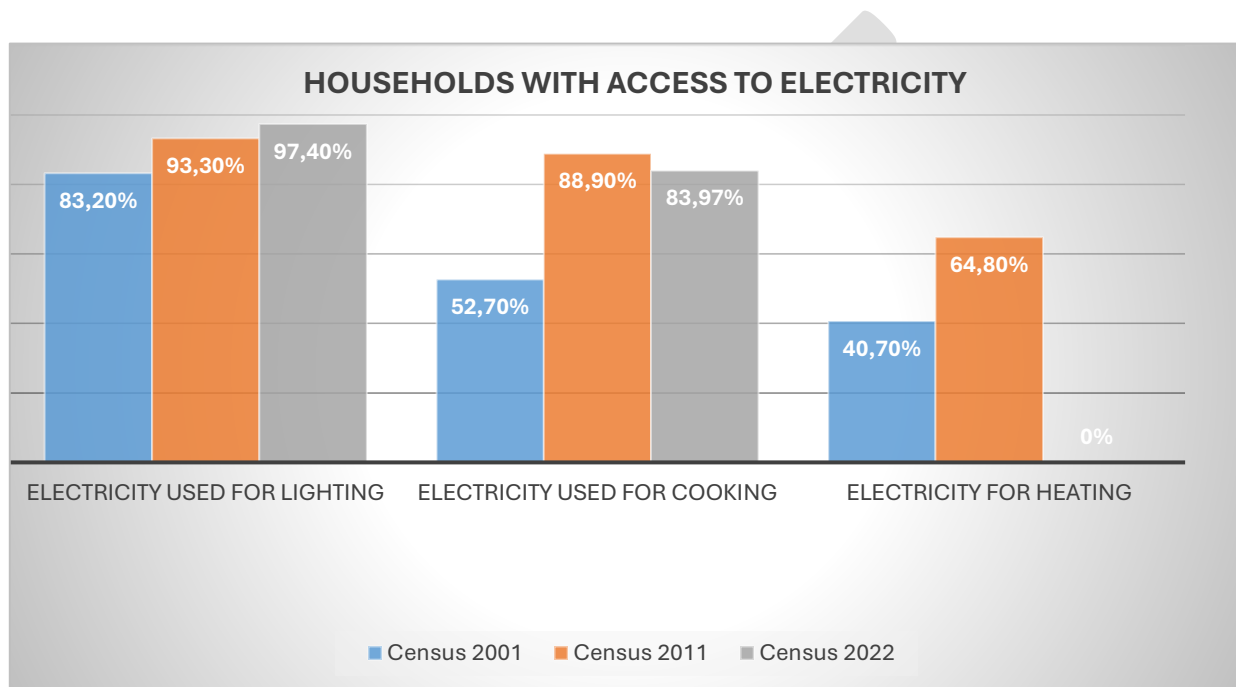


CENSUS 2022 - SANITATION ACCESS



ACCESS TO ELECTRICITY

The 2011 Census information shows that more households utilise electricity for heating, lighting and cooking compared to the status quo in 1996. 93.3% (up by 34.3%) of households used electricity for lighting, 88.9% (+44.1%) for cooking and 64.8% (+26.8%) for heating in 2011 compared to 1996, the graph also shows that as at 2022 the 96% household are using flash toilet bucked system, 3% Pit toilet and 1% no toilet.



Connected to electricity (2022)

In-house conventional meter

- In-house prepaid meter
- Connected to other source for which the household pays (e.g. connected to neighbour's line and paying neighbour, paying landlord)
- Connected to other source which the household is not paying for (e.g. connected to neighbour's line and not paying neighbour)

Other Sources for electricity

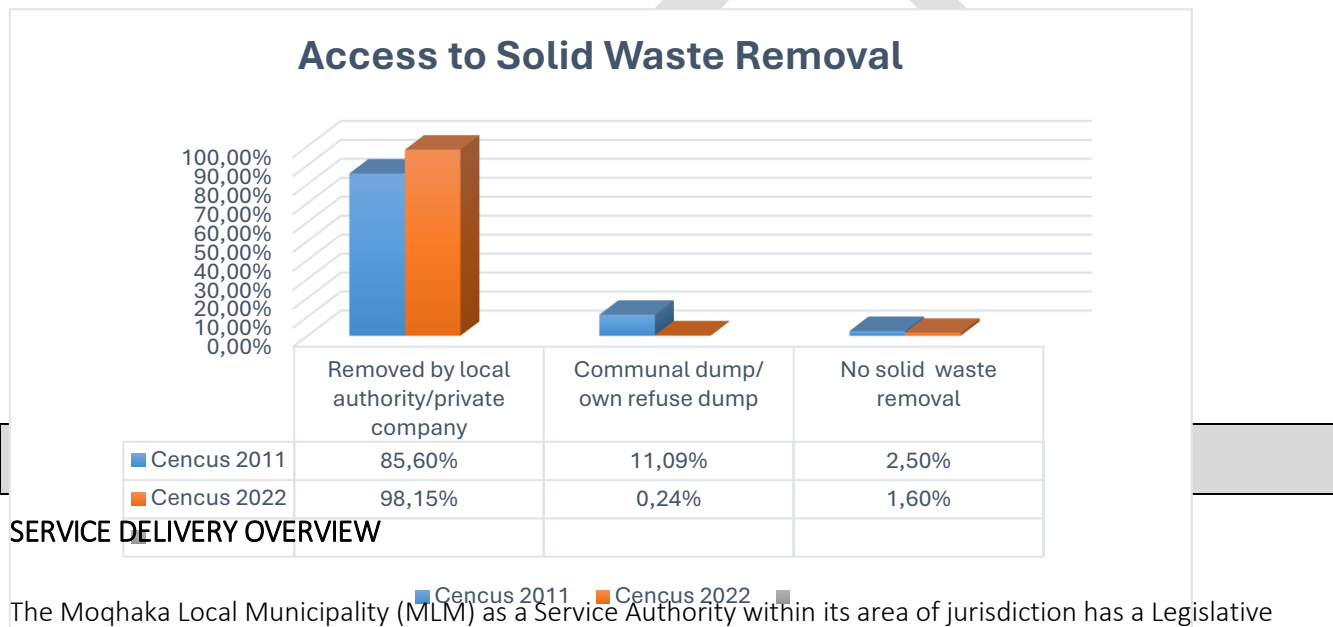
- Generator
- Solar home system
- Battery
- Other

ACCESS TO REFUSE

In respect of access to refuse removal services 85.6% of households in 2011 had their refuse removed at least once a week showing a 16.6% increase compared to 1996. Households utilising their own or communal refuse dumps and with no access to refuse removal services show a comparative decline over the same period. That in 2022 increased to 98% refuse removal.

The figure below shows the information of the 2011 Census. and Census 2022

HOUSEHOLDS BY TYPE OF REFUSE REMOVAL



SERVICE DELIVERY OVERVIEW

The Mophaka Local Municipality (MLM) as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a sustainable, safe and healthy manner. The Municipality is also responsible for the operation, maintenance and upgrading of infrastructure, which include electricity, water, sewer, roads and storm water.

The municipality is doing relatively well in terms of access to water and electricity as well as access to sanitation.

The provision of additional erven would imply the need to upgrade and expand bulk infrastructure in all three towns, to accommodate additional developments.

Various service delivery targets have been set in the municipality's IDP to ensure that access to basic services is realised in line with the national government's target dates. Free basic services are provided to indigent households according to the municipality's indigent policy. These includes 10kl of water, 50kWh electricity, free sanitation and refuse removal per month.

Several projects were done under conditional grants received from MIG, EPWP, WSIG, RBIB and DMRE.

COMMENT ON ACCESS TO BASIC MUNICIPAL SERVICES

In the 2024/25 financial year, the municipality realised a significant increase in the number of households with access to water and sanitation services. A total of 2 492 erven in Maokeng Extension 10 and 13 had water and sewer networks installed. This intervention increased the total number of households with access to water from 34 686 to 37 178 and the number of households with access to sanitation from 34 713 to 37 205.

Hundred percent (100%) of the households in the municipal area had access to piped water within 200m from their dwelling. With regard to access to basic sanitation, 98% of households had access to basic sanitation, and 100% of households received a weekly refuse removal service. Hundred percent (100%) of the households located in the Municipality's area of jurisdiction have access to electricity, namely: Kroonstad, Maokeng, Viljoenskroon and Steynsrus.

The figure below shows the progress made with regard to service delivery since 2020/21.

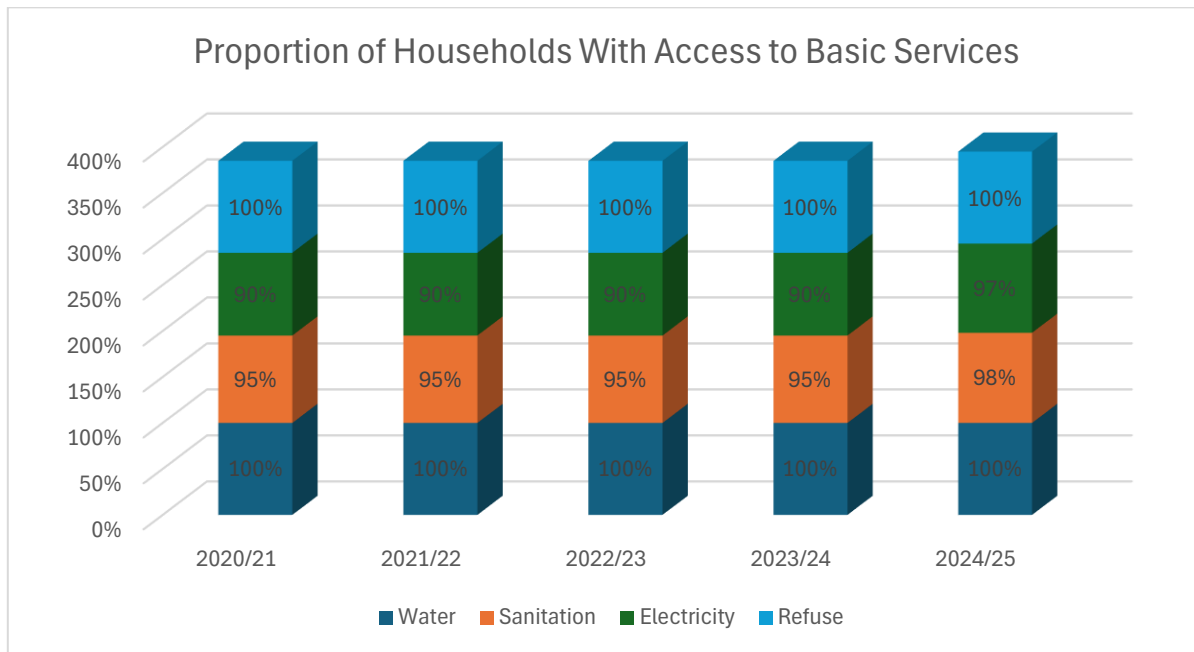


Figure 2: Access to services

1.4 FINANCIAL OVERVIEW

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically, equitably and efficiently to the entire community. Local Government has used the Municipal Budget and Reporting Regulations, as well as various circulars as issued by National Treasury as a guiding tool for the budget preparation.

Table 4: Financial Overview – 2024/25

Financial Overview: 2024/25			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	311 514	333 612	277 033
Taxes, Levies and tariffs	957 728	894 907	802 984
Other	76 386	126 714	128 435
Sub Total	1 345 628	1 355 234	1 208 452
Less: Expenditure	1 310 466	1 327 553	861 881
Net Total*	35 162	27 681	346 571

Table 5: Operating Ratios

	Operating Ratios	
Detail	2023/24	2024/24
	%	%
Employee Cost	33.7%	35.3%
Repairs & Maintenance	7.9%	10.1%
Finance Charges	2.93%	2%
Debt Impairment	9%	11%

COMMENT ON OPERATING RATIOS

The above operating ratios depict a favourable status regarding the municipality's expenditure comparisons and are within the norms and standards. With exception of repairs and maintenance expenditure which is mainly propelled by the decline in the cash collection which ultimately affects the repairs & maintenance budget spending given the need for repairs of our infrastructure assets.

Table 6: Total Capital Expenditure

Total Capital Expenditure: 2022/21 to 2024/25					
	R'000				
Detail	2020/21	2021/22	2022.23	22023/24	2024/25
Original Budget	52 756	102 688	76 153	90 509	98 591
Adjustment Budget	56 092	72 094	79 188	70 219	116 365
Actual	56 092	54 215	80 696	89 031	64 171

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The effective provision of predictable good quality and sustainable public services hinges on the capacity and effective functioning of the structures or institutional arrangements adopted by the government institution under consideration. Moqhaka Local Municipality recognises the importance of human resource management and development in the quest to meet the service delivery demands and the growth and development objectives in within its jurisdiction. The Municipality acknowledges that without an effective institutional form, well developed and relevant skills, knowledge, and experience public services cannot be delivered effectively.

The municipality reviewed its organisational structure and have approved 1 892 positions. By end of financial year the municipality had a total of 939 employees and a vacancy rate of 50%. The high vacancy rate is due to the review of the organisational structure that resulted in addition of new positions across all departments.

The turnover rate stood at 5.4%. The municipality rate of turnover was due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations whilst certain departmental vacancies could not be filled due to the lack of plant and equipment.

Appointments within the municipality are made taking into consideration the implementation of the Employment Equity Plan and Employment Equity Act 55 of 1998. According to the demographic profile of the municipality, African employees constitute 90% of the workforce, Coloured 2.7% and Whites 6.7%.

The Municipality ensures compliance with its policies, collective agreements and relevant legislation with regard to –

- ☐ Organisational design
- ☐ Recruitment, selection and appointment;
- ☐ Labour relations;
- ☐ Employment Equity;
- ☐ HIV/AIDS;
- ☐ Training and development;
- ☐ Occupational health and safety;
- ☐ Main and Divisional collective agreements

1.6 AUDITOR GENERAL REPORT

AUDITOR-GENERAL REPORT: 2024/25

The Auditor General Report for 2024/25 financial year is fully detailed out in Chapter 6 of the Annual Report.

1.7 STATUTORY ANNUAL REPORT PROCESS

According to Legislation, the Annual Report of a municipality must be tabled in the Municipal Council on or before 31 January each year. In order to enhance Councils oversight function, the municipality should submit their Annual Reports as soon as possible after the financial year-end ideally this ought to be the end of August. Both the draft Annual Financial Statements and the Annual Report were submitted by the end of August to the Auditor-General. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2024.25 Annual Report process. It is expected that the entire process should be concluded by the end of December.

The anticipated process for the creation, submission, review and approval of the 2024/25 Annual Report is set out in the table below.

Table 7: Statutory Annual Report Process

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

COMMENT ON THE ANNUAL REPORT PROCESS

The municipality has been able to meet the new deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. Substantial progress has been made to align the format and contents of the Annual Report with the guidelines issued by the National Treasury. A concerted effort has been made by the municipality to ensure adherence to the above timelines with the compilation of the unaudited 2024/25 Annual Report.

The municipality appreciates the importance of alignment between the IDP, Budget and Performance Management System and the process to ensure proper alignment is continuously being reviewed and implemented.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the communities are heard in decision-making. It is also responsive to the present and future needs of society.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Municipality has all the powers assigned to it in terms of the Constitution as well as National and Provincial Legislation. The Municipality has the right to do anything reasonably necessary for, or incidental to, the effective exercise of its powers.

The Executive and Legislative authority of the Municipality vest in the Council. The Council takes the decisions of the Municipality except-

- (a) Decisions on those matters that it has delegated to a delegated body;
- (b) Decisions on those matters that by law have been assigned to a political structure, political office-bearer or employee of the Council.

Section 151 of the Constitution, 1996 states that the executive and legislative authority of a municipality is vested in its Municipal Council. The Municipal Structures Act and Municipal Systems Act complement this. In terms of Section 160(2) of the Constitution, 1996, the following powers may not be delegated by a Municipal Council and must therefore be exercised by Council: passing of by-laws, approval of budgets, imposition of rates and taxes, levies and duties and the raising of loans. The Speaker is appointed by Council and performs his functions in

terms of Section 37 of the Municipal Structures Act, such as presiding at Council meetings and overseeing the work of Council committees.

The Council appointed an Audit and Performance Audit Committee, which performs its functions in accordance with Section 166(2) of the MFMA and the approved audit committee charter. This Committee reports directly to Council and make recommendations to Council in terms of its functions.

The Executive Mayor exercises his responsibilities in terms of the Municipal Structures Act, Municipal Systems Act, and Municipal Finance Management Act and in accordance with any powers and functions so delegated by the Council. A Mayoral Committee who has been appointed in terms of Section 60(1) (a) of the Municipal Structures Act assists the Executive Mayor. Members of the Mayoral Committee have been assigned specific areas of responsibility and chair the various portfolio committees. The portfolio committees consist of Councillors and reports directly to the Mayoral Committee. *2.1.0*

POLITICAL STRUCTURE	Function
EXECUTIVE MAYOR Cllr E M Mokatsane	Overall political responsibility for sound governance and service delivery.
SPEAKER Cllr S V Khiba	Public participation, ward committees and managing Council and Committee meetings.
COUNCIL WHIP Cllr MM Semakale	Ensures discipline among Councillors; Managing relations between political parties and representation on Committees.
MAYORAL COMMITTEE Cllr Ramajoe LE Cllr Khotle MA Cllr Lulama MR Cllr Tshabalala MP Cllr Ntsala TM Cllr Ramathibe BS Cllr Sesing I Cllr Phamotse EP	LED and Planning IDP Policy Monitoring and Evaluation Public Safety Portfolio Committee. Technical Services Committee. Community Services Portfolio Committee. Corporate Support Services Portfolio Committee. Human Settlement Portfolio Committee.

POLITICAL STRUCTURE	Function
Cllr Tau RD	Finance Portfolio Committee.
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE Adriaan Vernon Botha Mzimkulu Nelson Baba Mohlolo David Rankokosane Kamla Jackson Roderick Thabo Gregory Mofokeng Lebohang Sekhesa Sidney Henrey Pittaway Leah Van Schalkwyk A Jordaen Dibetso Jan Serapelo	Provides oversight on all compliance matters in the Municipality. Roles and responsibilities are outlined by Section 129 of the MFMA and the National Treasury guidelines.
PETITIONS & RULES COMMITTEE David Rankokosane Kamla Jackson Roderick Dibetso Jan Serapela Lousanne Van Heerden Leah Van Schalkwyk Nicholas David Muller	The Petitions and Rules Committee is responsible for establishing a process detailing the procedures by which petitions will be dealt with in an effective and efficient manner. The committee also develops and monitor the implementation of procedures and rules for the effective functioning of the Committees of Council.
FINANCE, AUDIT AND RISK MANAGEMENT PORTFOLIO COMMITTEE Tau RD (MMC) Moleleki Paul Makoko Mohlolo David Rankokotsane David Nzunga Mmopeng Palesa Emily Mpele Christiaan Jacobus Saaiman Lebohang Sekhesa John Meko Sipiwe Ramovha Tsoto Sello Sello Marapo	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors, Make recommendations for consideration by the Mayoral Committee.
COMMUNITY AND SOCIAL SERVICES Buti Solomon Ramathibe Sello Marapo Tsoto Sello TG Mofokeng HME Boeije David Nzunga NM Nolo L Van Heerden	

POLITICAL STRUCTURE	Function
IDP PORTFOLIO COMMITTEE Lerato Khotle Moleleki Paul Makoko Mohlolo David Rankonkosane Thabo Gregory Mofokeng Sello Tsoto Geldenhuis Johan Shadrack Mahlomola Motsoeneng Linda Louwrens A Jordaan Champ Tloome	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
MUNICIPAL INFRASTRUCTURE AND TECHNICAL SERVICES PORTFOLIO COMMITTEE Tshokolo Ntsala Thabo Gregory Mofokeng Tsoto Sello Sello Marapo Kamla Roderick John Meko Johan Geldenhuis Christopher Mark Dalton Lousanne Van Heerden Elliot Maphoba Morena Thebe	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
LED AND INVESTMENT PORTFOLIO COMMITTEE Lehlohonolo Ramajoe Moeketsi John Ramoolla Mmopeng Palesa Emily Mpele Roderick Kamla Jackson Sepatala Matthews Chabalala Shadrack Mahlomola Motsoeneng Champ Tloome A Jordaan Paul Makoko	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee.
CORPORATE SUPPORT SERVICES PORTFOLIO COMMITTEE Itumeleng Sesing Mzimkhulu Nelson Baba Kamla Roderick Moleleki Paul Makoko KJ Ramoolla Ntswaki Sylvia Lebone	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

POLITICAL STRUCTURE	Function
Linda Louwrens Mmopeng Palesa Emily Mpele Elliot Maphoba Morena Thebe Christiaan Jacobus Saaiman	
PUBLIC SAFETY AND TRANSPORT PORTFOLIO COMMITTEE Moeketsi Tshabalala Moeketsi John Ramoolla Kamla Jackson Roderick Paul Makoko Mzimkhulu Baba Nicholas David Muller Leah Van Schalkwyk Nnana Mercy Nolo A Jordaen Palesa Salphinah Mokoena	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
SPATIAL DEVELOPMENT AND HUMAN SETTLEMENT PORTFOLIO COMMITTEE Pule Phamotse Tsoto Sello Lebohang Sekhesa Joseph Sello Marapo Mzimkulu Baba Nicholas David Muller Sepatala Matthews Chabalala Lousanne Van Heerden Morena Thebe Dibetso Serapela	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
POLICY DEVELOPMENT AND MONITORING PORTFOLIO COMMITTEE Moipone Lulama David Rankokosane Moeketsi John Ramoolla Mzimkhulu Nelson Baba Moleleki Paul Makoko Christopher Mark Dalton HME Boejie L Van Heerden Champ Tloome Ntswaki Sylvia Lebone	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

COUNCILLORS

The municipality has 44 Councillors, 22 are Ward Councillors and 22 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings) in Appendix A. Further, note that Appendix B sets out committees and committee purposes.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Local Government carries a legislated mandate, which is to serve the interest of public through equitable service provision. Local Government may be described as that sphere of government close to its constituents and involved in rendering a wide range of services that materially affect the lives of the inhabitants residing within its area of jurisdiction.

Each municipality must ensure that it administers its affairs to strive to achieve as set out in the Constitution of the Republic of South Africa.

The constitutional mandate of Local Governments in South Africa, which are to:

- Provide democratic and accountable governments for local communities;
- Ensure the provision of services to the communities in a sustainable manner,
- Promote social and economic development,
- Promote a safe and healthy environment, and
- Encourage the involvement of communities and community organisations in matters of Local Government.

The above is inter alia achieved through effective administrative governance, which in short can be described as the administrative activities concerned with governing and in accordance with the administrative and legislative requirements to give effect to policies and objectives.

TOP ADMINISTRATIVE STRUCTURE

POST DESIGNATION		FUNCTION	PERFORMANCE AGREEMENT SIGNED YES/NO
1.	MUNICIPAL MANAGER Ms P H Tshabalala	Accounting Officer and Head of Administration.	No The Municipal Manager was on Suspension.
	ACTING MUNICIPAL MANAGER Adv MM Mofokeng Acting Municipal Manager 1 July 2024 to 9 October 2024	Accounting Officer and Head of Administration	No
	ACTING MUNICIPAL MANAGER Mr I S Mokgatle 5 November 2024 to 5 February 2025		Yes
	ACTING MUNICIPAL MANAGER Ms L M Ntsepe Acting Municipal Manager 5 February 2025 to 20 May 2025		Yes
	ACTING MUNICIPAL MANAGER Mr T Manele Acting Municipal Manager 21 May to 12 June 2025		No
*	DIRECTOR: CORPORATE SERVICES Mr K Moroke 1 July 2024 – 17 October 2024 Ms L M Ntsepe 15 November 2024 – 30 June 2025	<i>Human Resources, Auxiliary and Legal Services, Council Support, Information and Communications Technology (ICT).</i>	Yes
3.	ACTING CHIEF FINANCIAL OFFICER R L Visagie 1 July 2024 to 30 September 2024. J. Maswanganyi 3 October 2024 to 3 January 2025 I Mokheseng 7 January 2025 – 7 April 2025 L R Visagie 1 April 2025 – 30 June 2025	<i>Expenditure, Revenue, Assets & Liability Management, Budgeting & Reporting.</i>	Yes
4.	ACTING DIRECTOR: COMMUNITY & SOCIAL SERVICES T A Qhena 1 July 2024 – 31 March 2025	<i>Waste Management, Sport & Recreation, Arts & Culture, Public Safety and Parks.</i>	Yes
5.	DIRECTOR: TECHNICAL SERVICES Mr Isaac Sonnyboy Mokgatle	<i>Water, Sanitation, Electricity, Roads & Storm water, Project Management unit, and Fleet Management.</i>	Yes
6.	ACTING DIRECTOR: LED & PLANNING S T Leie 1 July 2024 – 30 September 2024 L M Mapane 3 October 2024 to 3 January 2025 Mr S T Leie 05 February 2025 to 05 May 2025	<i>Local Economic Development, Town and Regional Planning, and Housing.</i>	Yes

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Moqhaka Municipality through the 2024/25 financial year participated in several Intergovernmental platforms relating to inter alia technical, administrative and financial matters.

This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities, working together, sharing information, and coordinating efforts to achieve common goals and deliver services effectively. It emphasizes collaboration, mutual support, and a harmonious relationship between the spheres to ensure the well-being of citizens and the overall development of the Municipality.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Moqhaka Municipality actively participates in the engagement opportunities presented by the South African Local Government Association (SALGA) who also represents municipalities in the national intergovernmental structures. SALGA plays a crucial role in ensuring that the needs and perspectives of municipalities are considered in national policy and decision-making processes.

Other National Structures include Professional Bodies such as CIGFARO (Chartered Institute of Government Finance, Audit & Risk Officers) who plays a significant role in national intergovernmental structures related to public finance and governance. It acts as an advisor, training provider, and standards setter for finance, audit, and risk management professionals within the public sector.

The allocation of an MFIP (Municipal Finance Improvement Plan) Advisor from National Treasury who advise the Municipality on matters of inter alia financial compliance and reporting is another example of National Intergovernmental Relations to the benefit of the Municipality with the aim of improving the audit outcome.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The municipality inter alia participated in the following structures with the aim to facilitate and enhance cooperation and alignment between Provincial and Local Governments.:

- PCF
- MECLOGA.
- SALGA

- IDP Managers Forum
- Performance Management & Evaluation
- Inter-Governmental Relations (IGR)
- * Technical Inter-Governmental Forums (DWS etc)
- * Provincial Treasury working groups and training (PINK Programme)

The secondment of two (2) Acting Municipal Managers by the MEC for Local Government during the 2024/2025 financial year.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Municipality during the 2024/2025 financial year participated actively in various District Intergovernmental Forums such as inter alia the District Energy Forum (DEF) with the purpose to facilitate cooperation between District and Local Municipalities on matters of mutual interest, including policy implementation, service delivery, and strategic planning.

These forums are intended to improve coordination and alignment among municipalities within the district.

The municipality participated in District Intergovernmental Structures such as the District Energy Forum (DEF) etc. which is specifically focused on the relevant service delivery aspects of the relevant service.

This provides a platform for interaction with other Municipalities as well as Sector Departments involved and improves intergovernmental relations between all spheres involved during these engagements.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality improved on the responsibilities mentioned above as indicated in the 2024/25 IDP by:

- Providing feedback to different communities on issues people raised during the first round of public engagements.
- Providing progress report on funded projects implemented in the different Wards.
- Providing opportunity for communities to making input to the 2024/25 IDP process.
- Providing Ward Committee an opportunity to prioritise inputs received from the different wards.

- Encouraging Ward Councillors and Ward Committees to do further consultation about community's service delivery priorities.
- Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

2.4 PUBLIC MEETINGS

KEY PURPOSES OF WARD COMMITTEES

- Create formal unbiased communication channels and co-operative partnerships between the Municipality and the community within a ward.
- Ensure contact between the Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.
- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality uses loud hailing, print media, posters, as well as physical delivery of invitation such as IDP and Budget Roadshow which are on semester interval. These meetings are inclusive of representative from Safety, Business, NGO'S, CBO's NPO's and all other Stakeholders.

Table 2: Public Meetings

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public Meeting London Ground	10.September 2024	01	00	23	Yes	10.Sep.24
Public Meeting Adeline Meje School	19.September 2024	01	00	24	Yes	19.Sep.24
Public Meeting Lejweng	19.September 2024	01	00	32	Yes	19.Sep.24
Public Meeting Santos Sports Ground	11.September 2024	01	00	37	Yes	11.Sep.24
Public Meeting Dikubu Primary School	07 August 2024	01	00	198	Yes	07.Aug.24
Public Meeting Santos Sports Ground	31 October 2024	01	00	133	Yes	31.Oct.24
Public Meeting Toreng	11 November 2024	01	00	30	Yes	11 November 2024
Public Meeting Nkemi's Funeral Palour	11 November 2024	01	00	105	Yes	11 November 2024
Public Meeting Constantia	11 November 2024`	01	00	118	Yes	11 November 2024
Public Participation Soul Winning	11 November 2024	01	00	99	Yes	11 November 202
Public Meeting Reaitumela School	13 November 2024	01	00	121	Yes	11 November 2024
Public Participation Old Bus Stop	13 November 2024	01	02	138	Yes	13 November 2024
Public Participation Mphfela Ground	13 November 2024	01	00	131	Yes	13 November 2024
Public Participation Brentpark Hall	14 November 2024	02	01	25	Yes	14 November 2024
Public Participation	14 November 20024	01	01	221	Yes	14 November 2024

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Phomolong School Ground						
Public Participation Next to Strike	14 November 2024	01	01	115*	Yes	14 November 2024.
Public Participation Reception Hall	18 November 2024	02	00	51	Yes	18 November 2024
Public Participation Stakeholders Meeting Reception Hall	18 November 2024	01	01	4	Yes	18 November 2024.
Public Participation Adelin Meje Primary School	19 November 2024`	01	00	160	Yes	19 November 2024
Public Participation Viljoenskroon Stakeholder's Meeting	19 November 2024	07	03	64	Yes	19 November 2024
Public Participation Tshepahalalo Hall	20 November 2024	01	00	141	Yes	20 November 2024
Public Meeting	19.December 2024	01	00	32	Yes	19.Dec.24
Public Meeting Stakaneng	22.October 2024	01	00	94	Yes	22.Dec 24
Public Meeting Voorwaarts Primary School	29 January 2025	01	00	11	Yes	29 January 2025
Public Meeting Matlwangtlwang	22 January 2025	01	00	171	Yes	22.Jan.25
Public Meeting Extension 10 Phase 2	11 March 2025	01	00	87	Yes	03.Mar.25
Public Meeting Matlwangtlwang Hall	11 March 2025	01	00	14	Yes	11.Mar.25
Public Meeting Lodon Ground	11 March 2025	01	00	32	Yes	11.Mar.25
Public Meeting	12 March 2025	01	00	127	Yes	12.Mar.25

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Santos Sports Ground						
Public Meeting Sebetwane Shop	12 March 2025	01	00	67	Yes	12.Mar.25
Public Meeting Vollrwaarts Primary School	11 March 2025	01	00	64	Yes	11.Mar.25
Public Meeting Molaba	13 March 2025	01	00	99	Yes	13.Mar.25
Public Meeting Santos Ground	20 March 2025	01	00	121	Yes	20.Mar.25
Public Meeting Manchesta Ground	25 March 2025	01	00	46	Yes	25 March 2025
Public Meeting Steynsrus Hall	22 May 2024	04	03	76	Yes	22 May 2025

COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS HELD

Public meetings are sitting as scheduled. Ward Councillors are always availing themselves for the meetings. Service delivery issues are being discussed in respective wards by the ward councillor together with Community in respective wards. Community members are attending the public meetings even though the attendance at times is not satisfactory. The Public Meetings are effective because Community members are getting the opportunity to discuss services delivery issues that are affecting them.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 9: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align directly to the Section 57 Managers	Yes

IDP Participation and Alignment Criteria*	Yes/No
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated periods?	Yes
*Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

As an overview Corporate Governance involves establishing structures, policies, and processes to direct and control the municipality's affairs, ensuring alignment with strategic goals and efficient service delivery.

It encompasses the oversight of information and communication technology (ICT) and the management of municipal entities, aiming for transparency, accountability, and sustainable development.

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance.

This includes a risk management function, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

In addition, Moqhaka Municipality follows a comprehensive system of rules and processes that are designed to sustain and enhance optimal and effective organizational management in order to enable the municipality to achieve its Constitutional Mandate.

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Executive Mayor and Council. Directors (Section 56 managers') report directly to the Municipal Manager and their performance is managed by the Municipal Manager in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programs and targets, personnel and budgets. The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors

2.6 RISK MANAGEMENT

62. (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems-

(i) of financial and risk management and internal control;

The role of the risk management in the municipality;

To ensure that it assist management to identify threats and possible risks that might have negative impact in achieving its objectives.

This process is performed through annual risk assessment performed to identify threats and develop mitigating strategies to mitigate the identified risks.

The oversight role;

The municipality has established risk committee which is chaired by independent member outside the municipality. This committee sits on a quarterly basis.

Top Five (5) risks

- 1.Vacant positions of Directors
- 2.Bad condition of the roads
3. Disaster recovery site not fully functioning.
4. Review of performance of service providers (contract management).
5. Cascading of performance to lower levels.

2.7 ANTI-CORRUPTION AND FRAUD

The municipality has the following developed and approved fraud management strategic documents:

1. Fraud Management Policy
2. Fraud Management Strategy
3. Whistle blowing policy

The mechanism that the municipality entails in ensuring that fraud risk are identified.

1. The developed and approved whistle blowing policy outlines that National hotline can be utilised to identify alleged acts of misconducts and fraud.
2. The municipality has an appointed audit committee and MPAC committee which also plays an oversight role.

2.8 SUPPLY CHAIN MANAGEMENT

Supply chain Management Policy to comply with Prescribed Framework

Section 112. (1) of the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost- effective and comply with a prescribe regulatory framework for municipal supply chain management.

Review of SCM Policy

Moqhaka Local Municipality adopted its Supply Chain Management Policy on the 27 February 2007. This was in compliance with Section 111 of the Municipal Finance Management Act (Act No. 56 of 2003).

In compliance with Regulation 3, of reviewing, adoption and amendment of Supply Chain Management Policy, the process of reviewing the Supply Chain Management Policy was completed and approved on 31 May 2024. Both the Political leadership and the management of the municipality have been workshopped on the Policy.

Supply chain Management Unit

SCM Reg.3 states the following:

- Each Municipality must establish a Supply Chain Management Unit to implement its supply chain management policy;
- An SCM Unit must, where possible, operate under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of Section 82 of the act.

The Supply Chain Management unit is under the direct supervision of the CFO. There is an organisational structure in place to allow for the establishment of the unit.

However, the structure developed does not allow for the proper establishment of all the elements of supply chain. The Supply Chain Management Unit in terms of the legislation is responsible for the following prescribed functions:

- Demand management;
- Acquisition management;
- Disposal management;
- Logistics management;
- Performance management; and
- Risk Management

Establishment an Annual Procurement Plan

Section 11.1 of the MLM SCM Policy: The Supply chain management shall after consultation with the SDBIP of the municipality, compile a schedule of capital projects in respect of each financial year. The schedule of capital projects must be for a financial year and be reviewed when the IDP is reviewed. During consultations between SCM and all other departments, all reasonable efforts shall be made to determine:

- a. The desired date and time at which a specific project must be awarded;
- b. The desired date and time when the implementation or delivery of goods and services must take place;
- c. The place where delivery must be effected;
- d. The quantity and quality of any goods to be supplied; and
- e. any other relevant matter.

The Range of SCM Threshold is as follows:

Purchase Value

Petty Cash Up to R2 000 [VAT included]

R2001 to R30 000 [VAT included]

Required Process

one (1 verbal quotation from the list of suppliers on the municipal data base Approved by the Head of Department

At least three (3) formal written price quotations (on a rotational basis from the list of suppliers on the municipal data base)

R30 001 to R300 000 [VAT included]	Competitive Bidding At least three (3) formal written price quotations (which will be obtained by the Request for
Quotations (RFQ's)	Seven (7) days advertisements
Over R300 000 [VAT included]	Competitive Bidding Process

Bid Committees

The following bid committees are established to allow for the smooth implementation of the competitive bidding process:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee

Members of all bid committees were appointed by the Accounting Officer, (procurement above R300, 000) are dealt with by all three (3) bid committees.

SCM Personnel

There are currently ten (10) full time officials employed in the Supply Chain Unit and Sixteen (16) full time officials are at Logistics.

Challenges

- Since December 17, 2024, the network and telephone systems at the Municipal Stores have been non-operational. The persistent network issues at the Municipal Stores are a significant concern, particularly as the Supply Chain Management Unit intends to implement the SCM Module for complete centralisation starting 01 July 2025.
- SCM Functions are not yet centralised due to procurement of the SCM Module.

Reporting

- The implementation of the Supply Chain Management Policy Quarterly Reports were submitted on time to Provincial Treasury and the Executive Mayor.
- The municipality only do business with suppliers who is registered on the Central Supplier Database (CSD).

The table below shows Deviations for the 2024/25 financial year.

Table 10: Deviations

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D01	Accommodation	I	Corporate Services	Human Resources	Izekhaya Guest Lodge	SPV-24505	R37 200,00	07-Aug-24	The acting MM was appointed on an urgent basis. Due to the urgency of the matter a decision was taken to deviate from normal procurement processes. Further to the above where normal processes is to accommodate our newly appointed staff at kroonpark, for safety and security reasons this facility was considered inappropriate. It was agreed that 3 quotations be sourced from 3 different service providers s against this better security measures. It is against this background that we request for approval to deviate from normal processes for the duration of his stay in line with the HR policy.
D02	Legal Fees	I	Political Offices	Executive Mayor	Thulamela Group of Advocate	SPV-24166	R72 000,00	11-Sep-24	Thulamela Group of Advocates was appointed for chairing disciplinary and hearing for Ms. P Tshabalala.

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D03	Security Services	E	Community and Social Services	Security Unit	Rorisang Bokamoso Botle Security Services	SPV-25037	R16 320,00	18-Sep-24	On 29 August 2024 at about 16H00 we received a report from the Technical Director of Isidingo Security Services Officers deserting posts without our knowledge. Our investigation revealed that most critical posts like Reservoirs and Water Treatment Plants are unmanned. The matter was reported, with the assistance of Law Enforcement Officers from Kroonstad we managed to contain the unmanned posts. On 30 August 2024 the same situation of leaving posts unmanned spilled over to Kroonstad, Rorisang Bokamoso Botle Security Services was requested to assist y availing our threat and risk assessment confirms the above-mentioned sites as key points areas and the likelihood of sabotage (poisoning of water and theft of equipment's). As such a determination was arrived at determination of shift intervention was sought where a Security Company was brought in to salvage the situation in Kroonstad and Viljoenskroon. The Company was requested to avail 8 x guards to Viljoenskroon. Our Threat and Risk Assessment through our research, studies and inspections confirms the above mentioned sites as key points

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									areas and the likelihood of sabotage (poisoning o water and theft of equipment's is highly probable). As such we arrived at d determination of shift intervention which was sought where a Security Company was bought in to salvage the situation in Kroonstad and Viljoenskroon. The shortcoming was also reported to the office of Lieutenant General Makhubu that change is causing some strain to the municipality and any other developments will be communicated to the local South African Police Services. The information of all Isidingo Officer who could not report on duty is collated and penalties will be effectively imposed as expected in terms of the Service Level Agreement.

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D04	Security Services	E	Community and Social Services	Security Unit	Rorisang Bokamoso Botle Security Services	SPV-25038	R33 120,00	18-Sep-24	On 29 August 2024 at about 16H00 we received a report from the Technical Director of Isidingo Security Services Officers deserting posts without our knowledge. Our investigation revealed that most critical posts like Reservoirs and Water Treatment Plants are unmanned. The matter was reported, with the assistance of Law Enforcement Officers from Kroonstad we managed to contain the unmanned posts. On 30 August 2024 the same situation of leaving posts unmanned spilled over to Kroonstad, Rorisang Bokamoso Botle Security Services was requested to assist y availing our threat and risk assessment confirms the above-mentioned sites as key points areas and the likelihood of sabotage (poisoning of water and theft of equipment's). As such a determination was arrived at determination of shift intervention was sought where a Security Company was brought in to salvage the situation in Kroonstad and Viljoenskroon. The Company was requested to avail 20 x guards to Viljoenskroon. Our Threat and Risk Assessment through our research, studies and inspections confirms the above mentioned sites as key points

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									areas and the likelihood of sabotage (poisoning o water and theft of equipment's is highly probable). As such we arrived at d determination of shift intervention which was sought where a Security Company was bought in to salvage the situation in Kroonstad and Viljoenskroon. The shortcoming was also reported to the office of Lieutenant General Makhubu that change is causing some strain to the municipality and any other developments will be communicated to the local South African Police Services. The information of all Isidingo Officer who could not report on duty is collated and penalties will be effectively imposed as expected in terms of the Service Level Agreement.
D06	Alcohol Testers	SS	Community and Social Services	Traffic Management	Alcohol Breathalysers (PTY) ltd	SPV-34975	R3 024,50	25-Sep-24	Alcohol breathalysers were purchased from Alcohol Breathalysers (PTY) Ltd. These alcohol breathalysers need to be calibrated every six months. The relevant manufacturer must calibrate these breathalysers.
D07	Service	I	Community and Social Services	Traffic Management	Kroonstad Volkswagen	SPV-34973	R3 209,49	25-Sep-24	by the mechanical workshop or any of the service providers appointed by the Municipality the warranty falls off.
D08	Service	I	Community and Social Services	Traffic Management	Kroonstad Volkswagen	SPV-34974	R3 209,49	25-Sep-24	by the mechanical workshop or any of the service providers appointed by the Municipality the warranty falls off.

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D09	Festival	I	LED/Planing	Tourism and Markting	Interior Shop	SPV-26957	R27 116,00	21-Oct-24	The Municipality is contributing towards the services done by Ignite & Revive in the development of both tourism and SMME development in Moghaka.
D10	Accommodation	I	Community & Social Services	Traffic Management	A+ Academy	SPV-34971	R204 000,00	21-Nov-24	The received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan - Dec) will be the last year of intake for the Basic Traffic Officer's Course for employees older than 37 years of age. This course will be over a 12 month period. As from the 2023 calendar year the same course will be done over a period of 36 months. It is against this background that the Municipality requested the services of A+ Academy to accommodate its Traffic Trainees, to make use of this last year to complete the said course. A+ Academy is situated across the street from the Matjhabeng Traffic Training Academy, where Moghaka Local Municipality has sent four of its employees for Basic Traffic Officer's Course from April 2022 untill the end of July 2023. With the accommodation being so close to the Traffic Training Academy there is no transport costs involved for the Municipality. It should be noted that it's also a normal

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									practice by most organisations/companies sending their learners/wardens/employees for training at the Matjhabeng Traffic Training Academy to book accommodation at A+ Academy.
D11	Disciplinary Hearing	I	Political Office	Office of Executive Mayor	Thulamela Group of Advocates	SPV-24176	R668 100,00	25-Nov-24	Appointment to conduct investigation and prosecution in the disciplinary hearing instituted by the Municipality against the municipal manager. Due to the sensitive nature of the case it was impractical to follow the normal procurement processes.
D12	Registration Fees	SS	LED/Planing	LED & Planning	Tinotel Corporate Training Institute	SPV-26960	R9 500,00	06-Nov-24	This is an exception case where there is only one service provider that can do the services at this time or dates. The service provider chosen is the only one offering this specific advanced training in minute taking and report writing on these specific dates.
D13	Anti Virus License	I	Corporate Support Services	ICT	Netsec (PTY) Ltd	SPV-25874	R641 621,80	05-Dec-24	The procurement processes for the appointment of a service provider for anti-virus license for a period of three years has been unsuccessful, after two attempts (tender bids/re-advert) The current license has expired and posing a risk to the ICT infrastructure. This deviation is for a one-year license of the anti-virus, while SCM re-advertises the tender. The tender was advertised

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									twice without appointing a successful bidder. All the bidders of the previous two tenders were requested to quote for the one-year license.
D14	Carterpillar	I	Technical Services	Waterwork	Barloworld	SPV-24265	R1 587 000,00	10-Dec-24	The TLB was submitted to Barloworld for repairs as they are the approved sole supplier for maintenance of CAT products. The quotation received amount to R 1 095 023,10 for repairs. Management requested a quotation for a New TLB to compare costs. The quotation for the New TLB amounted to R 1 587 000,00. The repair cost amounts to 69% of the cost to of buying a new TLB. Management recommended to purchase the New TLB as it is more cost effective. It should be noted that Barloworld is a sol supplier of manufacturing Caterpillar products. Attached to the payment is the certificate that certifies that Caterpillar SARL, a wholly owned subsidiary of Caterpillar Inc, and Barloworld Limited is the dealer.

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D15	Catering	I	Corporate Support Services	Employee Wellness	Pitseng T.D.K Trading	SPV-24527	R80 000,00	18-Dec-24	In a memo it was requested that those officials who are interested in attending the event, to send their names. 81 People did send their names to Wellness Office. We requested three quotations from service providers, based on the number of officials. On the day of the event number of officials attended tripled the number we had anticipated. Three quotations for 300 people were requested and 250 were catered for breakfast and 300 for lunch hence the total amount of R 80 000,00, Please refer to Annexure A for 81 officials who confirmed their RSVP and annexure B for number of officials who attended the event.
D16	Registration Fees	I	Finance	Chief Financial Officer	Tinotel Corporate Training Institute	SPV-39246	R9 500,00	24-Dec-24	This is an exception case where there is only one service provider that can do the services at this time or dates. The service provider chosen is the only one offering this specific advanced training in minute taking and report writing on these specific dates.
D17	Training	I	Corporate Services	Human Resources Management (Skills Development	Mabiele TKR Projects (PTY) Ltd	SPV-27716	R44 000,00	06-Jan-25	Because of the urgency of the Peace Officer training that was needed for municipal officials the section requested three quotations from three different service providers and the

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									reasonable quotation was identified and used.
D18	Strip & Quote	I	Community and Social Services	Parks	Quantum Field Services	REQ-19110	R6 160,55	06-Jan-25	Mobile sprayers were procured via a written quotation. Quantum was the company that build and supply the equipment for the service provider appointed for the seven day advert. The equipment had to be stripped for the sake of the quotation.
D19	Catering	I	Corporate Services	Human Resources' Management (Skills Development	Dine with Tina	SPV-27718	R42 768,00	06-Jan-25	Because of the urgency of the training that was needed for councillors on Legislative Framework for Local Government, the section requested three quotations from three different service providers and the reasonable quotation was identified and uses.
D20	Materials (Waterworks)	I	Finance	Stores	Relebohile Holdings	REQ-25055; 25056; 25057; 25058; 25059; 25060; 25061	R2 705 201,02	03-Feb-25	The Stores department need materials for waterworks usage during the festive season to not jeopardise service delivery. On 12 June 2024 the tender for 'Appointment of panel of 5 contractors for supply & delivery of water meters and plumbing supplies for a period of three years (2/2/5/2024-25)" was advertised. This tender closed on 17 July 2024. During the evaluation period no suitable service provider could be appointed as the criteria used was incorrect

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D01	Accommodation	I	Corporate Services	Human Resources' Management	Izekhaya Guest Lodge	SPV-24542	R37 200,00	12-Feb-25	The acting MM was appointed on an urgent basis. Due to the urgency of the matter a decision was taken to deviate from normal procurement processes. Further to the above where normal processes is to accommodate our newly appointed staff at Kroonpark, for safety and security reasons this facility was considered inappropriate. It was agreed that 3 quotations be sourced from 3 different service providers with better security measures. It is against this background that we requested for approval to deviate from normal processes for the duration of his stay in line with the HR policy. (Aug-Sept'24 payment)
D01	Accommodation	I	Corporate Services	Human Resources' Management	Izekhaya Guest Lodge	SPV-27719	R37 200,00	12-Feb-25	The acting MM was appointed on an urgent basis. Due to the urgency of the matter a decision was taken to deviate from normal procurement processes. Further to the above where normal processes is to accommodate our newly appointed staff at Kroonpark, for safety and security reasons this facility was considered inappropriate. It was agreed that 3 quotations be sourced from 3 different service providers with better security measures. It is against this background that we requested for approval to deviate from normal

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									processes for the duration of his stay in line with the HR policy. (Sept- Oct'24 payment)
D21	Advertisem ent	I	Corporate Services	Human Resources' Management	Arena Holdings (PTY) Ltd	SPV-24543	R120 980,00	14-Feb-25	Local Government: Regulations on Appointment and Conditions of Employment of Senior Manager (Government Gazette No 37245 of 17 January 2014) stipulates that: 'Advertising of vacant posts - 10, (1) The Municipal Manager must, within 14 days of receipt of the approval referred to in Regulation 7, ensure that the vacant post is advertised.' Working directly with the Sunday Times is the most cost effective and Sunday Times is the only weekly newspaper specifically designed for Sunday publication.
D22	Registration Fees	I	LED and Planning	LED & Planning	Professional Skills Development (PTY) Ltd	SPV-26972	R6 496,00	19-Feb-25	This is exceptional case where there is only one service provider that can do the services at this time or dates. The service provider chosen is the only one offering this specific training on this specific dates.
D23	Registration Fees	I	Finance	Chief Financial Officer	Professional Skills Development (PTY) Ltd	SPV-39261	R6 496,00	19-Feb-25	This is exceptional case where there is only one service provider that can do the services at this time or dates. The service provider chosen is the only one offering this specific training on this specific dates.

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D24	Advertisement	I	Corporate Services	Human Resources' Management	Arena Holdings (PTY) Ltd	SPV-24550	R195 87,60	31-Mar-25	Three quotations could not be obtained as Arena Holdings is the only media advertising house that places advertisements on a Sunday News Paper. Previously the municipality used Media Toque to advertise in City Press which is no longer active.
D25	Service	SS	Community and Social Services	Parks	Ljumeg (PTY) Ltd	SPV-27516	R2 656,50	02-Apr-25	This is a risk evaluation and services on the fire equipment at facilities that host big events in compliance with the SAREA Act. Ljumeg is the only registered company in Moqhaka to do a risk evaluation on fire equipment to comply with the SAREA application.
D27	Catering	I	Political Offices	Mayor's Office	Mpatsi Holding (PTY) Ltd	SPV-24193	R25 000,00	08-Apr-25	The invitation was received on a short notice and therefor a 7 Day advert could not be placed. The reason for the two deviation numbers is because the quotations was split for breakfast and lunch between two service providers.
D28	Catering	I	Political Offices	Mayor's Office	Katleho Ya Bayanda	SPV-24194	R21 800,00	08-Apr-25	The invitation was received on a short notice and therefor a 7 Day advert could not be placed. The reason for the two deviation numbers is because the quotations was split for breakfast and lunch between two service providers.
D29	Annual Subscription Fees	SS	Corporate Support Services	Corporate Support Services	Academy to innovate HR (AIHR)	SPV-27724	R20 243,75	09-Apr-25	The nature of the situation is exceptional in that it is a requirement for HR Practitioners to enrol for membership of AIHR because it is the only membership needed to hit career

DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									goals, to plan HR career path, to future-proof the skill set, and to stay up to date with the latest developments in Human Resources. This membership provides access to courses, templates, assessments and community needed to build thriving HR career.
D30	Membership Renewal	SS	Corporate Support Services	Human Resources (Skills Development)	South African Board for People Practices	SPV-27726	R6 600,00	09-Apr-25	South African Board for people practices (SABPP) is a professional body for Human Resources practitioners. The SABPP's role is to professionalise the HR function to facilitate to improve competency levels of HR practitioners and to ensure that HR becomes an increasingly recognised and respected profession.
D32	Training	I	Corporate Support Services	Human Resources (Skills Development)	Alcohol Breathalysers (PTY) Ltd	SPV-27728	R28 368,75	11-Apr-25	30 Traffic officers need to be trained to operate the Alcohol Breathalyser that was purchased by the municipality. Currently Traffic Officers cannot prosecute driving under the influence cases due to the training. They need to have an operator certificate that forms part of the SAPS docket.
D35	Advertisement	I	Corporate Support Services	Human Resources (Skills Development)	Arena Holdings	SPV-24551	R18 147,00	15-Apr-25	Erratum which was placed in the Sunday Times on 6 April 2025 by the same service provider which advertised vacancies on 30 March 2025.

2.9 BY-LAWS

Table 11: By-laws introduced

By-laws Introduced during 2024/25					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Draft livestock and domesticated impoundment by-law	Not yet	Not yet	Not yet	No	No
Standing rules and order	Revised	Awaiting Council approval	Not yet	No	No
Standard draft by-law on Township economy	Revised	Awaiting approval by Council	19-22 May 2025	No	Not yet
<i>*Note: See MSA section 13.</i>					<i>T 2.9.1</i>

COMMENT ON BY-LAWS

The Standing Rules and Orders were revised, the workshop was conducted for all the Workshop. Were given an opportunity to make their inputs. The next step is to take it to COGTA for promulgation.

The by-laws that were drafted are Livestock and domesticated impoundment by-law and the Standard draft by-law on township economies was conducted. the public participation on standard draft by-law on township economy was conducted from 20 to 22 May 2025.

Table 12: List of Bylaws Developed

List of Bylaws Developed	
1. Building Regulations By-law	
2. Commonage By-law	
3. Control of Collections By-law	
4. Electricity Supply By-Law	
5. Encroachment of Property By-Law	
6. Fences and Fencing By-Law	
7. Public Amenities By-Law	
8. Sporting Facilities By-Law	
9. Taxi Ranks By-Law	
10. Unsightly and Neglected Buildings By-Law	
11. Control of Public Nuisance By-Law	
12. General Street By-Law	
13. Refuse Removal By-Law	
14. Water restrictions By-Law	
15. Dumping and Littering By-Law	
16. Numbering of Buildings By-Law	
17. Standard Storm By-Law	
18. Water Services By-Law	
19. Municipal Land Use Planning By-Law	
20. Property Rates By-Law	
21. Credit Control and Debt Collection By-Law	
22. SPLUMA By-Laws	
23. Standing Rules and Orders By-Law	
24. Keeping of Bees By-Law	
25. Graffiti By-Law	
26. Public Parks By-Law	
27. Keeping of Bees By-Law	
28. Municipal Land Use and Planning By-Law	
29. Tuck Shop By-law	

2.10 WEBSITE

A municipal website <http://www.moghaka.gov.za/> is a key communication mechanism in terms of service offering, information sharing and public participation and should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the Annual Budget, Adjustments Budgets and budget related documents and Policies.+

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Table 13: Municipal Website: Content and Currency of Material

Municipal Website: Content and Currency of Material	2023/24	2024/25
Documents published on the Municipality's / Entity's Website	Yes / No	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes	No
All current budget-related policies	Yes	Yes
The previous annual report	Yes	Yes
The annual report (2024/25) published/to be published	Yes (Draft)	Yes (Draft)
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2024/25) resulting scorecards	Yes	Yes
All service delivery agreements	No	No
All long-term borrowing contracts	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2024/25	Yes	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	N/A
Contracts agreed in 2024/25 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d)	Yes	Yes

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

All information is regularly updated on the website as it is received from the internal stakeholders. The municipality's website is managed and maintained by the internal ICT Section. A website policy has been developed and adopted by council during this financial year.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Although no official surveys were undertaken by the municipality the inputs from the community on service delivery issues were received through platforms such as the IDP and budget public participation processes.

These platforms were successful in communicating with the public on key issues of inter alia service delivery and were noted accordingly.

Table 14: Satisfaction Surveys undertaken

Satisfaction Surveys Undertaken during: 2024/25				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	No surveys conducted			
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Sanitation Supply				
(f) Information supplied by municipality to the public				
(g) Opportunities for consultation on municipal affairs				

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

INTRODUCTION

The purpose of this chapter of the report is to provide information on service delivery on a service-by-service in line with the approved Integrated Development Plan (IDP) and Service Delivery and the Budget Implementation Plan (SDBIP) of the municipality for the 2024/25 financial year. This chapter therefore aims to demonstrate what has been achieved and what remains outstanding as initially planned in terms of the Municipality's IDP.

COMPONENT A: BASIC SERVICES

For the year under review, the Municipality continues to make significant strides in extending access to basic services such as water; wastewater (sanitation); electricity; solid waste management; and housing services, to its communities. Various service delivery targets have been set in the municipality's IDP to ensure that access to basic services is realised in line with the National Government's target dates. Free basic services are provided to indigent households according to the municipality's Indigent Policy. These includes 10kl of water, 50kWh electricity, free sanitation and refuse removal per month.

Strategic objectives are set out in planning and budgeting tools such as IDP and SDBIP in order to properly plan and achieve targets. Priority areas regarding basic service delivery are as follows:

- Access to water,
- Water loss,
- Water quality,
- Access to sanitation,
- Access to electricity,
- Energy efficiency,
- Access to refuse removal,
- Access to municipal surfaced roads,
- Storm water management.

The Municipality achieves the provision of basic services through the integrated planning, development and management of infrastructure assets as indicated below:

1. Water and waste water services

- Water purification plants,
- Storage dams,
- Water reservoirs,
- Water and sewage reticulation networks,
- Sewerage treatment plants,
- Water and sewer pump stations.

2. Electricity

- Electricity distribution,
- Electricity network maintenance and upgrading,
- Electricity consumption care,
- Public lighting.

3. Solid waste management

- Refuse removal,
- Street cleansing,
- Management of public ablution facilities,
- Management and maintenance of landfill sites.

4. Roads, storm water, railways and public works

- Roads design, construction and maintenance,
- Storm water drainage system,
- Railway sidings and maintenance,
- Bridges and culverts.

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Moqhaka Local Municipality has a Constitutional responsibility to provide sustainable and viable water services to the communities within its area of jurisdiction. Moqhaka local municipality is both a Water Services Authority (WSA) and a Water Services Provider (WSP). According to the Water Services Act No. 108 of 1997, Moqhaka Local municipality is responsible for ensuring access to water services and responsible to provide water services to the consumers or to another water services institution.

As a WSA and a WSP, Moqhaka Local municipality is responsible for abstraction of raw water from the water resources in the three(3) areas of Kroonstad/Maokeng, Viljoenskroon/Rammulotsi and Steynsrus/Matlwatlwang, treatment of the raw water at respective water treatment works in compliance with SANS 241 standards, storage of purified water and distribution to the customers in the respective areas.

In undertaking its constitutional responsibility, the municipality ensures that the following top key performance areas in the provision of water are prioritised:

- I. Sufficient water supply for communities.
- II. Connections to individual stands with provision for indigents.
- III. Provision of water within legal requirements (Drinking water standard as per SANS 241 standards).

In pursuing adherence with the above priorities, the municipality encounters challenges, with the main challenge being, striking the balance between the available raw water from water resources and demand from the community. This challenge cuts through all the three water supply systems of Kroonstad/Maokeng, Viljoenskroon/Rammulotsi and Steynsrus/Matlwatlwang.

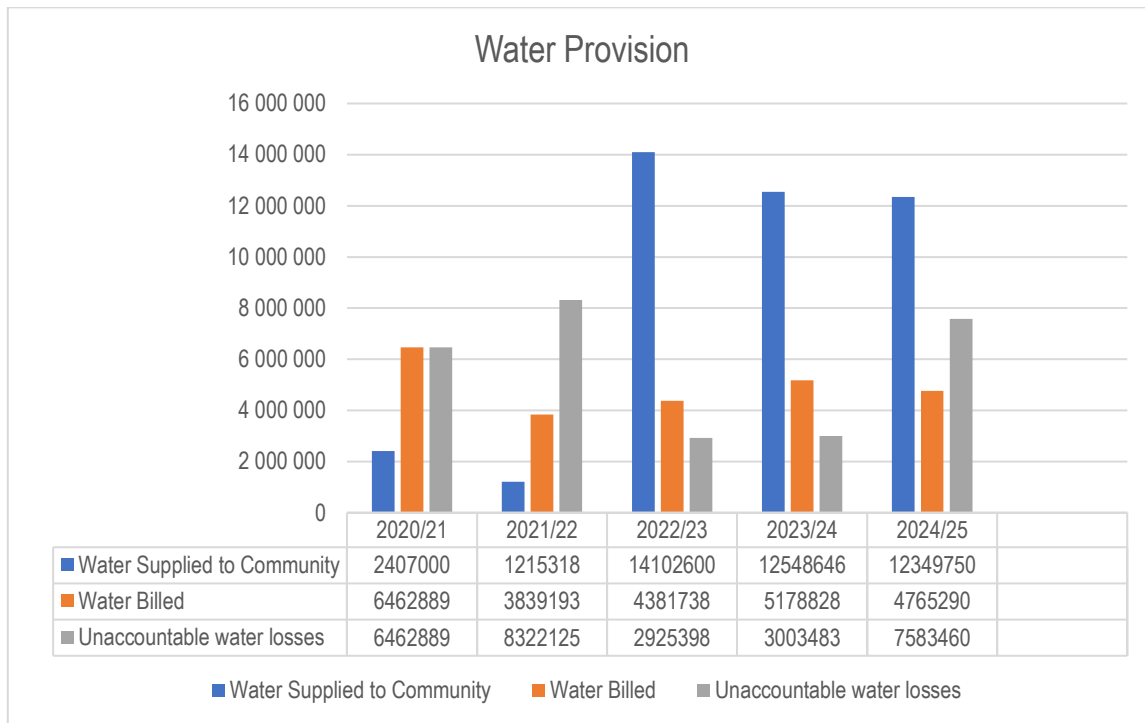


Figure 3: Total use of water

COMMENT ON WATER USE BY SECTOR:

Water demand currently exceeds the supply in both Steynsrus and Viljoenskroon due to the following:

- I. In Steynsrus, the raw water supply from the Vals River is affected by the fact that the seasonal flow in the river is unreliable and the limited raw water storage capacity in the off-channel storage dam cannot keep up with the current demand. The demand was increased by installation of waterborne toilets in Matlwangtlwang.
- II. In Viljoenskroon, the placement of residents in Northleigh is putting pressure on the water supply as the treatment works can only provide a limited volume of water and affect supply and pressure. This has a negative effect on the supply of water to some high-lying areas, i.e. areas are without water during certain periods of the day. To address this challenge the municipality is implementing a project in the 2025/26 financial year of augmenting water supply in the area. The advertisement for the service provider is already out.

Table 15: Water Service Delivery Levels

Water Service Delivery Levels						
Description	Ref	Households				
		2020/21	2022/21	2022/23	2023/24	2024/25
		Actual No.		Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>						
Piped water inside yard (but not in dwelling)		34 883	34 883	34 883	34 883	37 225
Using public tap (within 200m from dwelling)	2	449	449	449	449	150
Other water supply (within 200m)	4	-34 883	34 883	34 883	34 883	0
<i>Minimum Service Level and Above sub-total</i>		34 883	34 883	34 883	34 883	37 375
<i>Minimum Service Level and Above Percentage</i>		100%	100%	100%	100%	100%
<u>Water: (below min level)</u>						
Using public tap (more than 200m from dwelling)	3	0	0	0	0	0
Other water supply (more than 200m from dwelling)	4	0	0	0	0	0
No water supply		0	0	0	0	0
<i>Below Minimum Service Level sub-total</i>		0				
<i>Below Minimum Service Level Percentage</i>		0%	0%	0%	0%	0%
Total number of households*	5	34 883	34 883	34 883	34 883	37 375

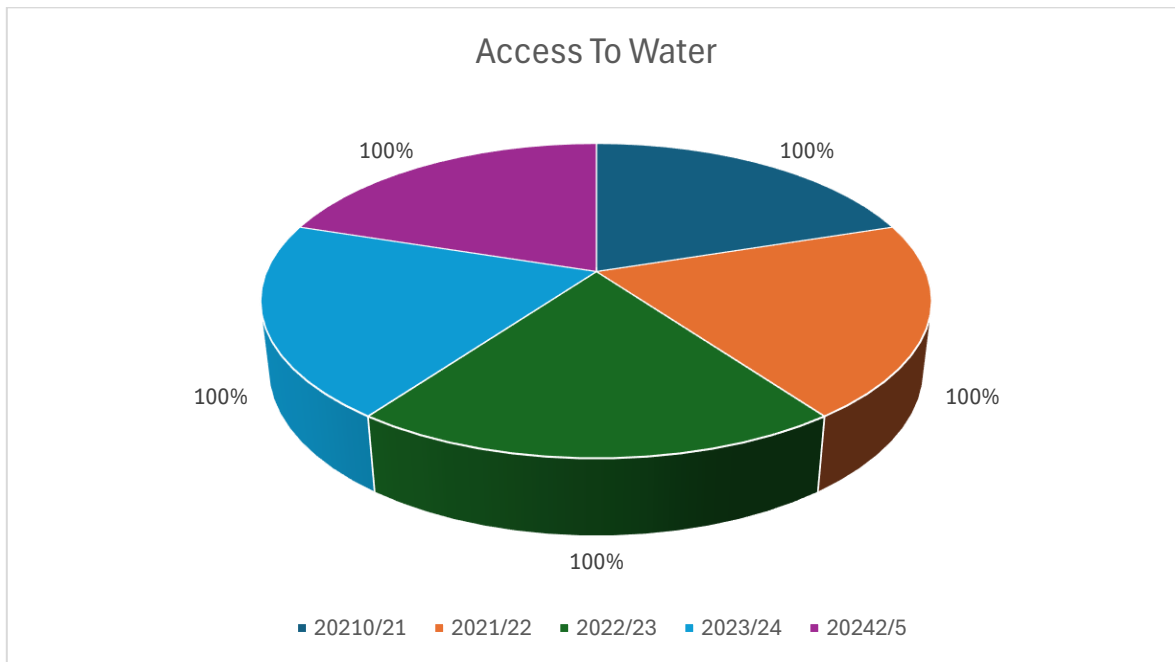
* - To include informal settlements

Table 16 Households - Water Service Delivery Levels

Households - Water Service Delivery Levels below the minimum					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
			Actual No.	Actual No.	Actual No.
Formal Settlements					
Total HH	34 883	34 883	34 883	34 883	37 375
Households below minimum service level	449	449	449	449	150
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total households	30	30	30	30	60
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
T 3.1.4					

Figure 17 Access to water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2020/21	100%	100%	100%
2021/22	100%	100%	43%
2022/23	100%	100%	39%
2023/24	100%	100%	43%
2024/25	100%	100%	41%
T 3.1.5			



Note: All households in the municipal area of responsibility have access to water.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Basic Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 1: Water provision

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Technical Services	KPI 12	Basic Service Delivery	Reduce water losses in the municipal distribution area	% Reduction in water losses in the municipal distribution area.	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100	Director Technical Services	77%	21%	24%	25%	23%	Achieved above target.	None	Water Balance Report	The performance of the municipality improved by 1% compared to the 2023/24 financial year. The water losses have improved greatly in the last two financial years.
Technical Services	KPI 13	Basic Service Delivery	By ensuring access to portable water by 2027 to include small holdings and surrounding plots	No of HH in formal settlements including plots and small holdings that meet the minimum water services standard	Number of HH with access to water within 200m	Director Technical Services	34 846	34 846	34 846	34 896	37 338	Achieved above target	None	Valuation Roll Report	The performance of the municipality improved greatly as over 2000 erfs were added to Households with access to water.
Technical Services	KPI 14	Basic Service Delivery	By ensuring access to portable	Number of new water connections	Sum of new water connections	Director Technical Services	10	8	3	10	5	Target not achieved. There were	Encourage new application	Application forms.	Even though members of

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
			water by 2027 to include small holdings and surrounding plots.	meeting minimum standards	meeting minimum standards as of 30 June.							no new connections.	s from community members		the community are encouraged to connect to the water network. There were no new connections in this financial year.
Technical Services	KPI 15	Basic Service Delivery	Ensure that water quality is monitored throughout the supply network to ensure compliance with applicable standards	Number of sample tests conducted to measure the water quality.	Sum of sample tests conducted.	Director Technical Services	1769	1001	736	1779	901	Target not achieved.	Increase the number of sample tests conducted	Water quality Monitoring results report.	The number of samples taken declined because the contract of the Service provider has expired.
Technical Services	KPI 16	Basic Service Delivery	Ensure that water quality is monitored throughout the supply network to ensure compliance with applicable standards.	Percentage of Drinking Water Compliance to SANS241.	Number of tested samples compliant/ total number of samples taken.	Director Technical Services	88%	75.5%	65%	95%	80.4%	Target not achieved.	Improve the quality of drinking water by taking more samples	Water quality Monitoring results report	The number of samples taken declined because the contract of the Service provider has expired.

Table 18: Employees Water Services

Employees: Water Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	1	1	0	1	100%
4 - 6	7	6	6	4	2	33%
7 - 9	12	6	29	24	5	17%
10 - 12	16	5	10	3	7	70%
13 - 15	60	54	65	51	14	22%
16 - 18	40	0	0	0		0%
19 - 20	0	0	0	0	0	0%
Total	137	72	111	82	29	26%
						T3.1.7

Table 19: Financial Performance Water Service

Financial Performance 2024/25: Water Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	180 052	37 375	265 446	314 009	444 979	40%
Expenditure:						
Employees	23 602	4 498	31 993	27 304	26 065	-23%
Repairs and Maintenance	3 329	239	13 714	14 107	13 449	-2%
Other	150 001	4 804	102 191	129 218	51 156	-100%
Total Operational Expenditure	176 932	9 541	147 898	170 629	90 670	-63%
Net Operational Expenditure	(3 120)	(27 649)	(117 548)	(143 380)	(354 309)	67%
						T 3.1.8

Table 20: Capital Expenditure Water Service

Capital Expenditure 2024/25 Water Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	19 856	–	3 779	-425%	
Maokeng (Phomolong): Replacement of 17.94km AC water pipes and installation of 2 booster pumps (MIS:550048)	R 1 884 797,01		R 1 112 840,90	-69%	
Installation of Raw water pumps and Construction/ Upgrade of the recovery/off storage dam	R 17 971 000,00		R 2 665 915,63	-574%	
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

By the end of 2024/25 financial year, all households in the municipal area had access to piped water within 200m from their dwelling. All formal areas of Moqhaka available for occupation are provided with water networks for pre-installed connections and consumers moving onto unconnected stands are connected on application.

Due to the significant water loss that the Municipality has been experiencing in recent years, resulting in revenue loss, the Municipality is continuously replacing faulty and leaking water meters and valves through repairs and maintenance budget in an effort to eliminate water losses and to enhance revenue.

To ensure adherence to required water quality standards, the Municipality has a programme of cleaning of water reservoirs at regular intervals across all three water supply systems of the Municipality and quality tests are conducted using the services of an accredited laboratory which ensures that water quality is monitored throughout the supply network and compliance with SANS 241.

In the financial year 2023/24, the municipality experienced El Nino, wherein there was low to no rainfall in the area. The effect of the El Nino was felt in 2024/25 wherein the dam levels in Viljoenskroon and Steynsrus dropped drastically. In mitigating the situation, newly drilled boreholes were utilised to supply community with water in Steynsrus. In Viljoenskroon, the pump was dropped lower to reach the low-level river and when the situation persisted, water was pumped from Renovaal pump station to Renoster river to augment the supply to Viljoenskroon water treatment plant.

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Moghaka Local municipality has a constitutional obligation to ensure that all residents within its area of jurisdiction have access to, at minimum, basic, dignified, and safe sanitation service that do not harm public health or the environment.

In order to achieve this, the municipality through its Water and Sanitation division, manages and operates three (3) wastewater treatment works and approximately 20 sewer pump station across the three areas of Kroonstad, Viljoenskroon and Steynsrus. 99,4 % of the households in the municipality receives sanitation services that is above the minimum level of service, with only 0,4% receiving sanitation services below the minimum level of service. These households are predominantly in Viljoenskroon/Rammulotsi and Steynsrus/Matlwangtlwang.

In undertaking its constitutional responsibility, the municipality ensures that the following top key performance areas in the provision of wastewater are prioritised:

- I. Access to basic sanitation for all.
- II. Connections to individual stands.
- III. Reduction of spillages.

Moghaka LM, like other municipalities around South Africa has a challenge of aged infrastructure and this is evident in the number of collapsed sewer lines that are experienced and the number of spillages as a result. The Municipality has made great strides towards the reduction of spillages, through the replacement of several collapsed sewer pipelines and refurbishment/upgrading of sewer pump stations and wastewater treatment works.

Efforts have been made for the continuous operation of all wastewater treatment plants to ensure compliance for discharged effluent.

Table 21: Sanitation Service Delivery

Sanitation Service Delivery Levels					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Outcome No.	Outcome No.	Outcome No.	Outcome No.	Outcome No.
*Households					
<u>Sanitation/sewerage: (above minimum level)</u>					
Flush toilet (connected to sewerage)	34 231	34 231	34 231	34 231	34 620
Flush toilet (with septic tank)	450	450	450	450	450
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	1 653	1 653	1 653	1 653	1 653
Other toilet provisions (above min.service level)					
<i>Minimum Service Level and Above sub-total</i>	36 334	36 334	36 334	36 334	36 723
<i>Percentage</i>	99,3%	99,4%	99,4%	99,4%	99,6%
<u>Sanitation/sewerage: (below minimum level)</u>					
Bucket toilet	50	0	0	0	0
Other toilet provisions (below min.service level)	205	205	205	205	150
No toilet provisions					
<i>Below Minimum Service Level sub-total</i>	255	205	205	205	150
<i>Percentage</i>	0,7%	0,6%	0,6%	0,6%	0,4%
Total households	36 589	36 539	36 539	36 539	36 873
*Total number of households including informal settlements					

Table 22: Sanitation Service Delivery below the Minimum

Households - Sanitation Service Delivery Levels below the minimum					
Description	2020/21	2021/22	2022/23	2023/24	Households 2024/25
	Actual No.	Actual No.		Actual No.	Actual No.
Formal Settlements					
Total households	34 639	34 639	34 639	34 639	36 723
Households below minimum service level	454	454	454	454	150
Proportion of households below minimum service level	1.3%	1.3%	1.3%	1.3%	0.4%
Informal Settlements					
Total households	205	205	205	205	150
Households ts below minimum service level	205	205	205	205	150
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
T 3.2.4					

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 2: Sanitation provision

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2022/2 3	2023/24	Annual Target	Annual Result s	Perform ance Comme nt	Correcti ve Measur e	Eviden ce	Comment s
Techni cal Servic es	KPI 08	Basic Service Delivery	Develop a credible Sanitation Master Plan by partnering with sector departments to assist in this project/programme	Sanitation Master Plan that meets prescribed requirements developed and approved by Council.	Date master plan approved.	Director Technical Services	0	0	0	30 June	0	Target not achieved	Request Assistance to develop the plan.	None	This target has not been met in the last three financial years. The Municipality needs to consider requesting for assistance.
Techni cal Servic es	KPI 09	Basic Service Delivery	By ensuring that basic sanitation standards are communicated and known to the community and the municipality adheres to them	Number of HHs with access to basic sanitation	Sum of HH with access to basic sanitation	Director Technical Services	34 713	34 713	34 713	34 803	37 205	Achieved above target	None	Valuation Roll	The performance of the municipality improved greatly as over 2000 households were added to the number of

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2022/2 3	2023/24	Annual Target	Annual Result s	Perform ance Comme nt	Correcti ve Measur e	Eviden ce	Comment s
Techni cal Servic es	KPI 10	Basic Service Delivery	By expanding sanitation services to cover any back log and roll it out to newly established settlements	Number of new sewer connections meeting minimum standards	Sum of new connections completed by June	Director Technical Services	10	8	2	10	3	Target not achieved .	Enncourage the community to connect to the network.	Applica tion Forms.	Target no 01 t achieved.
Techni cal Servic es	KPI 11	Basic Service Delivery	Improve quality of sewerage effluent.	Wastewater quality compliance according to the water use license.	No of tests conducted complying with the licence requirements.	Director Technical Services	61.11%	51.5%	45%	96%	60%	Target Not Achieved	Improve number of tests to meet wastewater compliance	Waste water Compliance Report	The performance of the Directorate decline because the contract of the Service Provider was extended late/
Techni cal Servic es	KPI 14	Basic Service Delivery	By ensuring access to portable water by 2027 to include small holdings and surrounding plots.	Number of new water connections meeting minimum standards	Sum of new water connections meeting minimum standards as of 30 June.	Director Technical Services	10	8	3	10	5	Target not achieved . There were no new connections.	Encourage new applications from community members	None	Even though members of the community are encouraged to connect to the water

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2022/2 3	2023/24	Annual Target	Annual Result s	Perform ance Comme nt	Correcti ve Measur e	Eviden ce	Comment s
															network. There were no new connection s in this financial ear

Table 23: Employees: Sanitation Service

Employees: Sanitation Services						
Job Level	202/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	Refer to Table 23.					
4 - 6						
7 - 9						
10 - 12						
13 - 15						
16 - 18						
19 - 20						
Total						

Table 24: Financial Performance: Sanitation Service

Financial Performance 2024/25: Sanitation Services						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	169 679	13 041	103 334	111 956	90 301	-14%
Expenditure:						
Employees	846	5 793	35 922	35 924	42 771	16%
Repairs and Maintenance	-	3 470	23 846	33 143	45 746	48%
Other	1 969	887	27 768	26 817	48 003	42%
Total Operational Expenditure	2 815	10 150	87 536	95 884	136 520	36%
Net Operational Expenditure	166 864	-2 890	(15 798)	(16 072)	46 219	134%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.2.8

Table 25: Capital Expenditure: Sanitation Service

Capital Expenditure 2024/25 Sanitation Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	50 587	–	34 705	-46%	
Maokeng (Constantia): Upgrading of the sewer pump station (MIS:462956) – R10,621,285.00 (23/25)	8 587		6 805	-26%	
Kroonstad Water Water Treatment Works - Phase 2	42 000		27 900	-51%	
Project Name				0%	
Project Name				0%	
<i>T 3.2.9</i>					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

By the end of 2024/25 financial year, 99.6% of households in the municipal area had access to above minimum level access to sanitation services, mainly waterborne sanitation and dry sanitation in Steynsrus/Matlwangtlwang and Viljoenskroon/Rammulotsi. The biggest challenge that the municipality dealt with this financial year was the collapsed sewer lines and a staggering number of blockages as a result of foreign objects thrown into the municipal sewer network. In mitigating against these challenges, the municipality has appointed a panel of service providers for unblocking of blocked sewer lines and repairing of collapsed sewer lines. This was done to support the municipal resources not to replace them.

With development, comes a challenge of overburdened bulk infrastructure such as wastewater treatment works, and Moqhaka LM is not an exception.

The wastewater treatment works in the three (3) towns are experience inflow than the plants were designed to handle.

- Kroonstad Wastewater treatment works: is undergoing upgrading to ensure effluent that complies with the set standards.
- Viljoenskroon Wastewater treatment works: four (4) new aerators were installed to improve the efficiency of the plant. Three (3) more aerators planned to be installed in the next financial year.
- Steynsrus Wastewater treatment works: Planning is underway to upgrade the plant and convert the maturation ponds to an activated sludge plant.

In terms of the quality of effluent that is discharged from the three (3) plants to the respective water resources, the three (3) plants are not performing to the required standard. In mitigating against this, the municipality utilizes the services of a service provider specialising in Bioremediation. This includes applying bacteria that enhances the aerobic bacteria and work in the post clarifier anaerobic environments and thereafter into the discharge stream.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipality as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a safe and healthy environment. The Electricity section is also responsible for the operation, maintenance, extension, and upgrading of the infrastructure. In so doing it promotes and catalysis the economic development within the area. Service provision is mainly the development, extension, and maintenance of infrastructure. However, the municipality has an infrastructural base that is in a state of decay, with a large percentage of aged and outdated technology. The backlogs in terms of maintenance and upgrading are colossal and the available resources are simply not adequate for the task.

Core Responsibilities

- Providing quality and uninterrupted supply of electricity to all domestic, business, industrial and rural consumers within its area of distribution.
- Maintaining the electricity distribution network to adhere to the prescribed standards.
- Upgrading of the electricity distribution network to accommodate population growth as well as business and industrial development.
- Monitoring the electricity consumption of consumers by means of effective metering and visual inspections to minimize electricity losses.
- Maintaining all public lighting and traffic lighting.

- Providing accurate feedback to the monitoring authority National Energy Regulator South Africa (NERSA) pertaining to the quality of service and quality of supply to adhere to license conditions.

During the 2024/25 financial year, the Electricity Section has addressed various challenges mainly relating to the high and medium voltage supply, reticulation, public lighting, and house connections. Due to insufficient resources such as budget, critical vacancies not filled, vehicles, and equipment etc., the routine maintenance of the existing infrastructure is neglected which is a major concern. Note must be taken that with the scarce resources available the following objectives were achieved:

- Replacement of faulty meters
- New electricity connections
- Attending to general daily complaints
- Maintenance of public lighting
- Maintenance and repairs to low, medium, and high voltage network

Table 26: Electricity Service Delivery Levels

Electricity Service Delivery Levels					
Description	2020/21	2021/22	2022/23	2023/24	Households 2024/25
					Actual No.
<u>Energy: (above minimum level)</u>					
Electricity (at least min.service level)	1 893	1 821	1 821	1 821	1 705
Electricity - prepaid (min.service level)	29 156	29 258	29 258	29 258	29 582
<i>Minimum Service Level and Above sub-total</i>	31 049	31 049	31 049	31 049	31 287
<i>Minimum Service Level and Above Percentage</i>	89,6%	89,6%	89,6%	89,6%	94,6%
<u>Energy: (below minimum level)</u>					
Electricity (< min.service level)	3 595	3 823	3 823	3 823	3 844
Electricity - prepaid (< min. service level)					
Other energy sources					
<i>Below Minimum Service Level sub-total</i>	3 595	3 823	3 823	3 823	3 844
<i>Below Minimum Service Level Percentage</i>	10,4%	11,0%	11,0%	10,9%	10,9%
Total number of households	34 644	34 902	34 902	34 902	35 131
					<i>T 3.3.3</i>

Table 27: Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum					
Description	2020/21	2021/22	2022/23	2023/24	Households 2024/25
	Actual No.				Actual No.
Formal Settlements					
Total households	34 644	34 902	34 902	35 131	35 131
Households below minimum service level	14 329	13 886	13 886	13 138	13 138
Proportion of households below minimum service level	41%	40%	40%	37%	37%
Informal Settlements					
Total households	205	205	205	205	205
Households ts below minimum service level	205	205	205	205	205
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
T 3.3.4					

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 4: Electricity and Energy

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Technical Services	KPI 01	Basic Service Delivery	To expand the electrification programme to any remaining areas and roll out solar energy in any identified areas at prescribes standards	Number of HH in municipal supply area meet agreed electricity service standards (connected to the national grid)	Sum of HH with access to electricity (connected to the National Grid)	Director Technical Services	25794	25 797	26 012	25 847	26 013	Target achieved	None	Valuation Roll Report	The performance of the municipality has remained the same as the 2023/24 financial year.
Technical Services	KPI 02	Basic Service Delivery	By rolling out electrification of newly established settlements and those with a backlog	Number of new electricity connections meeting minimum standards	Sum of HH with new services connectivity services	Director Technical Services	10	116	215	10	0	Target not achieved.	All houses do have access to electricity except the empty stands where there is no infrastructure. Most households who do not have an electrical connection	None	There were no new electricity connections in this financial year.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		Comments
													point did not apply for a new connection and was not part of an electrification project			
Technical Services	KPI 03	Basic Service Delivery	Reduce electricity losses by improving inspections and maintenance.	% Electricity distribution losses. (KWH billed/KWH acquired) (MFMA Circular 71)	(Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or generated) × 100	Director Technical Services	17.80%	16.25%	30%	15.8%	32.58%	Target not achieved.	Replacing faulty meters and bypassed meters.	Maintenance and inspection reports		The electricity distribution losses increased by 2.58% in the 2024/25 financial year.

Table 28: Employees - Electricity Services

Employees: Electricity Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	4	4	7	5	2	29%
7 - 9	13	13	36	18	18	50%
10 - 12	7	5	28	4	24	86%
13 - 15	8	44	93	43	50	54%
16 - 18	8	0	0	0	0	0%
19 - 20	4	0	0	0	0	0%
Total	45	67	165	71	94	57%
						T 3.3.6

Table 29: Financial Performance - Electricity Services

Financial Performance 2024/25: Electricity Services						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	344 500	417 702	584 727	515 863	433 325	-35%
Expenditure:						
Employees	22 927	26 698	34 851	26 614	31 917	-9%
Repairs and Maintenance	1 414	34 397	13 439	17 751	16 871	20%
Other	410 281	407 959	464 517	432 201	526 177	12%
Total Operational Expenditure	434 622	469 053	512 807	476 566	574 965	11%
Net Operational Expenditure	-90 122	51 351	(71 920)	(39 297)	141 640	151%
						T 3.3.7

Table 30: Capital Expenditure: Electricity Services

Capital Expenditure 2024/25: Electricity Services					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
No Capital Projects				0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.3.8</i>

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The Electricity Section consists of three (3) Divisions namely Distribution, Consumption Care, and Administration/Technical Support. One hundred and sixty-five (165) positions are on the organizational structure of this Section although only 43% of the positions are currently filled.

The operation of the Electricity Section is entirely dependent on the annual operating budget allocation, with electricity sales as the main source of income.

Projects such as the installation of high mast lights are funded by the Municipal Infrastructure Grant (MIG). Electrification projects and bulk upgrades such as the high voltage 66kV overhead line project (from Main- to South Substation) are funded by the Department of Mineral Resources and Energy (DMRE). The Municipality applied for funding for various projects but did not receive any funding from DMRE or MIG for the 2024/2025 financial year.

On 23 February 2019 a major interruption was experienced at the Municipal Main Substation due to a fire inside the 6.6kV switching room damaging all the switchgear, cables, and both 10 MVA transformers. The cause of the fire was apparently due to a contractor damaging the medium voltage cable feeding Brentpark. With the high fault level so close to the substation it caused damage beyond repair to the 6.6kV switching room and transformers. The electricity supply was restored to all consumers, but it must be noted that the unserviceability of the substation and transformers cause immense strain on the system, and overloading of supply cables occur. The insurance did not approve the claim, and the Municipality is still in the process of legally contesting the outcome. Thus, the switch room is still out of commission.

Streetlights and High mast lights are repaired daily with the assistance of service providers however the process is slow mainly due to the unavailability of spares. Service providers were appointed to assist with the repair and maintenance of public lighting.

DESCRIPTION	QUANTITY	
z	High mast	Streetlight
Brentpark	5	245
Maokeng	76	1462
Kroonstad	1	3954
Viljoenskroon	3	501
Rammulotsi	37	15
Steynsrus	1	198
Matlwangtlwang	14	0
Total	137	6375
Traffic Lights		20 crossings

Energy meters go faulty mainly daily due to weather conditions, tampering, etc. The frequency of bypassing/replacing these meters is very high. Inspections are done daily (on request of the Finance section, tipoff from the community, and random spot checks). A fine system is used for tampered meters. In total 1 650 meters were inspected/repared/replaced. The high maintenance cost of electronic energy meters may affect the income of the Municipality negatively.

Constraints:

- A serious shortage of vehicles (Mechanical problems and unavailability of spare parts. The average age of the vehicles are in excess of 20 years).
- A serious shortage of critical staff. Vacancies were not filled.
- A serious shortage of materials (including minimum stock items at Stores) and equipment.
- Lengthy processing time of requisitions and vouchers, and non-availability of funds to purchase materials and pay service providers.
- Vandalism, theft, and attempted theft of cable and transformers, in addition, the damage to the network extends much further than only the portion of cable or equipment that was damaged and, in some cases, requires specialized repairs.
- Aged and outdated infrastructure.
- A backlog of replacement of faulty/tampered meters and new installations (assistance of Service Providers reduced the backlog).
- Insufficient funding for capital projects.
- Insufficient funding for general maintenance and repairs.
- High-risk working environment and conditions.
- Risk of service disruptions due to aged and outdated infrastructure.
- Risk of losing grant funding due to slow procurement processes.
- Load shedding by Eskom.

The above-mentioned constraints all influenced service delivery negatively due to additional workload, unproductive standing time, the long waiting period for spares and equipment, and limited preventative maintenance hence unnecessary and unavoidable damage to the infrastructure.

The municipality only maintains the electricity services in the municipality's area of responsibility for which the municipality holds the license. Households (Municipal supplied) that have access to electricity are 28 106.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The Solid Waste Management mandate is derived from Chapter 2, Section 24 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Environmental Management: Waste Act (NEMWA), 2008 (Act 59 of 2008) is the core legislative guide for delivering quality Solid Waste Management services to the entire community of Moqhaka Local Municipality.

Vision

To create a better environment, activate cooperation between the municipality and the community towards better solid waste management, protection and sustainability of the environment and natural resources and contribute to improve the quality of life.

Mission

Optimal use of resources, building capacity to contribute into sustainable development, development of policies to improve the level of services by addressing the challenges of solid waste management, and promote community awareness and partnerships.

Table 31: Solid Waste Service Delivery Levels

Solid Waste Service Delivery Levels					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual No.				Actual No.
<u>Solid Waste Removal: (Minimum level)</u>					
Removed at least once a week	34 886	35 117	35 117	35 117	35 117
Minimum Service Level and Above sub-total	34 886	35 117	35 117	35 117	35 117
Minimum Service Level and Above percentage	100,0%	100,0%	100,0%	100,0%	100,0%
<u>Solid Waste Removal: (Below minimum level)</u>					
Removed less frequently than once a week					
Using communal refuse dump					
Using own refuse dump	0	0	0	0	0
Other rubbish disposal					
No rubbish disposal					
Below Minimum Service Level sub-total	0	0	0	0	0
Below Minimum Service Level percentage	0,0%	0,0%	0,0%	0,0%	0,0%
Total number of households	34 886	35 117	35 117	35 117	35 117

Table 32: Households - Solid Waste Service Delivery Levels below the minimum

Households - Solid Waste Service Delivery Levels below the minimum					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual No.				Actual No.
Formal Settlements					
Total households	34 886	35 117	35 117	35 117	35 117
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total households	205	205	205	205	205
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
					T 3.4.3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 7: Solid Waste Management

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2022/2 3	2023/ 24	Annua l Target	Annual Result s	Performance Comment	Correcti ve Measur e	Eviden ce	Commen ts
Techni cal Servic es	KPI 17	Basic Service Delivery	By ensuring access to solid waste removal services to all HH within the municipal area by 2025.	Number of households in municipal area with access to refuse removal.	Sum of households in municipal area with access to refuse removal	Director Communit y Services	35 114	35 114	35 11 54	34 886	35 114	The achievement is the same as last year. The 2492 sites installed with water and sanitation have not yet been occupied.	Refuse will be collected as soon as people have moved into the new areas.	Valuati on Report	The number of househol ds with access to refuse will increase when the newly allocated sites are occupied.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Public Participation and Social and Community Development.

IDP Priority 7: Solid Waste Management

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Directorate Community & Social Services	KPI 173	Social Services and Community Development	Ensure the removal of illegal dumping sports	Number of illegal dumping sports removed	Sum of illegal dumping sports removed	Director Community Services	New KPI	0	0	9	39	Achieved above target.	None	Attendance register	This is a new KPI, no comparison could be made.
Directorate Community & Social Services	KPI 174	Social Services and Community Development	Conduct at least one clean-up campaign per quarter	Number of Clean-up campaigns conducted	Sum of clean-up campaigns conducted	Director Community Services	4	0	0	4	10	Achieved above target	None	Attendance Registers	Performance exceeded the set targets.

Table 33: Employees: Waste Management Services

Employees: Solid Waste Magement Services						
Job Leve	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	1	1	1	0	0%
7 - 9	2	6	8	6	2	25%
10 - 12	6	9	20	9	11	55%
13 - 15	57	126	130	126	4	3%
16 - 18	27	0	0	0	0	0%
19 - 20	35	0	0	0	0	0%
Total	129	143	160	143	17	11%

Table 34: Employees: Waste disposal and Other Services

Employees: Waste Disposal and Other Services						
Job Leve	2022/23	2022/23	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	2	2	1	1	0	0%
10 - 12	1	1	9	2	7	78%
13 - 15	12	58	8	2	6	75%
16 - 18	0	0	9	0	9	100%
19 - 20	20	0	0	0	0	0%
Total	35	61	27	5	22	81%

T3.4.6

Table 35: Financial Performance: Waste Management Services

Financial Performance 2024/25: Solid Waste Management Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	49 666	74 232	72 026	79 363	82 468	13%
Expenditure:						
Employees	31 114	28 296	29 579	29 752	29 714	0%
Repairs and Maintenance	2 177	790	2 231	1 731	1 570	-42%
Other	26 113	13 961	19 192	26 339	19 420	1%
Total Operational Expenditure	59 404	43 047	51 002	57 822	50 704	-1%
Net Operational Expenditure	9 738	14 751	-21 024	-21 541	-31 764	34%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

Table 36: Financial Performance: Waste Disposal and Other Services

Financial Performance 2024/25: Waste Disposal and Other Services						
R'000						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0	0%
Expenditure:						
Employees	1 360	1 360	7813	8632	12103	35%
Repairs and Maintenance	210	210	1086	585	166	-554%
Other	2 741	2 741	8444	12649	7506	-12%
Total Operational Expenditure	4 311	4 311	17343	21866	19774	12%
Net Operational Expenditure	4 311	4 311	17343	21866	16774	-3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						

Table 37: Capital Expenditure: Waste Management Services

Capital Expenditure 2024/25: Waste Management Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<i>T 3.4.9</i>					

COMMENT ON THE OVERALL PERFORMANCE OF WASTE MANAGEMENT SERVICES

The Solid Waste Management section strives to deliver quality services to the community by making sure that every complaint received regarding services is treated as a unique incident and given the priority it deserves. Community Awareness Campaigns are conducted on quarterly basis to enlighten the community of their responsibility towards delivering quality and effective services.

Figure : below shows the Superintendent, Ms. T. Nkanda, conducting a Community Awareness Campaign on 24 June 2025 at Hill Street Clinic in Kroonstad.



Figure 1: Community Awareness Campaign conducted on 24 June 2025 at Hill Street Clinic in Kroonstad

With the limited resources that the section have at its disposal, it strives to deliver quality services to the community of Moqhaka Local Municipality. The appointment of the current service provider for management and maintenance of the municipal landfill sites saw a drastic improvement of the landfill sites though there is still a lot of work to be done. The municipality can do better if it can procure its on landfill management vehicles and appoint personnel to do the work.

3.5 HOUSING

INTRODUCTION TO HOUSING

The Moqhaka Local Municipality with a total population of 155 410 people in 2022 accounts 30% of the Fezile Dabi District Municipality population. The remaining 70% is split unevenly among Metsimaholo Municipality, Ngwathe Municipality and Mafube Municipality which contributes 31%, 26% and 11.9% respectively (Stats SA, 2022). Therefore, Moqhaka Municipality has the second largest population in the district.

The National Housing Needs Register (NHNR) has registered about 21 158 (as at 08 June 2025) housing needs for Moqhaka Municipality. NHNR is a central database that offers households the opportunity to register their need for adequate shelter by providing information about their current living conditions, household composition and to indicate the type of housing assistance they require from government. Previously Municipalities used the waiting lists to capture the housing demand and Moqhaka Municipality's housing waiting list goes as far back as 2006. The waiting lists were successfully exported into

Table 40: Financial Performance: Housing

Financial Performance 2024/25: Housing Services						R'000
Details	2022/23	2023/25	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 672	2 890	13 237	13 237	4 791	-176%
Expenditure:						
Employees	7 318	7 339	8 470	8 536	8 440	0%
Repairs and Maintenance	-	87	49	349	-	0%
Other	436	214	693	893	299	-132%
Total Operational Expenditure	7 754	7 640	9 212	9 778	8 739	-5%
Net Operational Expenditure	-2 082	4 750	(4 025)	(3 459)	3 948	202%
						T 3.5.5

Table 41: Capital Expenditure: Housing

Capital Expenditure 2024/25: Housing Services						R' 000
Capital Projects	2024/25					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		

COMMENT ON THE OVERALL PERFORMANCE OF HOUSING FUNCTION

The Section managed to achieve a lot of set targets in the year under review 2023/24 through the following developmental activities.

Title Deeds Restoration Programme

The Title Deeds programme performed well as compared to the previous financial years. This gesture is aimed at restoring the dignity, through land and property ownership to the previously disadvantaged communities.

In trying to redress the injustices of the past, the Municipality has ensured the accelerated issuing-out of title deeds in the reporting period and the commitment is anticipated to be sustained in the ensuing reporting periods.

The following number of title deeds were issued out as part of promoting security of tenure:

The section through its consumer education programmes specifically targeted at title deeds and the processes involved continues to raise awareness around succession issues in the case where the registered title deed's rightful owner is late, the families most of the time fails to conclude the estate of the late (to which the title is registered). By implication, the title would not be issued to the surviving family members.

Informal Settlements Upgrading

The MLM, with the assistance of the Free State Department of Human Settlements and the Housing Development Agency (HDA), identified and recognised 7 informal settlements (Brickfield and Marabastad is combined on the tale) within the municipal area of jurisdiction, and developed an informal settlement upgrading programme (refer to table below). The latter recommended that these settlements be relocated as they are located in areas that are unsuitable for the development of human settlements.

INFORMAL SETTLEMENTS	NO OF HOUSEHOLD	FARM/TOWNSHIP
Brickfields/Marabastad informal Settlement	227	Maokeng/Kroonstad
Block A informal Settlement	44	Matlwangtlwang/Steynsrus
Block B informal Settlement	99	Matlwangtlwang/Steynsrus
Block C informal Settlement	22	Matlwangtlwang/Steynsrus
Block D informal Settlement	25	Matlwangtlwang/Steynsrus
Block E informal Settlement	15	Matlwangtlwang/Steynsrus
Total	432	

Informal Settlements in Moqhaka

The two towns that requires upgrading are Matlwangtlwang in Steynsrus that consist of 205 households and Brickfield and Marabastad consisting of 227 households.

There is a clear plan underway of creating sites in Matlwangtlwang for the upgrading of informal settlements, through consolidation, rezoning and subdivision of erf 1396 and erf 3358 Matlwangtlwang, respectively. The prospective project is envisaged to yield about 103 sites which will potentially absorb all the three (3) informal settlements in the area.

Allocation of Sites

In the main, lack of bulk infrastructure (in most areas) and reticulation has been the biggest impediment to enable the Municipality to allocate sites. The provision of top structures across different housing programmes (BNG, Military Veterans, Social and Rental Housing) remains the competency of the Provincial Department of Human Settlements through Human Settlements Development Grant (HSDG). The implementation of the mentioned housing programme by the Department has been few and far between.

The Free State Provincial Department of Human Settlements has undertaken a multi-year project of servicing Maokeng Ext 10, 12 and 13 with a total of 5126 residential sites utilising the Human Settlements Development Grant. The Department of Human Settlements commenced with the project in January 2024. The project is envisaged to be completed January 2026.

Additional areas were identified in Kroonstad town, Viljoenskroon and Steynsrus for those who can afford to build for themselves to purchase the erf/erven. The municipality is responsible for the servicing of identified planned and pegged areas:

Area	Number of Sites Available Planned and Pegged	Number of Sites Installed with Water and Sewer	Number of Sites Allocated	Outstanding Sites	Challenges
ELANDIA	200	50	50	150	24 Sites installed with water 126, sites no water and sewer installed
TUINHOF	109	20	20	89	89 sites, no water and sewer installed
HEUWILSIG	167	0	0	167	Insufficient Bulk infrastructure. 167 no water and sewer installed
VILJOENSKROON (TOWN)	109	0	0	109	109 sites, no water and sewer installed

FMatwangtlwang/Steynsrus has major challenge of water supply mainly from the source. This has an implication in the development of the town and consequently the economic development of the town. There are 831 sites where township establishment is completed, however, the installation cannot take place due to the challenge sighted above. This also poses a challenge on allocation of sites for professionals. There is a high demand of sites for professionals that can unlock revenue for the Municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provides 10kl of water per household per month, free sanitation and refuse removal as well 50 units of electricity per indigent household per month. There is also Property Rates exemption for properties with a valuation of R200 000 and lower.

The policy on the indigent households extends to the child headed families and any other households with circumstances that may be approved by the Municipality to try alleviate the poverty the households find themselves in.

Figure 8: Free Basic Services

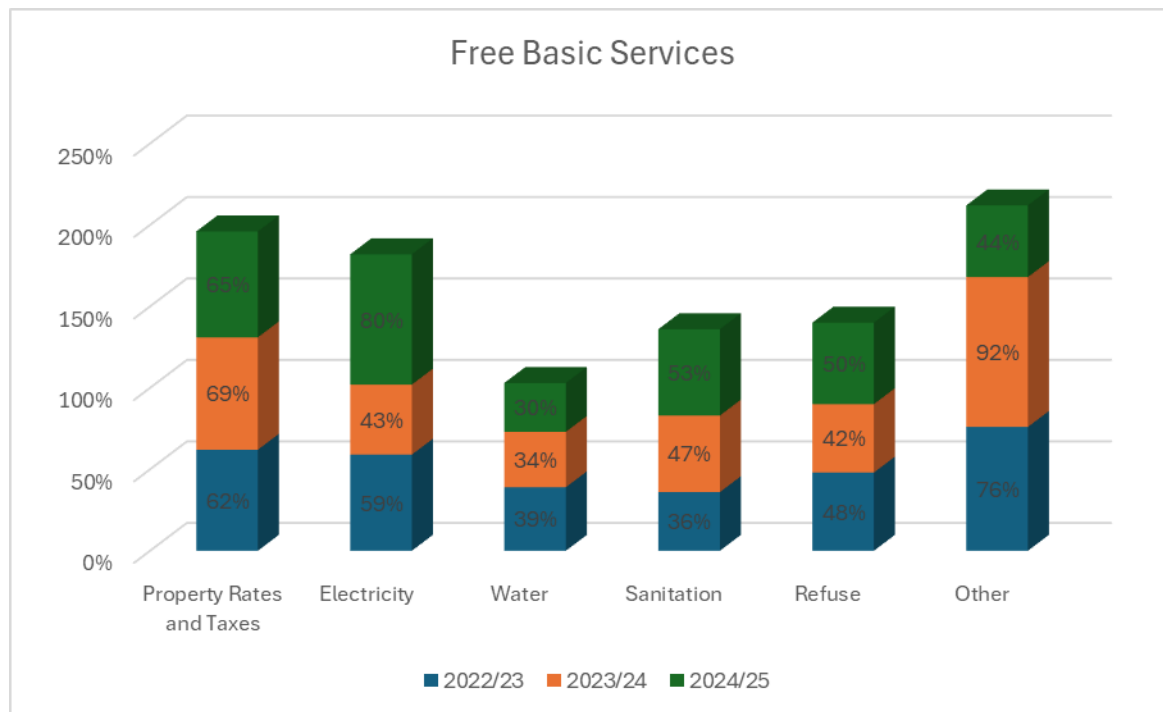
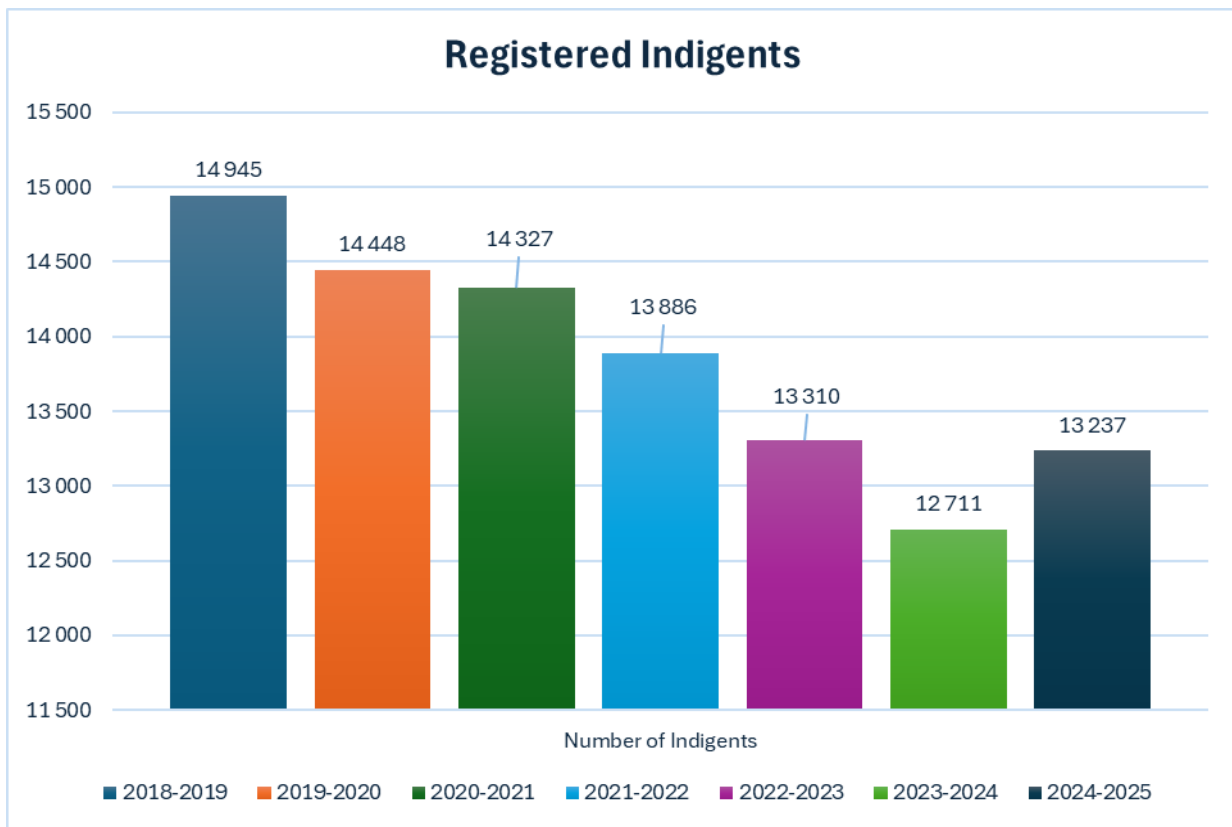


Figure 9 : Registered Indigents



Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Financial Viability

KPA: Municipal Financial Viability

IDP Priority: Free Basic Services

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comment
Financial Services	KPI 114	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management	% of registered indigent Households that receive free basic services	No of households registered as indigent/Total No of HH X100	Chief Financial Officer	≤45%	39%	37%	≤43%	39%	Target achieved	None	Indigents register & Valuation Report BP753	Target achieved
Financial Services	KPI 115	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management	Rand value of free basic services to all households as a % of the equitable share	Rand value of free basic services divided by the equitable share X 100	Chief Financial Officer	33%	24%	28%	≤30%	28%	Target Achieved.	None	GS560 FBS & Equitable Share	Target Achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence		Comment
Financial Services	KPI 116	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management	Rand value of free basic services to all households	Sum of value of free basic services (all services)	Chief Financial Officer	≤R65 M	R16.6M	R38.6M	<71M	R61.7M	Target achieved	None	GS560 FBS & Equitable Share		Target achieved

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality allocates free basic water to indigent households only. All households qualifying for the Indigents Subsidy Scheme should be on prepaid electricity meters. If not, the electricity meter gets changed from a conventional meter to prepaid at no cost to the household. Indigents consuming more water than the subsidy allocates should have their electricity meters blocked or supply restricted. Properties with a higher municipal property valuation than subsidized value, are expected to pay for the excess charge/billing in property rates & taxes. The number of registered indigent households at 30 June 2024 was 13 237.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

The Roads and

Storm Water Section is responsible for the maintenance of a total length of 582 km roads in the Moqhaka Local Municipality's area. A breakdown of these roads is as follow.

GRAVEL ROADS BREAKDOWN ARE AS FOLLOWS:

TOWN	KM GRAVEL ROADS
Kroonstad / Maokeng	170.594km
Viljoenskroon / Rammulotsi	74.621km
Steynsrus / Matlwangtlwang	33.177km

TARRED ROADS BREAKDOWN ARE AS FOLLOWS:

TOWN	KM TARRED ROADS
Kroonstad / Maokeng	220.733km
Viljoenskroon / Rammulotsi	34.238km
Steynsrus / Matlwangtlwang	2.231km

BLOCK PAVED ROADS BREAKDOWN ARE AS FOLLOWS:

TOWN KM BLOCK PAVED ROADS

TOWN	KM TARRED ROADS
Kroonstad / Maokeng	28.801km
Viljoenskroon / Rammulotsi	10.207km
Steynsrus / Matlwangtlwang	7.4km

These roads are maintained by tar road patching, grading of gravel roads and repairing brick paving roads.

Table 44: Kilometre Roads in Moqhaka

TOWN	TAR ROADS (Km)	BRICK PAVING ROADS (Km)	GRAVEL ROADS (Km)	TOTAL ROAD LENGTH FOR EACH TOWN (Km)
KROONSTAD	228.67	28.596	159.63	416.896
VILJOENSKROON	40.678	20.414	129.062	190.154
STEYNSRUS	4.9	17.89	63.556	86.346
TOTAL	274.25	66.9	359.25	693.4 KM ROADS

3.7 ROADS

INTRODUCTION TO ROADS

Maintenance work was properly planned, supervised and quality control measures were implemented with proper record keeping. The Road Section concentrated the road maintenance on main routes, roads around schools, roads around churches and businesses. The Roads Section also ensure all roads are assessable for vehicles in all three towns.

The Road Section assisted the community on a weekly basis with road maintenance where funerals and weddings took place.

All roads were visually inspected, and a visual assessment was done for each road according to the Technical Methods for Highways (TMH) engineering guidelines, reviewed by a consultant appointed on a GIS system by the RRAMS project which was funded by the District Municipality. This inspection results were used for planning of road maintenance and a Road Maintenance plan was submitted with the IDP to Council. Capital projects are planned from this information through the IDP Process.

Business plans are submitted to Sector Departments to apply for possible funding to do these projects.

The Roads Section hired equipment in when and as needed to improve service delivery. The Road maintenance teams also worked overtime to catch up with back logs.

Table 45: Gravel Road Infrastructure

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
2020/21	274,7	0,0	1,2	227,7
2021/22	272,6	0,0	2,1	79,5
2022/23	278,0	0,0	2,1	62,4
2023/24	279,4	0,0	1,4	286,9
2024/25	276,6	0,0	2,7	276,6
				T 3.7.2

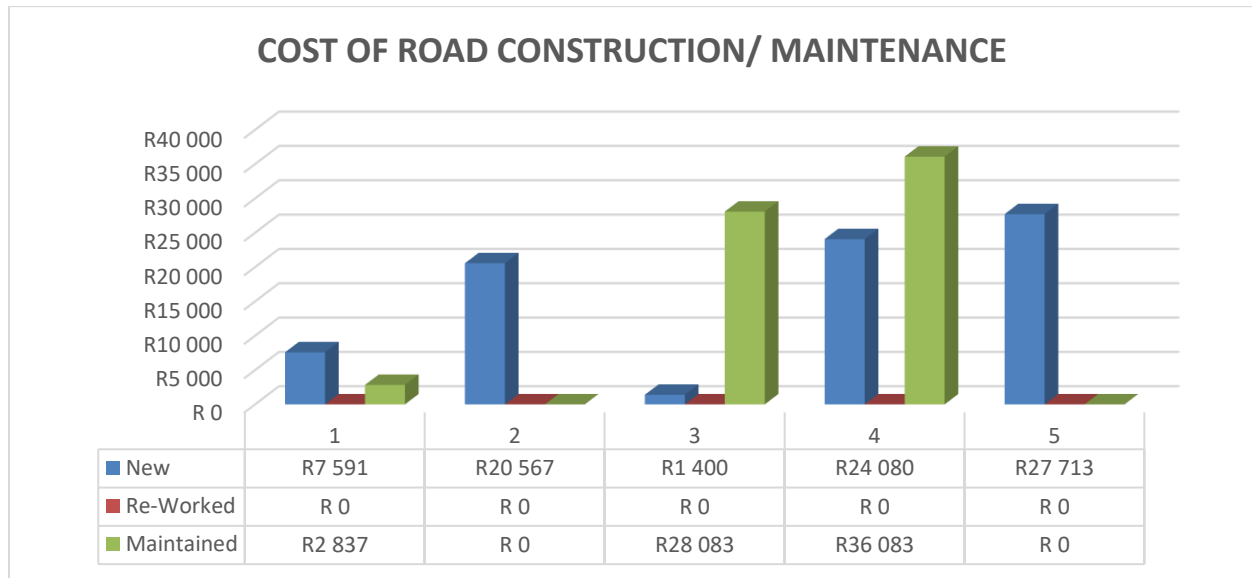
Table 46: Tarred Road Infrastructure

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometres Tar roads maintained
2020/21	305,0	1,2	0,0	0,0	306,1
2021/22	307,1	2,1	0,0	0,0	307,1
2022/23	309,2	2,1	0,0	0,0	309,2
2023/24	310,6	1,4	0,0	0,0	310,6
2024/25	306,4	2,8	0,0	0,0	306,4
					T 3.7.3

Table 47: Cost of Construction/Maintenance

Cost of Construction/Maintenance						
R' 000						
	Roads			Tar		
	New	Re-Worked	Maintained	New	Re-worked	Maintained
2020/21	R7 591	R0	R2 837	0	0	2837
2021/22	R20 567	R0	R0	0	0	6381
2022/23	R1 400	R0	R28 083	1400	0	28083
2023/24	R24 080	R0	R36 083	24080	0	36083
2024/25	R27 713	R0	R0	0	0	0

Figure 10: Roads: Cost of Construction/Maintenance



Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 3: Roads

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Technical Services	KPI 04	Basic Service Delivery	By ensuring that tarred and paved roads are maintained, and gravel roads are graded	km gravel roads maintained and or re-gravelled.	Sum of km roads maintained and or gravelled	Director Technical Services	227km	84.59km	286.864km	120km	612.947km	Achieved above target	None	Monthly reports	The Section improved its performance greatly
Technical Services	KPI 05	Basic Service Delivery	By developing and implementing a maintenance programme specific to potholes	m ² of potholes patched	Sum of m ² of potholes patched	Director Technical Services	83109m ²	194 735m ²	107 964m ²	40 000m ²	82127.3m ²	Achieved above target	None	Monthly reports	The Section improved its performance greatly
Technical Services	KPI 06	Basic Service Delivery	By identifying and prioritising access, connector and strategic roads to be developed	KMs of new paved roads to be built	Sum of km new paved roads built	Director Technical Services	1,18 km	0	1.41 km	4km	2.766km	Target not achieved.	Supply Chain Committees must sit on time.	Completion certificate.	Although the target was not achieved the kms done increased.

Table 48: Employees: Road Services

Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	1	7	0	7	100%
7 - 9	5	3	36	4	32	89%
10 - 12	14	6	28	7	21	75%
13 - 15	12	34	93	37	56	60%
16 - 18	16	0	0	0	0	0%
19 - 20	5	0	0	0	0	0%
Total	55	45	165	49	116	70%

Table 49: Financial Performance: Road Services

Financial Performance 2024/25 Road Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	47 035	2 946	106	217	108	2%
Expenditure:						
Employees	18 526	19 853	25 700	22 782	20 432	-26%
Repairs and Maintenance	1 225	16 230	16 501	26 810	28 393	42%
Other	68 276	0	6 929	15 991	36 429	81%
Total Operational Expenditure	88 027	36 083	49 130	65 583	85 254	42%
Net Operational Expenditure	-40 992	-33 137	49 024	65 366	85 146	42%
						T 3.7.8

Table 50: Capital Expenditure: Road Services

Capital Expenditure 2024/25: Road Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	27 713	0	27 713	0%	0
Construction of 1.46km paved road and storm water at Mahabane Street	13 178	0	13 178	0%	13178
Maokeng/ Gelukwaarts: Upgrading of Masione and Stiloane Street (0.796km) to paved road with vehicular crossing.	9 714	0	9 714	0%	9714
Construction of 0.51km paved road and storm water at Messi Street	4 821	0	4 821	0%	4821
Project Name				0%	
					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The following roads was constructed in the municipal area for the 2021 / 2022 financial year:

Maokeng: Construction of 1.46km paved road and storm water at Mahabane Street, Maokeng.

The planed value of the project amounts to R 13 177 613.81. The project consists of the construction of an interlock brick paving road with proper concrete V-drains on the side of the road as well as proper road signs and road markings was done. The total amount spend on this project was R 13 177 613.81

Maokeng/ Gelukwaarts: Upgrading of Masione and Stiloane Street (0.796km) to paved road with vehicular crossing.

The planed value of the project amounts to R 9 713 780.90. The project consists of the construction of an interlock brick paving road with proper concrete V-drains on the side. Proper road signs and road markings was done.

The total amount spend on this project was R 9 713 780.90.

Construction of 0.51km Paved Road and storm water at Messi Street

The total value of the project amounts to R 4 820 915 which was spend 100%. The project consists of the construction of an interlock brick paving road with proper road signs and road markings.

3.8 TRANSPORT

The municipality does not perform this function.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The Municipal storm water network consists of the following types of storm water systems.

- 1) Underground storm water pipes
- 2) Open concrete V-channels
- 3) Open soil storm water channels

Maintenance was done on all types of storm water system, but challenges are shortage of funds and equipment to address the back locks.

Table 51: Storm water Infrastructure

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2020/21	375,7	2,1	0,0	0,0
2021/22	377,6	1,9	0,0	0,0
2022/23	379,7	2,1	0,0	0,9
2023/24	381,1	1,4	0,0	1,5
2024/25	383,4	2,3	0,0	0,1
1`				T 3.9.2

Table 52: Cost of Storm water Construction/Maintenance –

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2020/21	09894.0	–	–
2021/22	0	-	-
2022/23	1	–	–
2023/24	–	–	–
2024/25	–	–	–
			<i>T 3.9.3</i>

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 3: Roads and Storm Water

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baselin e	2022/23	2023/24	Annual Target	Annual Result s	Perform ance Comme nt	Correcti ve Measur e	Eviden ce	Comments
Techni cal Servic es	KPI 07	Basic Service Delivery	By ensuring that newly built roads are built with storm water drainage and mobilize funding for rehabilitatio n, refurbishm ent and replaceme nt of ageing infrastructu re	Kms of storm water drainages built, rehabilitat ed, or replaced in addition to existing one	Sum of km storm water drainage installed in addition to current one	Director Technical Services	1,83 km	0	1.426 km	3.2km	2.256k m	Target Not Achieved .	Supply Chain Committ ees must sit on time.	Comple tion Certific ate	The Section did not meet its target due to late appointment of Service Providers.

Table 53: Employees: Storm water Service

Employees: Road Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	Roads Services employees also perform the storm water function, Included in the Roads Services employees in table 48 above					0%
4 - 6						50%
7 - 9						82%
10 - 12						36%
13 - 15						12%
16 - 18						20%
19 - 20						93%
Total						59%

Table 54: Financial Performance: Storm water Services:

Financial Performance 2024/25: Storm Water Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Included in table 54					
Expenditure:						
Employees						
Repairs and Maintenance						
Other						0%
Total Operational Expenditure						0%
Net Operational Expenditure						0%

Table 55: Capital Expenditure: Storm water Services

Capital Expenditure 2024/25: Stormwater Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22 892	0	22 892	0%	0
Construction of 1.46km paved road and storm water at Mahabane Street	13 178	0	13 178	0%	13178
Maokeng/ Gelukwaarts: Upgrading of Masione and Stiloane Street (0.796km) to paved road with vehicular crossing.	9 714	0	9 714	0%	9714
					<i>T 3.7.9</i>

COMMENT ON PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The Technical Department did maintain the storm water network, but there are still some areas which needs urgent upgrades. Several collapsed storm water pipes were replaced, and storm water manholes were cleaned to ensure proper drainage of roads. Challenges are a shortage of funds and equipment to address the back locks.

The following storm water was constructed in the municipal area for the 2024 / 2025 financial year:

Maokeng: Construction of 1.46km paved road and storm water at Mahabane Street, Maokeng.

The planed value of the project amounts to R 13 177 613.81. The project consists of the construction of an interlock brick paving road with proper concrete V-drains on the side of the road as well as proper road signs and road markings was done. The total amount spend on this project was R 13 177 613.81

Maokeng/ Gelukwaarts: Upgrading of Masione and Stiloane Street (0.796km) to paved road with vehicular crossing.

The planed value of the project amounts to R 9 713 780.90. The project consists of the construction of an interlock brick paving road with proper concrete V-drains on the side. Proper road signs and road markings was done.

The total amount spend on this project was R 9 713 780.90.

The target for storm water systems is to clean and channel the vlei areas and ensure the community safe.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes Planning and Local Economic Development.

3.10 PLANNING

INTRODUCTION TO PLANNING

The planning landscape in South Africa changed during 2013 with the promulgation of the Spatial Planning and Land Use Management Act, 2013 (No 16 of 2013), also referred to as SPLUMA. In terms of this Act Local Governments became and forthwith were the authority of first instance and all development application must be considered on local level by the Municipal Planning Tribunal or the Authorised Official, whereas in the past this type of applications was considered by the provincial authorities. The Act was, however, only made effective with effect from 01 July 2015. No applications could, however, be received and/or considered before the Municipality's by-laws on Planning were in place. These by-laws were promulgated in the Provincial Gazette of 27 November 2015 and since then the new era of planning started in Moqhaka.

The Spatial Planning Department is striving to ensure that the long-term planning of the Municipality caters for the development of the town along the five SPLUMA development principles mentioned in Section 7 of SPLUMA, viz spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. This ensures that the Municipality not only grows in population but also develops an economy that can sustain the growth in numbers.

Planning legislation that is essential to ensure service delivery are inter alia the Spatial Development Framework (SDF) and the Land Use Scheme (LUS). Both these documents have been compiled, public participated, approved by Council and subsequently promulgated on 06 December 2019. The SDF also gets reviewed on an annual basis during the Budget and IDP public participation process. A completely new draft of the SDF has been completed, and public participation have been conducted during the 2024/25 financial year.

The three top service delivery priorities of the Spatial Planning Department are to -

- (i) attend to all land use and development applications to ensure development and growth is not neglected;
- (ii) attend to building plans on a continuous basis to ensure the continuous growth and development of the Municipality; and

Table : Employees: Urban Planning & Property Management

Employees: Urban Planning & Property Management						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	3	2	1	33%
4 - 6	7	6	7	7	0	0%
7 - 9	3	3	5	3	2	40%
10 - 12	0	0	0	0	0	0%
13 - 15	0	1	1	1	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	12	12	16	13	3	19%
						T 3.10.4

Table 58: Financial Performance: Urban Planning & Property Management

Financial Performance 2024/25: Urban Planning & Property Management						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 810	2 890	2 095	2 612	2 375	12%
Expenditure:						
Employees	4 876	7 339	9 046	7 624	8 279	-9%
Repairs and Maintenance	23	87	660	605	249	-165%
Other	446	214	3 275	2 450	3 139	-4%
Total Operational Expenditure	4 126	7 640	12 981	10 679	11 667	-11%
Net Operational Expenditure	(1 684)	4 750	10 886	8 067	9 292	-17%
						T 3.10.5

Table 59: Capital Expenditure: Urban Planning & Property Management

Capital Expenditure 2024/25: Urban Planning & Property Management					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE PERFORMANCE OF URBAN PLANNING OVERALL:

In terms of capital projects, the Spatial Planning Department had three major projects and one smaller project during the 2024/25 financial year. The major capital projects were –

- (i) to finalise phase 1 of the GIS project, viz capture and refine the module to handle land use applications (legislative requirement);
- (ii) to continue with the re-planning of the Marabastad precinct; and
- (iii) to procure a LDV for the Land Use Inspectors.

The smaller capital project was -

- (iv) to obtain cabinets to be able to store the records generated by the office.
In respect of (i) above, it can be mentioned that the account of the suppliers (ESRI) who must provide the GIS software could not be paid as the amount was removed from the budget by the Finance Directorate without consultation. Phase 1 have been finalised and the final uploading of the module will take place during the new financial year.

In respect of (ii) above a Steering Committee was elected, with an official from the Housing Department elected as convener and coordinator between all role-players. Movement on the project was very slow as information regarding the restitution process was not forthcoming from the National and Provincial role-players. The project will continue in the new financial year.

In respect of (iii) above, it can be mentioned that the LDV that was used by the Land Use Inspectors is more than 20 years old and a request was submitted that it be replaced. This request has to date not been complied with and the work done by the inspectors has come to a near halt.

In terms of the capital expenditure and the operating expenditure of the Spatial Planning Department the variance between the budgeted amount and the actual expenditure cannot be determined at this stage as the financial information has not been received from the Finance Directorate.

3.11 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

Moghaka Local Municipality is situated at the centre of South Africa and its location is of huge economic advantage. Our Local Economic Development Strategy is still under review and we working very closely with Provincial Department of Cooperative Governance and Traditional Affairs to come up with a revised draft that still needs to be taken to Council for approval.

This review process takes into account the ever-changing environment that we tied ourselves in including overall changes at national level. High unemployment amounts young people, poverty levels, declining economy including the scourge of Gender Based Violence.

Moqhaka Local Municipality's dominant economic sectors are agriculture, mining and tourism. These are the sectors that we need to pay attention to and invest for the much-needed job opportunities.

Wavielpark and the Wildtrack establishments in the area of Viljoenskroon are tourists' attraction in the area, while Kroonpark remains the preferred destination in this district.

Tourism

As we take stock of the remarkable achievements and progress within Moqhaka tourism over the past year, we are pleased with the strides made towards our achievements. The tourism sector continues to demonstrate an extraordinary capacity for resilience, solidifying its role as a cornerstone of our local economy. The economic impact of the tourism sector is evident in the significant number of jobs that it creates and the substantial contributions it makes to our revenue as well as the multiplier effect that it has on the overall economy.

In 2024, Kroonstad welcomed approximately plus / minus 25 000 visitors who attended various events namely Ignite and Revive Festival, Free Sate Bitch party, Mother's Day celebrations All black event just to name but a few, marking a remarkable 48.9% increase from the previous year.

The growth tourism events have also increased as we move away from the traditional and well know ones such as Bikers Rally that has shut its doors in Kroonstad. This demonstrates our partnership with different stake holders whose aim and strategic efforts is to revitalise this important sector and highlights Moqhaka's position as a travel destination.

As a municipality, our achievements extend beyond the number of events and visitors but demonstrate a substantial increase direct spending and the enhance contribution of tourism to our local economy where everyone becomes a winner.

The Following events took place under the financial review

1. Coumaflage, Soul Session March 2025
2. Mother's day, May 2025
3. Annual Spring Souls Session in September 2024
4. All black party May 2025
5. Saam Trek festival 6000, October 2024
6. Ignite and Revive festival September 2024

Our municipality is increasingly recognising the significant role of events in fostering socio-economic growth. Tourism events not only attract tourists but also generate substantial revenue, create jobs and support local businesses. By increasing investment in events, we can enhance our profile and stimulate various sectors of the economy. Events, as powerful catalysts for growth, also offer valuable opportunities for infrastructure development, including improvements in transportation and public facilities, while fostering local pride and community engagement.

Kroonpark Holiday Resort

The park is Situated on the banks of the Vals Rivier in Kroonstad between Johannesburg and Bloemfontein, making it an ideal stop to break your journey. It has plenty of sites with private ablutions as we as normal sites

with shared ablution facilities. The sites are on seasonal grass with well-established trees giving shade. These includes power points for each site, water points on or near sites, braai facilities available and Chalets.

Current developments / Projects

The project of creating a new modern waterpark in Kroon Park is underway and the installation of three sets of waterslides has been installed. The building of this waterpark will attract more visitors/tourist and will increase the revenue of the resort.

JOB OPPORTUNITIES:

Our mission remains, creating a conducive environment for socio-economic growth and development and this mission is directed to inviting the private sector to work closely with the municipality for job creation and promotion of investment in the municipality.

Small Business Development, Tourism and Agriculture are key sectors that focus has been directed at but not much could be achieved for this purpose.

Government initiatives like the Expanded Public Works Program remains the only initiative that provided job security during this period.

The fact that we need to develop reliable infrastructure in our industrial areas to attract investment.

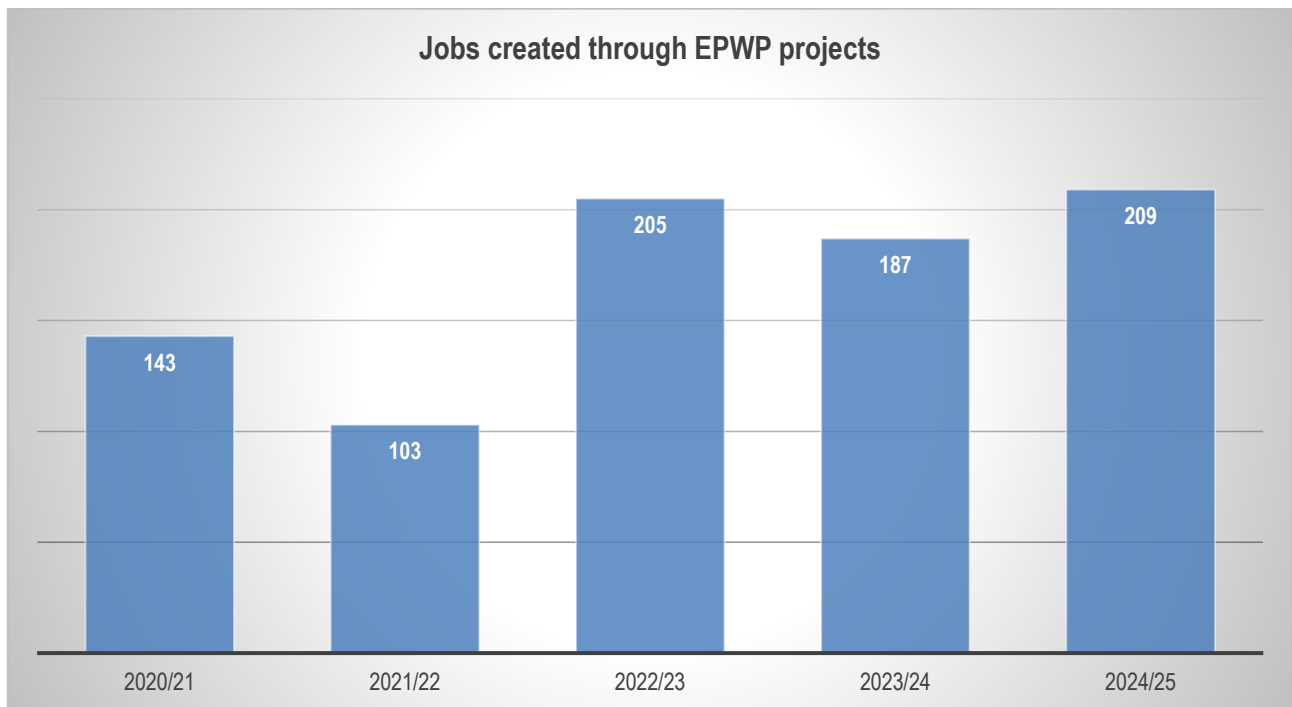
Table 60: Jobs Created during 2024/25 by LED Initiatives

Jobs Created during 2024/25 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
2020/21	128	0	128	
2021/22	0	0	0	
2022/23	0	0	0	
2023/24	0	0	0	
2024/25	0	0	0	
Initiative A (2024/25)	0	0	0	
Initiative B (2024/25)	0	0	0	
Initiative C (2024/25)	0	0	0	
<i>T 3.11.5</i>				

Table 61: Jobs Created through EPWP projects

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2020/21	10	143
2021/22	8	103
2022/23	12	205
2023/24	13	187
2024/25	7	209
* - Extended Public Works Programme	T 3.11.6	

Figure 4: Jobs created through EPWP Projects



Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Local Economic Development

KPA: Local Economic Development

IDP Priority 7: LED

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 65	Local Economic Development	Explore the potential for the tourism sector in creating sustainable jobs and income for communities	Review Tourism Sector Plan and submit to Council by 30 June annually.	Date Tourism Sector Plan is approved.	Director or LED	30 June	0	0	30 June	0	Target not achieved	Review Tourism Sector Plan and submit to Council for approval annually.	Tourism Sector Plan	Review Tourism Sector Plan before 30 June 2026.
Local Economic Development and Planning	KPI 66	Local Economic Development	Create an environment that promotes the development of the local economy and facilitate job creation.	LED Strategy reviewed and submitted to Council for approval by 30 June annually.	Date LED Strategy approved.	Director or LED	30 June	0	0	30 June	0	Target not achieved.	Review LED Strategy by 30 June annually.	None	Review LED Strategy before 30 June 2026.
Local Economic	KPI 67	Local Economic	To support the	Marketing strategy	Date Marketing	Director or	30 June	0	30 June	30 June	0	Target not achieved.	Review Marketing	None	Develop marketing

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Development and Planning		Local Economic Development	expansion of the tourism potential of the municipality.	for the Municipality developed and submit to Council for approval	Strategy approved.	LED							strategy for the municipality and submit to council for approval		g Strategy for the Municipality before 30 June 2026
Local Economic Development and Planning	KPI 72	Local Economic Development	To review the Housing Sector Plan.	Housing Sector Plan reviewed and approved by Director annually.	Housing Sector Plan	Direct or LED	30 June	30 June	28 May	30 June	0	Target not achieved.	Review Housing Sector Plan annually as required.	None	Review Housing Sector Plan before 30 June 2026.
Local Economic Development and Planning	KPI 73	Local Economic Development	To advance the implementation of the Housing Sector Plan.	Application for Level 1 Accreditation of the Municipality submitted for approval by June 2025.	Date of approval of Accreditation Application	Direct or LED	30 June	0	0	30 June	0	Target not achieved.	Sent Application for Level 1 Accreditation of Municipality for approval by June in the next financial year	None	This key performance indicator has not been achieved in the last two financial years.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 74	Local Economic Development	To advance the implementation of the Housing Sector Plan.	Housing and Erven allocation policy reviewed customised and submitted for approval.	Date of approval by the Director.	Director or LED	31 Dec	20 April	31 Dec	31 Dec	31 Dec	Target achieved	None	Approved Policy	Target achieved.
Local Economic Development and Planning	KPI 75	Local Economic Development	To support the orderly and coordinated development of the urban areas within the municipality	Spatial Development framework reviewed and approved by June annually.	Date Spatial Development Framework reviewed and approved.	Director or LED	30 June	0	0	30 June	Draft	Partially achieved. Workshop for Councillors will be done and then submitted to Council for approval.	Conduct workshop for Councils and submit to Council for approval.	Draft Spatial Development Framework.	Conduct workshop for Councils and submit to Council for approval.
Local Economic Development and Planning	KPI 76	Local Economic Development	To support the orderly and coordinated development of the urban areas within the municipality	Land Use Scheme reviewed and approved by June annually.	Date Land Use Scheme Reviewed and approved.	Director or LED	30 June	0	30 June	30 June	0	Target not achieved.	Review Land Use Scheme by 30 June as required.	None	Review Land Use Scheme before 30 June 2026.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 77	Local Economic Development	To support the licensing of businesses governed by the Business Act of 1991.	Percentage of licence applications received and processed within a period of 30 days.	Number of business licence applications considered within 30 days/total number of business licence application received.	Director or LED	90%	21%	0%	100%	100%	Target achieved.	None	Processed Licence Register	The performance of the directorate improved greatly.
Local Economic Development and Planning	KPI 78	Local Economic Development	To support the legislation of construction work governed by the National Building Regulations and Standards Act of 1977.	Percentage of Building Plans received and processed within a period of 60 days	Number of Building Plans considered within 60 days/total number of building plans received.	Director or LED	90%	45%	100%	90%	7%	Target not achieved.	Process all building plans within 60 days as required.	None	The performance of the Directorate declined significantly.
Local Economic Development and Planning	KPI 79	Local Economic Development	To consider Land Use applications in respect of rezoning of land as determined	Percentage of applications for rezoning received a processed	Number of rezoning applications considered within 90 days/total number of	Director or LED	90%	50%	0%	90%	73%	Target not achieved.	Process all applications within 90 days	Land Use Register	Although the target was not achieved the perform

Directorate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
			in the Moqhaka Land Use Planning by-laws of 2015.	within 90 days.	rezoning applications received.										ance of the directorate improved.
-Local Economic Development and Planning	KPI 80	Local Economic Development	To support the licensing of businesses governed by the Business Act of 1991.	Percentage of informal trading permits applications received and processed within 30 days.	Number of informal trading permits applications considered within 30 days/total number of informal trading permits applications received.	Director or LED	NEW KPI	100%	100%	100%	100%	Target achieved	None	Informal trading permit Register	Target achieved.

Table 62: Employees: LED Services

Employees: Local Economic Development Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	3	3	3	3	0	0%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	3	3	3	3	0	0%
						T 3.11.8

Table 63: Financial Performance : LED Services

Financial Performance 2024/25: Local Economic Development Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0	0%
Expenditure:						
Employees	2116	1146	1713	1713	1189	-44%
Repairs and Maintenance	0	0	0	0	0	0%
Other	285	216	1230	810	182	-576%
Total Operational Expenditure	2401	1362	2 943	2 523	1 371	-115%
Net Operational Expenditure	-2401	1362	2 943	2 523	1 371	-115%
						T 3.11.9

Table 64: Capital Expenditure : LED Services

Capital Expenditure 2024/25: Economic Development Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
There were no capital projects.	0	0	0	0%	0

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The LED performance in Moqhaka Local Municipality reflects steady progress, despite challenges such as high unemployment particularly among youth persistent poverty, and the effects of a contracting national economy. Efforts to revise the Local Economic Development Strategy, in collaboration with the Provincial Department of Cooperative Governance and Traditional Affairs, are a positive step toward responding more effectively to these socio-economic realities.

The LED focus on agriculture, mining, and tourism is well-aligned with the municipality's existing strengths. The tourism sector, in particular, has shown commendable growth, with a 48.9% increase in visitor numbers in 2024. This has contributed positively to job creation and local revenue. Continued investment in event-driven tourism and infrastructure upgrades, such as the Kroonpark waterpark, signals a proactive approach to economic revitalization and inclusive development.

However, challenges remain in sustaining long-term employment opportunities and diversifying economic activity beyond seasonal tourism and primary sectors. Greater private-sector partnerships and enterprise development support are needed to complement current efforts.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality only have the Civic Theatre. The Civic Theatre is a Community based Arts and Culture venue that promotes arts in its diversity in order to enhance social cohesion through cross cultural activities to advance tolerance and celebrate heritage.

3.12 CIVIC THEATRE, ARTS AND CULTURE

Moqhaka Civic Theatre is here to grease the wheel, to promote and support start-ups and our emerging new artistry while celebrating the been-ups, veteran artists who from time to time will host their activities in this venue. Integrating artists' practices into civic theatre participation can make people feel more welcome, make meetings more enjoyable, lead to a more level playing field, create safe spaces for those who have historically been left out or disenfranchised, and help sustain engagement for long planning processes.

The theatre provides the opportunities in which the artists can work with agencies and residents to raise awareness of underfunded municipal programs, to amplify their value and mobilize for budget increases. The Civic Theatre was built between 1973 and 1976 in which the official opening was on the 12 June 1976 during the uprising of the Youth in South Africa. It has a 688 capacities Auditorium and Multipurpose Hall (Allen-Rau-ten-Bach-hall) with capacity of +-300 people seats including tables. Its main objectives are to promote Arts and Culture, music, drama/theatre, poetry, language in school and community; creating partnership with government department and NGO's; Enhancing social cohesion through Arts and culture activities; as well as creating vibrancy within our locality to advance Tourism.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Community Development and Social Cohesion

KPA: Community Development and Social Cohesion

IDP Priority 10: Arts and Culture

Direct orate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baseli ne	2022/2 3	2023/2 4	Annua l Target	Annu al Result s	Perform ance Comme nt	Correctiv e Measure	Evidenc e	
Direct orate Comm unity & Social Servic es	KPI 170	Local Economi c Develop ment	To optimize community participation in Arts and Culture.	Number of arts and culture main activities and events held in the municipal area.	Number of activities held	Director Commun ity & Social Services	22	3	10	4	13	Achieve d above target	None	Civic theatre report	Performance exceeded the set target.
Direct orate Comm unity & Social Servic es	KPI 171	Social Services and Commun ity Develop ment	Effective maintenanc e of recreational facilities:	Upgrading of the Civic Theatre phase 1: roofing	Date roof completed .	Director Commun ity & Social Services	New KPI	0	0	30 June	0	Target not achieve d	Do renovation s on the roof in the 2025/26 financial year.	None	This a new KP No comparisor could be made

Table 65: Employees: Civic Theatre

Employees: Civic Theatre						
thea	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	1	1	1	1	0	0%
7 - 9	1	1	1	1	0	0%
10 - 12	1	1	1	1	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	4	4	4	4	0	0%
19 - 20	0	0	0	0	0	0%
Total	7	7	7	7	0	0%
T 3.13.4						

Table 66: Financial Performance: Civic Theatre

Financial Performance Year 2024/25: Civic Theatre						
R'000						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	111	149	210	210	53	-296%
Expenditure:						
Employees	2 804	2 311	3 193	3 193	1 883	-70%
Repairs and Maintenance	1 575	186	1 132	8 33	46	-2361%
Other	539	109	363	413	114	-218%
Total Operational Expenditure	4 918	2 606	4 688	4 439	2 043	-129%
Net Operational Expenditure	4 728	2 457	4 478	4 229	1 990	-125%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						
T 3.12.5						

Table 67: Capital Expenditure: Civic Theatre

Capital Expenditure 2024/25 : Civic Theatre					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0
T2.13.6					

CIVIC THEATRE, ARTS AND CULTURE PERFORMANCE OVERALL

A total of forty-two events were hosted, showcasing a vibrant and active community calendar. In addition to these events the municipality undertook renovation projects to enhance public amenities. Notably, both the Kiosk and the Coffee Bar were renovated improving the appearance and functionality. These upgrades aim to create more welcoming and enjoyable spaces for the community and visitors alike, reflecting the municipality's ongoing commitment to community development and public engagement. Below are the before pictures of the said renovations.



3.13 PARKS AND CEMETERIES

INTRODUCTION TO PARKS AND CEMETERIES

Biodiversity starts with the assessment of the ecosystem within the municipal area. Fauna and flora assessment is still in progress. The identification of protected plants and invasive plants within the municipal area and the control thereof and the assessment on the adaptation between fauna and flora.

Parks includes all the work necessary to keep public parks and open spaces safe and clean to serve the needs to establish quality of life and contributing to the economic and environmental well-being of the community. Outdoor programming is a critical way to help individuals fight mental health issues and to develop gross motor intervention and building of muscle strength in kids. This means development, proper maintenance and management of parks needs to be taken very seriously.

Cemetery management is a profession essential and one of the most important rites of life in order to be able to assist the community with correct identification of the graves of their loved ones. The municipality is in the process of restoring its cemetery management system which has been dysfunctional since the cyber hacking.

The service statistics below are for the 2024/25 financial year.

The key positions on post levels 4 – 6, 7 – 9 and 13 - 15 are mostly not filled. The section is grateful that employees on post level 17 were moved to post level 15 but there is still a big gap to be filled.

Brush cutter, lawnmower and chain saw operators need to be appointed for the section to operate properly. Currently, general workers are operating the machines. This section is operating with less than 50 percent of the staff that it needs to have.

Biodiversity, Parks and Cemeteries do not have the equipment that is needed for the maintenance of parks and cemeteries. Tractors and lawnmowers are old and dilapidated. Non the less the section is moving forward with the limited resources and personnel that it have.

Development of Parks and Expansion of Cemeteries

The development of parks and expansion of cemeteries needs to be given priority as these functions are essential for the proper running of the section. For this to be attained a realistic budget needs to be allocated to the section.

Policy Objectives taken from IDP and SDBIP
Municipal Scorecard Perspective: Social Services and Community Development

KPA: Community Development and Social Cohesion

IDP Priority 13: Parks and Cemeteries

Direct orate	IDP/R ef No.	KPA	Municip al Strategy	KPI	Calculat ion	KPI Owner	Baseli ne	2022/2 3	2023/2 4	Annua l Target	Annua l Result s	Perform ance Comme nt	Correctiv e Measure	Evidenc e	
Direct orate Comm unity & Social Servic es	KPI 172	Social Services and Commun ity Develop ment	Effective mainten ance of recreati onal facilities.	Business plans submitted to request funding for the developm ent of park in line with Urban Greening.	Sum of business plans submitte d.	Director Commun ity & Social Services	1	9	0	2	0	Target not achieve d.	Submit business plans to request funding for developm ent of park	None	Performance target not achieved in the last two financial years.
Direct orate Comm unity & Social Servic es	KPI 176	Social Services and Commun ity Develop ment	Effective mainten ance of cemeteri es	Develop a cemetery managem ent plan approved by the Director.	Date Plan approve d.	Director Commun ity & Social Services	0	0	0	30 June	0	Target not achieve d.	Develop a cemetery managem ent plan on time approved by the Director.	None	The position of Manager Parks is vacant. The appointment of the Manager will go a long way in meeting the set targets.
Direct orate Comm	KPI 177	Social Services and	Effective mainten ance of	Fencing of	Sum of fencing of	Director Commun ity &	1	0	0	2	0	Target not	Consulted with town planners.	None	The position of Manager Parks is vacant.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Community & Social Services		Community Development	Cemeteries	Cemeteries	Cemeteries	Social Services						Achieved.	Fencing will take place in the next financial year 2025/26		The appointment of the Manager will go a long way in meeting the set targets.
Directorate Community & Social Services	KPI 178	Social Services and Community Development	Expansion of cemeteries	Number of expansion of cemeteries	Sum of cemeteries expanded	Director Community & Social Services	1	1	0	1	0	Target not achieved.	Expansion will take place in the next financial year 2025/26	None	The position of Manager Parks is vacant. The appointment of the Manager will go a long way in meeting the set targets.

Table 68: Employees: Parks and Cemeteries

Employees: Parks and Cemeteries						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	1	1	0	1	100%
4 - 6	2	1	7	1	6	86%
7 - 9	4	3	8	3	5	63%
10 - 12	5	5	48	6	42	88%
13 - 15	18	84	103	31	72	70%
16 - 18	32	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	63	94	167	41	126	75%

Table 69: Financial Performance

Financial Performance 2024/25: Parks and Cemeteries						
	R'000					
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	111	1 691	3 473	,3 472	1 763	-97%
Expenditure:						
Employees	2 046	20 488	24 751	29 938	23 843	-4%
Repairs and Maintenance	178	1 554	3 288	3 274	1 467	-124%
Other	50	2 950	9 119	8 385	4 726	-93%
Total Operational Expenditure	2 274	24 992	37 158	41 597	30 036	-24%
Net Operational Expenditure	-2 163	23 301	33 685	38 125	28 273	-19%
T 3.13.5						

Table 70: Capital Expenditure: Parks and Cemeteries

Capital Expenditure 2024/25 : Parks and Cemeteries					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditur	Variance from	Total Project
Total All	1 878	1 878	0	0%	0
Phomolong Upgrading of Sports	1 878	1 878	0	0%	

COMMENT ON PARKS AND CEMETERIES PERFORMANCE OVERALL

The Parks and Cemeteries Section faced significant challenges during the reporting period. A total of five bakkies, 4 from Kroonstad and one from Viljoenskroon are currently out of services and with the Service Provider for repairs. Of the eight mowing tractors allocated to Kroonstad, only two are functional with the remaining six out of order. In Viljoenskroon both mowing tractors are broken and require repairs, while the single tractor in Steynsrus is also non-operational.

Additionally, the position of Manager Parks became vacant following the incumbents retirement and has not been filled. This vacancy along with the absence of the Director led to administrative delays particularly in the processing and payment of invoices, which stalled the completion of key prefects. These combined factors contributed to the poor performance and the Parks and Cemeteries Section.

MAINTENANCE: GRASS CUTTING PROGRAM**Mowing Section: Cutting Of Grass and Open Spaces**

- ✓ The quantity of tractors running to maintain a cutting program is very limited.
- ✓ Cutting of the grass is mainly at entrances, parks sport facilities, all offices and parts of cemeteries.
- ✓ After more than two years for maintenance, both the two tractors of Viljoenskroon were released and the program is fully operational.

CLEANING OF OPEN SPACES AND MUNICIPAL PREMISES

In the month of October cleaning took place on the North Road as shown in pictures below. Take note of the Senior Horticulturist using her own vehicle to remove the bags. This is due to shortage of vehicles.



3.14 SPECIAL PROGRAMMES

INTRODUCTION TO SPECIAL PROGRAMMES

The special programs are the activities of the office of the Executive Mayor that try to intervene and assist the vulnerable in time of need. The programs play a creative role in the development of people, children and youth who are in distress.

1. The Executive Mayors office launch the LDAC committee in the office in 2023
2. Moqhaka Local Municipality together with Social Development, FS' Men's Forum, Health Services, SAPS, DCS, Inclusive Education and AET Services, Civic Services and SASSA. Has embarked on International Day Against Drug Abuse and Illicit Trafficking, the awareness campaign was held in Viljoenskroon (Rammulotsi) Tshepahalo Hall, this is part of showing that world drug problem is a complex issue that affects millions of people worldwide. Many people who use drugs face stigma and discrimination, which can further harm their physical and mental health and prevent them from accessing the help they need. The United Nations Office on Drugs and Crime

(UNODC) recognises the importance of taking a people-centered approach to drug policies, with a focus on human rights, compassion, and evidence-based practices.

The International Day against Drug Abuse and Illicit Trafficking, or World Drug Day, is marked on 26 June every year to strengthen action and cooperation in achieving a world free of drug abuse. The aim of this year's campaign is to raise awareness about the importance of treating people who use drugs with respect and empathy; providing evidence-based, voluntary services for all; offering alternatives to punishment; prioritizing prevention; and leading with compassion. The campaign also aims to combat stigma and discrimination against people who use drugs by promoting language and attitudes that are respectful and non-judgmental.

GBVF LAUNCHING

3. The Moqhaka Rapid Response Team's aims to address critical issues affecting communities, particularly Gender-Based Violence and Femicide (GBVF) and bullying in schools. These problems require comprehensive approaches involving various stakeholders.

Key Issues to be Addressed:

- GBVF: A pervasive problem in South Africa, GBVF is a violation of human rights and a major obstacle to achieving gender equality. It encompasses physical, emotional, and sexual abuse, often perpetuated by societal norms and stereotypes.
- Bullying in Schools: Bullying is a significant concern, affecting learners, educators, and communities. It can lead to physical, emotional, and psychological harm, making it essential to create safe and supportive learning environments.^{1 2}

Strategies for Addressing GBVF and Bullying:

- Creating Safe Spaces: Schools and communities must work together to establish safe environments where learners feel comfortable reporting incidents without fear of retaliation.
- Education and Awareness: Implementing comprehensive sexuality education and promoting gender equality can help prevent GBVF and bullying.
- Support Systems: Establishing support systems, such as counselling services and peer advocacy groups, can provide victims with necessary resources and guidance.
- Community Engagement: Engaging communities in prevention efforts can help change societal norms and promote positive behaviours.^{3 4}

Resources and Initiatives:

- UNFPA's Essential Services Package: Provides guidelines for supporting women and girls subjected to violence.
- White Ribbon South Africa's Breaking the Silence Program: Offers training for schools to promote respectful relationships and prevent domestic violence.
- Diversity Role Models: A charity working to promote LGBTQIA+ inclusion and prevent bullying in schools. ^{5 6 7}

By addressing these critical issues, the Moqhaka Rapid Response Team's prayer meeting can contribute to creating a safer and more supportive community for all.

Service statistics for special programmes:

Number of programmes on youth participated in/held:	5
Number of programmes on women participated in/held:	1
Number of programmes on disabled participated in/held:	4
Number of programmes on HIV/AIDS participated in/held:	0

COMMENTS ON THE PERFORMANCE OF SPECIAL PROGRAMMES OVERALL

The Special Program in the Office of the Executive Mayor play a vital role in promoting good governance, despite limited funding from the office. These programs enable us to engage with various stakeholders and make a meaningful impact. We extend our sincere gratitude to SALGA and COGTA in the province for their support, including training and resources, which empower us to effectively utilize special programs as a tool to reach and serve our communities across different sectors.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The National Environmental Management Act (NEMA) has been going through thorough changes and amendments during the past few years and continues to do so. These affect all aspects of Environmental Management. Most aspects of Environmental Management are scattered in different Sections between the Community and Social Services and the Technical Services Directorates. This makes it more challenging to address Environmental Management aspects. It would have been easier if the Municipality had the Environmental Management Department.

In trying to address the Environmental Management issues, the Solid Waste Management

Section is dealing with illegal dumping. This poses more challenges due to the communities not being cooperative. This can be resolved by procurement of sufficient vehicles for the removal of illegal dumping

spots and appointment of a specialised Law Enforcement team that will deal only with Environmental Management issues.

On disposal of waste to landfill, new base liner designs for different landfill classes have been detailed, however, no new landfill capping designs for rehabilitation have been detailed since the Minimum Requirements (2nd Edition, 1998) issued by the Department of Water Affairs and Forestry (DWAF) at the time. There were however recent suggestions by the Department of Water and Sanitation (DWS) in a Record of Decision issued to the Department Environmental Affairs for the licence applications for the closure of 192 landfill facilities under the National Outcome 10 Project.

However, the Minimum Requirements were used in the past as guideline for the design of the capping layers as well as the capacity of the storm water drainage system and to subsequently calculate rehabilitation cost estimates, which was industry standard. The closure and rehabilitation of a landfill involves firstly the application for a closure licence during which a Basic Assessment and specialist studies are conducted specific to the landfill in question. From this application, it becomes clear as to the specific requirements to properly rehabilitate the landfill and render it environmentally suitable to its proposed end use. If a landfill was issued with an operating permit/licence, a closure design would have been proposed before the issuing of the permit, only now requiring modification (if necessary) rather than a new design.

However, with most landfills being unlicensed/unpermitted (this includes our own Viljoenskroon Landfill Site), no designs have been done or approved. A rehabilitation engineering design, which included the proposed capping layers was then presented to the Department of Water and Sanitation and was approved. Within no time the construction of the new landfill site will begin in Viljoenskroon and rehabilitation of the current landfill will begin as part of Environmental Protection.

3.15 POLLUTION CONTROL

The Municipality does not perform the above functions

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

The key areas:

- ✓ Monitoring and controlling of invasive species;
- ✓ Monitoring programs and projects in line with the protection of the ecosystems and to consider biodiversity in all aspects of planning at local level;
- ✓ Environmental conservation including Biodiversity management and awareness;

- ✓ Arboriculture program.

COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections. The Municipality does not perform the above function.

COMPONENT G: PUBLIC SAFETY

This component includes security services, traffic management, fire services and disaster management.

3.17 SECURITY SERVICES

INTRODUCTION TO SECURITY AND SAFETY

The role of security is to protect people, property, and assets from harm, loss, or damage. This involves a range of measures, from preventing unauthorized access and deterring criminal activity to responding to emergencies and maintaining order. Security personnel act as a visible deterrent, monitor for suspicious activity, and provide a first line of defense against potential threats.

Here's a more detailed look at the multifaceted role of security:

1. Prevention and Deterrence:

- Visible Presence:
Security guards act as a visible deterrent to potential wrongdoers, discouraging criminal activity simply by their presence.

1. Access Control:

They monitor and control access points, ensuring only authorized personnel or vehicles are allowed entry.

- Surveillance and Monitoring:

Security personnel use surveillance systems like CCTV cameras to monitor premises, identify suspicious behaviour, and detect potential breaches.

2. Routine Patrols:

Regular patrols of the premises help to identify potential security risks and ensure that all areas are secure.

- **Vigilance and Awareness:**

Security personnel are trained to be observant and aware of their surroundings, identifying potential threats and taking preventative action.

3. Response and Management:

- **Emergency Response:**

Security personnel are often the first responders to emergencies, providing immediate assistance and coordinating with other emergency services.

- **Incident Management:**

They document and report security incidents, ensuring proper procedures are followed and appropriate action is taken.

4. Crowd control:

Security personnel can manage crowds during events or in public spaces, ensuring safety and order.

- **Conflict Resolution:**

They are trained to de-escalate conflicts and resolve disputes peacefully.

5. Protecting Assets:

- **Safeguarding Property:**

Security personnel protect physical assets, such as buildings, equipment, and inventory, from theft or damage.

- **Information Security:**

In some cases, security personnel may be involved in protecting sensitive information from unauthorized access or disclosure.

6. Additional Responsibilities:

- **Visitor Screening:**

Security personnel may screen visitors to ensure they are authorized to be on the premises.

- Communication and Liaison:

They often act as a point of contact between the organization and law enforcement or other external agencies.

7. First Aid and Safety Assistance:

- Some security personnel may be trained in first aid and can provide assistance in medical emergencies.

In essence, security personnel play a vital role in creating a safe and secure environment for individuals and organizations, protecting their assets and ensuring peace of mind, according to security experts.

Table 71: Service Statistics: Security Services

	Details	2024/25
1.	Number of key points visited	5435
2.	Number of by-law infringements attended	109
3.	Number of Security Officers in the field on an average day	03
4.	Number of Security Officers on duty per day Kroonstad	05
5.	Number of Security Officers on duty per day Steynsrus	02
6.	Number of Security Officers on duty per day Viljoenskroon	01

Table 72: Employees: Security Services

Employees: Security Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime No.)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	7	12	15	6	7	47%
10 - 12	4	4	24	3	17	71%
13 - 15	6	6	31	6	25	81%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	20	25	73	18	49	67%

Table 73 Financial Performance: Security Services

Financial Performance 2024/25: Security Services						
R'000						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	15 128	15 200	14 880	13 439	15 760	6%
Repairs and Maintenance	73	99	303	303	14	-2064%
Other	50 732	47 245	40 493	52 256	45 989	12%
Total Operational Expenditure	65 933	62 544	55 676	65 998	61 763	10%
Net Operational Expenditure	65 933	62 544	55 676	65 998	61 763	10%
T 3.19.5						

Table 74: Capital Expenditure Security Services

Capital Expenditure 2024/25: Security Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE PERFORMANCE OF SECURITY SERVICES OVERALL:

The Physical Armed Security Services (Promptique t/a White Leopard Security Services) is appointed in September 2024 for a period of three years, to assist the municipality with safeguarding and assets and employees and access control.

A tender was advertised to acquire services of Electronic Security Systems (Alarms and CCTV cameras). The process of appointment is handled through proper supply chain management processes.

A security policy was adopted by municipal council on 02nd of July 2024

We have reported six (6) cable theft and one (1) theft of motor vehicle parts with the South African Police Services (Cas 84/09/2024, 243/09/2024, 197/09/2024, 274/09/2024, 144/11/2024, 165/11/2024 and Cas 40/09/2024). We have requested the services of extra 25x Security officers to address the issue of cable theft. We can confidently confirm that the reoccurrence of the matter is abated.

Participated during schools' joint operation with other policing community where schools were cleared of weapons and any illegal substances.

We have created a safe working environment for employees by attending to unprecedented community protests in Kroonstad (protests by Moqhaka Business Forum).

We managed to bring the services of State Security Agency to the Municipality (an Advisor was assigned to the municipality and working closed with Chief Security officer to address the security programmes, namely, Information Security, Personnel Security, Physical Security, Contingency Planning and workshops on security awareness.

3.18 TRAFFIC SERVICES

To provide an effective traffic service to substantially reduced the number of road traffic accident injuries and deaths on all roads within the of jurisdiction of Moqhaka Local Municipality.

To actively promote traffic safety, order and mobility by maintaining committed goals directed on law enforcement, traffic control and conduct public information as well as road safety awareness programs.

SERVICE STATISTICS FOR TRAFFIC SERVICES

Table 75: Service Statistics: Traffic Services

Traffic Service Data					
	Details	2022/23	2023/24	2024/25	2025/26
		Actual No.	Actual No.		Estimate No.
1	Number of road traffic accidents during the year	596	596	525	500
2	Number of by-law infringements attended	3 262	3 262	4 885	5 000
3	Number of police officers in the field on an average day	25	25	21	23
4	Number of police officers on duty on an average day	25	25	20	20
T 3.20.2					

Policy Objectives taken from IDP and SDBIP**Municipal Scorecard Perspective:** Municipal Development**Municipal KPA:** Social and Community Development & Good Governance**IDP Priority 12:** Traffic Law Enforcement

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Directorate Community & Social Services	KPI 188	Social Services and Community Development	To provide an effective and efficient Traffic Law Enforcement Service to the residents of Mqhashaka local municipality in collaboration with other stakeholders	Number of law enforcement operations conducted	Sum of all events held.	Director Community & Social Services	New KPI	5	254	10 per annum	379	Achieved above target	None	Traffic Management reports	Performance exceeded the set target.
Directorate Community & Social Services	KPI 189	Social Services and Community Development	To conduct Road Safety Education and Communication Campaigns within	No of road safety Education and communications campaign	Sum of all road safety education and communication	Director Community & Social Services	4 per annum	4	10	4 per annum	8	Achieved above target	None	Attendance Register	Performance exceeded the set target.

[illegible]

Table 76 Employees: Traffic Services

Employees: Traffic Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	4	4	31	4	27	87%
10 - 12	26	26	44	20	24	55%
13 - 15	6	6	15	4	11	73%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	39	39	93	31	62	67%
T 3.20.4						

Table 77: Financial Performance: Traffic Services

Financial Performance 2024/25: Traffic Services						
R'000						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	485	317	3 942	3 944	2 218	-78%
Expenditure:						
Employees	13 490	14 919	17 073	15 863	15 853	-8%
Repairs and Maintenance	654	219	776	776	369	-110%
Other	1 600	2 200	3 294	3 434	1 754	-88%
Total Operational Expenditure	15 475	17 338	21 143	20 073	17 976	-18%
Net Operational Expenditure	15 259	17 021	17 201	16 129	15 758	-9%
T 3.20.5						

Table 78: Capital Expenditure: Traffic Services

Capital Expenditure 2024/25: Traffic Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON TRAFFIC SERVICE PERFORMANCE OVERALL

- * Traffic Officers received the following training:
 - Peace Officer Refresher Training
 - Senior Traffic Officer Majavu was trained as “Train the Trainer” for AARTO Refresher Courses
- * Administrative Unit:
 - One official attended the Administrative and Secretarial Skills Training.
- * Traffic Management issued a total of 4885 fines.
- * Except from their normal duties 491 roadblocks/VCP’s were conducted and had joint operations with the Provincial Transport Unit, Provincial Weighbridge Unit and the South African Police Services.
- * Several Road Safety Awareness Campaigns were held.
- * Traffic control were done at local accidents as well as some on the N1, provincial and national roads.
- * A total of 591 Summonses were served on offenders.
- * A total of 189 Warrants of Arrest were executed.
- * Traffic Management escorted fun walks, funerals, matric farewells and marches.
- * Several fraudulent license discs were detected and confiscated during operations. Registration plates not corresponding with license discs and not meeting the SABS manufacturing standards were removed.
- * Several un-roadworthy vehicles were impounded.
- * Two stolen vehicle were recovered.
- * Road markings within Kroonstad, Viljoenskroon and Steynsrus were done as well as the replacing and erecting of traffic signs.
- * Events:
 - Moqhaka Traffic Management form part of hosting the Lady Driver of the Year 2024.
 - Moqhaka Traffic Management won the Provincial Road Safety Scholar Patrol Championships.
 - Moqhaka Traffic Management was invited to be part of the Ndlelanhle Road Safety and Customer Campaign Launch at Kroonstad Taxi Rank.



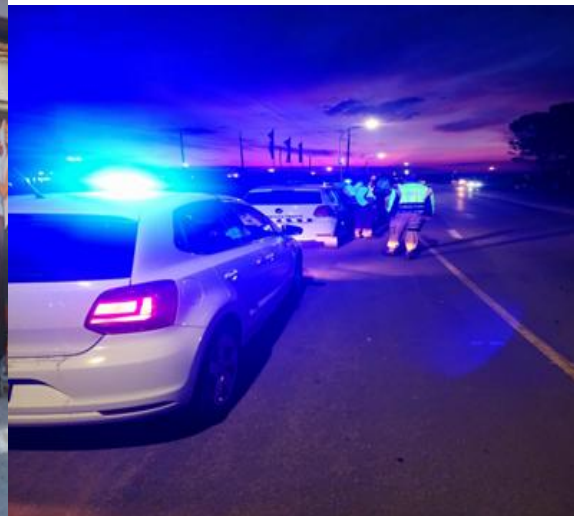
Road Safety Awareness



Visibility at Scholar Patrol Crossings



Joint Operation



Traffic Law Enforcement

3.19 FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

Fire Services in the Republic of South Africa and in particular in Moqhaka is regulated in terms of National Legislation. The top priorities as defined in the Fire Brigade Services Act, Act 99 of 1987, are as follows:

- (a) preventing the outbreak or spread of fire;
- (b) fighting or extinguishing fire
- (c) the protection of life or property against fire or other threatening danger
- (d) the rescue of life or property from fire or other danger;

Fire Brigade Components

There are two components of Fire Service which are Operations as well as Fire Safety and Training

Operations

Fire and Rescue Services is a uniformed discipline that is on call 24/7, 366 days of a year.

Activities such as firefighting, fire suppression, rescue operations and HAZMAT operations happens in all weather conditions, during daylight hours and hours of darkness.

The discipline operates on a shift system to accomplish this. In our municipality, the shift system is a 12-hour rotating system.

A shift consists of a Station Officer in charge of the shift. Crews, on average are six (6) operational members per shift. Shifts change at 07h00 and 19h00.

Public Information, Education and Relation is also attended to by operational personnel.

All these services above have been attended to with minimal resources and they can be done optimally if vehicles and equipment can be procured. The availability of resources can boost the quality of service delivery

Fire Safety and Training

This section is responsible for the focusing:

Monitoring compliance of Municipal By-Laws

Building Standard Regulation (approval of building plans)

Hydrants inspections and maintenance

Commercial Buildings

Schools

Municipal and Government buildings

Fuel Depo (National Key Points) visit – inspections and advice

Issuing of flammable certificate and annual renewal

The Fire Prevention is basically enforcing the South African National Standard (SANS) compliance.

It requires dedicated staff for the service and currently this section has only one (1) Station officer to conduct its operations.

Training

Currently we do not have capacity to offer the service, as it requires accreditation and proper staffing.

SERVICE STATISTICS FOR FIRE SERVICES

Table 79: Service Statistics: Fire Services

Services	Number
Building plans: Approved	54
Building plans: not approved	86
Number of Fire Safety Inspections:	184
Re-inspections:	8
Flammable liquids certificates issued:	41
Hydrants serviced	0
Defective hydrants reported	0

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

Municipal KPA: Social and Community Development

IDP Priority 15: Fire fighting

Direct orate	IDP/R ef No.	KPA	Municip al Strategy	KPI	Calculat ion	KPI Owner	Baseli ne	2022/2 3	2023/2 4	Annua l Target	Annua l Result s	Perform ance Comme nt	Correctiv e Measure	Evidenc e		
Direct orate Comm unity & Social Servic es	KPI 185	Social Services and Commun ity Develop ment	To provide an effective and efficient fire service in Moqhak a to ensure communi ty safety.	Number of premises inspected for fire safety and complianc e	Sum of premises inspecte d for fire safety and complian ce.	Director Commun ity & Social Services	280	138	168	300	199	Target not achieve d.	Appointm ent of the fire safety Officer	Fire Inspecti on lists		The position of Chief Fire has been vacant for some time. Appointment of Chief Fire will ensure that set targets are achieved.
Direct orate Comm unity & Social Servic es	KPI 186	Social Services and Commun ity Develop ment	To provide an effective and efficient fire service in	Percenta ge complian ce with the required attendanc e time for structural firefightin	Rate of complian ce.	Director Commun ity & Social Services	100%	100%	75%	100%	100%	Target achieve d.	Budget for the purchase of vehicles	None		Target achieved

[illegible]

Table 80: Employees: Fire Services

Employees: Fire Services						
Job Level	2022/23	2023/24	2024/25			
Fire Fighters	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	1	0	1	0	1	100%
Other Fire Officers	4	0	5	4	1	20%
0 - 3	1	0	1	0	1	100%
4 - 6	4	4	5	4	1	20%
7 - 9	21	19	29	21	8	28%
10 - 12	4	5	8	4	4	50%
13 - 15	0	0	0	0	0	0%
16 - 18	2	1	4	3	1	25%
19 - 20	0	0	0	0	0	0%
Total	37	29	42	33	14	33%
						T 3.21.4

Table 81: Financial Performance: Fire Service

Financial Performance 2024/25 Fire Services						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	34	147	963	963	993	3%
Expenditure:						
Employees	16 812	17 808	20829	18018	18476	-13%
Repairs and Maintenance	439	316	888	817	477	-86%
Other	1 172	1 028	2473	5065	606	-308%
Total Operational Expenditure	18 423	19 152	24190	23900	19559	-24%
Net Operational Expenditure	18 388	19 005	23227	22937	18566	-25%
						T 3.21.5

Table 82: Capital Expenditure: Fire Service

Capital Expenditure 2024/25: Fire Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON FIRE SERVICE PERFORMANCE OVERALL

In the year under review Fire and Rescue Services could only be partially achieved. This is due to lack of infrastructure in other units, vehicles and equipment as well as inadequate human resources. Responses to emergencies had to be done from fire station in Kroonstad. The outskirt towns of Steynsrus/Matlwangtlwang (45 kilometres from Kroonstad) and Viljoenskroon/ Rammulotsi (65 kilometres from Kroonstad) has no infrastructure, vehicles and equipment nor manpower for fire services operations.

A further setback on service delivery is the time it requires a fire engine and crew to reach the outskirt towns. This time lapse could be as high as sixty (60) minutes. These extended time responses frustrate the community to whom the service is delivered and fire crews, on many occasions, had to bear the brunt of the community.

The situation worsened by limited resources and inadequate manpower at the Fire Service. Currently fire and Rescue Services operates with Water tanker to fight fires although

Preventing the outbreak or spread of fire is seen as the priority of the Fire Service. To accomplish this priority Fire Safety is of the utmost importance. Fire Safety excelled in the performance of Fire Safety inspections and enforcement of the National Building Regulations. Fire Safety inspections and re-inspections, and Flammable Liquids inspections were done on ad hoc basis. Building construction plans are thoroughly scrutinized for Fire Safety compliance.

- * The execution of inspections at building sites, existing buildings, structures and premises is to provide protection of life and property against fire or other threatening danger.
- * Inspections performed at premises where flammable substances are stored, handled and or used are carried out to limit as far as possible fire and other threatening danger

Fire and Rescue Services do not have a fully operational Training section, but Community awareness programmes were done, lectures and demonstrations were provided to many a schools ranging from crèches, pre-primary, primary and high schools visit the Fire Service. Fire Safety lectures and evacuation drills were conducted at businesses throughout the year.

Emergency Evacuation Drill at Seeisoville Clinic (Maokeng)



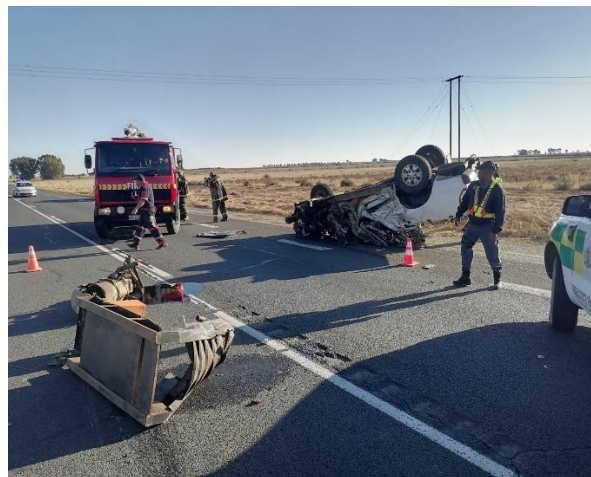
We also do training to Kroon Hospital staff, old age centres, Government departments on the use of Fire Fighting equipment (Fire Extinguishers and Hose Reel)

All these services above have been attended to with minimal resources and they can be done optimally if vehicles and equipment can be procured. The availability of resources can boost the quality of service delivery

Fire and Rescue Services Operations:

Major incidents

Due to the location of our service area, which is along N1, we experience high volume of motor vehicle accident as well as vehicle fires.



Multiple vehicle accidents in N1



Vehicle fire



Two trucks head on collision

In total we responded to a total of 65 motor vehicle accident and 7 rescues on accidents.

For the period 2024/25 financial year, fire and Rescue Service has attended to a total of 18 building fire with the estimated damage of R 5 780 000 and 9 shack fires around Moqhaka in general.



Total number of grass fires attended is 62, these services were rendered even with inadequate and reliable equipment we have in our disposal.

Public Information, Education and Relations (PIER)

Fire and Rescue Service as a uniform discipline is as integral part of security cluster in our area. Apart from conducting Firefighting, Motor vehicle accident and rescues, recoveries, fire safety and awareness. We are from time to time involved in information sharing sessions and programs with other uniformed disciplines.

Road Safety Awareness, are conducted with conjunction with Provincial Traffic Department as well as other Emergency services annually during Christmas and Easter Holidays.



Festive Season Road Safety Awareness at Ultra City



Operation/awareness campaign with SARS, SAPS, CPF, Correctional Service, Moqhaka Fire, Traffic, Security and LED checking compliance of business in town



Visit of pre-primary school to raise fire awareness and safety.

Below is the list of meetings and interactions done by this section

Meetings and activities attended by Fire and Rescue Services

Name of Meeting	Place	Number
South African Police Services Cluster meetings	Kroonstad	10
Meetings attended by Fire Safety Officer	Kroonstad	11

Fire Safety:

The challenge currently facing fire safety is lack of dedicated personnel to perform this this integral part of Fire and Rescue Services. Services like fire safety inspection on building and maintenance and service of hydrants is still a challenge as these services are rendered on ad hoc basis. These need to be addressed as a matter of urgency as it can endanger lives during emergencies.

Hydrants:



Lack of hydrants maintenance and service lead to illegal connections of water by small businesses. This action put danger as hydrant cannot be located or accessible in case of house fires.



Blocking of the emergency exit is becoming a major hazard, Obstruction to firefighting equipment, escape routes and drains

Fire safety compliance on their property and ensure that the tenants abide the Bylaws of the Municipality.

Below is the service provided during the period under review.

Table 83: Service Statistics Fire

Services	Number
Building plans: Approved	54
Building plans: not approved	86
Number of Fire Safety Inspections:	184
Re-inspections:	8
Flammable liquids certificates issued:	41
Hydrants serviced	0
Defective hydrants reported	0

3.20 OTHER (DISASTER MANAGEMENT & OTHER)

INTRODUCTION TO DISASTER MANAGEMENT

The mandate of Disaster management emanates from the Disaster Management Act no 57 of 2002 and the Disaster Management Act amendment act No 16 of 2015.

The act provides for the following:

An integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery and rehabilitation; The establishment and functioning of national, provincial and municipal disaster management centres; Disaster management volunteers; and matters incidental thereto

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

Municipal KPA: Social and Community Development.

IDP Priority 15: Disaster Management

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Directorate Community & Social Services	KPI 182	Social Services and Community Development	To ensure that the municipality have an approved Disaster Management Plan.	Disaster Management Plan for the municipality reviewed and approved for a period of 5 years.	Date DMP approved.	Director Community & Social Services	0	30 June	0	30 June	0	Target not achieved	Review the Disaster Management Plan	None	Plan will be reviewed after a period of five years.
Directorate Community & Social Services	KPI 183	Social Services and Community Development	Develop a comprehensive Risk Profile for the municipality.	Develop Disaster Hazard Risk Profile	Completion Date.	Director Community & Social Services	0	30 June	0	30 June	30 June	Target achieved	None	Disaster management report	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Directorate Community & Social Services	KPI 184	Social Services and Community Development	Develop risk reduction plan consistent with the Spatial Development Framework.	Number of awareness campaigns conducted.	Sum of awareness campaigns conducted.	Director Community & Social Services	4	5	6	4	10	Achieved above target	None	Attendance Register	Performance exceeded the set target.

Table 84: Employees Disaster Management

Employees 2024/25: Disaster Management						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	5	1	4	80%
4 - 6	0	2	9	2	7	78%
7 - 9	0	0	0	0	0	0%
10 - 12	0	4	9	4	5	56%
13 - 15	0	1	4	1	3	75%
16 - 18	2	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	3	8	27	8	19	70%
						T 3.22.4

Table 85 Financial Performance: Disaster Management

Financial Performance 2024/25: Disaster Management						
Details	2022/23	2024/25	2024/25			
			Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	1 920	2 962	3 074	4 367	3 799	19%
Repairs and Maintenance	380	208	759	612	28	-2611%
Other	1 269	4 025	6 842	2 728	274	-2397%
Total Operational Expenditure	3 569	7 195	10 675	7 707	4 101	-160%
Net Operational Expenditure	3 569	7 196	10 675	7 707	4 101	-160%
						T 3.22.5

Table 86: Capital Expenditure: Disaster Management

Capital Expenditure 2024/25: Disaster Management & Call Centre					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON DISASTER MANAGEMENT PERFORMANCE OVERALL

Storm Disaster

Moqhaka municipality was hit by a storm and heavy rains In April 2024 on the 7th. in Maokeng / Kroonstad. Road infrastructure, sink hole, Roads, storm water drains, damaged houses a fire truck and one fatality and one missing person who was later found after almost a year were the impact of the disaster.

The disaster was declared on the 12 April 2024 and verified by national disaster management centre as local disaster. A disaster relief application was sent to national disaster centre, and response was not received during the end of financial year. The items in the relief application were:

- R elocation of households
- Repairs of damaged houses
- Electricity Damages
- Roads and storm water
- Water works damages

Flooding Incident

The flooding incident in Viljoenskroon and Rhenovaal occurred after a level 2 and 4 weather alert were issued by SAWS on the 23rd April 2025 he alert was for. heavy rains and possible flooding. Due to heavy rains in Gauteng and free state provinces the Vaal dam got filled over capacity by 30%. This led to management of Vaal dam to open 10 sluice gates.

Koppies dam also got filled above capacity and water had to be released from the dam. The impact of both dams got Kroonstad and Viljoenskoon road as well as Kroonstad vredefort road flooded as well. They were eventually closed for traffic access.



Figure 5 soil eroded water pipe



Figure 6 Eroded Road

Towards the north Viljoenskoon got inundated with vast amounts of water that immersed many houses. The Vaal River flooded and damaged access roads to Valvista and Renovaal.



Figure 7 Flooded Houses

A team of local, district and provincial officials conducted joint flood disaster assessment supported by search and rescue personnel and a chopper procured by the provincial disaster management centre.

The flooding led to displacement of families in Viljoenskroon, communities of Renovaal and Valvista access cut off for more than a week with no access to places to procure household amenities and badly damaged access roads. 14 households were affected and required relocation to safer areas

The Sentral plots area where senwes workers were housed is currently occupied by community members. 5 Houses were completely submerged in the water. Flooded. house s with the following numbers 10 & 11 were worst off. It was further found that the Occupants of the said have other residential houses at Rammulotsi location and have thus had already moved back to the location. The remainder of affected households were identified for relocation and residential stands have been identified for the households

No injuries or loss of life was reported. Aerial support for search and rescue was activated.



Figure 8 Search and Rescue Aerial Suppo

Disaster Management JOC

One flood disaster was declared.. The activation of the Disaster Management Joint Operation Centre(JOC) was subsequently done. The flooding incident in Viljoenskroon and Renovaal was not declared however JOC was activated.

Sectors forming part of JOC are as follows :Moqhaka Municipality, Disaster Management Centre, Traffic, Security, OHS, Mayor's Office, Communication, Fezile Dabi Environmental Health, Department of Health, Department of Social Development, South African Defence Force (SANDF),South African Police Services (SAPS),Department of Education, Department of Labour, Department of Correctional Services, Department of Police, Roads and Transport Farmers, Business Chamber, CPF, Municipal Labour Unions, Department of Home Affairs, *NGO.S and CBO'S*.

Disaster management plan

One stakeholder consultation session was held for the review and alignment of the Disaster Management Plan. Alignment was done in line with legislation compliance. The plan finalization will be done in the first quarter of the subsequent financial year and will be circulated for comments to stakeholders and community consultation process.

Emergency Call Centre

A disaster emergency call centre has been commissioned. Three call centre operators were appointed during the reporting period. The outstanding interventions to operationalise the call centre is procurement of phones.

Awareness Campaigns

Community awareness programmes were conducted individually by the disaster management staff and severally as joint awarenesses in collaboration with other stakeholders and sister departments. 11 awareness campaigns were conducted during the reporting period.

PHOTOGRAPHIC EVIDENCE

COMPONENT H: SPORT AND RECREATION

3.21 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Local Government through municipalities is mandated to ensure that sports and recreational activities are active within its community, so do Moqhaka Local Municipality through Sports and Recreation section. As such the Moqhaka Local Municipality strive to provide the quality facilities for both sports and recreation through development and continuous maintenance of the Sport and Recreation to build stronger, healthier, happier and safer communities. Sport has a way to connect people with each other. Therefore, is it of the utmost importance that sport grounds are well maintained and sport to be developed.

Sport and Recreation affirm the Democratic Constitutional values of human dignity, equality and freedom which are paramount to all citizens of the Republic of South Africa and beyond. Sport and Recreation, therefore, promote social change by utilizing sport as a platform to advance the very change. Sport and Recreation create equal access and equal opportunity for all, and help eliminate discrimination, violence and abuse. Through Sport and Recreation, we see a clear purpose and role for education and the learning process for all stakeholders as well as uniting the nation. Sport and Recreation is a human right and should be available to everyone regardless of age, race, sex, economic status, disability, or any other potential barrier hence the municipality should also make provision for sports and recreations.

Moqhaka Local Municipality is no exception when it comes to matters related to Sport and Recreation development, therefore, to fulfil its mandate it sets the following goals and objectives: 1. Establishment of Sport Council Confederation(s); 2. Recreational Facilities; and 3. Recreational Activities/programs/events. The main purpose of Sport and Recreation section within Biodiversity Parks Sports Arts and Recreation is to attain its fullest potential pillars, which is active nation building, winning nation, enabling environment, and using Sport and Recreation as tools to achieve specific desired outcome to the community.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

KPA: Community and Social Development

IDP Priority 9: Sport and Recreation and Community Facilities

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Directorate Community & Social Services	KPI 179	Social Services and Community Development	Effective maintenance of recreational facilities	Number of Community Halls/facilities maintained.	Sum of Community halls/facilities maintained.	Director Community & Social Services	1	1	2	1	0	Target not achieved. The Manager Parks retired during the financial year.	The position of Manager Parks must be filled.	None	The position of Manager Parks is vacant. The appointment of the Manager will go a long way in meeting the set targets.
Directorate Community & Social Services	KPI 180	Social Services and Community Development	Effective maintenance of recreational facilities.	Number of Community Halls/facilities upgraded.	Sum of Community halls/facilities upgraded.	Director Community & Social Services	1	1	2	1	0	Target not achieved		None	The position of Manager Parks is vacant. The appointment of the Manager will go a long way in meeting the set targets.
Directorate Community & Social Services	KPI 181	Social Services and Community	Assessment of the ecosystems with	Assessment of the fauna and flora.	Reports on progress made on the	Director Community & Social Services	New KPI	0	0	1	0	Target not achieved.	The position of Manager Parks is vacant.	None	The position of Manager Parks is vacant. The appointment of the Manager

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Social Services		Development	the Municipality		assessments.								Appointment of the Manager will go a long way in achieving the set targets.		will go a long way in meeting the set targets.

Table 87: Employees: Sport and Recreation

Employees: Sport and Recreation						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	1	0	0	0	0	0%
7 - 9	2	1	3	1	2	67%
10 - 12	4	3	14	3	11	79%
13 - 15	13	17	16	16	0	0%
16 - 18	7	0	0	0	0	0%
19 - 20	0	0	55	0	55	100%
Total	27	21	88	20	68	77%

Table 88: Financial Performance: Sport and Recreation

Financial Performance 2024/25: Sport and Recreation						
						R'000
Details	2022/23	2023/24	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	239,00	364,00	382	382	35	-991%
Expenditure:						
Employees	4716,00	4344,00	7 575	4 958	4 515	-68%
Repairs and Maintenance	471,00	406,00	663	702	362	-83%
Other	696,00	1211,00	1 875	1 904	1 203	-56%
Total Operational Expenditure	5471,00	5961,00	10113	7564	6080	-66%
Net Operational Expenditure	5399,00	5836,00	9731	7182	6045	-61%
T 3.23.4						

Table 89: Capital Expenditure: Sport and Recreation

Capital Expenditure 2024/25: Sport and Recreation					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
There were no capital Projects	0	0	0	0%	0

COMMENT ON SPORT AND RECREATION PERFORMANCE OVERALL

During the 2024/2025 financial year, the Sports and Recreation Section did not implement or complete any projects.

One of the challenges was the retirement of Manager Parks leaving a leadership gap.

There was no acting or appointed Director to oversee the Sections operations. Due to absence of authorized personnel, there was no one available to sign or approve project documents, resulting in delays and an inability to implement planned activities.

The primary reason for the lack of activity during this period was also the unavailability of transport for the section supervisor. Due to the absence of a dedicated vehicle, the supervisor was unable to travel to project sites, monitor facilities, or coordinate recreational activities within the community.

KROONPARK HOLIDAY RESORT

INTRODUCTION TO KROOPARK

The resort was mainly established and build as a recreational facility for the larger community of Kroonstad and services as a tourist attraction facilities in South Africa.

The core function of resort is to provide accommodation, leisure facilities to tourist and carter for conferences.

EVENTS THAT TOOK PLACE IN KROONPARK

The resort hosted the Second Annual Spring Soul Session music festival on 23 September that was very successful with an attendance of close 4,000 people and also hosted 140 gentle of The Methodist Church Of South Africa from 27 to 29 September 2024 for their annual Men's League Conference

The resort also hosted two music festival on 07 December with an attendance of 300 people and 16 December with an attendance of 3000 people that was successful. We also hosted DESTEA annual Saam Trek event that was attended by close to 6000 people.

Renovations

The following renovation was successfully completed in this financial year 2024/2025:

- ✓ Renovation of 14 x 4Sleeper chalets.

The the project of renovating the interior part of fourteen four sleeper chalets has successfully been completed (replacing of old building cupboards, floor tiling and renovation of the entire bathrooms of these chalets).

Capital Projects

The project of creating a new modern waterpark in Kroonpark has started with and the installation of three sets of waterslides has been installed. The building of this waterpark will that attract more visitors/tourist and will increase the revenue of the resort. The opening of this park is earmarked for first week of December 2025.

The resort also success fully hosted two bikers rallies,The 19th Annual Poison Rally with just over 6,000 bikers visiting the resort and The Annual Free State Beach Party Music Festival. Kroonpark.

SOUL SPRING SESSION MUSIC FESTIVAL 23 SEPTEMBER 2024



SAAMTREK HOSTED BY DESTEA 13 AND 14 DECEMBER 2024





FREE STATE BEACH PARTY 16 DECEMBER 2024



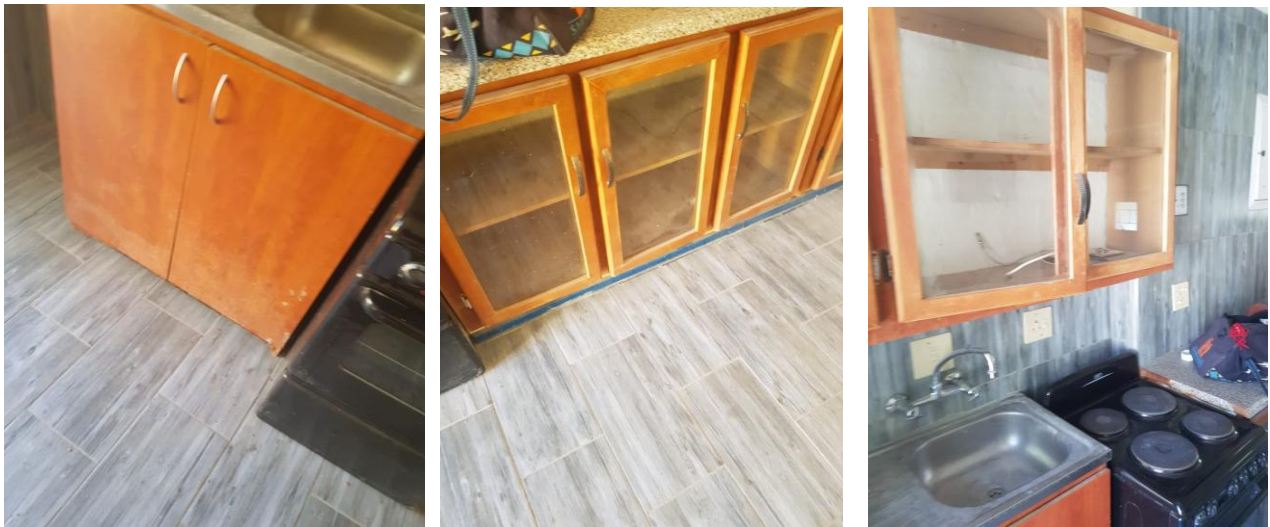
RENOVATIONS OF CHALETS

Bathrooms Before Renovations

Bathrooms After Renovations



Kitchen Before Renovations



Kitchen After Renovations



Development of The New waterpark





Installation of New water slides



Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

KPA: Local Economic Development and Planning

IDP Priority 7: Kroonpark Resort.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 68	Local Economic Development	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Upgrading of Kroonpark recreational facilities (i.e. speed slides, race slides and the waterpark)	Percentage of progress made towards the development of the water park per annum,	Director LED	New KPI	0	0	40%	40%	Target achieved.	None.	Invoices	Target achieved.
Local Economic Development and Planning	KPI 69	Municipal Financial Viability and Management	To support the expansion of the tourism potential of Kroonpark Holiday Resort.	Number of visitors at Kroonpark Holiday Resort.	Sum of day visitors at Kroonpark.	Director LED	5000	15 181	17 658	14 000	16 107	Target achieved	None	Visitors Register	Achieved above target

Directorate	IDP/ Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		Comments
Local Economic Development and Planning	KPI 70	Local Economic Development	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Install new heating system for the indoor swimming pool.	Date installation completed.	Director LED	New KPI	0	0	30 March	0	Target not achieved.	Install new heating system in the new financial year.	None		Install new heating system in the new financial year.
Local Economic Development and Planning	KPI 71	Local Economic Development	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Replace thatch roof at the indoor swimming pool by 30 June 2025.	Date upgrading plan approved by the Director.	Director LED	New KPI	0	0	30 June	0	Target not achieved.	Will be done in the financial year 2025/26	None		Replace thatch roof in the new financial year.

Table 90: Employees: Kroonpark

Employees: Kroonpark						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 2	1	1	1	1	0	0%
3 - 6	2	2	2	2	0	0%
7 - 9	1	1	1	1	0	0%
10 - 12	4	5	9	5	5	56%
13 - 15	1	0	1	0	1	100%
16 - 18	0	0	0	0	0	0%
19 - 20	17	23	23	23	0	0%
Total	26	32	37	32	6	16%
						T 3.23.3

Table 91: Financial performance: Kroonpark

Financial Performance 2024/25 Kroonpark						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 167	2 888	4 850	4 850	2 321	-109%
Expenditure:						
Employees	8 577	10 288	11 497	11 497	11 824	3%
Repairs and Maintenance	2 254	1 398	2 854	3 215	2 944	3%
Other	2241	1665	1 600	2 775	2 400	33%
Total Operational Expenditure	13072	13341	15 951	17 487	17 168	7%
Net Operational Expenditure	9906	10453	11 101	12 637	14 847	25%
						T 3.23.4

Table 92: Capital Expenditure: Kroonpark

Capital Expenditure 2024/25: Kroonpark					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes Corporate Policy Offices, Financial Services, Human Resource Services, ICT Services, and Property Services.

This component includes Executive Office (Mayor; Councillors; and Municipal Manager).

INTRODUCTION TO OFFICE OF THE EXECUTIVE MAYOR

The office of the Executive Mayor is to give political direction to the Municipality in terms of the political mandate as enshrined in various policies adopted by the Council. The office is also ensures that various National and Provincial Legislations are complied with. The other most critical role is for the Executive Mayor to make sure the needs of the community are implemented in terms of the Integrated Development programmes.

SERVICE STATISTICS FOR THE OFFICE OF THE EXECUTIVE MAYOR

Number of MAYCO committee meetings held:	4
Number of quarterly stakeholder meetings convened:	4

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Community Participation

IDP Priority 28: Corporate and Democratic Governance

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
Office of Municipal Manager	KPI 61	Good Governance and Public Participation	To ensure municipal Stakeholders are engaged.	Gender Based Violence awareness campaigns are intensified through meetings held monthly in the three towns	Number of campaigns conducted.	Manager office of the Executive Mayor	0	0	0	12	5	Target not achieved	Conduct campaigns monthly as required.	Attendance Register	The Manager in the office of the Executive Mayor must ensure that awareness campaigns are held.
Office of Municipal Manager	KPI 62	Good Governance and Public Participation	To ensure municipal Stakeholders are engaged.	To ensure that awareness campaigns on LGBTI+ issues are held	Sum of LGBTI+ awareness meetings held	Manager office of the Executive Mayor	0	0	0	12	2	Target Not Achieved	Conduct awareness campaigns for LGBTI+ issues.	Attendance Register and minutes	The Manager in the office of the Executive Mayor must

Director ate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2022/23	2023/24	Annual Target	Annual Results	Performan ce Comments	Correctiv e Measure	Evidenc e	Comment
				throughout the Municipalit y on monthly basis											ensure that awarene ss campaig n are held.
Office of Municipal Manager	KPI 63	Good Govern ance and Public Particip ation	To ensure municipal Stakeholde rs are engaged.	To ensure that Youth Developm ent campaigns are implement ed with specific targeted monthly activities / programs	Youth Developme nt Campaigns Calendar developed by 31 st July 2024 starting from August 2024	Manage r office of the Executiv e Mayor	0	0	0	12	7	Target not achieved.	To conduct youth developm ent campaign s three time a quarter	Youth Develop ment Calenda r	The Manager in the office of the Executiv e Mayor must ensure that awarene ss campaig n are held.

Table 93: Employees: Office of the Executive Mayor

Employees: Office of the Executive Mayor						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	4	5	5	5	0	0%
4 - 6	12	14	15	14	1	7%
7 - 9	0	0	0	0	0	0%
10 - 12	1	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	17	19	20	19	1	5%
						T 3.24.4

Table 94: Financial Performance: Office of the Executive Mayor

Financial Performance 2024/25: Office of the Executive Mayor						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	2 384	13 711	15 563	15 290	14 472	-8%
Repairs and Maintenance	-	-	22	22	-	0%
Other	225	603	2 790	2 790	1 002	-178%
Total Operational Expenditure	2 609	14 314	18 375	18 102	15 474	-19%
Net Operational Expenditure	2 609	14 314	18 375	18 102	15 474	-19%
						T 3.24.5

Table 95: Capital Expenditure: Office of the Executive Mayor

Capital Expenditure 2024/25: The Executive and Council					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE OVERALL PERFORMANCE OFFICE OF THE EXECUTIVE MAYOR

It is commendable to note the improvements in relation to our spending and expenditure patterns, but we need to do more. The present excuse of lack of resource might be a legitimate one, but the key question is how effectively we use the resources at our disposal. It is clear on these annual report we are moving in the right direction, although not there yet.

It is of paramount importance to synchronise our programme plans with quarterly targets to achieve our broader goals of effective and efficient Municipality.

INTRODUCTION TO OFFICE OF THE SPEAKER

The Office of the Speaker is responsible for effective Public Participation within the jurisdiction of Moqhaka Local Municipality. The Office ensures that the wellness of Councillors is looked after. The Speaker is responsible for sitting and running of the Municipal Council meetings, the functioning of all Council Committees and attendance of Councillors to respective Committees that they were allocated to.

The Office is also responsible for the functioning of the Ward Committees. This include: training of Ward Committee Members, day to day operations of the Ward Committees in respective Wards, sitting of Ward Committee meetings, monthly Ward Committee reports by respective Wards and participation in all Municipal Programs.

SERVICE STATISTICS FOR THE OFFICE OF THE SPEAKER

Number of public participation meetings held:	19
Number of ward committees established:	192
Number of ward committee meetings held:	8
Number of council meetings convened:	31
Number of CDWs employed:	21

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Community Participation

IDP Priority 28: Corporate and Democratic Governance

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
Office of Municipal Manager	KPI 58	Good Governance and Public Participation	To ensure that functional ward committees are established .	Number of meetings per ward per quarter	Number of meetings held from 1 Jul to 30 Jun	Manager Office of the Speaker	23	13	17	22	17	Target Not Achieved	All Wards to convene meeting per quarter	Attendance Registers and Minutes	Ward meetings must sit quarterly as required.
Office of Municipal Manager	KPI 59	Good Governance and Public Participation	To ensure that functional ward committees are established .	Number of ward-based development plans submitted	Sum of ward plans submitted	Manager Office of the Speaker	0	0	0	22	0	Target reported in	All wards to develop ward-based development plan	Ward-based development plans	This key performance indicator has not been achieved in the last four years. Assistance should be requested

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
															Information received from COGTA.
Office of Municipal Manager	KPI 60	Good Governance and Public Participation	To ensure that functional ward committees are established.	Number of quarterly interactions held with relevant municipal and community stakeholders (business, religious, etc.)	Sum of events held	Manager Office of the Speaker	4	2	2	4	4	Target achieved	None	Attendance Register	Target achieved.

Table 96: Employees: Office of the Speaker

Employees: Office of the Speaker						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	3	3	3	3	0	0%
4 - 6	9	7	7	7	0	0%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	12	10	10	10	0	0%
						T 3.24.4

Table 97: Financial Performance: Office of the Speaker

Financial Performance 2024/25: Office of the Speaker						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue			-	-	-	0%
Expenditure:						
Employees	2 451	9 516	10 257	10 264	10 990	7%
Repairs and Maintenance	10	-				0%
Other	1 588	1 431	55	31	41	-34%
Total Operational Expenditure	4 049	10 947	10 312	10 295	11 031	7%
Net Operational Expenditure	4 049	10 947	10 312	10 295	11 031	7%
						T 3.24.5

OVERALL PERFORMANCE OF THE OFFICE OF THE SPEAKER

The municipality has through its strategic planning and public participation process that maximise participatory democracy set these targets according to practical and financial availability. These targets are also aligned with the approved budget of 2024/2025 by municipal council

INTRODUCTION TO THE OFFICE OF THE MUNICIPAL MANAGER

The primary objectives of the Office of the Municipal Manager revolve around effective leadership, management, and administration of the municipality, ensuring the implementation of council decisions, and facilitating efficient sustainable service delivery to the community.

1. Strategic Leadership and Direction
2. Performance Management and Monitoring
3. Ensuring Effective Administration and Governance
4. Compliance and Legal Frameworks
5. Communication and Stakeholder Engagement

The outcome of the Annual Regulatory Audit that is conducted by the Auditor General serves as barometer reflecting the performance of the municipality regarding various aspects and improvement on these matters are regarded as high priority.

The mentioned objectives can only be achieved through efficient administrative, sound financial governance and oversight in order to optimise the available resources and also adhere to regulations, policies, procedures etc, not only in terms of good financial management but also inter alia infrastructure management & maintenance, asset management, housing, community services but to name a few.

Monitoring by the office is achieved amongst other through structures such as the Senior Management Meetings, Broad Management Meetings as well as the Audit Steering Committee meeting which are standing arrangements. These meetings serve as a platform for effective communication and feedback on issues raised with the main purpose of always improving in all aspects of the municipality's mandate.

SERVICE STATISTICS FOR THE OFFICE OF THE MUNICIPAL MANAGER

Number of senior management meetings held:	4
Number of quarterly stakeholder meetings convened:	4

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Public Participation

IDP Priority 28: Corporate and Democratic Governance

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
Office of Municipal Manager	KPI 31	Good Governance and Public Participation	To ensure that the customer care policy is approved and implemented.	Complete a customer satisfaction survey by end of March and submit report with recommendations to Council	Number of surveys conducted, and Number of reports submitted to council	Municipal Manager	0	0	0	1	0	Target Not Achieved. The municipality does not have the capacity to conduct the survey.	The municipality will request STATS SA to assist with survey.	None	The Municipality has no conducted a satisfaction survey due to lack of capacity
Office of Municipal Manager	KPI 32	Good Governance and Public Participation	To ensure that the customer care policy is approved and implemented.	% of customer complaints handled within 24 hrs.	Number of complaints received/Number of complaints resolved within 24 hours	Municipal Manager	90%	0%	0%	90%	0%	Target Not Achieved.	Customer Care Centre must record the complaints handled within 24 hours	Customer complaints Register	
Office of Municipal Manager	KPI 33	Good Governance and	To facilitate the optimal	Annual Report tabled in	Date annual	Manager PMS	31-Jan	31 Jan	31 May	31 Jan	31 Jan	Target Achieved.	None	Minutes of Council	Target achieved.

Director ate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculatio n	KPI Owner	Baselin e	2022/23	2023/24	Annual Target	Annual Results	Performan ce Comments	Correctiv e Measure	Evidenc e	Comment
l Manager		Public Participati on	functioning of Council.	council on or before 31 Jan annually	report tabled									of 31 Jan 2025	
Office of Municipa l Manager	KPI 34	Basic Service Delivery.	To facilitate the optimal functioning of Council	Annual review of IDP completed before the end of May annually	Date annual review completed	Manage r IDP	30-May	31 May	30 May	31 May	30 May	Target achieved	None	Council Resoluti on	Target achieve d
Office of Municipa l Manager	KPI 35	Good Governan ce and Public Participati on	To facilitate the optimal functioning of Council.	% of Council Resolution s implement ed within prescribed timeframe stipulated on resolution register	Number of council resolutions implemente d within time frame divided by total Number of resolutions.	Municip al Manage r	85%	85%	85%	85%	85%	Target Achieved	None	Resoluti on Register	Target achieve d
Office of Municipa l Manager	KPI 36	Basic Service Delivery	To facilitate the optimal functioning of Council	IDP Process plan adopted by Council on or before 31	Date Process plan approved by Council	Manage r IDP	31 Aug	31 Aug	31 Aug	31 Aug	31 Aug	Target achieved	None	Council Resoluti on	Target achieve d

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
				August annually											
Office of Municipal Manager	KPI 37	Basic Service Delivery	To facilitate the optimal functioning of Council.	IDP Completed/reviewed and adopted by Council by 30 June annually	Date IDP adopted by Council	Manager IDP	30 June	31 May	31 May	30 June	4 June	Target achieved	None	Council Resolution	Target achieved
Office of Municipal Manager	KPI 38	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 60% annually	Number of resolved repeat findings/by total number of repeat findings	Manager Internal Audit	50%	63%	50%	60%	91%	Achieved above target	None	Audit action plan	This key performance indicator was achieved above target
Office of Municipal Manager	KPI 39	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Numbers of audit issues attend to by management as per the audit action plan.	Manager Internal Audit	74%	60%	62%	100%	79%	Target not Achieved	None	Audit Action Plan	The municipality must ensure that 100% is achieved to ensure that there

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
															are no repeat findings.
Office of Municipal Manager	KPI 40	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Develop a risk-based audit plan with an internal audit plan (RBAP) (MFMA - Section 165(2)(a)) and submit to the Audit Committee by 31 Aug annually.	Date RBAP with internal audit programme submitted to the Audit Committee.	Manager Internal Audit	27 Oct	4 Nov	27 oct	31 Aug	0	Target not achieved. Due to non-sitting of the Audit Committee	Audit Action Plan will be approved in the next Audit Committee Meeting	None	The situation will improve in the 2025/26 financial year as the new Audit Committee Members have been appointed by Council.
Office of Municipal Manager	KPI 41	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Number of audit committee meetings held per annum	Sum of audit committee meetings held	Manager Internal Audit	4	5	5	4	4	Target Achieved	None	Minutes and Attendance Register	Target achieved.
Office of Municipal Manager	KPI 42	Good Governance and Public	To ensure a fully functional Audit Unit.	Internal Audit charter reviewed	Date IA Charter approved.	Manager Internal Audit	30 June	0	31 Aug	30 June	0	Target not achieved. Meetings could not sit	Submit documents for discussion	None	Positions of Senior Manager

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
		Participation		and completed annually (reviewed charters must be approved by the Audit Committee before the end of June annually)								due to vacant Senior Management positions. Strategic documents will be approved during meeting scheduled for July 2025	n to the meeting that will be held on 25 July 2025.		rs have been advertised. The situation should improve in the 2025/26 financial year,.
Office of Municipal Manager	KPI 43	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan annually.	Date Audit action plan submitted to council for approval.	Manager Internal Audit	31 Jan	31 Jan	31 may	31 Jan	31 Jan	Target Achieved	None	Minutes of Council /Resolution Register	Target achieved.

Director ate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculatio n	KPI Owner	Baselin e	2022/23	2023/24	Annual Target	Annual Results	Performan ce Comments	Correctiv e Measure	Evidenc e	Comment
Office of Municipa l Manager	KPI 44	Good Governan ce and Public Participati on	To ensure a fully functional Audit Unit.	Number of internal audit reports produced	Sum of IA reports produced	Manage r Internal Audit	17	17	16	16	16	Target not Achieved	Conduct audits all audits timeously as required.	Audit Reports	Target achieve d.
Office of Municipa l Manager	KPI 45	Good Governan ce and Public Participati on	To ensure a fully functional Audit Unit.	Number of performan ce audits undertake n	Sum of performanc e audits	Manage r Internal Audit	2	2	2	2	2	Target achieved	None	Internal Audit Reports	Target achieve d
Office of Municipa l Manager	KPI 46	Good Governan ce and Public Participati on	To facilitate the optimal functioning of Council.	Approval of the SDBIP before the legislative deadline	SDBIP approved by EM	Manage r PMS	1 X Approve d SDBIP per annum	1 X Approve d SDBIP per annum	1 X Approve d SDBIP per annum	1 X Approve d SDBIP per annum	1 X Approve d SDBIP per annum	Target Achieved.	None	Signed SDPIB and Resoluti on	Target achieve d
Office of Municipa l Manager	KPI 47	Good Governan ce and Public Participati on	To facilitate the optimal functioning of Council.	Submit quarterly reports to council on the actual performan ce in terms of the Top Layer SDBIP	Number of SDBIP Top Layer performanc e reports submitted to council	Manage r PMS	4	4	3	4	4	Tagert not achieved. Quarter 3 and Quarter 4 reports will be submitted to the July 2025 Council Meeting	Submit reports to Council to the next Council Meeting	Resoluti on and Perform ance Report	Target achieve d

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
Office of Municipal Manager	KPI 48	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Submit the previous financial year annual report at the end of Aug annually	Date Annual Report submitted to Auditor General	Manager PMS	31 Aug	28 Feb	31 Aug	31 Aug	31 Aug	Target Achieved	None	Proof of submission to AG.	Target achieved
Office of Municipal Manager	KPI 49	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Annual Review of PMS by the end of 30 June annually	Date PMS Framework approved by Council	Manager PMS	30 June	0	11 April	30 June	Draft	Partially achieved. The Policy was reviewed with the help of SALGA and will be tabled in Council in the next financial year..	Submit new Draft Policy to Council for approval.	PMS Framework	Submit to Draft for approval in the 2025/26 financial year
Office of Municipal Manager	KPI 50	Good Governance and Public Participation	To facilitate the optimal functioning of Council	Submit previous year Oversight report to Council 60 days	Date of submission of the Oversight Report to Council	Manager PMS	14 April	0	31 March	31 March	31 March	Target Achieved	None	Minutes of Council Meeting of 31 March 2025	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
				after the tabling of the Annual Report											
Office of Municipal Manager	KPI 51	Good Governance and Public Participation	To facilitate the optimal functioning of Council	Number of signed performance agreements.	Sum of signed performance agreements Signed.	Manager PMS	6	6	6	6	6	Target achieved	None	Signed Performance Agreements	Target achieved
Office of Municipal Manager	KPI 52	Good Governance and Public Participation	To ensure that an effective and efficient risk management function is established.	Risk register compiled and updated quarterly and approved by MM.	Sum of Risk registers quarterly updates.	Chief Risk Officer	4	4	4	4	4	Target achieved.	None	Risk Register	Target achieved
Office of Municipal Manager	KPI 53	Good Governance and Public Participation	To ensure that an effective and efficient risk management	Submission of quarterly risk action plan to monitor the	Sum of action plans submitted.	Chief Risk Officer	New KPI	0	0	4	4	Target Achieved	None	Risk Management Action Plan	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		Comment
			nt function is established .	progress of identified risks.												
Office of Municipal Manager	KPI 54	Good Governance and Public Participation	To ensure that an effective and efficient risk management function is established .	Number of RMC meetings held	Sum of RMC meetings held	Chief Risk Officer	3	3	2	4	2	Target Not Achieved	Convene Risk Committee Meetings Quarterly as required.	Attendance Register		Risk Committee Meetings must sit quarterly as required .
Office of Municipal Manager	KPI 55	Good Governance and Public Participation	To ensure that an effective and efficient risk management function is established .	Approved fraud prevention and anti-corruption strategy annually reviewed on or before 30 June	Date plan approved	Chief Risk Officer	30 June	7 Dec	0	30 June	0	Target not achieved	Review Fraud Prevention and Anticorruption Strategy annually as required.	None		Review Fraud Prevention and Anti-corruption Strategy in the 2025/26 financial year.
Office of Municipal Manager	KPI 56	Good Governance and Public	To ensure that an effective and	Risk management strategy,	Date risk register approved.	Chief Risk Officer	30 June	7 Dec	0	30 June	0	Target not achieved	Review Risk Management	None		Review Risk Management

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comment
		Participation	efficient risk management function is established.	that includes fraud prevention plan, and policy reviewed and approved on or before 30 June annually.									Strategy Annually as required.		Strategy in the 2025/26 financial year
Office of Municipal Manager	KPI 57	Good Governance and Public Participation	To ensure that all key municipal stakeholders are engaged.	Number of community report back meetings convened by Councillors for improved communication on service	Number of community report back meetings held.	Manager IDP	4	4	2	4	4	Target Achieved	None	Report feedback from the councillors	Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		Comments
				delivery including IDPs, SDBIP												
Office of Municipal Manager	KPI 64	Municipal Transformation and Institutional Development.	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the office annually.	Sum of programmes implemented.	Municipal Manager	1	1	1	1	1	Target achieved	None	Skills development Report		Attendance Register

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		Comments
Local Economic Development and Planning	KPI 83	Good Governance and Public	Promote Sound risk management practices	Compiling and ensure compliance with the	Signed Action Plan	Director LED	1	1	1	1	1	Target achieved	None	Signed Risk Management		Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		Comments
		Participation	within the Directorate	directorate action plan to address the residual risk.										Action Plan		
Local Economic Development and Planning	KPI 84	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director LED	4	4	3	4	4	Target achieved.	Submit quarterly reports as required.	Signed Risk Management Action Plan		Target achieved.
Local Economic Development and Planning	KPI 85	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director LED	4	3	2	4	2	Target Not Achieved	Schedule Meetings as per the approved schedule of meetings	None		

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 86	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually	Number of resolved repeat findings/ by total number of repeat findings	Director LED	NEW KPI	0%	0%	80%	0	Not Reportable Directorate did not have the findings	None	None	The key performance indicator could not be measured. There were no findings raised by the Auditor General.
Local Economic Development and Planning	KPI 87	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director LED	NEW KPI	0%	0%	100%	0	Not Reportable Directorate did not have the findings	None	None	The key performance indicator could not be measured. There were no findings raised by the Auditor General.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 88	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director LED	4	4	4	4	4	Target Achieved	None	Minutes of mayoral committee. Resolution Register	Target achieved.
Local Economic Development and Planning	KPI 89	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director LED	1	1	1	1	1	Target achieved	None	Attendance Register	Target achieved.
Local Economic Development and Planning	KPI 93	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval	Annual schedule submitted and approved by 31 July annually	Director LED	30 June	31 July	31 July	31 July	31 July	Target achieved	None	Approved annual Schedule for directorate meetings	Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	Comments
				by the Municipal Manager.											
Local Economic Development and Planning	KPI 94	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director LED	10	10	12	10	10	Target achieved	None	Attendance Registers	Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 126	Good Governance and	Promote Sound risk	Compiling and ensure	Signed Action Plan	Chief Financial Officer	1	1	1	1	1	Target Achieved	None	Signed Risk	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
		Public Participation	management practices within the Directorate	compliance with the directorate action plan to address the residual risk.										Action Plan	
Financial Services	KPI 127	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate.	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Chief Financial Officer	2	4	3	4	4	Target achieved	NONE	Signed Risk Management Action Plan	Target achieved
Financial Services	KPI 128	Good Governance and Public Participation	Promote Sound risk management practices within the	Attend and support risk committee meetings.	Quarterly attendance Registers.	Chief Financial Officer	2	3	4	4	2	Target not achieved.	Schedule meetings as per the approved schedule of meetings	Attendance registers	Target not achieved. Risk Committee meetings must sit as scheduled.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			Directorate												
Financial Services	KPI 131	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Chief Financial Officer	31 July	31 July	31 July	31 July	31 July	Target Achieved	None	Signed schedule of meeting	Target achieved.
Financial Services	KPI 132	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Chief Financial Officer	10	3	6	10	2	Target not achieved.	Hold meetings as scheduled	Attendance Registers.	The Finance Department does not have a permanently appointed Chief Financial Officer. It is important that the CFO be appointed.
Financial Services	KPI 133	Municipal Transformation	To facilitate the optimal	Number of quarterly reports	Sum of reports submitted to Council	Chief Financial Officer	4	3	3	4	4	Target Not Achieved	Submit Quarterly Report to council	Council Resolution Register	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence		Comments
		and Institutional Development	functioning of management.	submitted to Council.												
Financial Services	KPI 134	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Chief Financial Officer	1	1	0	1	1	Target achieved	None	Attendance Registers		Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 160	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Directorate Corporate Support Services	31 July	31 July	31 July	31 July	31 July	Target achieved	None	Signed schedule of meetings		Target achieved.
Directorate Corporate Support Services	KPI 161	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Directorate Corporate Support Services	10	10	3	10	7	Target not achieved.	Hold meetings as per approved schedule.	Attendance Register and minutes		Seven directorate meetings were held in 2024/25 financial year an increase of 4 compared to 2023/24.
Directorate Corporate Support Services	KPI 162	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Directorate Corporate Support Services	4	4	4	4	4	Target achieved.	None	Council Resolution register		Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 163	Good Governance and Institutional Development	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Directorate Corporate Support Services	75%	53%	44%	75%	54%	Target not achieved.	Continuous monitoring of the SDBIP	Annual Performance Assessment Report and Portfolio of Evidence		Performance improved by 10% in the 2024/25. There is room for improvement. Seventy-five percent target is set for all Directorates.
Directorate Corporate Support Services	KPI 164	Good Governance and Institutional Development	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted.	Directorate Corporate Support Services	4	4	3	4	2	Target not achieved.	Evaluate Service Providers monthly as required.	Service Provider evaluation forms.		Evaluate the performance of Service Providers on a quarterly basis. The target has not been achieved in the last two financial years.
Directorate	KPI 165	Good Governance	Promote Sound	Compiling and ensure	Signed Action Plan	Directorate Corporate	1	1	1	1	1	Target achieved	None	Signed Action Plan		Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Corporate Support Services		ce and Institutional Development	risk management practices within the Directorate	compliance with the directorate action plan to address the residual risk.		te Support Services										
Directorate Corporate Support Services	KPI 166	Good Governance and Institutional Development	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Corporate Support Services	4	4	4	4	4	Target achieved.	None	Signed Reports.		Target achieved
Directorate Corporate Support Services	KPI 167	Good Governance and Institutional Development	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Corporate Support Services	4	3	4	4	2	Target not achieved.	Attend Risk Committee Meetings quarterly as required.	Attendance Registers and Minutes of Meetings.		The performance decline from four in 2023/24 to 2 in 2024/25. Risk Committee Meetings

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	
															must sit quarterly.
Directorate Corporate Support Services	KPI 168	Good Governance and Institutional Development	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 80% annually	Number of resolved repeat findings/by total number of repeat findings	Directorate Corporate Support Services	NEW KPI	0.45%	50%	80%	91%	Achieved above target.	None	Audit Action Plan	The performance improved from 50% to 91%.
Directorate Corporate Support Services	KPI 169	Good Governance and Institutional Development	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Directorate Corporate Support Services	100%	0.45%	52%	100%	79%	Target not achieved.	Ensure that all findings are resolved in the 2025/25 financial year.	Audit Action Plan	The performance improved from 52% to 79%.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		
Directorate Community & Social Services	KPI 190	Good Governance and Public Participation	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Director Community & Social Services	75%	70%	52%	75%	55%	Target not achieved.	The Directorate must monitor the SDBIP continuously.	Annual Performance Assessment Report and Portfolio of Evidence.		Constant monitoring of the quarterly targets will be done.
Directorate Community & Social Services	KPI 191	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted.	Director Community & Social Services	4	4	4	4	4	Target achieved	None	Service Provider Performance evaluation forms		Target achieved
Directorate Community & Social Services	KPI 192	Good Governance and Public Participation	Promote Sound risk management practices within the	Compiling and ensure compliance with the directorate action plan	Signed Action Plan	Director Community & Social Services	1	1	1	1	1	Target achieved.	None	Risk Management Action Plan		Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		
			Directorate	to address the residual risk.												
Directorate Community & Social Services	KPI 193	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Community & Social Services	4	4	3	4	4	Target Achieved	None	Risk Management Action Plan		Target achieved.
Directorate Community & Social Services	KPI 194	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Community & Social Services	4	3	2	4	2	Target Not Achieved	Schedule meetings as per the approved schedule of meetings	Attendance Registers		Attend Risk Committee meetings as scheduled.
Directorate Community & Social	KPI 195	Good Governance and Public Participation	Develop and monitor repeat findings register to	Reduce repeat AG audit findings by 80% in the first year.	Number of resolved repeat findings/by total	Director Community & Social Services	NEW KPI	0	50%	80%	91%	Achieved above target	None	Audit Action Plan		Achieved above Target.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence	
Services			address repeat AG findings.		number of repeat findings										
Directorate Community & Social Services	KPI 196	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director Community & Social Services	62%	0	62%	100%	79%	Target not achieved	Improve the implementation of attending the audit issues as per the audit action plan	Audit Action Plan	Put more effort on the implementation of the audit action plan.
Directorate Community & Social Services	KPI 197	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 301 July annually	Director Community & Social Services	31 July	31 July	31 July	31 July	31 July	Target achieved	None	Signed schedule of meetings	Target achieved.
Directorate Community & Social	KPI 198	Municipal Transformation and Institutional	To facilitate the optimal functionin	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Community & Social Services	10	13	10	10	4	Target not achieved. There were	Appoint Director Community and Social Services	Attendance Register and minutes	Appoint Director Community and Social Services as there was no

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comment	Corrective Measure	Evidence		
Services		al Development	g of management.									periods where there was no Acting Director		of meetings		acting incumben instances.
Directorate Community & Social Services	KPI 199	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director Community & Social Services	4	4	4	4	4	Target achieved	None	Council Resolution register		Target achieved
Directorate Community & Social Services	KPI 200	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director Community & Social Services	1	1	1	1	1	Target achieved	None	Attendance Register		Target Achieved.

Table 98: Employees: Office of the Municipal Manager

Employees: Office of the MM						
Job Level	2022/23	2023/24	2024/2025			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	6	7	7	7	0	0%
4 - 6	19	19	22	20	2	9%
7 - 9	1	1	3	1	2	67%
10 - 12	11	10	21	13	8	38%
13 - 15	0	0	2	0	2	100%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	36	37	55	41	14	25%
						T 3.24.4

Table 99: Financial performance: Office of the Municipal Manager

Financial Performance 2024/25: Office of the MM						
						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue			-	-	-	0%
Expenditure:						
Employees	14 408	16 210	18 486	17 340	18 167	-2%
Repairs and Maintenance	-	492	1 673	1 265	266	-529%
Other	993	1 106	4 073	4 217	2 387	-71%
Total Operational Expenditure	15 401	17 808	24 232	22 822	20 820	-16%
Net Operational Expenditure	15 401	17 808	24 232	22 822	20 820	-16%
						T 3.24.5

Table 100: Capital Expenditure: Office of the Municipal Manager

Capital Expenditure 2024/25: The Executive and Council					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE OVERALL PERFORMANCE OF THE OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager has its priorities set out in the Municipal Integrated Development Plan and its performance is measured against these given specific targets annually but also broken down to quarterly reports as contained in our Services Delivery and Budget Implementation Plan.

The key performance indicator that the municipality must ensure that the Integrated Development Plan must have been reviewed and adopted by Council by the 30 June annually and it gives us pleasure to report that this target was achieved during the period under review.

The audit committee held four meetings during this period as set out in the Service Delivery and Budget Implementation plan..

Approval of the Services Delivery and Budget Implementation Plan is one of the key responsibility of this office and it was submitted to Council together with the Integrated Development Plan and approved by the Executive Mayor within the legislated timeframe.

The overall performance of this office has been satisfactory and can improve if adequately manned as it was always been led by Directors appointed in an acting capacity as Municipal Manager.

3.23 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

Debt recovery is still a serious concern for the Municipality. The municipality struggles to collect 95% of what is billed on monthly basis as per MFMA Section 71 Circular. The arrears were barely serviced with the assistance from the appointed Debt Collection service providers. Disconnections and cut offs were not performed as per the approved Council policy due to political interference. When electricity meters of payment defaulters were blocked, a political head reversed the process

Table 101: Debt Recovery

Revenue analysis for the month ending 30 June 2025

Revenue Types	Section 71 of 30 June 2025						Twelve Months Ending 30 June 2025				
	Annual Budget 2024/2025	Budget	Billing per GS 560	Billing vs Budget	(BS-566) Actual Income	Income vs Billing	Budget	Billing per GS 560	Billing vs Budget	(BM-310) Actual Income	Income vs Billing
Property rates	90 810 762	7 567 564	7 531 308	100%	6 108 778	81%	90 810 762	93 604 925	103%	58 925 724	63%
Electricity - conventional	343 217 833	28 601 486	30 872 589	108%	29 009 945	94%	343 217 833	257 206 165	75%	273 351 967	106%
Water	195 400 475	16 283 373	9 776 480	60%	7 509 767	77%	195 400 475	166 846 002	85%	66 198 018	40%
Sanitation	69 800 488	5 816 707	5 981 328	103%	3 873 899	65%	69 800 488	72 325 014	104%	36 740 447	51%
Refuse	48 564 221	4 047 018	4 219 514	104%	2 490 504	59%	48 564 221	51 187 779	105%	24 258 758	47%
Total Direct Services	747 793 779	62 316 148	58 381 218	94%	48 992 893	84%	747 793 779	641 169 885	86%	459 474 914	72%
Other revenue	92 497 269	7 708 106	4 309 443	56%	5 395 314	125%	92 497 269	49 250 636	53%	40 669 516	83%
Revenue from Billed services	840 291 048	70 024 254	62 690 660	90%	54 388 207	87%	840 291 048	690 420 521	82%	500 144 430	72%
Electricity - prepaid	204 011 643	17 000 970	14 219 781	84%	14 219 781	100%	204 011 643	160 937 042	79%	160 937 042	100%
grants	1 044 302 691	87 025 224	76 910 442	88%	68 607 988	89%	1 044 302 691	851 357 563	82%	661 081 472	78%
Operational grants and subsidies	3 059 000	-	-	-	-	-	3 059 000	1 985 190	65%	1 985 190	100%
Equitable share	298 568 000	-	-	-	-	-	274 328 000	274 328 000	100%	274 328 000	100%
Total Revenue	1 345 929 691	87 025 224	76 910 442	88%	68 607 988	89%	1 321 689 691	1 127 670 753	85%	937 394 662	83%

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Financial Management

KPA: Financial Viability and Financial Management

IDP Priority 26: Financial accountability and compliance

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 95	Municipal Financial Viability and Management	To ensure the effective, efficient and economic management of municipal assets.	Fixed Asset Register (FAR) compiled and updated annually on or before 31 Aug in line with GRAP requirements	Fixed Asset Register (FAR)	Chief Financial Officer	1	1	1	1	1	Target achieved	None	Asset Register	Target Achieved.
Financial Services	KPI 96	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process	Number of monthly budget statements (s71 of MFMA) are compiled	Working days taken to submit sec 71 report after end of month.	Chief Financial Officer	12	7	3	12	12	Target achieved	None	Proof of submission	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			are compliant with applicable legislation.	and submitted to the Mayor by no later than 10 working days after the end of each month											
Financial Services	KPI 97	Municipal Financial Viability and Management	No of quarterly National Treasury returns submitted.	Number of quarterly National Treasury returns submitted.	Sum of returns submitted.	Chief Financial Officer	2	0	2	4	4	Target achieved	None	Proof of submission	Target achieved
Financial Services	KPI 98	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant	Mid-year budget assessment and budget adjustments report submitted on or before 25 January	Date Mid-year assessment submitted.	Chief Financial Officer	25 Jan annually	25 Jan	28 Feb	25 Jan	25 Jan	Target Achieved	None	Proof of submission	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			with applicable legislation	each year (s72 of MFMA)											
Financial Services	KPI 99	Basic Service Delivery	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation	Adjustment Budget submitted to Council by 28 February annually. (S54 MFMA).	Date Adjustment Budget submitted	Chief Financial Officer	28 Feb	28 Feb	28 Feb	28 Feb	28 Feb	Target Achieved	None	Council Resolution	Target achieved
Financial Services	KPI 100	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process	% of operating expenditure budget implementation indicator	Actual operating expenditure/budget operating expenditure X100	Chief Financial Officer	95%	62%	56%	95%	73%	Target not achieved	Due to financial constraints the municipality is unable to service all items.	Section 52 (d)	Although the target was not achieved the performance of the Directorate improved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			are compliant with applicable legislation.												
Financial Services	KPI 101	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	% of Operating Revenue Budget Implementation Indicator	Actual Operating Revenue [excl Capital Grant Revenue] / Budgeted Operating Revenue x 100	Chief Financial Officer	95%	76%	1065	95%	53%	Target not achieved	Implementation of the Debt Collection & Credit Control Policy	Section 52(d) Report & Debt Collection Contractors Appointment Letters	This key Performance indicator was not achieved. Implementation of the Debt collection Policy is advised.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KP 102	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue x 100	Chief Financial Officer	95%	63%	106%	95%	53%	Target not achieved.	Implementation of the Debt Collection & Credit Control Policy	Section 52(d) Report & Debt Collection Contractors Appointment Letters	This key Performance indicator was not achieved. Implementation of the debt collection Policy is advised.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 103	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Financial Viability: Cost coverage (Reg 796)	Where - "A" represents cost coverage "B" represents all available cash at a particular time "C" represents investments "D" represents monthly fixed operating expenditure $A = (B + C) / D$	Chief Financial Officer	≥1	2%	54%	≥1	2.8%	Target achieved	None	Section 52d	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 104	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation	Financial Viability: Debt coverage (Reg 796)	Where - "A" represents debt coverage "B" represents total operating revenue received "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the financial year; $A = (B - C) / D$	Chief Financial Officer	4%	3%	0%	≤45%	54%	Target not achieved	Implement Revenue Enhancement Strategy	Section 52(d) report	Implement Revenue Enhancement Strategy

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 105	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Financial Viability: Service debtors to revenue (Reg 796)	Where - "A" represents outstanding service debtors to revenue "B" represents total outstanding service debtors "C" represents annual revenue actually received for services; $A=(B/C)$	Chief Financial Officer	96%	121%	44%	95%	44%	Target not achieved	Implementation of Credit Control & Debt Collection Policy. Approval of Revenue Enhancement Strategy	Section 52d	This key Performance indicator was not Implementation of the debt collection Policy is advised.
Financial Services	KPI 106	Municipal Financial Viability and	To implement an effective and efficient	% a municipal city's capital budget actually	Actual Capital expenditure/budget capital	Chief Financial Officer	96%	68%	83%	95%	77%	Target not achieved. Due to financial	Revenue enhancement strategy to be implemented	Section 52(d) report	Revenue enhancement strategy to be implemented to ensure that there is sufficient cash-flow

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
		Management	system of expenditure and supply chain management.	spent on capital projects identified for a particular financial year in terms of municipality's Integrated Development Plan (MFMA Circular 71)	expenditure X100							constrains the municipality is unable to service all items.	ed to ensure that there is sufficient cash-flow		
Financial Services	KPI 107	Basic Service Delivery	To ensure that the municipal budget and financial reporting process are compliant with	Compliant annual budget (MTREF) compiled and approved by end of May each year.	Actual date budget approved.	Chief Financial Officer	30 May annually	30 June	30 May	31 May	4 June	Target achieved after set deadline	Submit Budget to Council on or before 31 May in the next financial year.	Council Resolution	The Directorate Must ensure that the Budget is Council within the legislated timeframe.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			applicable legislation.												
Financial Services	KPI 108	Municipal Financial Viability and Management	To ensure that the municipality receives an improved audit outcome.	Compiled Annual Financial Statement submitted to the Auditor-General by the end of August each year	Date annual financial statements submitted to the AG	Chief Financial Officer	31 Aug annually	31 Aug	28 Feb	31 Aug	31 Aug	Target achieved	None	Annual Financial Statement	Target Achieved.
Financial Services	KPI 109	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of SCM reports submitted to council	Sum of reports submitted.	Chief Financial Officer	4 x reports submitted per annum.	4	4	4 x reports submitted per annum.	4	Target achieved	None	SCM Quarterly report	Target Achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence		Comments
Financial Services	KPI 110	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	% of total municipal operating expenditure spent on contracted services/total expenditure of municipal operating expenditure	Expenditure spent on local contracted services/total expenditure of municipal operating expenditure	Chief Financial Officer	46%	0%	0%	20%	0%	Target not achieved. It is impractical to report on this KPI as the financial system doesn't have the option for such reporting.	None	None		The Directorate has not been able to report on performance indicators as it is not linked to the Financial system

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 111	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	% actual expenditure on repairs and maintenance as a percentage of the approved /adjustment budget.	Total repairs and maintenance expenditure/total amount budgeted for repairs and maintenance X100	Chief Financial Officer	84%	51%	68%	95%	95%	Target achieved.	None	Section 52 (d) report	Target Achieved.
Financial Services	KPI 112	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Creditors Payment period (Creditors are paid within 30 days as per Sec 65(2)(e) of the MFMA	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Chief Financial Officer	321days	30 Days	0	≤30 Days	≥30	Target not achieved.	Improve Cash Flow to reduce the payment period to 30 days as per sec 65(2)(e) of MFMA	Section 52(d) report	Improve Cash Flow to reduce the payment to 30 days as per sec 65(2)(e) of MFMA

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 113	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management	% of tenders awarded within 90 days of tender closing date	Number of tenders awarded/ Tenders awarded within 90 days.	Chief Financial Officer	95%	40%	4%	95%	41%	Target not achieved. No tenders were processed in the third and fourth quarters.	Process tenders within the set timeframe in the 2025/26 financial year.	SCM Quarterly Reports	This key performance indicator has achieved in the last two financial years. The processing of tenders must be done in the time period in the 2025/26 financial year.
Financial Services	KPI 117	Municipal Financial Viability and Management	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards	% of consumer debtors revenue collected (actual total collections as a percentage of total levies/billings)	Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100	Chief Financial Officer	90%	67%	72%	95%	56%	Target not achieved.	Implementation of Credit Control & Debt Collection Policy. Approval of Revenue Enhancement Strategy	Section 52(d) Report & Debt Collection Contractors Appointment Letters	The performance declined from 72% to 56%. For this key performance indicator to be achieved, implementation of Credit Control and Debt Collection policy is necessary.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 118	Municipal Financial Viability and Management	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.	Net Operating Surplus Margin (MFMA Circular 71)	(Total Operating Revenue – Total Operating Expenditure) / Total Operating Revenue x 100%	Chief Financial Officer	2%	-0%	0%	≥0%	0%	Target not achieved.	Implementation of Credit Control & Debt Collection Policy. Approval of Revenue Enhancement Strategy	Section 52(d) report	Target not achieved in the last two financial years.
Financial Services	KPI 119	Municipal Financial Viability and Management	To ensure the effective and efficient management of municipal revenue and cash-flow according	% Own Source Revenue to Total Operating Revenue (MFMA Circular 71)	Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contributions)	Chief Financial Officer	84%	63%	70%	95%	100%	Achieved above target	None	Section 52(d) Report & Debt Collection Contractors Appointment Letters	Achieved above target

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			to national norms and standards		on and Donations) / Total Operating Revenue (Including Agency Services) x 100										
Financial Services	KPI 120	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of formal households connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom	Number of households which are billed for electricity or have pre-paid meters (Excluding Eskom areas) at 30 June	Chief Financial Officer	24 309	24 902	24 956	24 520	24 879	Target achieved	None	BS506 Report	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
				areas) at 30 June											
Financial Services	KPI 121	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of households which are billed for water or have pre-paid meters as at 30 June	Sum of households which are billed for water or have pre-paid meters as at 30 June	Chief Financial Officer	32 108	32 093	32 107	32 121	32 261	Target achieved	None	BS506 Report	Target achieved
Financial Services	KPI 122	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of households that are billed for refuse removal at 30 June.	Sum of households, which are billed for refuse removal at 30 June.	Chief Financial Officer	31 239	32 093	32 1073	31 500	32 292	Target achieved	None	BS506 Report	Target achieved

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 123	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of households, which are billed for sewerage at 30 June.	Sum of households, which are billed for sewerage at 30 June.	Chief Financial Officer	31191	32 151	32 144	31 600	32 312	Target achieved	None	BS506 Report	Target achieved
Financial Services	KPI 124	Good Governance and Public Participation	Effective management and supervision of the SDBIP on the KPIs of the (top layer and	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Chief Financial Officer	75%	75%	75%	75%	59%	Target not achieved	Constant monitoring of the quarterly targets.	Performance Report	Annual Performance Assessment Report and Portfolio of Evidence

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			departmental KPIs)												
Financial Services	KPI 125	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted.	Chief Financial Officer	4	2	0	4	4	Target achieved	None	Service Provider Evaluation Forms	Target achieved.
Financial Services	KPI 129	Good Governance and Public Participation	Develop and monitor repeat findings register to	Reduce repeat AG audit findings by 80% annually.	Number of resolved repeat findings/by total	Chief Financial Officer	50%	23%	50%	80%	91%	Achieved above target	None	Audit Action Plan	Target achieved. The D must aim at achieving 100%

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Target Comment	Corrective Measure	Evidence	Comments
			address repeat AG findings.		number of repeat findings										
Financial Services	KPI 130	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Chief Financial Officer	100%	40%	65%	100%	79%	Target not achieved	None	Audit Action Plan	Hundred implementation must be achieved to avoid repeat findings.

Table 102: Employees: Financial Services

Employees: Financial Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	7	7	4	7	-3	-0.75%
4 - 6	13	13	27	14	14	51.8%
7 - 9	11	11	12	12	0	0%
10 - 12	19	17	18	18	0	0%
13 - 15	20	20	21	21	0	0%
16 - 18	2	2	3	2	1	33.3%
19 - 20	19	20	0	20	0	0%
Total	91	90	85	94	12	14%
						T 3.25.4

Table 103: Financial Performance: Financial Services

Financial Performance 2024/25: Financial Services						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	93 953	106 437	101 591 651	108 301 313	117 362 744	13%
Expenditure:						
Employees	80 493	48 750	53 785 072	56 343 813	55 862 526	4%
Repairs and Maintenance	43 310	1 700	751 871	746 839	481 273	-56%
Other	253	9 574	18 490 787	22 183 217	125 207 742	85%
Total Operational Expenditure	124 056	60 024	73 027 730	79 273 869	181 551 541	60%
Net Operational Expenditure	30 103	(46 413)	(28 563 921)	(29 027 444)	64 188 797	144%

Table 104: Capital expenditure: Financial Services

Capital Expenditure 2024/25: Financial Services				
R' 000				
Capital Projects	2024/25			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Office Equipment	665	366	110	-83%

COMMENT ON FINANCIAL SERVICES OVERALL PERFORMANCE

Average collection on billing for 2022/23 was 77%. Average collection on billing for 2023/24 is 73% and average collection on billing for 2024/25 is 89%. Collection on billing includes arrears and needs to be 100% or more, as that will mean enhanced revenue. Arrears must also be collected to fund the provision of services, pay salaries and creditors that include ESKOM.

Outstanding Debtor's by Customer Group	Current (0 to 30 days)	31 to 60 Days	61 to 90 Days	Over 90 days	Total
Households	R 31 347 019	R 28 372 814	R 27 341 324	R 1 278 099 374	R 1 365 160 531
Business / Commercial	R 40 818 540	R 10 041 414	R 7 197 450	R 161 603 728	R 219 661 132
Organs of State (Provincial & National Departments)	R 18 952 533	R 7 980 799	R 5 762 061	R 88 848 020	R 121 543 413
Other	-R 6 806 691	R 2 219 417	R 3 850 388	R 125 299 128	R 124 562 242
Total	R 84 311 401	R 48 614 444	R 44 151 223	R 1 653 850 250	R 1 830 927 318

Outstanding Debtor's by Income Source	Current (0 to 30 days)	31 to 60 Days	61 to 90 Days	Over 90 days	Total
Water	R 19 800 824	R 20 204 258	R 19 541 252	R 860 815 312	R 920 361 646
Electricity	R 41 739 585	R 10 149 019	R 7 558 101	R 141 826 091	R 201 272 796
Property Rates	R 7 201 252	R 5 513 285	R 4 881 392	R 114 939 364	R 132 535 293
Sanitation	R 8 052 277	R 6 891 845	R 6 585 061	R 263 970 277	R 285 499 460
Refuse removal	R 5 653 814	R 4 860 991	R 4 661 221	R 191 654 374	R 206 830 400
Other	R 1 863 649	R 995 046	R 924 196	R 80 644 832	R 84 427 723
Total	R 84 311 401	R 48 614 444	R 44 151 223	R 1 653 850 250	R 1 830 927 318

3.24 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is one of the supporting function within Corporate Support Services Department, its main functions are as follows: Leave Administration, Recruitment, Benefits, Terminations, Labour Relations, Skills Development, Employment Equity, Occupational Health & Safety and Employee Wellness.

HUMAN RESOURCES ADMINISTRATION

Effort to ensure effective and accountable administration of personnel records and information have been a priority to ensure that human resources contribute effectively to achieving better audit opinion.

HR POLICIES

The municipality is in the process of reviewing the human resources policies to ensure that they are aligned to the Municipal Staff Regulations and are in line with all other pieces of legislation and contribute to good governance.

TRAINING AND DEVELOPMENT

Training and development plays a crucial role in the effecting functioning of the municipality. Municipalities are responsible for delivering essential public services (such as water, sanitation, roads and electricity), and efficiency, transparency and responsiveness of these services heavily depend on knowledge, skills and attitudes of municipal employees.

EMPLOYEE WELLNESS PROGRAM

The municipality values wellness of staff as a mechanism for the achievement of municipal strategic goals and provide such services to employees as and when requested and managers recommending such services for employees as part of the managerial referrals. Although the access to the wellness service is voluntary, the municipality annually plan to implement awareness activities with the aim of promoting utilization of wellness services by staff members.

ORGANIZATIONAL DEVELOPMENT

During the year under review the municipality was in the process of reviewing its organisational structure and have approved a total number of 1 892 positions. The process of ensuring equal pay for work of equal value will be addressed the process of job evaluation which is coordinated at a district level by the job evaluation committee as established through SALGA processes.

OCCUPATIONAL HEALTH AND SAFETY

The municipality has a functional occupational health and safety structure in line with Occupational Health and Safety Act. Legal appointments in terms of OHSA have been made and health and safety representatives meetings take place regularly. Although health and safety is a joint effort between management and employees, management continues to capacitate/train health and safety representatives.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The municipality is currently standing with a total staff component 953 employees as at end June 2025.

During the financial year 2024/25 the municipality filled a total number of 6 positions. A total of 29 terminations were recorded due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations.

A total number of training interventions were implemented with employees being trained.

The following programmes were executed: (Total =14)

- Physical program - 03
- Financial program – 01
- Social Program – 03
- Emotional program – 02 (Group counselling)
- Write-up: Physical – 04 and emotional – 01

Other main service statistics are included in Chapter 4 of the Annual Report.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority 18: Human Resources

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 137	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	% of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of employees from designated groups in three highest levels of management divided by total Number of employees in three highest levels of management	Directorate Corporate Support Services	69%	0%	0%	20 %	3.2%	Target not achieved.	Improve on the percentage of employment in the three highest level of management	Employment Equity Report		Appointments must be made in line with the employment Equity Plan.
Directorate	KPI 138	Municipal Transformation	To ensure continuous training	WSP, annual training	Date annual training	Directorate Corporate	30 April	30 April	30 April	30 April	30 April	Target achieved.	None	Acknowledgement		Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Corporate Support Services		and Institutional Development	and development of employees.	report (ATR) & PIVOTAL report compiled and submitted to LGSETA on 30 April each year.	report and WSP submitted to the LGSETA	Support Services								from LGSETA		
Directorate Corporate and Support Services	KPI 139	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of Apprenticeships implemented as per WSP.	Sum of Apprenticeships implemented	Director Corporate Support Services	1	0	0	1	0	Target not achieved.	Funding agreements have been signed implementation will be in the next financial year.	None		The municipality will be implementing this KPI in the 2025/26 financial year/
Directorate Corporate Support Services	KPI 140	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of skills programmes implemented	Sum of skills programmes implemented	Director Corporate Support Services	3	1	2	3	11	Target achieved	None	Attendance Registers		Achieved above the set target.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	
Directorate Corporate and Support Services	KPI 141	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of Senior & Finance officials trained on MFMP competency levels	Sum of students enrolled	Directorate Corporate Support Services	10	0	0	12	0	Target not achieved.	The MFMP Programme will be implemented in the 2025/26 Financial year.	None	Supply chain processes have been completed. Implementation will be in the first quarter of 2025.26 financial year.
Directorate Corporate Support Services	KPI 142	Basic Service Delivery	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Approved Macro and Micro Organisational Structure	Date structure approved	Directorate Corporate Support Services	0	0	0	30 June	0	Target not achieved. Review of the Structure is in progress.	Complete the review in the Structure in the 2025/26 financial year.	None	Draft organisational structure available. Discussion to take place at Directorate level.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	
Directorate Corporate Support Services	KPI 143	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Number of employees undergoing medical tests annually as required by OHSA	Sum of employees undergoing medical tests	Director Corporate Support Services	400	406	411	400 per annum	412	Achieved above target	None	Medical certificates	Target achieved.
Directorate Corporate Support Services	KPI 144	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for	Number of EE Reports submitted to DoL by 15 January each year [EEA2 and EEA4]	Sum of reports submitted	Director Corporate Support Services	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	Target achieved.	None	Acknowledgement letter	Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
			recruiting, hiring and retaining top talent.													
Directorate Corporate Support Services	KPI 145	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Review of EE Plan and numerical goals and targets annually	Revised EE Plan and Council Resolution	Directorate Corporate Support Services	Annual Review	Annual Review	Annual Review	Annual Review	Annual Review	Target achieved	None	Council Resolution		Target achieved.
Directorate Corporate Support Services	KPI 146	Municipal Transformation and Institutional development	To ensure that the HR function responsibly forecast the future	Submit quarterly reports to the HR Manager regarding activities carried out	Sum of reports submitted	Directorate Corporate Support Services	4	4	4	4	4	Target achieved	None	HR Report		Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
			staffing needs and create plans for recruiting, hiring and retaining top talent.													
Directorate Corporate Support Services	KPI 152	Municipal Transformation and Institutional Development	To ensure the effective functioning of the LLF	Number of LLF meetings held per annum	Sum of LLF meetings held per year	Director Corporate and Support Services	10 per annum	3	5	10 X per annum	6	Target not achieved.	Hold meetings as required.	Minutes and attendance register		Target not achieved in the last three financial year.
Directorate Corporate Support Services	KPI 153	Municipal Transformation and Institutional Development	To ensure the effective functioning of the LLF	% implementation of LLF resolutions taken (including monitoring of SALGBC collective agreement)	Number of LLF resolutions taken/Number of resolutions implemented	Director Corporate Support Services	85%	50%	0%	90%	23%	Target not achieved. Meetings were not sitting as required.	Hold LLF Meetings according to the approved schedule.	Resolutions register.		LLF did not sit as scheduled. A few resolutions were taken

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 156	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	% of a municipality's personnel budget spent on implementing its workplace skills plan;	R value spent on training divided by total personnel budget value of the municipality	Directorate Corporate Support Services	0%	0%	0.37%	1%	1.14%	Target achieved.	None.	Proof of expenditure		Target achieved

Table 105: Employees: Human Resource Services

Employees: Human Resource Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	6	6	6	5	1	17%
7 - 9	4	4	4	4	0	0%
10 - 12	1	1	1	1	0	0%
13 - 15	1	1	1	1	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	13	13	13	12	1	8%
						73.26.4

Table 106 Financial Performance: Human Resource Services

Financial Performance 2024/25 Kroonpark						
R'000						
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 167	2 888	4 850	4 850	2 321	-109%
Expenditure:						
Employees	8 577	10 288	11 497	11 497	11 824	3%
Repairs and Maintenance	2 254	1 398	2 854	3 215	2 944	3%
Other	2241	1665	1 600	2 775	2 400	33%
Total Operational Expenditure	13072	13341	15 951	17 487	17 168	7%
Net Operational Expenditure	9906	10453	11 101	12 637	14 847	25%

Table 107: Capital Expenditure: Human Resource Services

Capital Expenditure 2024/25: Human Resource Services					
R' 000					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON HUMAN RESOURCE SERVICE PERFORMANCE OVERALL

No Capital projects within the HR Section for 2024/25 financial year therefore, no capital items were procured.

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communications Technology is the hub of communication within Moqhaka Local Municipality. Driving the digital migration effort to bring services closer to the citizens. The support is run in-house by a team of six full-time employees. The core functions include:

- Project Management.
- Communication (Wireless connectivity, Telephony, Internet, Website, etc).
- Maintenance of all ICT Hardware and Software.
- Feasibility studies and procurement of hardware and software.
- Core infrastructure maintenance (Servers).
- Managing of the general ICT operations.

The ICT section is responsible for supporting Moqhaka Local Municipality through technical deployment of ICT infrastructure. The ICT section keeps the organisation abreast with technology through innovation and technological advancement.

SERVICE STATISTICS FOR ICT SERVICES

Number of power back-up batteries installed	35
Number of VoIP/PABX systems installed	233
% of employees trained on new telephone system	100 %
% of call centre employees trained on new system	100 %

Policy Objectives taken from IDP and SDBIPA3E5ZZWs

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority 25: ICT

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 147	Municipal Transformation and Institutional Development	Municipality Ensure that an effective and efficient management ICT system is developed & implemented	Development of ICT Master Plan and for MSP to be considered and approved by Council	Date ICT Master plan approved by Council	Director Corporate Support Services	NEW KPI	0	0	25-Jun	0	Target not achieved	Request funds from SALGA National to assist with the development of ICT master Plan	None		Request funds from SALGA National to assist with the development of ICT master Plan
Directorate Corporate Support Services	KPI 148	Municipal Transformation and Institutional Development	Ensure backups and Disaster recovery infrastructure is in place and fully implemented.	Procurement of necessary backup and disaster recovery infrastructure.	Date of Procurement	Director Corporate Support Services	NEW KPI	0	0	24-Dec	24 Dec	Target achieved	None	Back-up report		Target achieved.

Directorate	KPI IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
Directorate Corporate Support Services	KPI 149	Municipal Transformation and Institutional Development	Ensure internet connectivity is resilient to all strategic Municipal Sites.	Identification of strategic municipal sites, and appointment of internet service provider	Date of Procurement	Director Corporate Support Services	NEW KPI	0	0	24-Sep	30 November 2024	Target achieved after set deadline due to procurement process.	None	Appointment letter of service provided.		This is a new KPI no comparison could be made..
Directorate Corporate Support Services	KPI 150	Municipal Transformation and Institutional Development	Ensure Voice over Internet Protocol is the primary telecommunications medium.	Procurement of telecommunications services for Cloud VoIP.	Date of Procurement	Director Corporate Support Services	NEW KPI	0	0	24 Dec	30 November	Achieved.	None	Appointment letter of Service Provider		This is a new KPI no comparison could be made.
Directorate Corporate Support Services	KPI 151	Municipal Transformation and Institutional Development	Municipality Ensure that an effective and efficient management ICT system is developed &	Development of ICT Master Plan and for MSP to be considered and approved by Council	Date ICT Master plan approved by Council	Director Corporate Support Services	NEW KPI	0	0	25-Jun	0	Target not achieved	Request funds from SALGA National to assist with the development of ICT	None		This is a new KPI no comparison could be made.

Table 108: Employees: ICT Services

Employees: ICT Services						
Job Level	2023/224	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	0	1	1	0	0%
7 - 9	2	2	2	1	1	50%
10 - 12	2	2	2	2	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	5	6	5	1	17%
						T3.27.4

Table 109 Financial Performance: ICT Services

Financial Performance 2024/25: ICT Services						R'000
Details	2022/23	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0,00%
Expenditure:						
Employees	378	4 072	4 029	4 029	4 672	13,76%
Repairs and Maintenance	1 070	3 776	5 140	5 237	3 598	-42,86%
Other	5 046	7 521	12 233	15 127	10 239	-19,47%
Total Operational Expenditure	6 494	15 369	21 402	24 393	18 509	-15,63%
Net Operational Expenditure	6 494	15 369	21 402	24 393	18 509	-15,63%
						T 3.27.5

COMMENT ON ICT OVERALL PERFORMANCE

Moghaka Local Municipality recovered from the cyber security breach, and successfully implemented a more resilient security system to avert the re-occurrence of the prior year breach.

The institution is prioritising ICT projects and setting the municipality into a path for digital maturity.

3.26 LEGAL AND COUNCIL SUPPORT SERVICES

INTRODUCTION TO LEGAL AND COUNCIL SUPPORT SERVICES

The Legal and Council Support Sections play a critical role within the Municipality by providing comprehensive legal services and administrative support to the Council and its various committees. The Legal Section ensures that all municipal actions comply with the relevant legislation, policies and procedures, thereby safeguarding the legal integrity of the Municipality's operations.

SERVICE STATISTICS FOR LEGAL AND COUNCIL SUPPORT SERVICES

Number of By-Laws developed	0
Number of ordinary Council meetings convened	4
% of Council, MAYCO and Committee agendas delivered on time	100%
Number of quarterly reports submitted to Council on tracking of council resolutions	4

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority 23: Legal Services and Support Services

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence
Directorate Corporate Support Services	KPI 135	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council	% of Council Resolutions implemented within prescribed timeframe stipulated on resolution register	Number of council resolutions implemented within time frame divided by total Number of resolutions	Directorate Corporate Support Services	85%	85%	22%	87%	68%	Target not achieved.	Implement resolutions within the prescribed timeframe.	Implementation of Council resolutions schedule. Performance improved from 22% in 2023/24 financial year to 68% in 2024.25 financial year. There is still room for improvement.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence
Directorate Corporate Support Services	KPI 136	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council	Number of quarterly reports to Council on the tracking of council resolutions (submitted at the end of each quarter - Sept, Dec, Mar & Apr)	Number of reports submitted.	Directorate Corporate Support Services	4 p/a	4	4	4 X Reports submitted per annum.	4	Target achieved	None	Item on implementation of Council resolutions schedule
Directorate Corporate Support Services	KPI 154	Municipal Transformation and Institutional Development	To provide efficient and effective legal services	Update access to information manual and place in the Government Gazette	Date updates developed and uploaded.	Directorate Corporate Support Services	NEW KPI	0	0	30 June	0	Target not achieved.	Information manual will be updated and place in the Government Gazette	None
Directorate Corporate Support	TL 155	Municipal Transformation and Institutional	To provide efficient and effective	Update Standing Rules and Orders by 30 June 2024	Date Updated Standing Rules and Orders	Directorate Corporate Support Services	NE KPI	0	0	30 June	0	Target not achieved. Draft document available to be	The Committee that reviews the Standing	None

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	
Services		Development	legal services		approved by Council							approved by Council.	Rules and Orders sat on 03/07/2025 for review.		
Directorate Corporate Support Services	KPI 157	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	% of agendas for scheduled meetings distributed to Councillors and officials at least 48 hours before the meeting	Number of agendas distributed 48 hours before the meeting divided by the total Number of agendas distributed	Directorate Corporate Support Services	98%	98%	100%	100% for each quarter	100%	Target achieved	None	Signing delivery list	Target achieved.
Directorate Corporate Support Services	KPI 158	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	% of Council resolutions distributed within 7 working days after each meeting	Number of council resolutions distributed within 7 days after each council meeting	Directorate Corporate Support Services	98%	98%	100%	100% for each quarter	100%	Target achieved	None	Proof of email	Target achieved.

Directorate	KPI IDP/Ref No.	KPI Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2022/23	2023/24	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence		
					divided by Number of council resolutions taken										
Directorate Corporate Support Services	KPI 159	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	Annual council schedule compiled and approved by end of June each year	Annual Schedule provided on or before due date	Director Corporate Support Services	30 June	30 June	28 June	30 June	30 June	Target achieved	None	Approved schedule and council Resolution	Target achieved.

Table 110 Employees: Legal and Council Support Services

Employees: Legal and Council Support Services						
Job Level	2022/23	2023/24	2024/25			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	3	1	2	1	1	50%
4 - 6	4	2	2	2	0	0%
7 - 9	4	5	5	5	0	0%
10 - 12	3	6	6	6	0	0%
13 - 15	7	33	33	33	0	0%
16 - 18	15	0	0	0	0	0%
19 - 20	5	0	0	0	0	0%
Total	41	47	48	47	1	2%
						T 3.28.4

Table 111 Financial Performance: Legal and Council Support Services

Financial Performance 2024/25: Legal and Council Support Services						
Details	2021/22	2023/24	2024/25			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	1 575	1 575	974	-61,70%
Expenditure:						
Employees	378	12 730	11 234	11 239	13 518	16,90%
Repairs and Maintenance	1 070	981	1 047	1 606	415	-152,29%
Other	5 046	3 683	6 422	6 710	5 348	-20,08%
Total Operational Expenditure	6494	17394	18703	19555	19281	3,00%
Net Operational Expenditure	6494	17394	17128	17980	18307	6,44%
						T 3.28.5

Table 112: Capital Expenditure: Legal and Council Support Services

Capital Expenditure 2024/25: Legal and Council Support Services					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects	0	0	0	0%	0

COMMENT ON LEGAL AND COUNCIL SUPPORT SERVICE PERFORMANCE OVERALL

No capital projects were undertaken for the year under review.

COMPONENT J: MISCELLANEOUS

No additional functions to report.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Performance Management is a process, which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At Local Government level, performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

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

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

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

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Section 57 makes the employment of the Municipal Manager and Managers directly accountable to him subject to a separate performance agreement concluded annually before the end of July each year. Section 67 regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively. Performance Management, therefore, is not only relevant to the

organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities.

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

INTRODUCTION

The municipality is aiming at maximising the potential of staff and their contribution to service delivery and organisational performance. Human resources are the primary investment for the municipality and the municipality endeavour to maintain its investment in its staff.

To ensure effectiveness and efficiency within the organisation, the Municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources.

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Municipal personnel refer to the employees and officials who work within the municipality responsible for various public services and administrative functions. They play a crucial role in managing and delivering services that affect the daily lives of residents. They are responsible for providing essential services to the public, maintaining infrastructure, enforcing local laws and supporting community development. These individuals form the backbone of local governance and play a vital role in ensuring the smooth functioning of the municipality. This workforce includes a broad range of roles such as specialised staff, town planners, public safety officers, Roads employees and administrative support staff.

The work of municipal personnel directly affects the daily lives of residents. Their efficiency, transparency, and dedication ensure that the local government is responsive, effective and accountable to its community.

The position of the Chief Financial Officer, the Director Planning & LED and Director Community and Social Services has been vacant for a period of three years, the positions are expected to be filled in the 2025/26 financial year.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 113: Total Number of Employees

Description	Employees					
	2022/23	2023/24	2024/25			
	Employees No.	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water and Sanitation	115	147	301	144	157	52%
Electricity	47	72	165	79	86	52%
Waste Management (Refuse)	126	143	160	135	25	16%
Housing	14	20	26	19	7	27%
Roads and Storm water	64	45	167	45	122	73%
Urban Planning	12	12	16	12	4	25%
Local Economic Development	4	3	11	3	8	73%
Fire and Rescue	32	33	42	33	9	21%
Call Centre	9	8	14	8	6	43%
Security and Safety	19	17	70	17	53	76%
Parks	93	105	370	99	271	73%
Office of the Executive Mayor	19	20	20	20	0	0%
Office of the Speaker	12	10	10	10	0	0%
Office of the Council Whip	4	4	5	3	2	40%
Municipal Manager, Audit & IDP	20	2	2	2	0	0%
Infrastructure & PMU	3	7	10	5	5	50%
Corporate Services	55	51	62	49	13	21%
Public Safety	3	3	3	3	0	0%
Kroonpark Resort	36	39	45	39	6	13%
Workshop/Fleet Management	5	64	27	64	-37	-137%
Finance	88	80	109	78	31	28%
Traffic	40	39	106	39	67	63%
Sports & Recreation	8	21	88	21	67	76%
Community & Social Services	3	16	63	12	51	81%
Totals	831	961	1892	939	953	50%

T 4.1.1

Table 114: Vacancy Rate

Vacancy Rate: 2024/25						
Designations	2023/24			2024/25		
	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%	No.	No.	%
Municipal Manager	1	0	0,0%	1	0	0,0%
CFO	1	0	0,0%	1	1	100,0%
Other S57 Managers (excluding Finance Posts)	4	2	50,0%	4	2	50,0%
Other S57 Managers (Finance posts)	0	1	0,0%	4	0	0,0%
Traffic officers	101	60	59,4%	101	60	59,4%
Fire fighters	95	60	63,2%	95	60	63,2%
Senior management: Levels 13-15 (excluding Finance	0	0	0,0%	0	0	0,0%
Senior management: Levels 13-15 (Finance posts)	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (excluding	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0,0%	0	0	0,0%
Total	202	123	60,9%	206	123	59,7%

T 4.1.2

5

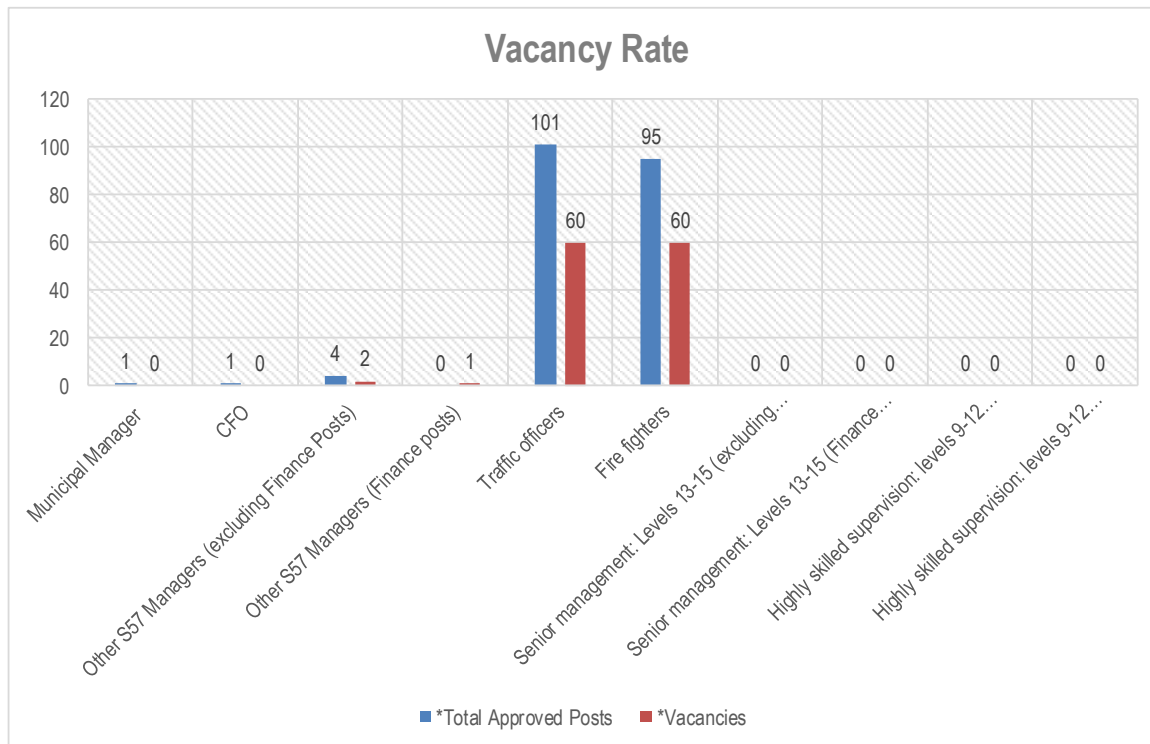


Table 115: Turnover rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2020/21	18	44	244%
2021/22	89	62	70%
2022/23	12	28	33%
2023/24	190	46	24%
2024/25	6	29	600%
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

In November 2020 reviewed organisational structure was approved by the Municipal Manager. In February 2021 critical and compliance positions that needed to be filled were advertised. e.g. Director Infrastructure Management, GIS Specialist, Town Planners, Building Inspectors, Manager Fleet, Assistant Accountants, Process Controllers...etc.

Position of Manager Parks was filled in January 2021. The position of Director Infrastructure Management was vacant for a period eight months, appointment on this position was finalised in June 2021.

- During the 2020/2021 financial year a total number of 89 positions were advertised both internally and externally.
- HR Policies has been reviewed and approved by Council.
- Turnover is mainly as a result of terminations e.g. Death, Dismissals, Resignations, Retirements, Abscondment and ending of contracts.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Municipal Workforce Management refers to the strategic planning, development and oversight of human resources within the municipality. It ensures that the municipality has the right number of employees, with the right skills, in the right positions to effectively deliver public services that meet the needs of the community.

Effective workforce management in the municipality is essential for:

- Maintaining efficient service delivery (e.g. water provision, sanitation safety and urban planning)
-
- Supporting compliance with labour laws, finance regulations and municipal policies.

- Promoting accountability, performance and staff development.

A well-managed municipal workforce leads to:

- improved service delivery,
- cost-effective use of public funds
- higher employee morale and productivity
- enhanced trust in Local Government.

4.2 POLICIES

Table 116: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%	0%	Policy still to be drafted
2	Attraction and Retention	100%	0%	Policy to be reviewed
3	Code of Conduct for employees	100%	n/a	SALGBC/MSA
4	Delegations, Authorisation & Responsibility	100%	0%	Policy to be reviewed
5	Disciplinary Code and Procedures	100%	n/a	SALGBC
6	Essential Services	100%	n/a	SALGBC
7	Employee Assistance / Wellness	100%	0%	Policy to be reviewed
8	Employment Equity	100%	0%	Policy to be reviewed
9	Exit Management	0%	0%	Policy to be reviewed
10	Grievance Procedures	100%	n/a	SALGBC
11	HIV/Aids	100%	0%	Policy to be reviewed
12	Human Resource and Development	100%	0%	Policy to be reviewed
13	Information Technology	100%	0%	Policy to be reviewed
14	Job Evaluation	100%	0%	Policy to be reviewed
15	Leave	100%	0%	Policy to be reviewed
16	Occupational Health and Safety	100%	0%	Policy to be reviewed

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
17	Official Housing	100%	0%	Policy to be reviewed
18	Official Journeys	100%	0%	Policy to be reviewed
19	Official transport to attend Funerals	100%	0%	Policy to be reviewed
20	Official Working Hours and Overtime	100%	0%	Policy to be reviewed
21	Organisational Rights	100%	n/a	SALGBC
22	Payroll Deductions	100%	0%	Policy to be reviewed
23	Performance Management and Development	100%	100%	Approved by Council 11April 2024.
24	Recruitment, Selection and Appointments	100%	0%	Policy to be reviewed
25	Remuneration Scales and Allowances	100%	n/a	SALGBC
26	Relocation	100%	0%	Policy to be reviewed
27	Sexual Harassment	100%	0%	Policy to be reviewed
28	Skills Development	100%	0%	Policy to be reviewed
Use name of local policies if different from above and at any other HR policies not listed.				
				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Management is in the process of reviewing HR policies a total number of twenty five (23) must be reviewed and approved by Council in the 2025/26 financial year

4.3 INJURIES, SICKNESS AND

SUSPENSIONS

Table 117: Number and Cost of Injuries on Duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	26	10	38%	5	20 074
Temporary total disablement	68	4	6%	14	46877
Permanent disablement	0	0		0	
Fatal	0	0		0	
Total	94	14	15%	19	66 951
T 4.3.1					

COMMENT ON INJURY AND SICK LEAVE:

Injury on duty leave was more in 2024/2025 as compared to 2023/2024 however , medical costs were less than the previous year (from 94 412 decreasing to 66 951). The injury on duty leave was utilised accordingly as loss time injury in the 2024/2025. Temporarily disablement leave was increased to 4 employees because (there is still one old injury from the previous year)they had serious injuries and they are still under COIDA treatment. The normal process of reporting injuries to Dol, the progress report and final medical reports is an ongoing process until the injured personnel has fully recovered. Therefore, the resumption forms for all the recovered employees have been submitted to Dol. unfortunately we have not yet received refunds from Dol. COIDA.

Table 118: Number and Period of Suspensions

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
General Worker	Gross negligence, dishonesty fraud, incitement,	26/02/2025	Set down 10/04/2025 finalised, dismissal sanction	11/04/2025
Superintendent	Dishonesty, gross negligence, bringing the municipality into disrepute	09/05/2025	Set down 11/07/2025	Postponement on request by employee
Acting Manager	Fraud, gross dishonesty, gross negligence	04/03/2025	Set down 19/06/2025, 23/05/2025	Postponement on request by employee
Truck Driver	Gross negligence, consumption of alcohol while on duty, damage to property		Set down 18/03/2025	Settlement employee took early retirement
Superintendent	Gross dishonesty, fraud	09/05/2025	Investigations still pending	Investigations unfolding
HR Official	Fraud, gross dishonesty	08/04/2025	Employee resigned with immediate effect	17/04/2025

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
ICT Technician	Disclosure of information	05/04/2025	Investigations still pending	Investigations unfolding
T 4.3.5				

Table 119: Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
General Worker	Incitement, ,fraud, gross dishonesty . Gross negligence.	Scheduled for 10 & 11/04/02025 Dismissed.	11/04/2025
HR Official	Fraud, Gross dishonesty.	Employee resigned with immediate effect	17/04/2025
Superintendent	Fraud, gross dishonesty, bringing Municipality into disrepute.	Scheduled for 11/07/2025	pending

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

The suspension period for the ICT Technician lapsed and no charges were formulated. With regards to the case of the Superintendent both the employer and employee parties have presented evidence and the case is on-going/pending

4.4 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a performance bonus based on the affordability, may be paid to the employee, after -(1) the annual report for the financial year under review has been tabled and adopted by the municipal council; (2) an evaluation of performance in accordance with the provision of regulation 23; and (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

All Directors appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

Table 120: Performance Rewards by Gender

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2018/19 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	No performance rewards paid during the year under review.			
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total					

COMMENT ON PERFORMANCE REWARDS

There were no performances rewards paid to employees during the period under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The municipalities are compelled by law to develop their human resources capacity to the level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable manner. Reference is made to Municipal Systems Act 32 of 2000 and the Local Government Municipal Staff Regulations of 2021.

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Section 68(1) of the Municipal Systems Act of 2000 states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. Section 44 of the Local Government Municipal Systems Act of 2021, further emphasises the need for Skills Development to support the achievement of the municipality's goals set out in the Integrated Development Plan, by providing critical skills that ensure the delivery of quality services; to promote the development and retention of competent municipal staff, including the development of technical, professional and specialist staff who have required qualifications and skills.

To achieve the purpose and the need mentioned above, the municipality must comply with the Skills Development Act (SDA), Act 97 of 1998 as amended, and the Skills Development Levies Act (SDLA), Act 9 of 1999. In terms of Skills Development Act, no 97 of 1998, the council is compelled to prepare a Workplace Skills Plan, Annual Training Report and Pivotal (WSP/ATR/PIVOTAL) report and submit it to Local Government Sector Education Training Authority (LGSETA) on or before 30 April each year. The WSP/ATR/PIVOTAL report provide for training of employees to be able to improve and maintain their performance on the jobs they are appointed for, as well as making them eligible for promotion to higher positions.

IMPROVEMENTS/ACHIEVEMENTS MADE IN TERMS OF CAPACITY BUILDING BY THE MUNICIPALITY

On submission of the WSP/ATR/PIVOTAL report, the municipality qualifies for the reimbursement of 20% of the total levies paid to SARS. The municipality received the 20% of the mandatory grant from LGSETA. With the mandatory grant and the municipal budget, we managed to train a total number of 247 employees, and a total of 30 employees' training was funded externally.

Table 121: Capacity Building

Name of programme	Number of participants		
	Male	Female	Total
Protection of Personal Information Act (POPIA)	21	19	40
Regulation 21 Firearm	15	12	27
Legislative Framework for Local Government	13	8	21
Integrated Councillor Induction Programme (ICIP)	7	21	28
Local Government Management	17	13	30
Employment Equity Committee Training	12	8	20
Peace Officer Training	22	11	33
Administrative and secretarial skills training	2	14	16
PayDay Training (HR, EE, SD)	0	16	16
PayDay Training (Report Writing)	0	5	5
PayDay Training (Tax Calculation)	0	1	1
Women in Leadership programme (WIL)	0	10	10
Certificate in Municipal Finance Management (MFMP)	11	9	20
Citizen Centered Service Delivery	1	3	4
Coaching for Leadership Development	1	1	2
Evidence-Based Policy Making and Implementation	3	1	4
TOTAL	277		

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 122: Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June 2024/25											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2023/24	Actual: End of 2024/25	2025/26 Target	Actual: End of 2023/24	Actual: End of 2024/25	2025/26 Target	Actual: End of 2023/24	Actual: End of 2024/25	2025/26 Target	Actual: End of 2023/24	Actual: End of 2024/25	2025/26 Target
MM and s57	Female	0	0	0	0	0	0	3	0	0	3	0	0	6
	Male	0	0	0	0	0	0	3	0	0	3	0	0	6
Councillors, senior officials and managers	Female	21	0	10	10	13	21	62	0	11	20	13	32	92
	Male	48	0	20	10	47	48	82	0	13	30	47	61	122
Technicians and associate professionals*	Female	57	0	10	10	11	57	65	0	0	10	11	57	85
	Male	105	0	20	10	28	105	85	0	0	10	28	105	105
Professionals	Female	3	0	20	10	4	3	60	0	3	10	4	6	80
	Male	13	0	20	10	13	13	80	0	3	10	13	16	100
Sub total	Female	81	0	40	30	28	81	190	0	14	43	28	95	263
	Male	166	0	60	30	88	166	250	0	16	53	88	182	333
Total		247	0	100	60	116	247	440	0	30	96	116	277	596

T 4.5.1

Table 123: Financial Competency Development: Progress Report

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	24	0	24	0	0	24
Accounting officer	1	0	1	0	1	1
Chief financial officer	0	0	0	0	1	0
Senior managers	11	0	11	0	4	11
Any other financial officials	12	0	12	0	0	12
Supply Chain Management Officials	0	0	0	0	0	
H heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	0	0	0	1
TOTAL	49	0	49	0	6	49

T 4.5.2

Table 124 Skills Development Expenditure

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	0	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2			24000	0			24000	0
	Male	1			12000	0			12000	0
Legislators, senior officials and managers	Female	22			84000	63629			84000	63629
	Male	49			111000	89895			111000	89895
Professionals	Female	3			12000	9750			12000	9750
	Male	13			26000	19500			26000	19500
Technicians and associate professionals	Female	18			49000	53820			49000	53820
	Male	61			92000	67000			92000	67000
Clerks	Female	134			134000	61540			134000	61540
	Male	113			113000	94750			113000	94750
Service and sales workers	Female	23			54000	34549			54000	34549
	Male	49			81000	62560			81000	62560
Plant and machine operators and assemblers	Female	25			56000	0			56000	0
	Male	39			70000	0			70000	0
Elementary occupations	Female	185			18500	0			18500	0
	Male	262			26200	0			26200	0
Sub total	Female	412			431500	223288			431500	223288
	Male	587			531200	333705			531200	333705
Total		999	0	0	962 700	556 993	0	0	962 700	556 993
										57,86%
T4.5.3										

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

The Skills Development Act, Act 97 of 1998, requires that employers should submit their WSP, ATR and PIVOTAL on or before 30 April each year. To ensure compliance with the Act, the municipality plans the relevant and effective training interventions on the WSP, so that employees can receive skills that are relevant to the municipality and their needs, and these skills will assist in performing their duties in an effective and efficient manner. The training interventions in the WSP are planned in a manner that they address the municipality's priorities planned in the IDP, and the relevant regulations and legislation. A total number of 277 employees received training during the year in review. Our target in our 2024/25 skills matrix was to train at least 236 employees, however, we managed to provide training for 277 employees. Our target for 2025/2026 is a minimum of 596 employees. Out of the 596, 60 are targeted for learnerships; 440 are targeted for skills programmes & short courses, while the remaining 96 is targeted for other forms of training such as Work integrated learning, internships, apprenticeships and recognition prior learning (RPL).

The municipal internal budget together with the LGSETA mandatory grant was allocated for implementing employees' skills development initiatives in line with the approved Workplace Skills Plan. The actual budgeted as per the skills matrix was Total expenditure for the year amounted to R 556993.00. We have utilised the 7 days Request for Quotations (RFQ) to source funding from the municipal and LGSETA mandatory grant votes. In 2025/2026, we are intending to ensure the appointment of the panel of service providers for the purposes of implementing the training interventions planned in our WSP. The service provider for the Municipal Finance Management Programme (MFMP) has been appointed for a period of 3 years effective from 01 June 2025 until 31 May 2028. This will ensure that both the relevant employees and financial management interns are trained to be compliant with the MFMA Competency. The first intake of the MFMP started in June 2025 with 20 employees, i.e. 5 finance interns and 15 municipal employees).

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure forms part of the municipal operational expenditure budget and managed by each directorate with the support of our Finance Directorate. It involves salaries, contributions to medical aids, pension funds, housing scheme, UIF, group life insurance, travelling, and cell-phone allowances.

All the expenditure incurred should be in line with the approved budget. When the staff establishment is approved, provision is made in the budget for all the posts which can be filled and the time frames in respect

thereof. No unfunded posts may be filled. The municipality ensures that it recruits employees that are capable of effectively rendering the service towards achieving its strategic goals

4.6 EMPLOYEE EXPENDITURE

Workforce expenditure typically refers to the costs associated with employing workforce including salaries, wages, benefits, training and other related expenses. It is one of the most significant operating costs for most organisations and can have a major impact on profitability and competitiveness. At an aggregate level, about 30 per cent of the total municipal operating budget is spent on the remuneration of personnel.

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. If the Municipality wants to be effective, it is important to ensure that the Municipality plan properly. To ensure that the Municipality adhere to legislation, only approved and budgeted posts on the structure are advertised. The training and development of internal staff are aimed at ensuring that they are able to perform their duties better.

Table 125: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
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 (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Table 126: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	NONE			
There was no upgrade of positions due to job evaluation for the financial year 2020/21 Some variances are legacy issues that occurred as a result of previous amalgamation.				
				T 4.6.3

Table 127: Employees appointed to posts not approved

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	NONE			
There was no upgrade of positions due to job evaluation for the financial year 2024/25.				
T 4.6.3				

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

There was no upgrade of positions due to delays in unfolding of the job evaluation process for the financial year 2024/25. Some variances are legacy issues that occurred as a result of previous amalgamation.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise. The Financial Statements have been prepared in accordance with the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122 (3) of the MFMA.

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original and final adjustments budget.

Table 128: Financial Summary

Description	2023/24	Current:2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance					—	
Property rates	80 846	90	90			
		509	811	93 605	3,31%	2,98%
Service charges	620 232	867	804	709		
		189	036	340	-22,25%	-13,35%
Investment revenue	27	-	61	39	100,00%	-56,41%
Transfers recognised-operational	290 437	311	333	277		
		514	612	033	-12,45%	-20,42%
Other own revenue	82 274				0,00%	0,00%
Total Revenue (excluding capital transfers and contributions)	1 073 815	1 269	1 228	1 080	-17,52%	-13,75%
		212	520	017		
Employee costs	357 416	451	424	433		
		339	010	561	-4,10%	2,20%
Remuneration of councillors	20 573	29	28			
Depreciation & asset impairment	-	578	040	22 444	-31,79%	-24,93%
		68	55			
		653	785	84 844	19,08%	34,25%
Finance charges	6 056	8	8			
		698	698	6 600	-31,79%	-31,79%
Materials and bulk purchases	33 629	448	418	389		
		663	499	100	-15,31%	-7,56%
Transfers and grants	55				0,00%	0,00%
Other expenditure	182 964	361	437	279		
		269	386	940	-29,05%	-56,24%
Total Expenditure	600 692	1 368	1 372	1 216	-12,47%	-12,82%
		200	418	489		
Surplus/(Deficit)	473 123	(98	(143	(136	27,47%	-5,44%
		988)	898)	472)		
Transfers recognised - capital	41 648	64	64			
		627	546	31 255	-106,77%	-106,51%
Contributions recognised - capital & contributed assets	-	1	-	13	-9415,38%	100,00%
		237				

Description	2023/24	Current:2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) after capital transfers & contributions	-	(33 124)	(79 352)	(105 204)	68,51%	24,57%
Share of surplus/ (deficit) of associate	-			-	0,00%	0,00%
Surplus/(Deficit) for the year	514 771	(33 124)	(79 352)	(105 204)	68,51%	24,57%
					-	-
<u>Capital expenditure & funds sources</u>					-	-
Capital expenditure					0,00%	0,00%
Transfers recognised - capital	67 003	64 627	64 546	53 518	-20,76%	-20,61%
Public contributions & donations	67 003				0,00%	0,00%
Borrowing	-				0,00%	0,00%
Internally generated funds	6 594				0,00%	0,00%
Total sources of capital funds	67 003	33 964	51 819	10 653	-218,82%	-386,43%
<u>Financial position</u>					-	-
Total current assets	903 426	448 185	448 185	963 196	53,47%	53,47%
Total non current assets	2 084 473	2 983 725	3 001 499	1 940 654	-53,75%	-54,66%
Total current liabilities	1 116 117	516 230	532 083	1 396 172	63,03%	61,89%
Total non current liabilities	146 389	70 369	70 369	147 268	52,22%	52,22%
Community wealth/Equity	1 520 544	2 849 645	2 849 645	1 453 336	-96,08%	-96,08%
					-	-
<u>Cash flows</u>					-	-
Net cash from (used) operating	66873	(674 222)	(674 222)	(55 229)	-1120,78%	-1120,78%
Net cash from (used) investing	(66 678)	(98 591)	(98 591)	(64 132)	-53,73%	-53,73%
Net cash from (used) financing	(1 937)	(348 363)	(348 363)	3 068	11454,73%	11454,73%
Cash/cash equivalents at the year end	294 408	(1 144 896)	(1 144 896)	(132 351)	-765,05%	-765,05%
					-	-
<u>Cash backing/surplus reconciliation</u>					-	-
Cash and investments available		3 060	3 060		0,00%	0,00%
Application of cash and investments		390 017	390 017		0,00%	0,00%
Balance - surplus (shortfall)					0,00%	0,00%

Description	2023/24	Current:2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
					—	—
<u>Asset management</u>					—	—
Asset register summary (WDV)		2 890	2 909			
Depreciation & asset impairment		229	002		0,00%	0,00%
		98	9			
		970	870		0,00%	0,00%
		36	25			
Renewal of Existing Assets		726	886		0,00%	0,00%
		108	136			
Repairs and Maintenance		558	346		0,00%	0,00%
					—	—
<u>Free services</u>					—	—
Cost of Free Basic Services provided		94	94			
		562	562		0,00%	0,00%
Revenue cost of free services provided		38	38			
		539	458		0,00%	0,00%
<u>Households below minimum service level</u>					0,00%	0,00%
Water:					0,00%	0,00%
Sanitation/sewerage:					0,00%	0,00%
Energy:					0,00%	0,00%
Refuse:					0,00%	0,00%

T 5.1.1

Table 129: Financial Performance of Operational Services

R '000						
Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Governance and administration	302 136	307 563	321 038	403 208	29.79%	20.38%
Executive and council	170 331	204 456	206 199	286 466	39.77%	28.02%
Finance and administration	128 818	103 108	114 839	118 742	13.61%	3.29%
Internal audit	2 987	0	0	0	0.00%	0.00%
Community and public safety	85 647	26 947	26 949	40 590	50.63%	33.61%
Community and social services	8 841	3 573	3 573	1 812	-97.19%	-97.19%
Sport and recreation	34 114	5 232	5 232	2 367	-54.76%	-121.04%
Public safety	37 159	4 905	4 907	1 619	-202.96%	-203.09%
Housing	5 533	13 237	13 237	4 792	-63.80%	-176.23%
Health	–	–	–	–	0.00%	0.00%
Economic and environmental services	68 132	48 603	48 784	32 865	-32.26%	-48.44%
Planning and development	4 810	1 729	1 881	1 932	10.79%	2.64%
Road transport	61 171	46 763	46 792	46 792	0.06%	0.00%
Environmental protection	2 151	110	110	0	-100.00%	0
Trading services	431 465	1 028 379	1 023 009	793 057	-23.00%	-29.00%
Energy sources	306 380	584 727	515 763	424 325	-31.10%	-21.55%
Water management	52 257	265 446	314 317	214 504	-16.21%	-46.53%
Waste water management	40 816	103 334	111 956	90 301	-11.64%	-23.98%
Waste management	32 011	74 873	80 973	63 926	-13.52%	-26.67%
Other	–	–	–	–	0.00%	0.00%
Total Expenditure	887 379	1 411 492	1 419 780	1 239 720	114%	119%
T 5.1.2						

COMMENT ON FINANCIAL PERFORMANCE

The municipality underperformed with regards to its total revenue budget for the 2024/25 financial year.

5.2 GRANTS

Table 130: Grant Performance

Grant Performance						
Description	R' 000					
	203/24	2024/25		2024/25 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	260 602	264 619	264 619	257 551	96.3%	96.3%
Equitable share	185 144	298 568	298 568	274 328	100%	100%
Municipal Systems Improvement	-	-	-	-	0%	0%
Water Services Infrastructure Grant	28 290	46	15 000	8 367	56%	56%
Financial Management Grant (FMG)	2 215	2 300	2 300	2 300	100%	100%
EPWP	1 000	9 920	1 299	1 158	100%	100%
Municipal Infrastructure Grant (MIG)	43 410	46 656	46 575	35 643	100%	100%
LG SETA	543	726	3 081	0	23%	26%
Provincial Government:	-	-	-	-	0.00%	0.00%
Health subsidy					0.00%	0.00%
Housing					0.00%	0.00%
District Municipality:	-	-	-	-	0.00%	0.00%
<i>[insert description]</i>					0.00%	0.00%
					0.00%	0.00%
Other grant providers:	-	-	-	-	0.00%	0.00%
<i>[insert description]</i>					0.00%	0.00%
					0.00%	0.00%
Total Operating Transfers and Grants	260 602	264 619	264 619	257 551	96.3%	96.3%

Table 138: Grants received from sources other than Division of Revenue Act (DoRA)

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2024/25	Actual Grant 2024/25	2024/25 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals – No grants received						
Foreign Governments/Development Aid Agencies – No grants received						
Private Sector / Organisations – No grants received						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

There are no variations in terms of grants received.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Assets of the municipality are managed under section 63 of the Municipal Finance Management Act and the asset management policy as approved by council at its sitting on the 28th June 2019. The policy dealing with accounting (GRAP compliance) for assets, safeguarding and derecognition or disposals of assets.

Table 131: Treatment of the three largest assets acquired

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED IN 2024/25				
Asset 1				
Name	Backhoe Loader			
Description	Caterpillar Backhoe Loader 426			
Asset Type	Vehicles			
Key Staff Involved	TLB Operators			
Staff Responsibilities	Repairs and Maintenance			
Asset Value	2021/22	2022/23	2023/24	2024/25
				1 380 000
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	ICT Server			
Description	Server			
Asset Type	IT Equipment			
Key Staff Involved	ICT Technicians			
Staff Responsibilities	Repairs and Maintenance			
Asset Value	2021/22	2022/23	2023/34	2024/25
				751 999
Capital Implications	None			
Future Purpose of Asset	Financial and Information technology recordings			
Describe Key Issues	None			
Policies in Place to Manage Asset	ICT Policy and Asset Management Policy			
Asset 3				
Name	Tape			
Description	IBM Tape			
Asset Type	IT Equipment			
Key Staff Involved	ICT Technicians			
Staff Responsibilities	Repairs and Maintenance			
Asset Value	2021/22	2022/23	2023/24	2024/25
				351 000
Capital Implications	None			
Future Purpose of Asset	Financial and Information technology recordings			
Describe Key Issues	None			
Policies in Place to Manage Asset	ICT Policy and Asset Management Policy			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

Movable asset acquisitions for the 2024/25 financial year amounted to R6 million and the additions on immovable assets amount to R87.2 million. Work in progress including project completed in the financial year amount to R79.6 million. Intangible assets additions amounted to R2.4 million. There were no additions to heritage assets, and land acquisition for the 2024/25

Table 132: Repairs and Maintenance Expenditure

Repair and Maintenance Expenditure: 2024/25				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure 2016/17	64 050	67 334	57 327	85%
Repairs and Maintenance Expenditure 2017/18	77 303	55 045	43 485	79%
Repairs and Maintenance Expenditure 2018/19	56 302	67 177	32 455	48%
Repairs and Maintenance Expenditure 2024/25	62 207	69 325	62 728	100%

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The majority of the Repairs and maintenance expenditure for the 2018/19 has been reclassified to contracted services and materials as a result of the municipal Standard Chart of Accounts classification requirements which came into effect on the 01 July 2017.

The majority of these repairs maintenance work carried out relates to the sewer and water infrastructure which continues to collapse and burnt time and again.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

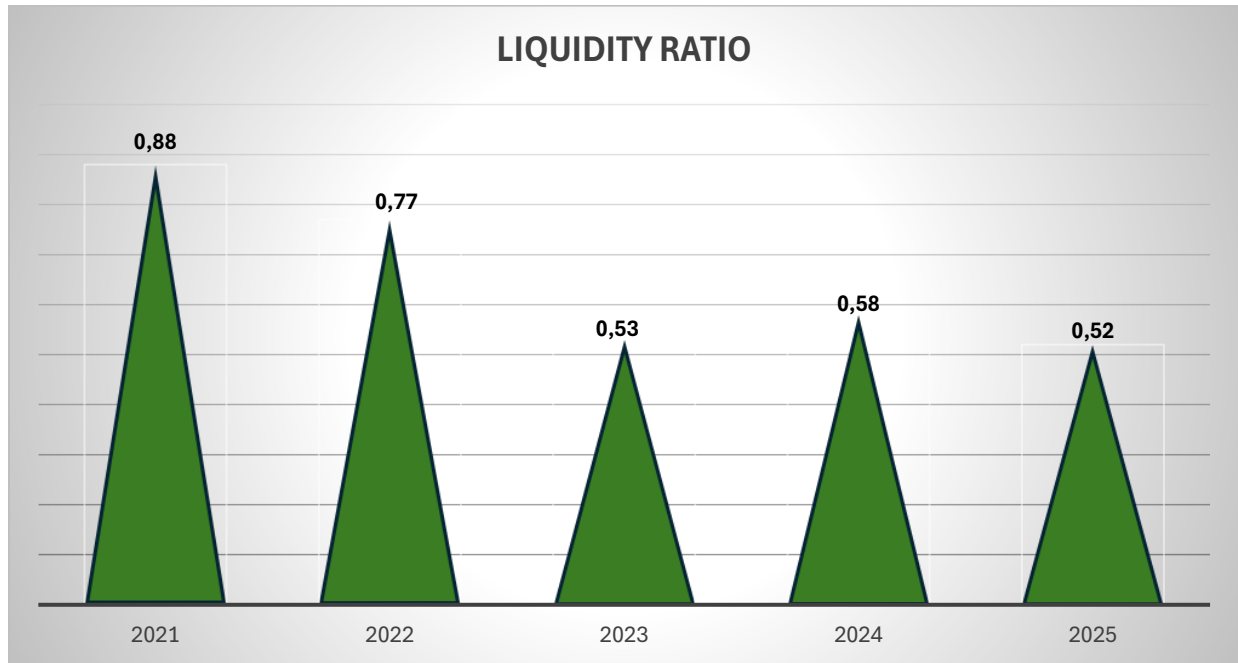


Figure 9: Liquidity Ratio

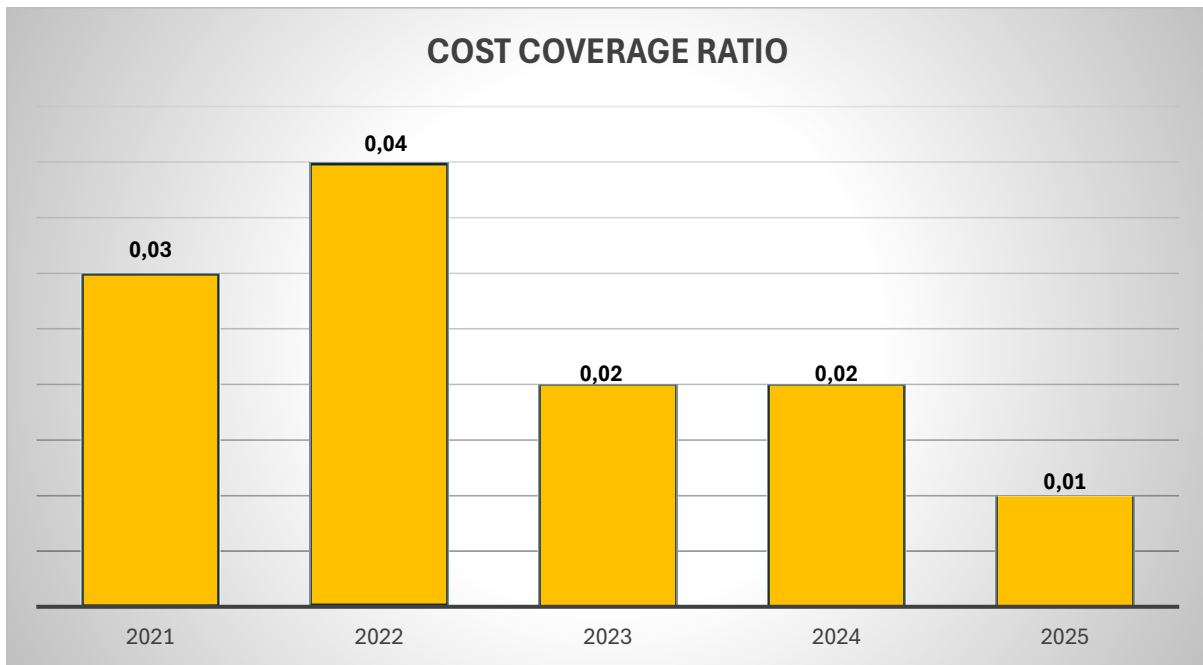


Figure 10: Cost Coverage Ratio

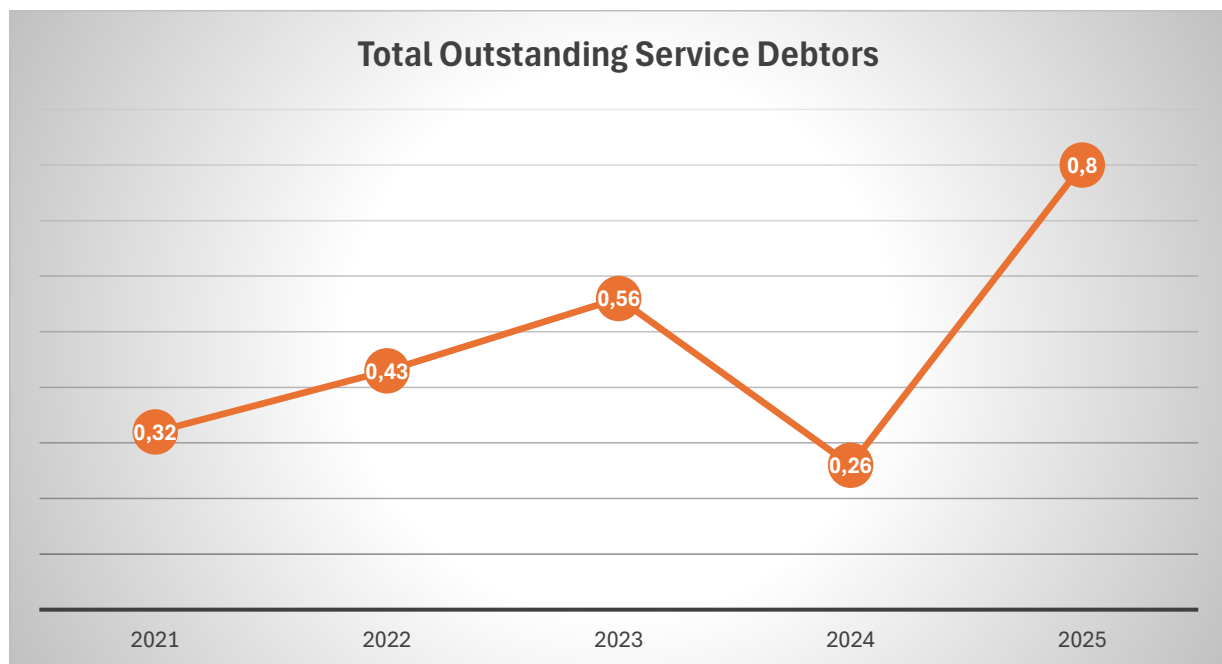


Figure 11: Ratio: Total Outstanding Service Debtors

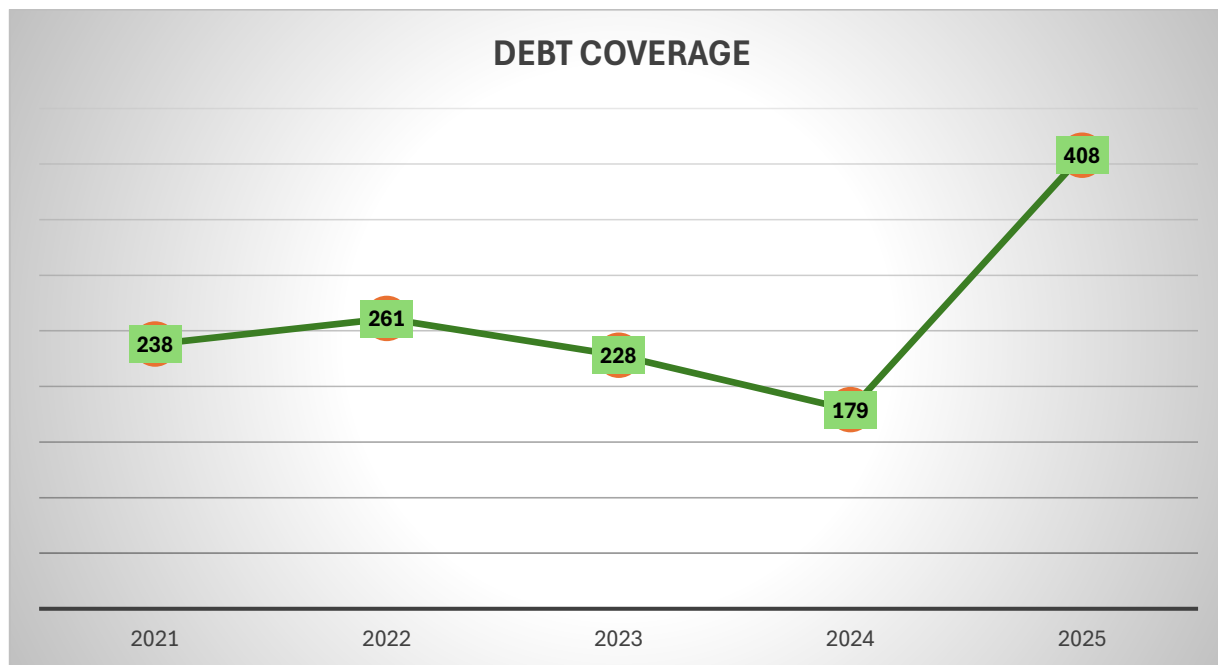


Figure 12: Debt Coverage Ratio

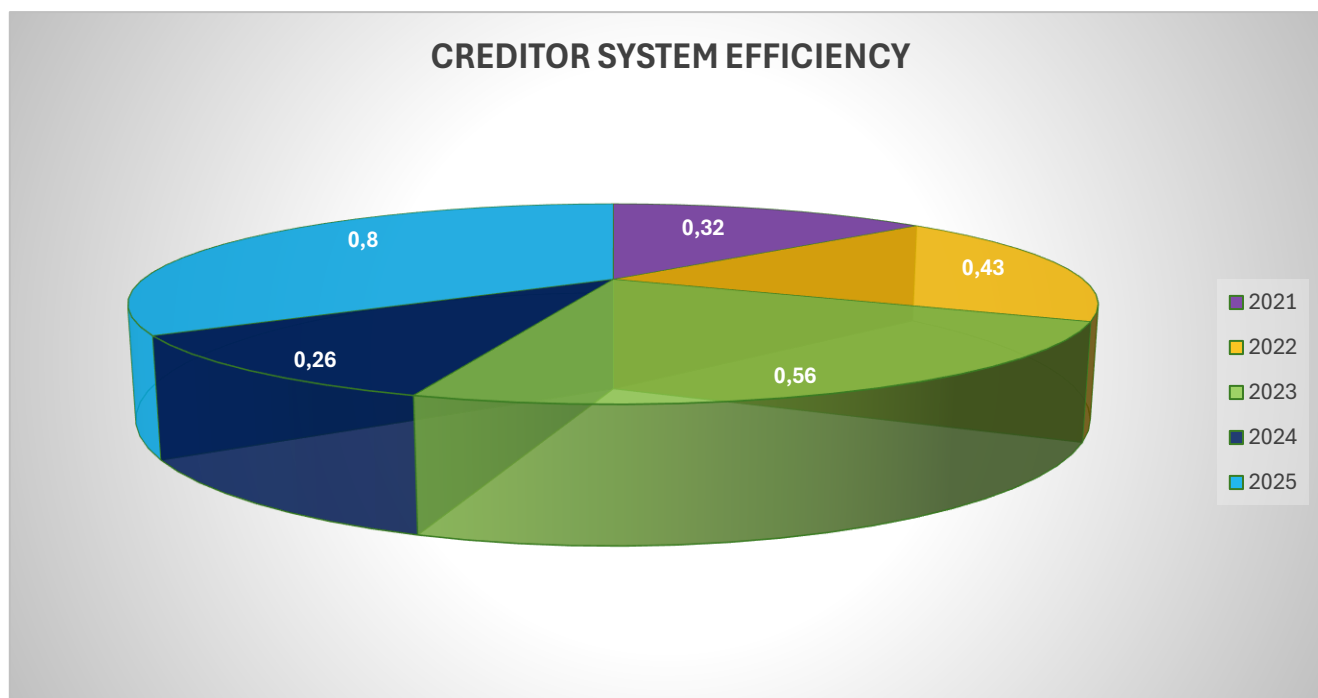


Figure 13: Creditor System Efficiency

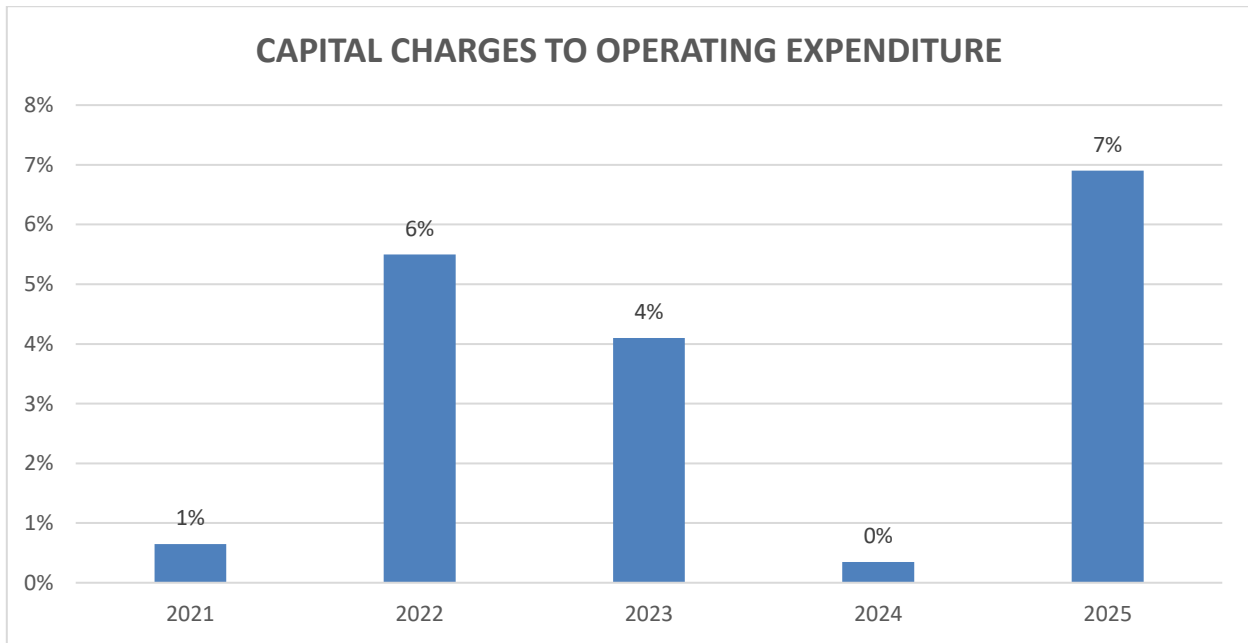


Figure 14: Capital Charges to Operating Expenditure

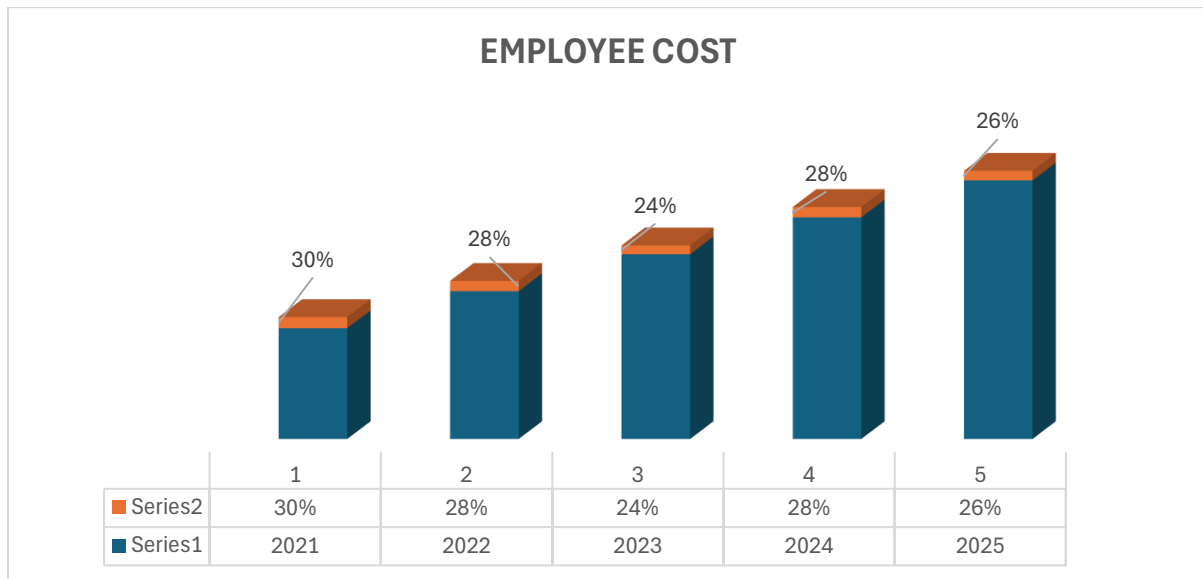


Figure 15: Employee Cost

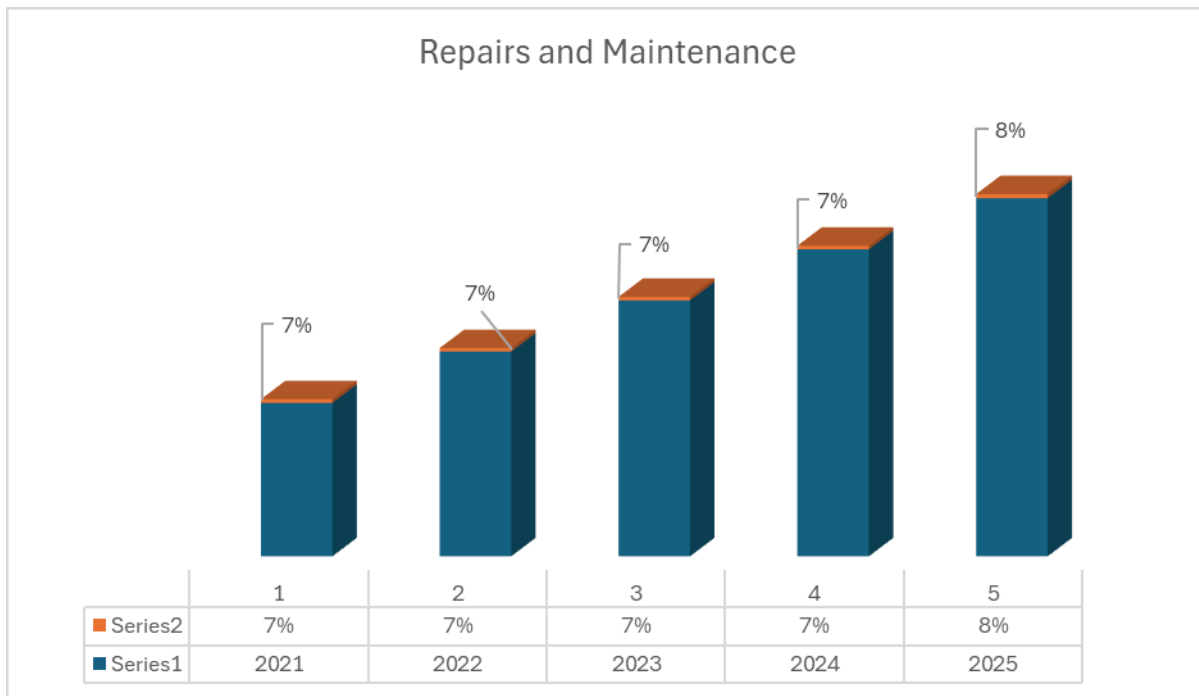


Figure 16: Repairs and Maintenance

COMMENT ON FINANCIAL RATIOS:

Liquidity ratio – this ratio is unfavourable, as it is below the 1.5 as compared to the 0.5-1.5 of the previous financial year. There has not been any noticeable improvement in relation to this ratio as compared to the previous years. This ratio is mainly impacted by the low collection rates.

Cost Coverage ratio – this ratio proves to be unfavourable, as the liquid resources of the municipality cannot cover the costs for at least 1 month (0.21) versus the norm of 1-3 months.

Total Outstanding Service Debtors ratio – this ratio is unfavourable as it reflects that 44% of the revenue raised annually is not collected/paid to the municipality for the services rendered. Which translates to an effective debt collection rate of 56% when not taking into account collections relating to arrear debt from prior years, which is below the norm of 95% as required by MFMA Circular No. 71.

Debt Coverage ratio – this ratio is favourable as it exceeds the norm of 8% in terms of debt repayments.

Creditors System Efficiency ratio – this ratio is unfavourable as the municipality could not honour its main obligations on time due to cash flow problems and adverse economic conditions experienced during the 2024/25 financial year. This is further affected by the non-payment of services by our consumers.

Capital Charges ratio – this ratio is favourable as it amounts to 6% which is well within the norm of 8%.

Employee Cost ratio – this ratio is favourable as it amounts to 31% which is well within the norm of 25% - 40%.

Repairs and Maintenance ratio – this ratio is unfavourable (7%) as it does not equate the minimum requirement of 8% of total operating expenditure. (The repairs and maintenance has diminished due to the reclassification of expenditure in terms of the municipal Standard Chart of Accounts). The availability of sufficient cash-flows also affects the repairs and maintenance spending.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the five largest projects and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

5.5 CAPITAL EXPENDITURE

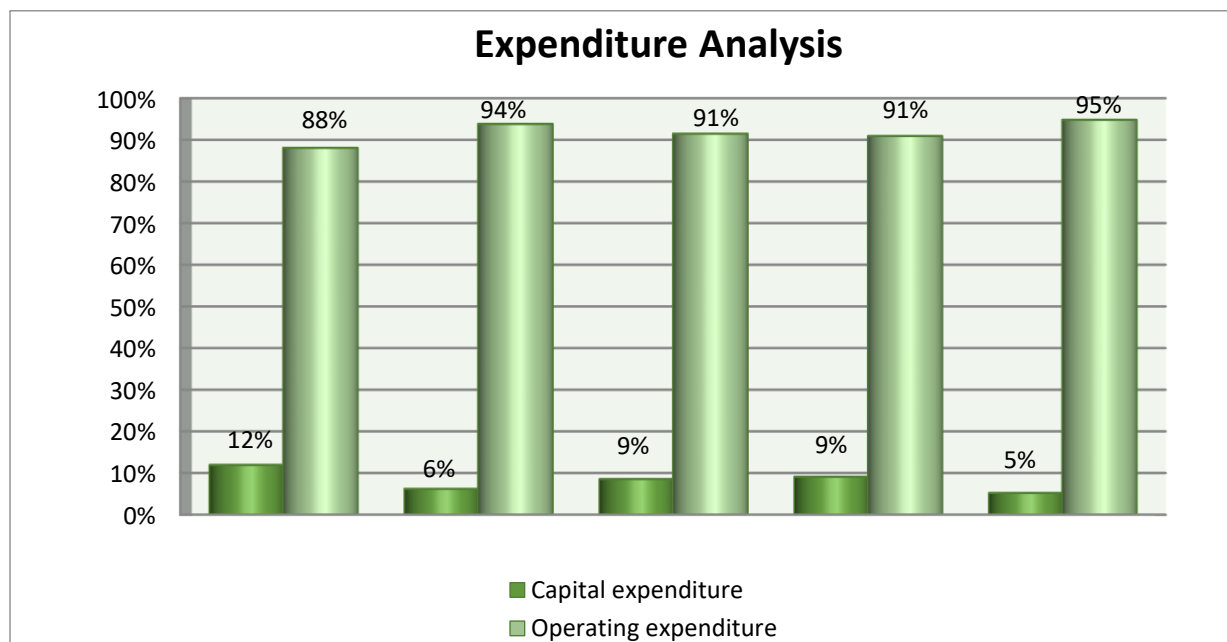


Figure 17: Expenditure Analysis

5.6 SOURCES OF FINANCE

Table 133: Capital Expenditure Funding Sources

Description	Ref	2023/24	Budget Year 2024/25							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	
Capital expenditure of Transfers and Grants										
National Government:		26	64 627	64 546	7 148	53 509	64 546	(11 037)	-17.1%	64 546
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		26	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		0	46 656	46 575	6 553	35 643	46 575	(10 932)	-23.5%	46 575
Water Services Infrastructure Grant		–	17 971	17 971	594	17 866	17 971	(105)	-0.6%	17 971
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Capacity Building and Other Grants		–	–	–	–	–	–	–	–	–
Infrastructure Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	4	9	–	9	#DIV/0!	–
Unspecified		–	–	–	4	9	–	9	–	–
Total capital expenditure of Transfers and Grants		26	64 627	64 546	7 152	53 518	64 546	(11 028)	-17.1%	64 546
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		100 535	203 523	230 873	28 683	175 625	230 873	(55 248)	-23.9%	230 873

COMMENT ON SOURCES OF FUNDING:

The municipality's grant spending was in line with the budget, as all the projects in undertaken were implemented by the municipality.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 134: Capital Expenditure: Five Largest Projects

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2024/25			Variance: Current 2024/25	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street	14 681 590	14 681 590	14 681 590	0%	0%
Maokeng/Constantia: Construction of 0.51km paved road and storm water at Messi Street	4 820 915	4 714 717	4 714 717	2%	2%
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street	11 546 664	11 770 386	11 770 386	-2%	-2%
Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation	16 270 439	18 550 142	18 550 142	-14%	-14%
Maokeng: Gelukwaarts - Upgrading of Masione and Stiloane Street (0.796km) to a paved road	17 791 257	17 791 257	17 791 257	0%	0%
Cleaning of parks and maintenance of landfill sites	433 000	368 000	368 000	0%	0%
Cleaning of water and sewer treatment plant and Pump station	866 000	736 000	736 000	0%0%	
* Projects with the highest capital expenditure in 2024/25					
Name of Project - A					
Objective of Project	to improve the condition, functionality, safety, and longevity of a road or surface area.				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits					
Name of Project - B					
Objective of Project	to improve the condition, functionality, safety, and longevity of a road or surface area.				

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2024/25			Variance: Current 2024/25	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Delays	Heavy rainfall and high water table delayed the project but EOT was granted and completed on time.				
Future Challenges	N/A				
Anticipated citizen benefits					
Name of Project - C					
Objective of Project	to improve the condition, functionality, safety, and longevity of a road or surface area.				
Delays	Cashflow, Delivery of material				
Future Challenges	N/A				
Anticipated citizen benefits					
Name of Project - D					
Objective of Project	Enhance water supply capacity to meet the growing demand in the service area				
Delays	Cashflow, Delivery of material				
Future Challenges	Contractor cashflow challenges				
Anticipated citizen benefits	1 345				
Name of Project - E					
Objective of Project	to improve the condition, functionality, safety, and longevity of a road or surface area.				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits					
T 5.7.1					

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

In the 2024/25 financial year, 100% of the households in the municipal area had access to piped water within 200m from their dwelling. With regard to access to basic sanitation, 99% of households had access to basic sanitation, and 100% of households received a weekly refuse removal service. Hundred percent (100%) of the households located in the Municipality's area of jurisdiction have access to electricity, namely: Kroonstad, Maokeng, Viljoenskroon and Steynsrus. There is a 10.4% backlog of access to electricity in the Eskom distribution area, namely: Rammulotsi and Matlwangtlwang. However, Eskom completed an electrification project in Rammulotsi during the 2024/25 financial year.

Table 135: Service Backlogs

Service Backlogs as at 30 June 2025 Households (HHs)				
	*Service level above minimum standard 2024/25		**Service level below minimum standard 2024/25	
	No. HHs	% HHs	No. HHs	% HHs
Water	34 639	100.0%	0	0.0%
Sanitation	34 334	99%	305	1%
Electricity	31 049	86.6%	3 576	10.4%
Waste management	34 624	100.0%	0	0.0%
Housing	34 625	100%	0	0%

Table 136: MIG Expenditure on backlogs

Municipal Infrastructure Grant (MIG)* Expenditure 2024/25 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport				0,0%	0,0%	
<i>Roads, Pavements & Bridges</i>	31 049 168	48 957 949	48 957 950	-36,6%	0,0%	
<i>Storm water</i>				0,0%	0,0%	
Infrastructure - Electricity				0,0%	0,0%	
<i>Generation</i>				0,0%	0,0%	
<i>Transmission & Reticulation</i>				0,0%	0,0%	

<i>Street Lighting</i>				0,0%	0,0%	
Infrastructure - Water				0,0%	0,0%	
<i>Dams & Reservoirs</i>				0,0%	0,0%	
<i>Water purification</i>	16 270 439	8 550 142	18 550 142	-12,3%	0,0%	
<i>Reticulation</i>				0,0%	0,0%	
Infrastructure - Sanitation				0,0%	0,0%	
<i>Reticulation</i>				0,0%	0,0%	
<i>Sewerage purification</i>				0,0%	0,0%	
Infrastructure - Other				0,0%	0,0%	
<i>Waste Management</i>				0,0%	0,0%	
<i>Transportation</i>				0,0%	0,0%	
<i>Gas</i>				0,0%	0,0%	
Other Specify:				0,0%	0,0%	
<i>Sports</i>				0,0%	0,0%	
PMU	2 332 800	2 173 196	2 173 197	7,3%	0,0%	
				0,0%	0,0%	
Total	49 652 407	69 681 287	69 681 288	-28,7%	0,0%	
T 5.8.3						

COMMENT ON BACKLOGS:

As can be seen the basic services backlogs have reduced over the past few years. The backlogs remaining will however require big infrastructure spending to eradicate and it should be borne in mind that existing infrastructure in some areas are outdated and in need of major overhaul to prevent service interruptions.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The collective objectives of the cash and investment management is to ensure availability at all times of adequate liquid resources for operational purposes and investment in assets and maintaining optimal balance between available cash and cash investments. The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors' payment within 30 days and addressing the long-term liabilities.

5.9 CASH FLOW

Table 137: Cash flow

FS201 Moghaka - Cash Flow										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		59 293	115 114	115 114	6 014	57 716	115 114	(57 398)	-50%	115 114
Service charges		430 886	881 165	881 165	59 493	574 570	881 165	(306 595)	-35%	881 165
Other revenue		116 019	(487 853)	(487 853)	(36 679)	43 277	(487 853)	531 129	-109%	(487 853)
Transfers and Subsidies - Operational		281 769	311 029	311 029	28 364	306 096	311 029	(4 933)	-2%	311 029
Transfers and Subsidies - Capital		108 185	65 353	65 353	(26 709)	51 118	65 353	(14 235)	-22%	65 353
Interest		3 293	–	–	1 276	9 906	–	9 906	-	–
Dividends		3 637	1 736	1 736	883	5 832	1 736	4 095	236%	1 736
Payments										
Suppliers and employees		(1 012 349)	(1 560 767)	(1 560 767)	(61 071)	(1 103 743)	(1 560 767)	(457 023)	29%	(1 560 767)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(9 267)	(674 222)	(674 222)	(28 429)	(55 229)	(674 222)	(618 993)	92%	(674 222)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		25 992	–	–	–	–	–	–		–

FS201 Moqhaka - Cash Flow										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Decrease (increase) in non-current receivables								-		
Decrease (increase) in non-current investments		(65)	-	-	-	-	-	-		-
Payments										
Capital assets		(5 630)	(98 591)	(98 591)	(10 002)	(64 132)	(98 591)	34 459	35%	(98 591)
NET CASH FROM/(USED) INVESTING ACTIVITIES		20 297	(98 591)	(98 591)	(10 002)	(64 132)	(98 591)	(34 459)	35%	(98 591)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(137)	(346 331)	(346 331)	-	-	(346 331)	346 331	-100%	(346 331)
Payments										
Repayment of borrowing		-	(2 032)	(2 032)	(205)	(3 086)	(2 032)	1 054	-52%	(2 032)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(137)	(348 363)	(348 363)	(205)	(3 086)	(348 363)	(345 278)	99%	(348 363)
NET INCREASE/(DECREASE) IN CASH HELD		10 893	(1 121 176)	(1 121 176)	(38 636)	(122 446)	(1 121 176)			(1 121 176)
Cash/cash equivalents at beginning:		21 364	(23 720)	23 720	423	(9 905)	(23 720)			(9 905)
Cash/cash equivalents at month/year end:		(10 472)	(1 144 896)	(1 144 896)	059	(132 351)	(1 144 896)			(1 131 081)

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

This long-term borrowing is attributable to the Development bank of South Africa (DBSA), with a remaining repayment period of 7 years as at 30 June 2020. The municipality has made arrangements to servicing this debt as per the agreement.

Table 138: Municipal Investments

Investment* type	Municipal Investments				
	R' 000				
	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual
Municipality					
Deposits - Bank					
Other					
Municipality sub-total					
Entities sub-total					
Consolidated total:					

COMMENT ON BORROWING AND INVESTMENTS:

The municipality's investments were made in line with the municipal investment regulations GNR 308 01 April 2005. This mainly relates to grants funding which were kept in the call account until needed to defray project costs/expenditure.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not enter into any Public Private Partnerships during the 2024/25 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

COMMENTS ON SUPPLY CHAIN MANAGEMENT

The municipality's implementation of the supply chain unit is progressing slowly due to significant shortage of staff. Three of the existing supply chain officials have attained the required MFMA Competency level.

The municipality continues to make effort to revise the organogram of supply chain and employ independent and reputable officials within the SCM Unit.

The following tenders was awarded during the 24/25 financial year.

NO	SERVICE PROVIDER/S	NAME OF PROJECT	START DATE OF CONTRACT	EXPIRY DATE OF CONTRACT	DURATION	CONTRACT MANAGER
1	Carboncor Distribution South Africa Lebisang Katlehong Trading Azania Process Automation Azhar Electronics T/A Kroon Hardware	Panel For The Supply and Delivery of Barrier Road Kerbs, Paving Slabs, Catch Pits, Square Manhole Covers, Erosion Protection Blocks, Hot Asphalt, Pothole Patching With Cold Asphalt, Pre-Fabricated Speed Bumps, Cement, Crusher Run and Aggregates For Concrete and Road Surfacing, Stormwater Pipes and Culverts For A Period Of Three Years	19-Jul-24	18-Jul-27	3 Years	Mr. Micha Geringer
2	Promptique Trading 77 CC t/a White Leopard Security	Provision For Armed Physical Security Services For A Period Of Three Years	30-Jul-24	29-Jul-27	3 Years	Mr. Jabulani Radebe
3	KMN Engineering	Maokeng/Constantia: Construction of 0,51km paved road and storm water at Messi Street.	27-Sept-24	31-May-25	8 Months	Ms. Selloane Modise
4	KMN Engineering	Maokeng (Constantia): Upgrading of the sewer pumpstation	27-Sept-24	31-May-25	8 Months	Ms. Selloane Modise
5	Gap-fill	Panel for supply, repair and maintenance on traffic equipment for a period of three years as and when necessary	27-Sept-24	26-Sept-27	3 Years	Mr. Louise Greeff
6	Musi Electrical Engineering Bohlabela Systems (Pty) Ltd Rhuone Projects and Plant Hire (Pty) Ltd Elegant Line Trading 785	Panel for supply, repair and maintenance of medium voltage electrical equipment for a period of three years as and when necessary	04-Oct-24	03-Oct-27	3 Years	Mr. Louise Greeff

NO	SERVICE PROVIDER/S	NAME OF PROJECT	START DATE OF CONTRACT	EXPIRY DATE OF CONTRACT	DURATION	CONTRACT MANAGER
	Umzamowonke Trading and Projects 2					
	Oakantswe Construction and Projects					
	Anego Africa Power Projects (Pty) Ltd					
	Khuwait Group JV					
	Jadewel Technical Services					
	A and A (Pty) Ltd					
/7	Musi Electrical Engineering	Panel for supply, repair and maintenance of faulty high voltage cables and equipment for a period of three years as and when necessary	11-Nov-24	10-Nov-27	3 Years	Mr. Louise Greeff
	CBI-Electric African Cables					
	On Point On Time Solutions					
8	Kunene Makopo Risk Insurance	Short Term Insurance For A Period Of Three Years	11-Nov-24	10-Nov-27	3 Years	Mr. Mphalane Mosese
9	Dlovukazi Trading 38 CC	Panel for supply, repair and maintenance of high voltage (66kV) equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	3 Years	Mr. Louise Greeff
	Rivera Consulting and Projects					
	Oakantswe Construction and Projects					
	Musi Electrical Engineering					
	Gap-fill					
	Khuwait Group JV					
	Bohlabela Systems (Pty) Ltd					
10	Khuwait Group JV	Panel for supply, repair and maintenance of faulty public lights and equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	3 Years	Mr. Louise Greeff
	Tlopo Construction					
	Umzamowonke Trading and Projects 2					
	Rivera Consulting and Projects					
	On Point On Time Solutions					
	Rhuone Projects and Plant Hire (Pty) Ltd					
	Nkanyezi Projects Solutions (Pty) Ltd					
	Oakantswe Construction and Projects					

NO	SERVICE PROVIDER/S	NAME OF PROJECT	START DATE OF CONTRACT	EXPIRY DATE OF CONTRACT	DURATION	CONTRACT MANAGER
	Musi Electrical Engineering					
	Rumano Electrical (Pty) Ltd					
	Ikageng Electrical Contractors					
11	On Point On Time Solutions	Panel for supply, repair and maintenance on electricity meters and equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	3 Years	Mr. Louise Greeff
	Jadewel Technical Services					
	Gap-fill					
	Nkanyezi Project Solutions (Pty) Ltd					
	Musi Electrical Engineering					
	Bohlabela Systems (Pty) Ltd					
	Inzalo Utility Management Services (Pty) Ltd					
	Rumano Electrical (Pty) Ltd					
	Gift Engineering CC					
	Umzamowonke Trading and Projects 2					
12	Vox Telecommunications	Appointment of a service provider for provision of internet services, bulk SMS, and Web hosting for a period of three years.	21-Nov-24	20-Nov-27	3 Years	Mr. Karabo Moroke
13	Aquatico Scientific (Pty) Ltd	Appointment Of A Service Provider For Water Quality Management, Monitoring of Drinking Water and Waste Water Quality, Sampling of Both Drinking And Waste Water Management of Blue and Green Drop System	11-Feb-25	10-Feb-28	3 Years	Ms. Emma Thema
14	1. Penguin Elektrics CC	Re-advertisement: Panel Of 10 Service Providers for Supply and Delivery Of Electrical Equipment for A Period Of Three Years As And When Needed.	11-Feb-25	10-Feb-28	3 Years	Mr. Louise Greeff
	2. Matjhabeng Electrical CC					
	3. Khuwait Holdings (Pty) Ltd					
	4. Electricivil Trading (Pty) Ltd					
	5. Matliduna (Pty) Ltd					
	6. KC Middleman Trading and Projects					
	7. Azhar Electronics CC					

NO	SERVICE PROVIDER/S	NAME OF PROJECT	START DATE OF CONTRACT	EXPIRY DATE OF CONTRACT	DURATION	CONTRACT MANAGER
	8. Azania Process Automation					
15	Outeniqua Leadership Institute	Re-Advertisement: Service Provider For Qualification Of Certificate Municipal Finance Management Programme For Moqhaka Local Municipality- SAQA ID: 48965 For A Period Of Three Years As And When Required	11-Feb-25	10-Feb-28	3 Years	Ms. Kekeletso Moabi
16	Sky Metro Equipment (Pty) Ltd	Appointment of Service Provider For Supply, Delivery, Installation, Deployment & Printing Services (Including Print Management Software) For A Period Of Three Years	11-Feb-25	10-Feb-28	3 Years	Ms. Selloane Tsekeli

5.13 GRAP COMPLIANCE

COMMENTS ON GRAP COMPLIANCE

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

The municipality complies with the requirements of all GRAP standards, which are effective and applicable to its environment. On a yearly basis, the Accounting Standard Board issues new/updated/revised standards, which are implemented accordingly by the municipality.

GRAP STANDARDS	
Audit Report Status*:	Qualified Audit Opinion
Standards not yet adopted	Remedial Action Taken
GRAP 32: Service Concession Arrangements: Grantors	Not yet effective.
GRAP 110: Living and Non-living resources	Not yet effective
IGRAP 17: Service Concession Arrangements Where a Grantor Controls a significant Residual Interest in an Asset	Not yet effective.
IGRAP 18: Interpretation of the Standard of GRAP on Liability to Pay Levies	Not yet effective.
IGRAP 19 : Interpretation of the Standard of GRAP on Liability to Pay Levies	Not yet effective.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The following table outlines the municipality's performance in the Audit outcomes from prior year to current financial year.

Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2024/25

6.1 AUDITOR GENERAL REPORTS 2024/25

Auditor-General Report on Financial Performance: 2023/24	
Audit Report Status*:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Annual Financial Statements	Management has appointed Accountant Financial reporting so as to ensure that the AFS are compiled and submitted on time.
Asset Management	The controls will be revisited and improved, to ensure that the investment reporting is in line with the requirements of the Municipal Investment Regulation 3 (3).
Expenditure Management	Controls have been implemented / improved to ensure that the irregular, fruitless and unauthorised expenditure is prevented by the municipality in line with section 62 (1) (d) of the MFMA.
Consequence Management	The municipality has established a Section 32 Committee, which is a committee of Council. To investigate and hold accountable all those officials who are contravening section 32 of the MFMA. A bulk of this S32 Expenditure relates to prior financial years, which are been investigate by the Committee.
Procurement and Contract Management	The SCM processes are been reviewed and improved on an ongoing basis, to ensure that all goods acquired by the municipality are in compliance with all SCM requirements.
T 6.1.1	

Auditor-General Report on Service Delivery Performance: 2024/25**	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
T 6.2.2	

COMPONENT B: AUDITOR-GENERAL OPINION 2024/25 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2024/25

Auditor-General Report on Financial Performance: 2024/25*	
Audit Report Status*:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Strategic Planning and Performance Management	Corrective measures have been put in place to ensure that all future amendments to the IDP are adequately publicised for comments as required by section 34 (b) of the Municipal Systems Act 32 of 2000.
Expenditure Management	Controls have been implemented / improved to ensure that the irregular, fruitless and unauthorised expenditure is prevented by the municipality in line with section 62 (1) (d) of the MFMA.
Consequence Management	The municipality has established a Section 32 Committee, which is a committee of Council. To investigate and hold accountable all those officials who are contravening section 32 of the MFMA. A bulk of this S32 Expenditure relates to prior financial years, which are been investigate by the Committee.
Procurement and Contract Management	The SCM processes are been reviewed and improved on an ongoing basis, to ensure that all goods acquired by the municipality are in compliance with all SCM requirements.
Conditional Grants	The municipality has devised measures to ensure that grants conditions are evaluated on a monthly basis and reported accordingly.
T 6.1.1	

Auditor-General Report on Service Delivery Performance: 2024/25**	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
T 6.2.2	

Report of the auditor-general to the Free State Provincial Legislature and the council on the Moqhaka Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Moqhaka Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moqhaka Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Employee benefit obligations

3. I was unable to obtain sufficient appropriate audit evidence for the post-retirement medical plan included in employee benefit obligations in note 19 to the financial statements, as the municipality did not provide adequate supporting documentation to confirm the inputs used by the experts in calculating the obligation amounts for the current year. I was unable to confirm the employee benefit obligations by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the post-retirement medical plan included in employee benefit obligations stated at R143 238 951 in note 19 of the financial statements.

Property, plant and equipment

4. The municipality did not account for infrastructure included in property, plant and equipment in note 12 to the financial statements in accordance with GRAP 21, *Impairment of non-cash generating assets*, as the municipality did not impair infrastructure assets where indicators of

impairment were identified. Consequently, infrastructure included in property, plant and equipment in note 12 to the financial statements was overstated by R50 880 718 (2024: R81 267 238) and impairment loss in note 44 to the financial statements was understated by the same amount. Additionally, there was an impact on the deficit for the year and the accumulated surplus.

5. Furthermore, the municipality did not account for the property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as the municipality did not review the useful lives of all assets at each reporting date, as required by the standard. As a result, property, plant and equipment with a gross carrying amount of R141 432 675 (2024: R161 216 888) had a zero net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of property, plant and equipment assets in note 12 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the deficit for the year and the accumulated surplus.

Service charges

6. The municipality did not recognise revenue from the sale of electricity and the sale of water included in service charges in note 21 to the financial statements in accordance with GRAP 9, *Revenue from exchange transactions*. This was because some electricity and water consumers were granted indigent subsidies even though they did not meet the minimum qualifying criteria in the current and corresponding periods. Consequently, this resulted in an understatement of the service charges by R28 330 001 (2024: R15 500 654) in note 21 to the financial statements and an understatement of electricity and water debtors included in receivables from exchange transactions in note 6 to the financial statements by the same amount. Additionally, there was an impact on the deficit for the year and the accumulated surplus.

Employee-related costs

7. The municipality did not account for basic salaries, bonus and overtime payments included in employee related costs in note 34 to the financial statements in accordance with GRAP 25, *Employee benefits*. This was because the municipality did not correctly account for short-term employee benefits due to overpayments from incorrect calculations and interpretations of policies. Consequently, this resulted in basic salaries, bonus and overtime payments included in employee related costs in note 34 to the financial statements being overstated by R43 590 190 and receivables from non-exchange transactions in note 7 to the financial statements were understated by the same amount. Additionally, there was an impact on the deficit for the year and the accumulated surplus.

Inventories

8. The municipality did not implement adequate systems to record consumable stores included in inventories in note 4 to the financial statements in accordance with GRAP 12, *Inventory*, as the municipality did not physically verify all inventory items in the current and corresponding periods. Consequently, consumable stores included in inventories in note 4 to the financial statements were overstated by R23 450 312 (2024: R23 450 312) and consumables stores included as part of general expenses in note 42 to the financial statements were overstated by the same amounts. Additionally, there was an impact on the deficit for the year and the accumulated surplus.

Context for opinion

9. 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.
10. 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
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty related to going concern

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.
13. Note 54 to the financial statements, indicates that the municipality incurred a net loss of R370 987 247 during the year ended 30 June 2025 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 030 690 911. In addition, the payables from exchange transactions for periods longer than 30 days amounted to R1 851 238 434 as at 30 June 2025, which were long overdue. These events or conditions, along with other matters as set forth in note 54, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unauthorised expenditure

15. As disclosed in note 48 to the financial statements, unauthorised expenditure of R302 201 224 (2024: R122 592 687) was incurred, due to the overspending of the budget.

Fruitless and wasteful expenditure

16. As disclosed in note 49 to the financial statements, fruitless and wasteful expenditure of R98 188 387 (2024: R25 469 770) was incurred due to interest incurred on unpaid debt.

Irregular expenditure

17. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R18 667 925 (2024: R83 899 225), due to non-compliance with supply chain management (SCM) requirements.

Material impairments

18. As disclosed in notes 6 and 7 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R1 115 105 349 (2024: R945 021 701) and R63 185 729 (2024: R53 618 203), respectively.

Material uncertainty relating to claims against the municipality

19. With reference to note 57 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

Restatement of corresponding figures

20. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Material losses

21. As disclosed in note 53 to the financial statements, material electricity losses of R246 067 536 (2024: R170 734 544) were incurred, mainly due to faulty meters, tampering or theft.
22. As disclosed in note 53 to the financial statements, material water losses of R82 783 827 (2024: R63 435 980) was incurred, mainly due to leakages, burst water pipes, line losses, tampering and theft.

Other matter

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

Unaudited disclosure notes

24. 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 audit of the financial statements

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

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

27. My objectives are to obtain reasonable assurance about whether the financial statements 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.

28. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx to xx, forms part of our auditor's report.

Report on the audit of the annual performance report

29. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
30. I selected the following KPA presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	Purpose
Service delivery and infrastructure development	XX	To provide and maintain basic services (i.e. water, sanitation, electricity, roads, waste management) to the community of the municipality.

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

32. 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 and for measures taken to improve performance

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

34. The material findings on the reported performance information for the selected KPA are as follows:

Service delivery and infrastructure development

% reduction in water losses in the municipal distribution area

35. The indicator was not clearly defined during the planning process, as the indicator measures the percentage reduction in water losses; however, the municipality incorrectly defined the method of calculation as the actual water losses percentage. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Other matters

36. I draw attention to the matters below.

Achievement of planned targets

37. 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.

38. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance

report. The measures taken to improve performance are included in the annual performance report on pages xx to xx

Service delivery and infrastructure development

Targets achieved: 50%		
Budget spent: 51,4%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of new electricity connections meeting minimum standards (KPI 2)	10	0
% electricity distribution losses (KWH billed/KWH acquired) (MFMA Circular 71) (KPI 3)	16,8%	28,58%
Kilometres of new paved roads to be built (KPI 6)	4 km	2,766 km
Kilometres of storm water drainages built, rehabilitated, or replaced in addition to existing one (KPI 7)	3,2 km	2,256 km
Sanitation Master Plan that meets prescribed requirements developed and approved by the Council. (KPI 8)	30 June	0
Number of new sewer connections meeting minimum standards (KPI 10)	10	3
Wastewater quality compliance according to the water use license (KPI 11)	96%	49%
Number of new water connections meeting minimum standards (KPI 14)	10	5
Number of sample tests conducted to measure the water quality (KPI 15)	1 779	901
Percentage of drinking water compliance to South African National Standards 241 (KPI 16)	95%	76%

Material misstatements

39. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for 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

40. 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.
41. 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.
42. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
43. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement, performance reports and annual reports

44. 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 in liabilities, and the disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Asset management

45. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
46. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
47. Funds were invested in shares of a private company, in contravention of municipal investment regulation 6.

Expenditure management

48. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R302 201 224, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending of the budget.
49. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R98 188 387 as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest costs due to non-payment of suppliers.
50. Reasonable steps were not taken to prevent irregular expenditure amounting to R18 667 925 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM legislation.
51. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Revenue management

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

Consequence management

53. Unauthorised 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) of the MFMA.
54. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

54. Senior managers were appointed without submitting proof of previous employment prior to signing employment contracts, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 4(4)(b).
55. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the Municipal Systems Act 32 of 2000 (MSA) and regulation 7(1) of Municipal Staff Regulations.

47. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.
58. The staff members did not enter into a performance agreement within the prescribed period, as required by regulation 35(1) of the Municipal Staff Regulations.

Governance and oversight management

59. The internal audit unit did not report to the audit committee on the implementation of the internal audit plan on matters relating to internal controls, as required by section 165(2)(b)(ii) of the MFMA.
60. The internal audit unit did not report to the audit committee on the implementation of the internal audit plan on matters relating to risk management, as required by section 165(2)(b)(iv) of the MFMA.
61. The internal audit unit did not report to the audit committee on the implementation of the internal audit plan on matters relating to performance management, as required by section 165(2)(b)(v) of the MFMA.
62. The internal audit unit did not report to the audit committee on the implementation of the internal audit plan on matters relating to compliance with MFMA, Dora, and any other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.
63. The internal audit unit did not submit quarterly reports on the audits of performance measurements of the auditee to the municipal manager and the performance audit committee, as required by regulation 14(1)(c)(ii) on Municipal Planning and Performance Management.
64. The performance audit committee did not review the quarterly reports submitted by the internal auditors on the audits of performance measurement as required by regulation 14(4)(a)(i) on Municipal Planning and Performance Management.
65. 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

66. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and

the selected KPA presented in the annual performance report that has been specifically reported on in this auditor's report.

67. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.
68. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
69. I did not receive other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be communicated. If the other information is not communicated, I may retract this auditor's report and re-issue an amended an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

70. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
71. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
72. Council and audit committee did not provide oversight responsibility regarding financial and performance reporting and compliance, and related internal controls was not exercised.
73. The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
74. The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
75. Council did not review and monitor compliance with applicable laws and regulations, resulting in prior material non-compliance being reported, as well as new emerging non-compliance.

76. The accounting officer did not ensure that there is an adequately resourced and functioning internal audit unit that identified internal control deficiencies and recommended corrective action effectively.
77. Audit committee did not ensure that it promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.
78. The accounting officer did not in all instances ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively
79. The accounting officer did not develop and monitor the implementation of action plans designed to address internal control deficiencies, and prior period findings were not addressed and resulting in some of them re-occurring.

Material irregularities

80. 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

Eskom not paid within prescribed period

81. The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom for the bulk purchase of electricity were paid within the prescribed period after receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R17 815 284 for the financial year ended 30 June 2022. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.
82. The accounting officer was notified of the material irregularity on 28 November 2022. The accounting officer did not take appropriate action to address the material irregularity. I recommended that the accounting officer should take the following actions to address the material irregularity, which should have been implemented by 30 June 2024 with progress reports every two months:

- Appropriate action should be taken to commence with implementation of the financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by section 65(2)(e) of the MFMA. The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategy to:
 - a) Increase revenue;
 - b) Increase the collection of revenue;
 - c) Efficiently manage the available resources of the municipality by accurate budgeting, budget management and cost cutting; and
 - d) Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

83. The accounting officer has not adequately implemented or made satisfactorily progress with implementation of the above recommendation. I notified the accounting officer on 28 February 2025 of the following remedial actions to address the material irregularity, which must have been implemented by 24 August 2025, with a progress report every two months:

- Appropriate actions must be taken to commence with the implementation of the revenue enhancement turnaround strategies of the municipality to address the financial problems that are preventing the municipality from paying Eskom within 30 days, as required by section 65(2)(e) of the MFMA. The strategies to be implemented must include anticipated timeframes for the following measures:
 - a) Increase revenue;
 - b) Increase the collection of revenue;
 - c) Efficiently manage the available resources of the municipality through cost containment measures and proper budget management; and
 - d) Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

84. In support of the actions taken in implementing the remedial actions, the accounting officer submitted a progress report on 22 August 2025 and a final response and substantiating documentation on 19 September 2025.

85. The municipality was accepted to participate in the Eskom Debt Relief Programme and therefore is this part of the remedial action resolved. The remaining actions in (a) to (c) above, have however not been adequately implemented and I am in the process of making a decision on further actions to be taken.

Pollution of water resource not prevented – Kroonstad Wastewater Treatment Works

86. The Kroonstad Wastewater Treatment Works has not been operating effectively and in need of maintenance and repair work. This has resulted in continued spilling and discharge of raw / untreated sewerage into the adjacent environment, including the groundwater, the Vals River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 and section 19(1) of the National Water Act 36 of 1998. The discharge of raw / untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.
87. The accounting officer was notified of this material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the Department of Water and Sanitation (DWS) for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by DWS on the same day, and the investigation is currently in progress.

Pollution of water resource not prevented – Viljoenskroon Wastewater Treatment Works

88. The Viljoenskroon Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewerage into the adjacent environment, including the groundwater, Olifantsdrift River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 and section 19(1) of the National Water Act 36 of 1998. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.
89. The accounting officer was notified of this material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the DWS for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by DWS on the same day, and the investigation is currently in progress.

Auditor - General.

Bloemfontein

29 November 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

- **Annexure to the auditor's report**

1. The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

5. 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
6. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), Sections: 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), Sections: 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), Sections: 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), Sections: 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), Sections: 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections: 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), Sections: 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), Sections: 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), Sections: 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, Sections: 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), Regulations: 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), Regulations: 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), Regulations: 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), Regulations: 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), Regulations: 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations: 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act 24 of 2024	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), Sections: 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a),

Legislation	Sections or regulations
	Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, Sections: 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), Regulations: 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), Regulations: 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), Regulations: 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), Regulation 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

GLOSSARY

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

	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mofokeng TG	PT	IDP,Community,Municipal Infrastructure and Technical, MPAC	2 ANC	70	30
Tau RD	FT	FINANCE MMC	1 ANC	100	0
Louwrence L	PT	Corporate,IDP	DA	100	0
Lulama MR	FT	Policy, Monitoring And Evaluation MMC	4 ANC	90	10
Marapo S	PT	Finance, Community Services,Municipal Infrastructure	5 ANC	85	15
Baba MN	PT	Corporate,Finance,Monitoring and Evaluation,Public Safety,MPAC	6 ANC	70	30
Sekhesa L	PT	Finance,Human Settlement,MPAC	7 ANC	90	10
Sello T	PT	TECHNICAL,Community Services,Human Settlement, Finance	8 ANC	100	0
Ntsala T	FT	MMC TECHNICAL	9 ANC	100	0
Rankokosane D	PT	Finance,IDP,Technical,MPAC, Policy, Monitoring and Evaluation	10 ANC	80	20
Maakoko MP	PT	Corporate,Finance,IDP,Monitoring and Evaluation	11 ANC	85	15
Ramoolla J	PT	LED,Monitoring and Evaluation,Public Safety, Corporate	12 ANC	85	15
Botha A	FT	MPAC Chairperson	13 ANC	100	0
Sesing I	PT	MMC TECHNICAL	14 ANC	100	0
Ramathibe S	FT	MMC COMMUNITY SERVICES	15 ANC	100	0

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Van Heerden L	PT	Technical,Community Services, Policy, Monitoring and Evaluation, Human Settlement	VF	100	0
Nzungu D	PT	Finance,Community Services	DA	100	0
Tshabalala MP	FT	MMC PUBLIC SAFETY	18 ANC	100	0
Mokatsane EM	FT	Executive Mayor	19 ANC	90	10
Ramajoe L	FT	MMC LED AND PLANNING	20 ANC	100	0
Phamotse P	FT	MMC HUMAN SETTLEMENT	21 ANC	100	0
Rodericks K	PT	Public Safety,LED, Technical	22 ANC	80	20
Boeie HME	PT	Community Services, Policy, Monitoring and Evaluation	16 DA	100	0
Nolo NM	PT	Public Safety,Community Services	EFF	100	0
Mpele MPE	PT	Corporate,Finance,LED	DA	100	0
Saaiman CJ	PT	Corporate,Finance	VF	90	10
Thebe EMM	PT	Corporate,Technical, Human Settlement	MCF	100	0
Lebone NS	PT	Corporate,Monitoring and Evaluation	EFF	65	35
Meko J	PT	Finance,Technical	EFF	85	15
Geldenhuis J	PT	IDP, Technical	DA	100	0
Jordaan A	PT	Public Safety,IDP,LED, MPAC	VF	100	0
Motsoeneng SM	PT	LED,IDP	EFF	90	10
Tloome C	PT	IDP,Monitoring and Evaluation	MCF	100	0
Chabalala SM	PT	LED,Human Settlement	DA	90	10
Muller N	PT	Public Safety,Human Settlement	DA	90	10
Van Schalkwyk L	PT	Public Safety	DA	100	0
Mokoena PS	PT	Public Safety	MCF	100	0
Serapela DJ	PT	Human Settlement	EFF	80	20
Ramovha S	PT	Finance	PAU	90	10
Khiba SV	FT	Speaker	ANC	80	20

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Semakale M	FT	Council Whip	ANC	90	10
Khotle M	FT	MMC IDP	ANC	90	10
Dalton CM	PT	Monitoring and Evaluation, Technical	DA	100	0
Pittaway S	PT	MPAC	DA	100	0

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Community and Social Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Corporate Support Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Local Economic Development and Planning Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
IDP Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Spatial Development and Human Settlement Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
municipal infrastructure and Technical Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Public Safety and Transport Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Policy Development and Monitoring Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Finance, Audit and Risk Management Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Municipal Public Accounts Committee	Roles and responsibilities as outlined by section 129 of the MFMA and the National Treasury guidelines issued in MFMA Circular 32 (18 March 2006)

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Chief Internal Auditor
Ms P H Tshabalala 1 July 2022 - 29 February 2023 I S Mokgatle 1 March 2023 - 30 June 2023	Mr V Thantsi
	Manager: IDP
	Mr T Leie
	Manager: PMS
	Ms Eunice Lungu
CHIEF FINANCIAL OFFICER	Manager Revenue
Mr J. Maswanganyi 1 July 2022 - 31 December 2022	Mr S Theletsane
Mr R Buys 1 Jan 2023 - 30 June 2023	Manager: Expenditure
	Mr J Muller
	Manager Budget
	Mrs I Mokheseng
	Manager: SCM
	Mrs R Visagie
Technical Services	Manager: PMU
DIRECTOR: Technical Services Mr I S Mokgatle	Mrs P. Botha
	Manager: Electricity
	Mr Greef (Acting)
	Assistant Manager: Water And Sanitation
	Ms L. Ngobeni
	Manager: Roads
	Mr M. Geringer
Corporate services	Manager: Human Resources
DIRECTOR: Corporate Services Mr R. Odendaal 1 July - 31 Dec 2022 Ms T Maqena 1 January 2023- 30 June 2023	Mrs G Ramaboea
	Manager: Information Technology
	Mr K. Moroke
	Manager Records and Administration: ML Maqena
Community and Emergency Services	
Director: Community and Emergency Services Mr T A Qhena 1 July 2022 - 31 December 2022 Ms D van Der Westhuizen 1 Jan 2023 - 31 March 2023 Mr M A Rakgase 1 April 2023 - 30 June 2023	Manager: Solid Waste
	Mr. T. Qhena
	Manager Parks, sports and Recreation
	Mr M P Gavhi
	Chief Fire Officer
	Mr L Ingram
	Chief: Traffic Services

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes /No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr Tau Ramasimong	Yes	00	00	01
Secretary	1. Lebuso Relebohile 2. Mofokeng Malitaba 3. Qhemekoane Matsela 4. Rantonono Merriam 5. Maoke Kgathe tse 6. Checha Qacha 7. Kele Letsheleha 8. Khala Mmaseabata				
2	Cllr Thabo Mofokeng	Yes	00	00	02
Secretary	1. Sefako Zukile 2. Mokoena Mathato 3. Gambu Nkadi 4. Lipholo Phillip 5. Motaung Jonas 6. Ntjepela Mamosuwa 7. Madillo Mabitsela				
3	Cllr Linda Louwrens	Yes	12	12	04
Secretary	1. Louwrens Johannes 2. Petrus Wilhelmina 3. Patsa Nomasonto 4. Vorster Elizabeth 5. Mati Selloane 6. Gullett David 7. Chabana Pheleu 8. Taje Molesioa 9. Gullet Susara				
4	Cllr Moipone Lulama	Yes	02		02
Secretary	1. Theletsane Donald 2. Moletsane Puseletso				

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
	3. Taleng Moeketsi 4. Makume Tshadi 5. Malefane Manthofela 6. Mosupa Pulane 7. Thaele Alina 8. Manthinjwa Mantibane 9. Malete-Mosia Mmawesi				
5	CLlr Marapo Sello	Yes	02	00	02
Secretary	1. Mahlatsi Seipati 2. Lechalaba Palesa 3. Sefatsa Themba 4. Mogoje Popie 5. Sehlare Pulane 6. Mpevana Angelina 7. Koloti Matlakala 8. Ndesi Vusi 9. Poolo Mmane				
6	CLlr Mzimkhulu Baba	Yes	00	00	01
Secretary	1. Mthombeni Mantwa 2. Khumalo Maletsatsi 3. Hlalele Mantoa 4. Tsoeu Thabang 5. Rasenyalo Dineo 6. Makhanda Fatima 7. Ramarou Caslina 8. Mokhoanazi Aria				
7	CLlr Lebohang Sekhesa	Yes	05	05	01
	1. Nkhabanyane Joshua 2. Matube Masabata 3. Tsoeu Lerato 4. Khaoue Tsietsi 5. Mokone Mojalefa 6. Makibinyane Motseki 7. Mokhele Pulane 8. Makoko Motsei				

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
8	Cllr Tsoto Sello	Yes	06	10	10
Secretary	1. Makale Kgomotso 2. Mphuthi Thuli 3. Boditsi Alice 4. Mogatladi Anna 5. Rapulungoana Katleho 6. Thipe Matiisetso 7. Theletsane Mokhele 8. Tshabalala Madillo 9. Molapisi Masiadimo 10. Maseko Tello				
9	Cllr Tshokolo Ntsala	Yes	00	06	00
	1. Shoro Refilwe 2. Mpenga Mamile 3. Maishoane Theko 4. Mmatli Issac 5. Matsabu Mankosi 6. Moloi Elizabeth 7. Mabaso Rudolph 8. Makoko Faith				
10	Cllr David Rankokosane	Yes	04	10	03
Secretary	1. Lesole Agnicia 2. Moleleki Aletta 3. Tshezi Maria 4. Malakoane Motsamai 5. Plank Anna 6. Katane Ntjanyana 7. Pakoe Francina 8. Mokebe Molefi 9. Motiea Jerry 10. Mokhatla Nomvula				
11	Cllr Paul Makoko	Yes	03	08	02
	1. Hlalele Thabiso 2. Makala Tlhabedi 3. Khambule Gabriel				

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
	4. Meje Molefi 5. Manare Lydia 6. Papashane Chabedi 7. Shonqulo Anna 8. Ranthimo Moliehi 9. Manare Chegofatso 10. Tseisi Michael				
12	Cllr Moeketsi Ramolla	Yes	00	04	00
Secretary	1. Tonjane Elias 2. Seselinyane Tlholokgelo 3. Maakhathe Alina 4. Lani Joyce 5. Radipolane Molete 6. Ramotshehoa Palesa 7. Mafisa Thabiso 8. Marumo Madipuo 9. Paleli Ditaba				
13	Cllr Adriaan Botha	Yes	02	14	02
Secretary	1. Hleli Olive 2. Chabeli Sophia 3. Monare Nora 4. Coetzee Joyce 5. Rabannye Tshokolo 6. Lechalaba Sara 7. Sefatsa Seipati 8. Petrus Devona 9. Moroe Lerato				
14	Cllr Itumeleng Sesing	Yes	02	05	01
Secretary	1. Miya Bongane 2. Mosebi Raletsoho 3. Poonyane Dieketseng 4. Booi Zithulele 5. Maruluba Aaron 6. Bomvu Mapopo 7. Lehlekiso Nthabiseng 8. Chomane Mahohodi 9. Semousu Malerato				

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
15	Cllr Solomon Ramathibe	Yes	01	00	04
Secretary	1. Hlapane Mathato 2. Modisenyane Violet 3. Khampepe Sheilar 4. Nolo Lerato 5. Likotsi Diau 6. Mojaki Daphney 7. Mehlo Vuyisile 8. Moreki Mpho				
16	Cllr Maria Elizabeth Boeije	Yes	01	09	01
Secretary	1. Mariti Morena 2. Morapeli Majane 3. Motot Matseko 4. Tsolo Thibella 5. Mokotedi Elizabeth 6. Mohoje Maipato 7. Mokalanyane Molefi 8. Van Niekerk Alfonso 9. Van Niekerk Jo-nne				
17	Cllr Johan Geldenhuys	No	00	00	01
18	Cllr Moeketsi Tshabalala	Yes	01	00	07
Secretary	1. Makhanya Mokete 2. Phama Diphapang 3. Matosela Jwalane 4. Dimo Molefi 5. Ngalo Moleboheng 6. Lebitso Merriam 7. Nkoalane Motshidisi 8. Makume Leeu 9. Ramatsa Dikeledi 10.				
19	Cllr Elias Mokatsane	Yes	00	00	02
Secretary	1. Sehla Ditsietsi 2. Thezane Mohanuwa 3. Getyes Nomayeza 4. Tieli Mohau				

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
	5. Mahola Seipati 6. Duma Teboho 7. Kometsi Kamohelo 8. Ntjiyo Vusi 9.				
20	Cllr Enoch Ramajoe	Yes	00	00	01
Secretary	1. Mosia Masabata 2. Phakeli Molebogeng 3. Khanyile Thembekile 4. Molefi Motlalepule 5. Buso Masina 6. Makoaba Johannes 7. Rapitso Sibongile				
21	Cllr Pule Phamotse	Yes	01	07	02
Secretary	1. Hlatshwayo Sonnyboy 2. Tatsi Simon 3. Mahoko Iren 4. Marupelo Masabata 5. Modungwa Mathapelo 6. Moleleki Modiehi 7. Ntseng Dikeledi 8. Golisi Matshediso 9. Makhaalanyane Masekhlo				
22	Cllr Roderick Kamla	Yes	02	08	02
Secretary	1. Mbele Molonya 2. Lever Fani 3. Phai Matshediso 4. Motete Selinah 5. Modibedi Maipato 6. Matshetezi Gladys 7. Phindane Meisi 8. Motsemme Lydia 9. Menziwe Ingrid				

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2024/25 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Maokeng /Constantia: Construction of 0.51km paved road and storm water at Messi Street	04-Nov-24	31-Jul-25	R4 457 826,00
2	Maokeng /Brentpark: Construction of 1.316km paved road and storm water at Canon Street (MIS:517414)	11-Mar-24	30-Jun-25	R13 197 956,68
3	Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation	15-Jan-24	30-Jun-25	R18 550 142,21
4	Maokeng (Constantia): Upgrading of the sewer pump station (MIS:462956)	11-Nov-24	30-Aug-25	R10 621 285,00
5	Refurbishment of Kroonstad Waste Water Plant - Phase 2	13-Feb-23	12-Nov-25	R112 330 392,83
6	Maokeng : Gelukwaarts - Upgrading of Masionne and Stiloane Street (0.796km) to a paved road	16-Jan-24	12-Dec-24	R17 791 257.38
7	Maokeng/Seisoville : Construction Of 1.46km Paved Road And Storm Water At Mahabane Street	16-Jan-24	27-Sept-24	R14 681 589.52
				<i>T F.1</i>

Basic Service Provision					
2024/25					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	34 644	34 444	29 098	34 644	
Households without minimum service delivery	0	205	3 576	0	
Total Households*	34 644	34 644	33 544	34 644	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T.F.2

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/25

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2024/25	Recommendations adopted (enter Yes) If not adopted (provide explanation)
30 August 2024	<u>Draft Annual Financial Statements</u> Management must address the internal audit, external quality reviewer and Provincial Treasury findings on the review of the AFS before submitting to the AGSA and submit an updated draft with corrections.	Yes
	Management must finalise the outstanding sections and submit the revised draft set before submitting to AGSA.	Yes
	<u>Draft Annual Performance Assessment Report</u>	
	Management must attend to the corrections highlighted by the Committee, Internal Audit as well as the AGSA before submitting the final draft to AGSA.	Yes
05 November 2024	<u>Audit Strategy 2023/24</u> Management must assist the auditors by timely providing the requested information and guiding the auditors on how to efficiently use the information provided for the audit.	Yes
	<u>Progress of the audit and matters of concern</u> ICT and the entire management should urgently attend to all the outstanding issues and submit responses to AGSA to avoid having scope limitation findings.	Yes
	The Audit Steering Committee should be resuscitated and should sit to deal with all the audit-related issues.	Yes
22 November 2024	<u>Final Management Report and Draft Audit Report 2023/24</u>	
	Management must submit the outstanding information, which could still assist in removing some of the qualification paragraph, and start working on preventative controls to improve the audit opinion.	Yes
T G		

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2024/25)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
1. Carboncor Distribution South Africa	Panel For The Supply and Delivery of Barrier Road Kerbs, Paving Slabs, Catch Pits, Square Manhole Covers, Erosion Protection Blocks, Hot Asphalt, Pothole Patching With Cold Asphalt, Pre-Fabricated Speed Bumps, Cement, Crusher Run and Aggregates For Concrete and Road Surfacing, Stormwater Pipes and Culverts For A Period Of Three Years	19-Jul-24	18-Jul-27	Mr. Micha Geringer	As and When Needed
2. Lebisang Kattlehong Trading		19-Jul-24			As and When Needed
3. Azania Process Automation		19-Jul-24			As and When Needed
4. Azhar Electronics T/A Kroon Hardware		19-Jul-24			As and When Needed
Promptique Trading 77 CC t/a White Leopard Security	Provision For Armed Physical Security Services For A Period Of Three Years	30-Jul-24	29-Jul-27	Mr. Jabulani Radebe	R 134 935 881,12
KMN Engineering	Maokeng/Constantia: Construction of 0,51km paved road and storm water at Messi Street.	27-Sep-24	26-May-25	Ms. Selloane Modise	R 3 764 261.00
KMN Engineering	Maokeng (Constantia): Upgrading of the sewer pumpstation	27-Sep-24	26-May-24	Ms. Selloane Modise	R 7 794 408.45
Gap-fill	Panel for supply, repair and maintenance on traffic equipment for a period of three years as and when necessary	27-Sep-24	26-Sep-27	Mr. Louise Greeff	As and When Needed
1. Musi Electrical Engineering	Panel for supply, repair and maintenance of medium voltage electrical equipment for a period of three years as and when necessary	04-Oct-24	03-Oct-27	Mr. Louise Greeff	As and When Needed
2. Bohlabela Systems (Pty) Ltd		04-Oct-24	03-Oct-27		As and When Needed
3. Rhuone Projects and Plant Hire (Pty) Ltd		04-Oct-24	03-Oct-27		As and When Needed
4. Elegant Line Trading 785		04-Oct-24	03-Oct-27		As and When Needed
5. Umzamowonke Trading and Projects 2		04-Oct-24	03-Oct-27		As and When Needed
6. Oakantswe Construction and Projects		04-Oct-24	03-Oct-27		As and When Needed
7. Anego Africa Power Projects (Pty) Ltd		04-Oct-24	03-Oct-27		As and When Needed
8. Khuwait Group JV		04-Oct-24	03-Oct-27		As and When Needed
9. Jadewel Technical Services		04-Oct-24	03-Oct-27		As and When Needed
10. A and A (Pty) Ltd		04-Oct-24	03-Oct-27		As and When Needed

Long Term Contracts (20 Largest Contracts Entered into during 2024/25)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
1. Musi Electrical Engineering	Panel for supply, repair and maintenance of faulty high voltage cables and equipment for a period of three years as and when necessary	11-Nov-24	10-Nov-27	Mr. Louise Greeff	As and When Needed
2. CBI-Electric African Cables		11-Nov-24	10-Nov-27		As and When Needed
3. On Point On Time Solutions		11-Nov-24	10-Nov-27		As and When Needed
Kunene Makopo Risk Insurance	Short Term Insurance For A Period Of Three Years	11-Nov-24	10-Nov-27	Mr. Mphalane Mosese	R 3 143 540,67
1. Dlovukazi Trading 38 CC	Panel for supply, repair and maintenance of high voltage (66kV) equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	Mr. Louise Greeff	As and When Needed
2. Rivera Consulting and Projects		12-Nov-24	11-Nov-27		As and When Needed
3. Oakantswe Construction and Projects		12-Nov-24	11-Nov-27		As and When Needed
4. Musi Electrical Engineering		12-Nov-24	11-Nov-27		As and When Needed
5. Gap-fill		12-Nov-24	11-Nov-27		As and When Needed
6. Khuwait Group JV		12-Nov-24	11-Nov-27		As and When Needed
7. Bohlabela Systems (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
1. Khuwait Group JV Tlopo Construction	Panel for supply, repair and maintenance of faulty public lights and equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	Mr. Louise Greeff	As and When Needed
2. Umzamowonke Trading and Projects 2		12-Nov-24	11-Nov-27		As and When Needed
3. Rivera Consulting and Projects		12-Nov-24	11-Nov-27		As and When Needed
4. On Point On Time Solutions		12-Nov-24	11-Nov-27		As and When Needed
5. Rhuone Projects and Plant Hire (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
6. Nkanyezi Projects Solutions (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
7. Oakantswe Construction and Projects		12-Nov-24	11-Nov-27		As and When Needed
8. Musi Electrical Engineering		12-Nov-24	11-Nov-27		As and When Needed
9. Rumano Electrical (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
10. Ikageng Electrical Contractors		12-Nov-24	11-Nov-27		As and When Needed
1. On Point On Time Solutions	Panel for supply, repair and maintenance on electricity meters and equipment for a period of three years as and when necessary	12-Nov-24	11-Nov-27	Mr. Louise Greeff	As and When Needed
2. Jadewel Technical Services		12-Nov-24	11-Nov-27		As and When Needed
3. Gap-fill		12-Nov-24	11-Nov-27		As and When Needed

Long Term Contracts (20 Largest Contracts Entered into during 2024/25)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
4. Nkanyezi Project Solutions (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
5. Musi Electrical Engineering		12-Nov-24	11-Nov-27		As and When Needed
6. Bohlabela Systems (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
7. Inzalo Utility Management Services (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
8. Rumano Electrical (Pty) Ltd		12-Nov-24	11-Nov-27		As and When Needed
9. Gift Engineering CC		14-Nov-24	13-Nov-27		As and When Needed
10. Umzamowonke Trading and Projects 2		12-Nov-24	11-Nov-27		As and When Needed
Vox Telecommunications	Appointment of a service provider for provision of internet services, bulk SMS, and Web hosting for a period of three years.	21-Nov-24		Mr. Karabo Moroke	R 3 621 580,92
Aquatico Scientific (Pty) Ltd	Appointment Of A Service Provider For Water Quality Management, Monitoring of Drinking Water and Waste Water Quality, Sampling of Both Drinking And Waste Water Management of Blue and Green Drop System	11-Feb-25	11-Feb-25	Ms. Emma Thema	As and When Needed
1. Penguin Elektrics CC	Re-advertisement: Panel Of 10 Service Providers for Supply and Delivery Of Electrical Equipment for A Period Of Three Years As And When Needed.	11-Feb-25	10-Feb-28	Mr. Louise Greeff	As and When Needed
2. Matjhabeng Electrical CC		11-Feb-25			As and When Needed
3. Khuwait Holdings (Pty) Ltd		11-Feb-25			As and When Needed
4. Electricivil Trading (Pty) Ltd		11-Feb-25			As and When Needed
5. Matliduna (Pty) Ltd		11-Feb-25			As and When Needed
6. KC Middleman Trading and Projects		11-Feb-25			As and When Needed
7. Azhar Electronics CC		11-Feb-25			As and When Needed
8. Azania Process Automation		11-Feb-25			As and When Needed
Outeniqua Leadership Institute	Re-Advertisement: Service Provider For Qualification Of Certificate Municipal Finance Management Programme For Moqhaka Local Municipality- SAQA ID: 48965 For A Period Of Three Years As And When Required	11-Feb-25	11-Feb-25	Ms. Kekeletso Moabi	R19 500 per Study Unit.

Long Term Contracts (20 Largest Contracts Entered into during 2024/25)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Sky Metro Equipment (Pty) Ltd	Appointment of Service Provider For Supply, Delivery, Installation, Deployment & Printing Services (Including Print Management Software) For A Period Of Three Years	11-Feb-25	11-Feb-25	Ms. Selloane Tsekeli	R245 580.00 per month
					<i>TH.1</i>

Public Private Partnerships Entered into during 2024/25					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2018/19
None entered into.					
					<i>TH.2</i>

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Technical Services	PMU	Fypson Consulting	Maokeng, Gelukwaarts Upgrading of Malone and Stiloane Street (0.796km) to a paved road	1 year	2	2	Good performance	None
Technical Services	PMU	Sethabelo Tradings 647	Maokeng/Brentpark Construction of 1.5ml steel reservoir 0.5ml elevated tank and pump station	1 year	2	2	Good performance	None
Technical Services	PMU	African Engineering and Construction Solution	Rehabilitation of the Kroonstad Waste Water Treatment Works Phase 2	18 Months	3	3	Very good performance	None
Technical Services	PMU	Baitseanape Consulting Engineers	Maokeng/Brentpark construction of 1.316km paved road and stormwater at Canon Street.	1 year	2	2	Good performance	None
Technical Services	PMU	V3 Consulting Engineers (Pty) Ltd	Maokeng/Brentpark: Construction of 1.5ml steel reservoir 0.5ml elevated tank and pump station.	1 year	2	2	Good performance	None
Technical Services	PMU	Amulet Group, Linomtha Construction and	Rehabilitation of the Kroonstad Waster Water Treatment Works Phase 2	15 Months	2	2	Good performance	None

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
		NYC Water and Mining JV						
Technical Services	PMU	Phetohogo Consulting (Pty) Ltd	Maokeng/Constantia Construction of 0.51 km paved road and storm water at Messi Street	9 months	2	2	Good performance	None
Technical Services	Electricity	Kent Electrical Services CC	Refurbishment/Repair of Faulty Public Lights	3 years	3	3	Very good performance	None
Technical Services	Electricity	Gap-Fill (Pty) Ltd	Supply, repair, replacement and maintenance of Electricity meters.	3 years	3	3	Very good performance	None
Technical Services	Electricity	Penguin Elektrics CC	Supply and delivery of electrical equipment	3 years	3	3	Very good Performance	None
Technical Services	Electricity	ATC (Pty) Ltd/T/A CBI Electric African Cables	Supply, repair and maintenance on high voltage cables.	3 years	3	3	Very good performance	None
Community and Social Services	Solid Waste Management	Molahlwa Investments Holdings	Refuse Compactor Trucks.	3 years	4	4	Excellent Performance	None
Community and Social Services	Solid Waste Management	Sebenza Engineering Projects	Refuse Compactor Trucks	3 years	2	2	Good Performance	None
Community and Social Services	Security Services	White Leopard Security	Rendering assets protection, access, and egress control.	3 years	2	2	Good performance	None
Corporate Support Services	Legal Section	Khumalo Masondo Attorneys	Legal matters	3 years	3	3	Very good performance	None
Corporate Support Services	Legal Section	Du Randt & Louw	Legal matters	3 years	3	3	Very Good Performance	None

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Corporate Support Services	Legal Section	Malebogo Maeyane Attorneys	Legal Matters	3 years	3	3	Very good performance	None
Corporate Support Services	Legal	Peyper Attorneys	Legal Maaters	3 years	3	3	Very good performance	
Corporate Support Services	Legal	Majavu Incorporated	Legal Matters	3 years	3	3	Very good performance	None
Corporate Support Services	Occupational Health and Safety	NNY Health	Medical Surveillance3 years	3 years	4	4	Excellent Performance	None
Corporate Support Services	Occupational Health and Safety	Toll Assist	PPE	3 Years	4	4	Excellent Performance	None
Corporate Support Services	Occupational Health and Safetyq	Lebisang Katlehong	PPE	3 Years	3	3	Very Good performance	None
Corporate Support Services	Occupational Health and Safety	Dipoho Trading	PPE	3 Years	4	4	Excellent Performance	None
Corporate Support Services	Occupational Health and Safety	Stebu Trading	PPE	3 YEARS	2	2	Good performance	None

Disclosures of Financial Interests		
Period 1 July to 30 June of 2024/25 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor Member of MayCo / Exco		Nil
		Nil
Councillors		Nil
Municipal Manager		Nil
Chief Financial Officer		Nil
Deputy MM and (Executive) Directors		Nil
Other S57 Officials		Nil

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APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							
	R' 000						
Vote Description	2022/23	2023/24	Current: 20224/25			2024/25 Variance	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Councillors - Vote 1	177 745	191 904	191 904	191 904	191 904	0%	0%
Municipal Manager - Vote 2	-	-	-	-	-	0%	0%
Corporate Services - Vote 3	1 181	1 247	1 247	1 247	1 247	0%	0%
Finance Services - Vote 4	87 766	95 437	95 437	95 437	95 437	0%	0%
Technical Services - Vote 5	833 271	876 067	876 067	876 067	876 067	0%	0%
Community Services - Vote 6	74 417	79 571	79 571	79 571	79 571	0%	0%
LED and Planning - Vote 7	17 782	18 715	18 715	18 715	18 715	0%	0%
Total Revenue by Vote	1 192 162	1 262 941	1 262 941	1 262 941	1 262 941	0%	0%
T K.1							

Revenue Collection Performance by Source							
R '000							
Description	2022/23	2023/24	2024/25			2024/25 Variance	
	Actual Revenue	Actual Revenue	Original Budget	Adjustment Budget	Actual Collected	Original Budget	Adjustment Budget
Property rates	82 052	88 207	90 811	90 811	58 925 724	64788.31%	64788.31%
Property rates - penalties & collection charges	-	-	-	-	0	0.00%	0.00%
Service Charges - electricity revenue	334 124	394 117	547 229	547 229	434 289	-20.64%	-20.64%
Service Charges - water revenue	155 608	173 070	195 400	195 400	66 198	-66.12%	-66.12%
Service Charges - sanitation revenue	60 516	65 897	69 800	69 800	36 740	-47.36%	-47.36%
Service Charges - refuse revenue	43 000	46 961	48 564	48 564	24 259	-50.05%	-50.05%
Service Charges - other	63 572	114 773	92 497	92 497	40 670	-	-
Rentals of facilities and equipment	-	-	-	-	0	56.03%	-56.03%
Interest earned - external investments	-	-	-	-	0	0.00%	0.00%
Interest earned - outstanding debtors	-	-	-	-	0	0.00%	0.00%
Dividends received	-	-	-	-	0	0.00%	0.00%
Fines	-	-	-	-	0	0.00%	0.00%
Licences and permits	-	-	-	-	0	0.00%	0.00%
Agency services	-	-	-	-	0	0.00%	0.00%
Transfers recognised - operational	261 818	284475	301 627	277 387	276 313	0.00%	0.00%
Other revenue	-	-	-	-	0	-8.39%	-0.36%
Gains on disposal of PPE	-	-	-	-	0	0.00%	0.00%
Environmental Protection	-	-	-	-	0	0.00%	0.00%
Total Revenue (excluding capital transfers and contributions)	1 000 690	1 167 500	1 345 928	1 321 688	59 804 193	97.75%	97.79%
TK.2							

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	-		-	-	-	
Public Transport Infrastructure and Systems Grant	-		-	-	-	
<i>Other Specify:</i>	-		-	-	-	
Total	-	-	-	-	-	
						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The municipality did not receive any additional conditional grants in this regard.

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

Capital Expenditure - New Assets Programme*							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class					0%		
Infrastructure - Total	4 354	7 800	7 830	14 302	-	-	-
Infrastructure: Road transport - Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	1 433	2 124	2 124	2 265	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>	1 433	2 124	2 124	2 265			
<i>Street Lighting</i>							
Infrastructure: Water - Total	2 673	5 676	5 706	10 300	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	2 673	5 676	5 706	10 300			
Infrastructure: Sanitation - Total	248	-	-	1 737	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>	248			1 737		-	-
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>		-	-	-			
Community - Total	-	-	-	-	-	-	-
<i>Parks & gardens</i>					-	-	-

Capital Expenditure - New Assets Programme*							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Table continued next page							

Table continued from previous page							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	10 077	23 273	47 220	6 228	-	-	-
General vehicles	6 565	4 781	31 397	1 380			
Specialised vehicles			-	-			
Plant & equipment	1 339	7 199	4 942	428			
Computers - hardware/equipment	1 225	2 500	2 680	3 282			

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	70 847	65 640	64 437	72 387	-	-	-
Infrastructure: Road transport - Total	21 578		30 260	27 028	-	-	-
Roads, Pavements & Bridges	21 578	30 710	30 260	27 028			
Storm water							
Infrastructure: Electricity - Total	2 452	-	-	-	-	-	-
Generation							
Transmission & Reticulation	2 452						
Street Lighting							
Infrastructure: Water - Total	19 113	-	-	7 087	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation	19 113			7 087			
Infrastructure: Sanitation - Total	27 704	31 183	30 683	36 070	-	-	-
Reticulation	27 704	31 183	30 683	36 070			
Sewerage purification							
Infrastructure: Other - Total	-	3 147	3 494	2 202	-	-	-
Waste Management		3 147	3 494	2 202			
Transportation							
Gas							
Other							
Community	2 524	1 878	1 878	376	-	-	-
Parks & gardens							
Sportsfields & stadia		1 878	1 878	376			

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Swimming pools	2 524						
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							
Table continued next page							
Table continued from previous page							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	-	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<u>Agricultural assets</u>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-	-	-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	73 371	67 518	66 315	72 763	-	-	-
<u>Specialised vehicles</u>	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

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

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	70 847	65 640	64 437	52 592	-	-	-
Infrastructure: Road transport -Total	21 578		30 260	21 378	-	-	-
Roads, Pavements & Bridges	21 578	30 710	30 260	21 378			
Storm water							
Infrastructure: Electricity - Total	2 452	-	-	-	-	-	-
Generation							
Transmission & Reticulation	2 452						
Street Lighting							
Infrastructure: Water - Total	19 113	-	-	-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation	19 113						
Infrastructure: Sanitation - Total	27 704	31 183	30 683	29 009	-	-	-
Reticulation	27 704	31 183	30 683	29 009			
Sewerage purification							
Infrastructure: Other - Total	-	3 147	3 494	2 205	-	-	-
Waste Management		3 147	3 494	2 205			
Transportation							
Gas							
Other							

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Community</u>	2 524	1 878	1 878	-	-	-	-
Parks & gardens							
Sportsfields & stadia	2 524	1 878	1 878				
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<u>Heritage assets</u>	-	-	-	-	-	-	-
Buildings							
Other							
Table continued next page							
Table continued from previous page							
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>	-	-	-	-	-	-	-
Housing development							
Other							
<u>Other assets</u>	-	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual Expenditure	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Computers - hardware/equipment Furniture and other office equipment Abattoirs							
Markets Civic Land and Buildings Other Buildings Other Land Surplus Assets - (Investment or Inventory) Other							
<u>Agricultural assets</u>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-	-	-	-	-	-
Computers - software & programming Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	73 371	67 518	66 315	52 592	-	-	-
<u>Specialised vehicles</u>	-	-	-	-	-	-	-
Refuse Fire							

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2024/25

Capital Programme by Project: 2024/25					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water	16 270 439	18 550 142	18 550 142	-12,3	0
Sanitation/Sewerage					
Electricity					
Roads	31 049 168	48 957 949	48 957 950	-37%	0%
Cemetries					
Refuse Removal					
Sports, Arts & Culture					
Safety and Security					
TN					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/25

Capital Programme by Project by Ward: 2024/25			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street	15	Yes	
Maokeng/Constantia: Construction of 0.51km paved road and storm water at Messi Street	8 & 10	Yes	
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street	13	No	
Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation	13	No	
Maokeng: Gelukwaarts - Upgrading of Masione and Stiloane Street (0.796km) to a paved road	8 & 9	Yes	
			T O

[illegible]

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	None that the municipality is aware of.	
Housing:		
Licensing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		

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

Declaration of Loans and Grants made by the municipality: 2024/25				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2024/25 R' 000	Total Amount committed over previous and future years
No grants or loans were made during the financial year.				
* Loans/Grants - whether in cash or in kind				T R

VOLUME II: ANNUAL FINANCIAL STATEMENTS



**Moqhaka Local Municipality
Annual Financial Statements
for the year ended 30 June 2025**

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act no. 117 of 1998). Moqhaka Local Municipality is situated within the southern part of the Fezile Dabi District in the Free State province. The seat of local government is Kroonstad.
Nature of business and principal activities	Moqhaka is a local municipality performing functions as set out in the Constitution of South Africa, 1996 (Act no. 105 of 1996).
Mayoral committee Executive Mayor Speaker Council Whip Members of the Mayoral Committee	Mokatsane, ME Khiba, SV Semakale, MM Tau, RD Sesing, IS Ntsala, TM Tshabalala, MP Lulama, MR Khotle, MA Phamotse, EP Ramajoe, EL Ramathibe, BS
Grading of local authority	The Moqhaka Municipality is a grade 4 Local Authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998 (Act no. 20 of 1998).
Accounting Officer	Tshabalala, PH
Chief Finance Officer (CFO)	Visagie, R (Acting)
Registered office	Municipal Offices Hill Street Kroonstad 9499
Business address	Municipal Offices Hill Street Kroonstad 9499
Postal address	PO Box 302 Kroonstad 9500
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Attorneys	Du Randt & Louw Attorneys Phambane Mokone Attorneys Peyper Attorneys Malebogo Maeyane Attorneys Khumalo Masondo Attorneys Majavu Incorporated

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Members of Council

Baba, MN
Boeije, HME
Botha, AV
Chabalala, SM
Dalton, CM
Geldenhuis, J
Lebone, NS
Louwrens, L
Makoko, MP
Marapo, JS
Meko, J
Mofokeng, TG
Mokoena, PS
Motsoeneng, SM
Mpele, MPE
Muller, ND
Nolo, NM
Pittaway, SH
Nzunga, ND
Ramoolla, MJ
Jordaan, A
Rankokosane, MD
Roderick, KJ
Saaiman, CJ
Sekhesa, L
Sello, T
Serapela, DJ
Ramovha, S
Thebe, EMM
Tloome, C
Van Heerden, L
Van Schalkwyk, L

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

MIG	Municipal Infrastructure Grant
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
SCM	Supply Chain Management

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

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

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

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

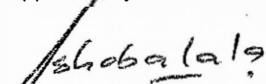
The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 35 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution of South Africa, 1996 (Act no. 108 of 1996) read with the Remuneration of Public Officer Bearers Act, 1998 (Act no. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 6 to 85, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2025 and were signed by:



Tshabalala, PH
Accounting Officer

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 370 987 247 (2024: deficit R 223 189 361).

2. Going concern

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

The analysis of the going concern is clearly depicted in note 54.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have an impact on the annual financial statements, except for matters as outlined in note 56.

4. Accounting Officers' interest in contracts

The accounting officer's did not have any interest in contracts during the financial year.

5. Accounting policies

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122 (3) of the Municipal Financial Management Act, (Act No. 56 of 2003).

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Tshabalala, PH	South African

7. Auditors

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

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

	Note(s)	2025 R	2024 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	3	20 137 104	44 882 922
Inventories	4	82 169 057	75 760 147
Investments	5	142 217	130 800
Receivables from exchange transactions	6	620 537 617	527 659 859
Receivables from non-exchange transactions	7	71 681 761	58 779 023
VAT accrual receivable	8	339 815 143	270 166 233
		1 134 482 899	977 378 984
Non-Current Assets			
Investments	5	390 152	390 152
Receivables from exchange transactions	6	21 767 928	1 207 839
Receivables from non-exchange transactions	7	2 130 586	210 571
Heritage assets	9	7 754 166	7 754 166
Intangible assets	10	4 358 785	2 746 410
Investment property	11	123 199 992	122 441 967
Property, plant and equipment	12	1 804 753 505	1 826 642 905
		1 964 355 114	1 961 394 010
Total Assets		3 098 838 013	2 938 772 994
Liabilities			
Current Liabilities			
Consumer deposits	13	18 048 634	16 034 515
Finance lease obligation	14	-	1 177 728
Borrowings	15	6 061 733	8 957 021
Payables from exchange transactions	16	2 002 130 680	1 503 783 596
Provisions	17	37 000	41 000
Unspent conditional grants and receipts	18	6 343 410	27 031 977
Employee benefit obligation	19	9 801 437	17 605 796
VAT payable	20	927 778	2 540 376
VAT Accrual Payable	20	121 823 218	96 837 008
		2 165 173 890	1 674 009 017
Non-Current Liabilities			
Borrowings	15	3 520 689	6 067 472
Provisions	17	143 541 731	128 571 528
Employee benefit obligation	19	174 389 073	146 925 107
		321 451 493	281 564 107
Total Liabilities		2 486 625 383	1 955 573 124
Net Assets		612 212 630	983 199 870
Accumulated surplus		612 212 630	983 199 870
Total Net Assets		612 212 630	983 199 870

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

	Note(s)	2025 R	2024 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	21	722 289 740	680 044 970
Rental of facilities and equipment	22	5 231 464	6 529 905
Fees earned	23	220 652	355 458
Interest received	24	92 125 208	73 582 753
Other income	25	20 154 389	27 169 743
Total revenue from exchange transactions		840 021 453	787 682 829
Revenue from non-exchange transactions			
Taxation revenue			
Services charges (Availability charges)	28	888 114	838 805
Property rates	29	93 604 924	88 207 117
Interest received	24	10 024 360	7 761 059
Transfer revenue			
Government grants & subsidies	30	379 054 528	365 275 792
Public contributions and donations	31	14 409	6 500
Fines	32	3 463 992	3 694 055
Total revenue from non-exchange transactions		487 050 327	465 783 328
Total revenue	33	1 327 071 780	1 253 466 157
Expenditure			
Employee related costs	34	(433 561 964)	(399 176 465)
Remuneration of councillors	35	(22 443 645)	(22 251 162)
Repairs and maintenance	36	(140 642 666)	(90 530 527)
Depreciation and amortisation	37	(104 437 417)	(106 158 659)
Finance costs	38	(126 679 489)	(33 943 290)
Debt Impairment	39	(170 914 518)	(176 661 429)
Bulk purchases	40	(486 864 075)	(418 566 853)
Contracted Services	41	(76 301 595)	(77 406 691)
General expenses	42	(126 404 151)	(95 042 396)
Total expenditure		(1 688 249 520)	(1 419 737 472)
Operating deficit		(361 177 740)	(166 271 315)
Loss on disposal of assets and liabilities	43	(5 094 553)	(33 155 858)
Loss on foreign exchange	27	(4 869 178)	(1 441 774)
Fair value adjustments	26	1 015 026	26 183 489
Actuarial gains/losses	27	6 943 911	9 734 988
Impairment loss	44	(7 804 713)	(58 238 890)
		(9 809 507)	(56 918 045)
Deficit for the year		(370 987 247)	(223 189 360)

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Opening balance as previously reported	1 154 941 093	1 154 941 093
Adjustments		
Prior year adjustments 51	51 448 138	51 448 138
Balance at 01 July 2023 as restated*	1 206 389 231	1 206 389 231
Changes in net assets		
Surplus for the year	(223 189 361)	(223 189 361)
Total changes	(223 189 361)	(223 189 361)
Restated* Balance at 01 July 2024	983 199 877	983 199 877
Changes in net assets		
Surplus for the year	(370 987 247)	(370 987 247)
Total changes	(370 987 247)	(370 987 247)
Balance at 30 June 2025	612 212 630	612 212 630

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

		2025	2024
	Note(s)	R	Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		619 328 167	511 499 844
Government grants and subsidies		358 365 961	389 953 918
Interest income		5 821 763	3 636 604
Dividends income		38 819	33 758
Other income		24 677 311	33 568 328
Taxation and fines revenue		85 409	1 213 553
		<u>1 008 317 430</u>	<u>939 906 005</u>
Payments			
Employee costs		(440 200 644)	(410 415 146)
Suppliers		(399 678 477)	(394 838 255)
Finance costs		(89 625 424)	(4 351 152)
		<u>(929 504 545)</u>	<u>(809 604 553)</u>
Net cash flows from operating activities	46	<u>78 812 885</u>	<u>130 301 452</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(93 320 780)	(97 527 969)
Purchase of other intangible assets	10	(2 448 778)	(9 487)
Additions of investments		(11 417)	(10 610)
Net cash flows from investing activities		<u>(95 780 975)</u>	<u>(97 548 066)</u>
Cash flows from financing activities			
Repayment of Borrowings		(6 600 000)	(6 600 000)
Finance lease payments		(1 177 728)	(1 238 510)
Net cash flows from financing activities		<u>(7 777 728)</u>	<u>(7 838 510)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(24 745 818)</u>	<u>24 914 876</u>
Cash and cash equivalents at the beginning of the year		44 882 922	19 968 046
Cash and cash equivalents at the end of the year	3	<u>20 137 104</u>	<u>44 882 922</u>

The accounting policies on pages 14 to 39 and the notes on pages 40 to 89 form an integral part of the annual financial statements.

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	867 188 828	(63 152 824)	804 036 004	722 289 740	(81 746 264)	BD1
Rental of facilities and equipment	8 534 843	105 767	8 640 610	5 231 464	(3 409 146)	BD2
Fees earned	-	-	-	220 652	220 652	BD3
Other income	25 003 776	4 180 239	29 184 015	20 154 389	(9 029 626)	BD4
Interest received	34 586 608	40 844 438	75 431 046	92 125 208	16 694 162	BD5
Fair value adjustments	-	-	-	1 015 026	1 015 026	BD6
Gains on employee benefit obligation	-	-	-	6 943 911	6 943 911	BD7
Total revenue from exchange transactions	935 314 055	(18 022 380)	917 291 675	847 980 390	(69 311 285)	

Revenue from non-exchange transactions

Taxation revenue

Services charges (Availability charges)	-	-	-	888 114	888 114	BD1
Property rates	90 509 071	301 691	90 810 762	93 604 924	2 794 162	
Interest received	2 982 412	4 996 164	7 978 576	10 024 360	2 045 784	BD5

Transfer revenue

Government grants & subsidies	377 377 917	20 780 352	398 158 269	379 054 528	(19 103 741)	
Public contributions and donations	-	-	-	14 409	14 409	BD8
Fines	5 308 766	231 649	5 540 415	3 463 992	(2 076 423)	BD9
Total revenue from non-exchange transactions	476 178 166	26 309 856	502 488 022	487 050 327	(15 437 695)	

Total revenue	1 411 492 221	8 287 476	1 419 779 697	1 335 030 717	(84 748 980)	

Expenditure

Employee related costs	(451 339 064)	27 328 633	(424 010 431)	(433 561 964)	(9 551 533)	
Remuneration of councillors	(29 577 550)	1 537 201	(28 040 349)	(22 443 645)	5 596 704	BD10
Repairs and maintenance	(108 558 287)	(27 588 132)	(136 146 419)	(140 642 666)	(4 496 247)	
Depreciation and amortisation	(9 870 301)	-	(9 870 301)	(104 437 417)	(94 567 116)	BD11
Finance costs	(8 698 000)	-	(8 698 000)	(126 679 489)	(117 981 489)	BD12
Debt Impairment	(60 268 258)	10 454 635	(49 813 623)	(170 914 518)	(121 100 895)	BD13
Bulk purchases	(427 440 423)	38 340 000	(389 100 423)	(486 864 075)	(97 763 652)	BD14
Contracted Services	(50 282 975)	(29 541 812)	(79 824 787)	(76 301 595)	3 523 192	
Gain or loss on disposal of assets	(60 389)	-	(60 389)	(5 094 553)	(5 034 164)	BD15
Gain or loss on employee benefit obligation	-	-	-	(4 869 178)	(4 869 178)	BD16
Impairment Loss	-	-	-	(7 804 713)	(7 804 713)	BD17
General expenses	(144 694 346)	(29 441 591)	(174 135 937)	(126 404 151)	47 731 786	BD18
Total expenditure	(1 290 789 593)	(8 911 066)	(1 299 700 659)	(1 706 017 964)	(406 317 305)	
Surplus (Deficit) for the year	120 702 628	(623 590)	120 079 038	(370 987 247)	(491 066 285)	

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	2 782 549	-	2 782 549	20 137 104	17 354 555	BD19
Inventories	100 983 646	-	100 983 646	82 169 057	(18 814 589)	BD20
Investments	-	-	-	142 217	142 217	BD21
Receivables from exchange transactions	236 798 636	-	236 798 636	620 537 617	383 738 981	BD22
Receivables from non-exchange transactions	73 174 911	-	73 174 911	71 681 761	(1 493 150)	BD23
VAT accrual receivable	34 444 832	-	34 444 832	339 815 143	305 370 311	BD24
	448 184 574	-	448 184 574	1 134 482 899	686 298 325	
Non-Current Assets						
Investments	276 997	-	276 997	390 152	113 155	BD21
Receivables from exchange transactions	-	-	-	21 767 928	21 767 928	BD22
Receivables from non-exchange transactions	-	-	-	2 130 586	2 130 586	BD23
Heritage assets	2 627 167	-	2 627 167	7 754 166	5 126 999	BD25
Intangible assets	4 673 876	(339 876)	4 334 000	4 358 785	24 785	
Investment property	195 596 801	-	195 596 801	123 199 992	(72 396 809)	BD26
Property, plant and equipment	2 780 550 329	18 113 596	2 798 663 925	1 804 753 505	(993 910 420)	BD27
	2 983 725 170	17 773 720	3 001 498 890	1 964 355 114	(1 037 143 776)	
Total Assets	3 431 909 744	17 773 720	3 449 683 464	3 098 838 013	(350 845 451)	
Liabilities						
Current Liabilities						
Consumer deposits	13 733 723	-	13 733 723	18 048 634	4 314 911	BD28
Borrowings	(2 031 984)	-	(2 031 984)	6 061 733	8 093 717	BD29
Payables from exchange transactions	485 809 495	15 853 528	501 663 023	2 002 130 680	1 500 467 657	BD30
Provisions	68 423 679	-	68 423 679	37 000	(68 386 679)	BD31
Unspent conditional grants and receipts	-	-	-	6 343 410	6 343 410	BD32
Employee benefit obligation	-	-	-	9 801 437	9 801 437	BD33
VAT payable	(49 705 186)	-	(49 705 186)	122 750 996	172 456 182	BD34
	516 229 727	15 853 528	532 083 255	2 165 173 890	1 633 090 635	
Non-Current Liabilities						
Borrowings	27 822 507	-	27 822 507	3 520 689	(24 301 818)	BD29
Provisions	42 546 863	-	42 546 863	143 541 731	100 994 868	BD31
Employee benefit obligation	-	-	-	174 389 073	174 389 073	BD35
	70 369 370	-	70 369 370	321 451 493	251 082 123	
Total Liabilities	586 599 097	15 853 528	602 452 625	2 486 625 383	1 884 172 758	
Net Assets	2 845 310 647	1 920 192	2 847 230 839	612 212 630	(2 235 018 209)	

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 865 987 167	9 595 523	2 875 582 690	612 212 630	(2 263 370 060)	

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	115 114 068	-	115 114 068	76 047 739	(39 066 329)	
Service charges	881 165 054	-	881 165 054	539 901 845	(341 263 209)	
Other revenue	(487 852 504)	-	(487 852 504)	28 141 303	515 993 807	
Interest income	-	-	-	5 821 763	5 821 763	
Dividends	1 736 426	-	1 736 426	38 819	(1 697 607)	
Transfers and Subsidies - Operational	311 028 573	-	311 028 573	298 568 000	(12 460 573)	
Transfers and Subsidies - Capital	65 352 941	-	65 352 941	59 797 961	(5 554 980)	
	886 544 558	-	886 544 558	1 008 317 430	121 772 872	
Payments						
Suppliers and employees	(1 560 766 693)	-	(1 560 766 693)	(839 879 121)	720 887 572	
Finance costs	-	-	-	(89 625 424)	(89 625 424)	
	(1 560 766 693)	-	(1 560 766 693)	(929 504 545)	631 262 148	
Net cash flows from operating activities	(674 222 135)	-	(674 222 135)	78 812 885	753 035 020	
Cash flows from investing activities						
Purchase of property, plant and equipment	(98 591 030)	-	(98 591 030)	(95 769 558)	2 821 472	
Decrease (increase) in non- current investments	(276 997)	-	(276 997)	(11 417)	265 580	
Net cash flows from investing activities	(98 868 027)	-	(98 868 027)	(95 780 975)	3 087 052	
Cash flows from financing activities						
Increase (decrease) in consumer deposits	(346 331 221)	-	(346 331 221)	-	346 331 221	
Repayment of borrowings	(2 031 984)	-	(2 031 984)	(6 600 000)	(4 568 016)	
Borrowing long term/refinancing	-	-	-	(1 177 728)	(1 177 728)	
Net cash flows from financing activities	(348 363 205)	-	(348 363 205)	(7 777 728)	340 585 477	
Net increase/(decrease) in cash and cash equivalents	(1 121 453 367)	-	(1 121 453 367)	(24 745 818)	1 096 707 549	
Cash and cash equivalents at the beginning of the year	(23 719 849)	-	(23 719 849)	44 882 922	68 602 771	
Cash and cash equivalents at the end of the year	(1 145 173 216)	-	(1 145 173 216)	20 137 104	1 165 310 320	

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

	Note(s)	2025 R	2024 R
1. Significant accounting policies			
The significant accounting policies applied in the preparation of these annual financial statements are set out below.			
1.1 Basis of preparation			
The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003).			
These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.			
These accounting policies are consistent with the previous period.			
1.2 Presentation currency			
These annual financial statements are presented in South African Rand, which is the functional currency of the municipality, and have been rounded off to the nearest Rand.			
1.3 Significant judgements and sources of estimation uncertainty			
In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:			
Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.			
Services and rates debtors			
The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.			
The impairment for trade receivables is calculated on 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.			
Allowance for slow moving, damaged and obsolete stock			
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.write down is included in the statement of financial performance in the year in which it arose.			
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.write down is included in the statement of financial performance in the year in which it arose.			
Fair value estimation			
The fair value of investment properties is determined with reference to market conditions as at year end. This valuation was performed by a registered professional valuer.			
Provisions			
Provisions were raised and management determined an estimate based on the best information available at the time of making the judgement and estimate of the financial effect.			

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values

The municipality's management determines the estimated useful lives and related depreciation / amortisation charges for the property, plant and equipment as well as intangible assets. The municipality re-assess the useful lives and the residual values if material of the individual asset. This estimate is based on industry norms and future plans of the municipality communicated through its strategic planning processes.

If material, management will change the depreciation consideration of the condition and actual use charge where useful lives are more / less than previously estimated.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

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

Allowance for doubtful debts

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that materially impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

Bad debts

All financial assets measured at amortised cost, or cost, are subject to an impairment review in accordance with paragraphs .57 to .64. of GRAP 104

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
 - b) a breach of contract, such as a default or delinquency in interest or principal payments;
 - c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - d) it is probable that the borrower will enter sequestration or other financial reorganisation;
 - e) the disappearance of an active market for that financial asset because of financial difficulties; or
-

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
 - ii. national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph .58). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.4 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 municipality, and the cost or fair value of the investment property can be measured reliably.

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

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

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

Fair value

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

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

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

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

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1.4 Investment property (continued)

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

Derecognition

The gain or loss arising from derecognition of an item of investment property is included in surplus or deficit when the item is derecognised.

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 the municipality leases out the property and receives rental income.

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

- Determining any cash generations independent from other assets.
- Purpose of holding the asset, whether generally held to earn rental income or for capital appreciation.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 36).

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

It is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably

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.

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Significant Accounting Policies

1.5 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.

An entity applies GRAP 12 to the costs of obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item to produce inventories during that period. The obligations for costs accounted for in accordance with GRAP 12 or this Standard are recognised and measured in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings & Fixtures	Straight-line	25 - 30 years
Building Fixtures	Straight-line	3 - 5 years
Plant and machinery	Straight-line	2 - 40 years
Furniture and office equipment	Straight-line	3 - 15 years
Motor vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	3 - 15 years
IT equipment	Straight-line	3 - 10 years
Infrastructure	Straight-line	5 - 100 years
Community	Straight-line	15 - 30 years
Quarries	Straight-line	15 - 20 years
Landfill sites	Straight-line	15 - 80 years
Finance leases - 3G cards	Straight-line	Contract Term
Finance leases - Cellphones	Straight-line	Contract Term
Solid waste	Straight-line	5 - 55 years
Waste water network	Straight-line	5 - 100 years

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

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

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

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Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 36).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the property, plant and equipment.

Transfer

Transfers from property, plant, and equipment assets are only made when the particular asset no longer meets the definition of a property, plant, and equipment.

Transfers to property, plant, and equipment are only made when the asset meets the definition of a property, plant, and equipment.

1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Heritage assets

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

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

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

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.

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 36).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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Significant Accounting Policies

1.7 Heritage assets (continued)

If a heritage asset is revalued, the entire class of heritage assets to which that asset belongs shall be revalued. If the heritage asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

There is a presumption that fair value can be measured reliably for a heritage asset. However, that presumption can be rebutted when market-determined prices or values are not available and alternative estimates of fair value are determined to be

clearly unreliable. In such a case, the heritage asset shall be measured using the cost model. The carrying amount of the heritage asset shall be its revalued amount at the date of the last revaluation less any subsequent accumulated impairment losses.

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

Impairment

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

Transfers

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

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

Derecognition

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

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

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Significant Accounting Policies

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	20 years
Computer software	Straight-line	3 - 5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

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Significant Accounting Policies

1.8 Intangible assets (continued)

Residual value

The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to acquire the asset at the end of its useful life; or there is an active market for the asset and:

- (i) residual value can be determined by reference to that market; and
- (ii) it is probable that such a market will exist at the end of the asset's useful life.

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).

1.9 Financial instruments

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.

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value
Investments	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Provisions	Financial liability measured at amortised cost
Consumer Deposit	Financial liability measured at amortised cost
Unspent conditional grant and receipts	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Significant Accounting Policies

1.9 Financial instruments (continued)

The entity measures a financial asset and financial liability initially at its fair value if subsequently measured at fair value.

Moqhaka Local Municipality

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Significant Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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Significant Accounting Policies

1.9 Financial instruments (continued)

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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1.9 Financial instruments (continued)

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Tax

Value Added Tax (VAT)

VAT comprises current and non-current VAT (deferred VAT). VAT is accounted for on an accrual basis, but the VAT declarations to the South African Revenue Services (SARS) are made on a payment basis in terms of section 15 of the Value- Added Tax Act 89 of 1991 (VAT Act). On a payment basis, the municipality must declare output tax when the recipient makes payment according to a taxable supply made to the recipient by the municipality. The municipality is liable to account for VAT at the standard rate of 15% in terms of section 7(1)(a) of the VAT Act in respect or response to a taxable supply of goods or services. Where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes, no output tax is declared to the SARS. The municipality can deduct input tax on qualifying VAT expenditure in terms of section 16 of the VAT Act also on the payment basis when they make payments to suppliers and the VAT expenditure is incurred in the course or furtherance of a taxable activity.

A VAT asset is recognised to the extent that the municipality will be able to deduct the net input tax in future VAT declarations to the SARS. VAT assets are reviewed at each reporting date and are adjusted based on the probability that the VAT asset can be realised in future VAT declarations to the SARS. The VAT asset will be reduced to the extent that it is no longer probable that the VAT asset will be realised. A VAT liability is recognised to the extent that the municipality will be obligated to declare a net output tax in future VAT declarations to the SARS.

The municipality assesses at each reporting date whether there is an indication that its output tax amount payable to the SARS is impaired. If any such indication exists, the municipality estimates the output tax payable amount based on observable data indicating a measurable decrease in the estimated future cash flows expected from its customers.

The VAT is offset in the statement of financial position because offsetting reflects the substance of the transaction as VAT is declared to the SARS on a net basis.

VAT is recognised using the VAT rates enacted or substantially enacted at the financial position date and considering any VAT payable or receivable adjustment in the past years.

1.11 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 municipality 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 municipality's net investment in the finance lease.

Moqhaka Local Municipality

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1.11 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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.

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

1.12 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.

Inventories shall be recognised as an asset if, and only if,

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

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

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

Moqhaka Local Municipality

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Significant Accounting Policies

1.12 Inventories (continued)

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

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

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

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Moqhaka Local Municipality

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Significant Accounting Policies

1.13 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested.

Actuarial gains or losses: Actuarial gains and losses are recognised in the surplus or deficit in the reporting period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Post retirement obligations

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

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. Independent qualified actuaries carry out valuations of these obligations. The benefits are charge to income as incurred throughout the year.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

Future events that may affect the amount required to settle an obligation is reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

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

Moqhaka Local Municipality

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Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 57.

1.15 Revenue from exchange transactions

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

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

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

When uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense rather than as an adjustment of the amount of revenue originally recognised.

Measurement

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

Sale of goods

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

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

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, 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.

Revenue from the rental of facilities and equipment is recognised on a straight-lined basis over the term of the lease agreement.

Penalty interest is levied on unpaid amounts each month. This revenue is recognised when leviable in terms of law.

1.16 Revenue from non-exchange transactions

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

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

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

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.

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Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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.

Taxes

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

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.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

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.

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.

1.17 Borrowing costs

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

1.18 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.

1.19 Irregular expenditure

According to section 1 of the MFMA: "irregular expenditure", in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act and which has not been condoned in terms of section 170; or
 - b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the Municipal Systems Act, 2000 (Act no. 32 of 2000) and which has not been condoned in terms of that Act; or
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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.19 Irregular expenditure (continued)

- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

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

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.20 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.

1.21 Comparative figures

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

Then the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed in note 51.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practical, and the prior period comparatives are restated accordingly.

1.22 Collateral held

Collateral held includes financial assets, non-financial assets and other forms of collateral such as guarantees or encumbrances over assets.

The entity recognises assets relating to collateral held if it meets the recognition criteria in other accounting policies.

The entity disclose the nature and amounts of collateral recognised or held, in the notes to the financial statements.

REVIEWED

By NeoTH at 11:10 am, Jan 15, 2026

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.23 Related parties

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Other grants and donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Other grants and donations shall be recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.25 Construction contracts and receivables

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Contractual commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

1.26 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.27 Budget information

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

Moqhaka Local Municipality

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Significant Accounting Policies

1.27 Budget information (continued)

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in Appendix E to the annual financial statements.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.28 Statutory receivables

Identification

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

An entity shall initially measure statutory receivables at their transaction amount. The statutory receivables in paragraph .06 shall be measured initially in accordance with the applicable Standard of GRAP. The amount determined on initial measurement in accordance with another Standard of GRAP is the same as the transaction amount described in this Standard.

Subsequent measurement

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

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

Accrued interest

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

Moqhaka Local Municipality

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Significant Accounting Policies

1.28 Statutory receivables (continued)

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

Impairment losses

An entity shall assess at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. If any such indication exists, the entity shall apply paragraphs .22 to .29.

The future cash flows of a group of statutory receivables that are collectively evaluated for impairment can be estimated using historical experience for receivables with similar characteristics. Entities that have no entity-specific historical experience or insufficient experience, can use peer group experience (when available) for comparable groups of statutory receivables. Historical experience may need to be adjusted to reflect the effects of current conditions that did not affect the period on which the historical experience is based and, to remove the effects of conditions in the historical period that do not exist currently. Where historical experience is used, the methodology and assumptions used to estimate future cash flows shall be reviewed regularly to reduce any differences between estimated and actual impairment losses.

An impairment loss recognized in prior periods for a statutory receivable shall be revised if there has been a change in the estimates used since the last impairment loss was recognized, or to reflect the effect of discounting the estimated cash flows in accordance with paragraph .23.

Derecognition

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

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

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

1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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Significant Accounting Policies

1.29 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.30 National Housing Programme

The Moqhaka Local Municipality is a Category B municipality. The municipality is not yet accredited for the housing development scheme. The municipality is currently in the process of a level 1 accreditation. However, the municipality is still required in terms of the guidelines on accounting for arrangements undertaken in terms of the National Housing Programme.

In terms of this level 1 accreditation, the municipality is required to identify and plan local housing programmes and projects.

This is done through the Municipal Human Settlements Plan (MHSP), which is integrated into the municipality's Integrated Development Plan (IDP). The IDP has been approved through a Council resolution and subsequently submitted to the MEC for Local Government for review and comment.

In complying with the requirements of the ASB guidelines, the municipality further identified sites for Reconstruction and Development Programme (RDP) development. These sites have been included as inventory in the Annual Financial Statements.

The municipality makes available the land earmarked for RDP housing construction as classified under inventory on vacant sites to the provincial Department of Human Settlement and disposes of the land once beneficiaries take ownership and/or when deeds registrations are finalised.

Beneficiary management

The municipality assists in the collection of application forms from beneficiaries, informing eligible beneficiaries of the outcome of their application by the relevant provincial Department of Human Settlements and assisting with the handover of the houses.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

2. New standards and interpretations

2.1 New standards and interpretations

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The impact of this standard is currently being assessed.

GRAP 1 (amended): Presentation of Financial Statements

The amendments clarify the line items to be presented on the face of the financial statements and presentation and ordering of notes.

Municipalities are not required to disclose the impact of any changes made in accordance with GRAP 3 par.30 to .32 for these amendments.

The effective date of this Standard is yet to be determined by the Minister of Finance.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

The impact of the amendment is not material.

GRAP 104 issued but not yet effective: Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting of financial instruments. This included that (a) Information on credit losses and defaults on financial assets was received too late to enable proper decision-making (b) using fair value in certain instances was inappropriate and (c) some of the existing accounting requirements were seen as too rules based. As a result the International Accounting Standard Board amended its existing standards to deal with these issues. The IASB issued IFRS Standard of Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS on Financial Instruments, Presentation and the IFRS Standards on Financial Instruments Disclosures. The IPSASB issued revised International Public Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with the recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

1. Financial guarantee contracts issued
2. Loans commitments issued
3. Classification of financial assets
4. Amortised cost of financial assets
5. Impairment of financial assets
6. Disclosure

The effective date is 01 April 2025 as set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

The revised GRAP 104 Standard will change how the municipality calculates expected credit losses on its consumer receivables. While the new forward-looking impairment model requires more detailed estimation techniques, the overall financial impact for the municipality is expected to be limited. A large portion of outstanding consumer debt from residents is already considered doubtful based on historical collection levels and is currently fully or significantly impaired. As a result, the transition to the expected-credit-loss model is not anticipated to materially increase impairment provisions. For customers with active payment arrangements or prepaid services, the credit risk remains low, which further limits the impact of the revised impairment requirements.

Although the quantitative impact is expected to be minimal, the municipality will be required to include additional disclosures relating to credit risk, expected-credit-loss methodologies, segmentation of debtor categories, and financial instrument classifications to comply with the revised GRAP 104 Standard.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3 969 136	4 087 750
Short-term deposits	16 167 968	40 795 172
	<u>20 137 104</u>	<u>44 882 922</u>

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for [specify the liability]	50 000	50 000
This cession is linked to ABSA notice deposit account number: 205-8247-882		

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Bank - Cheque account - 405 327 4876	3 969 136	4 087 750	14 602 200	3 969 136	4 087 750	27 365 409
ABSA Bank - Call account - 91 3190 1443	16 167 968	40 795 172	5 365 846	16 167 968	40 795 172	5 365 846
Total	<u>20 137 104</u>	<u>44 882 922</u>	<u>19 968 046</u>	<u>20 137 104</u>	<u>44 882 922</u>	<u>32 731 255</u>

4. Inventories

Consumable stores	27 331 207	20 214 014
Vacant Sites held for resale	53 271 750	54 290 450
Water	1 566 100	1 255 683
	<u>82 169 057</u>	<u>75 760 147</u>

Consumable Inventory held by the municipality increased by R 7 117 193 in the current year (2024: decreased R 4 735 397).

Vacant sites by the municipality decreased by R 1 018 700 in the current year (2024: decreased R 5 732 127).

Water Inventory held by the municipality increased by R 310 417 in the current year (2024: decreased R 106 089).

During the year inventory that were expensed through the Statement of Financial Performance amounted to R 23 372 314 (2024: R 18 166 128).

No Inventories have been pledged as collateral for liabilities of the municipality.

5. Investments

Designated at fair value

ABSA deposits	<u>142 217</u>	<u>130 800</u>

At amortised cost

Senwes	226 982	226 982

The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (11 822 shares at R 19.20).

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
5. Investments (continued)		
Senwesbel	163 170	163 170
The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (18 130 shares at R 9.00).		
	390 152	390 152
Total other financial assets	532 369	520 952
Non-current assets		
At fair value	390 152	390 152
Current assets		
At amortised cost	142 217	130 800
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
6. Receivables from exchange transactions		
Gross balances		
Electricity	227 419 517	217 392 983
Water	916 280 323	765 422 932
Waste water	282 082 195	227 326 242
Waste	203 935 759	164 166 578
Other services	105 774 502	95 316 527
Prepayments	150 670	3 056 298
	1 735 642 966	1 472 681 560
Less: Allowance for impairment		
Electricity	(90 524 470)	(89 274 561)
Water	(686 606 332)	(544 179 132)
Waste water	(164 001 140)	(128 902 981)
Waste	(121 687 517)	(94 917 684)
Other services*	(52 285 890)	(87 747 343)
	(1 115 105 349)	(945 021 701)

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
6. Receivables from exchange transactions (continued)		
Net balance		
Electricity	136 895 047	128 118 422
Water	229 673 991	221 243 800
Waste water	118 081 055	98 423 261
Waste	82 248 242	69 248 894
Other services	53 488 612	7 569 184
Prepayments	150 670	3 056 298
	620 537 617	527 659 859
Included in above is receivables from exchange transactions		
Rentals	874 894	911 649
Sundry services	104 979 813	94 404 878
	105 854 707	95 316 527
Net balance	105 854 707	95 316 527
Electricity		
Current (0 -30 days)	4 506 192	7 097 088
31 - 60 days	3 109 087	3 510 670
61 - 90 days	2 886 420	3 440 448
91 - 120 days	126 393 348	114 070 216
	136 895 047	128 118 422
Water		
Current (0 -30 days)	7 917 293	10 980 623
31 - 60 days	5 462 607	5 431 713
61 - 90 days	5 071 385	5 323 065
91 - 120 days	211 222 706	199 508 399
	229 673 991	221 243 800
Waste water		
Current (0 -30 days)	4 134 919	5 198 377
31 - 60 days	2 852 924	2 571 447
61 - 90 days	2 648 603	2 520 012
91 - 120 days	108 444 609	88 133 425
	118 081 055	98 423 261
Refuse		
Current (0 -30 days)	2 915 000	3 673 618
31 - 60 days	2 011 230	1 817 205
61 - 90 days	1 867 190	1 780 856
91 - 120 days	75 454 822	61 977 215
	82 248 242	69 248 894
Other services		
Current (0 -30 days)	1 852 929	407 934
31 - 60 days	1 278 445	201 790
61 - 90 days	1 186 885	197 754
91 - 120 days	49 170 353	6 761 706
	53 488 612	7 569 184

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
6. Receivables from exchange transactions (continued)		
Prepayments		
Current (0 -30 days)	150 670	3 056 298
Summary of debtors by customer classification		
Total		
Current (0 -30 days)	21 326 333	28 641 730
31 - 60 days	14 714 293	41 708 569
61 - 90 days	13 660 483	40 858 541
91 - 120 days	1 721 205 823	1 358 416 422
	1 770 906 932	1 469 625 262
Less: Allowance for impairment	(1 115 105 349)	(945 021 701)
	655 801 583	524 603 561
Non-current receivables from exchange transactions		
> 365 days	21 767 928	1 207 839
Reconciliation of allowance for impairment		
Balance at beginning of the year	(945 021 701)	(770 477 484)
Contributions to allowance	(1 115 105 349)	(945 021 701)
Debt impairment written off against allowance	5 488 713	7 364 932
Reversal of allowance	939 532 988	763 112 552
	(1 115 105 349)	(945 021 701)
Non-current receivables from exchange transactions		
Arrangements included in the above receivables from exchange transactions amounting to R 21 767 928 (2024: R 1 201 839) is a number of consumers with whom arrangements have been made to pay the debt over a period longer than one year.		
No receivable from exchange transaction have been pledged as collateral for liabilities of the municipality.		
Credit quality of consumer debtors		
The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
7. Receivables from non-exchange transactions		
Eskom account deposit	884 768	835 201
Fuel deposits	2 484 820	2 484 820
Long term debtors	2 130 586	210 571
Other receivables	271 475	270 384
Outstanding electricity collections	161 526	1 868 673
Statutory receivables: Assessment rates	67 218 955	52 653 669
Statutory receivables: Fines	660 217	666 276
	73 812 347	58 989 594
Non-current assets	2 130 586	210 571
Current assets	71 681 761	58 779 023
	73 812 347	58 989 594

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
7. Receivables from non-exchange transactions (continued)		
Assessment rates		
Gross balances	130 404 684	106 271 872
Less: Allowance for impairment	(63 185 729)	(53 618 203)
	67 218 955	52 653 669
Total receivables from non-exchange transactions	73 812 347	58 989 594
Total		
Current (0 -30 days)	2 156 730	251 299
31 - 60 days	1 488 055	1 247 194
61 - 90 days	1 381 483	1 222 247
> 90 days	125 378 416	101 281 132
Less: Impairment	(63 185 729)	(53 618 203)
	67 218 955	50 383 669
Reconciliation of allowances for impairment: Assessment rates		
Balance at the beginning of the year	(53 618 203)	(44 548 170)
Contribution to allowance	(63 185 729)	(53 618 203)
Reversal of allowance	53 618 203	44 548 170
	(63 185 729)	(53 618 203)
Fines		
Gross balance	2 258 208	3 167 983
Less: Impairment	(1 597 991)	(2 501 707)
	660 217	666 276
Reconciliation of allowance for impairment: Fines		
Balance at the beginning of the year	(2 501 707)	(3 124 694)
Contribution to allowance	(1 597 991)	(2 501 707)
Reversal of impairment	2 501 707	3 124 694
	(1 597 991)	(2 501 707)
The calculation in respect of the impairment fines receivable is based on an assessment of the past payment history of fines per category. The total average collectability of fines were 26% (2024: 22%).		
The calculation for initial recognition and measurement of fines reduced and or cancelled is based on an assessment of past reduced and or cancelled history of fines per category. The total average estimated reductions used were 11% (2024: 13%).		
Non-current receivables from non-exchange transactions		
Long term debtors	2 130 586	210 571
8. VAT accrual receivable		
VAT accrual receivable	339 815 143	270 166 233
VAT accrual receivable consists of an amount receivable in future periods as cash transactions are realised.		
9. Heritage assets		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

9. Heritage assets (continued)

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	7 754 166	-	7 754 166	7 754 166	-	7 754 166

Reconciliation of heritage assets 2025

	Opening balance	Total
Heritage assets	7 754 166	7 754 166

Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	7 754 166	7 754 166

Heritage assets

The municipality's heritage assets comprise of significant historical assets within the Moqhaka Municipality.

These are made up of the:

Anglo-Boer War Memorial Burial Site,
Sports monument,
Mayoral chains, and
ZR Mahabane House.

Reconciliation of heritage assets

	Carrying amount 2025	Carrying amount 2024
Municipal jewellery	1 277 800	1 277 800
Areas of land of historic or specific significance	242 367	242 367
Culturally significant buildings	6 233 999	6 233 999
	7 754 166	7 754 166

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	8 813 994	(4 455 209)	4 358 785	6 646 908	(3 900 498)	2 746 410

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

10. Intangible assets (continued)

Reconciliation of intangible assets -

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	2 746 410	2 448 778	(281 692)	(554 711)	4 358 785

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	2 798 695	9 487	(61 772)	2 746 410

Other information

There were no intangible assets that were assessed as having an indefinite useful life.

There are no intangible assets whose titles are restricted or pledged as security for municipality's liabilities.

There are no contractual commitments for the acquisition of intangible assets.

11. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	123 199 992	-	123 199 992	122 441 967	-	122 441 967

Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	122 441 967	(257 001)	1 015 026	123 199 992

Reconciliation of investment property - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	105 102 271	(8 778 730)	26 118 426	122 441 967

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

11. Investment property (continued)

Pledged as security

There are currently no restrictions on investment property as they have not being pledged as securities for liabilities.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations for the acquisition of investment property.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Details of valuation

The fair value of the investment property was provided by EMS Solutions registered as a Professional Associated Valuer under subsection (2) of section 22 of the Property Valuers Profession Bill, 2000 (Act no. 47 of 2000).

Amounts recognised in surplus and deficit for the year

Rental revenue from investment property	5 232 641	6 529 905

12. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	50 503 535	-	50 503 535	50 503 535	-	50 503 535
Buildings	72 211 322	(36 608 163)	35 603 159	72 098 042	(35 753 416)	36 344 626
Plant and machinery	11 854 378	(8 219 191)	3 635 187	11 426 282	(7 516 139)	3 910 143
Furniture and office equipment	13 674 403	(9 061 405)	4 612 998	12 743 326	(8 321 109)	4 422 217
Motor vehicles	62 802 519	(45 707 299)	17 095 220	65 622 887	(44 499 117)	21 123 770
IT equipment	22 541 959	(13 836 427)	8 705 532	19 336 938	(11 990 087)	7 346 851
Landfill sites	19 412 381	(13 765 461)	5 646 920	17 209 966	(13 409 396)	3 800 570
Infrastructure	4 252 087 859	(2 817 669 383)	1 434 418 476	4 206 040 782	(2 720 396 148)	1 485 644 634
Community	212 684 471	(139 162 492)	73 521 979	205 592 199	(132 234 939)	73 357 260
Capital work in progress	170 283 102	-	170 283 102	139 203 303	-	139 203 303
Finance leased assets	3 689 597	(2 962 200)	727 397	3 689 597	(2 703 601)	985 996
Total	4 891 745 526	(3 086 992 021)	1 804 753 505	4 803 466 857	(2 976 823 952)	1 826 642 905

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers in / out (-)	Public contributions and donations	Depreciation	Impairment loss	Total
Land	50 503 535	-	-	-	-	-	-	50 503 535
Buildings	36 344 626	113 280	-	-	-	(854 747)	-	35 603 159
Plant and machinery	3 910 143	428 095	-	-	-	(687 624)	(15 427)	3 635 187
Furniture and office equipment	4 422 217	916 670	-	-	14 409	(730 633)	(9 665)	4 612 998
Motor vehicles	21 123 770	1 421 859	(3 260 664)	-	-	(2 189 745)	-	17 095 220
IT equipment	7 346 851	3 281 692	(38 276)	-	-	(1 832 088)	(52 647)	8 705 532
Landfill sites	3 800 570	2 202 415	-	-	-	(356 065)	-	5 646 920
Infrastructure	1 485 644 634	5 256 887	(238 228)	41 040 946	-	(92 332 833)	(4 952 930)	1 434 418 476
Community	73 357 260	68 355	-	7 023 916	-	(4 640 372)	(2 287 180)	73 521 979
Capital work in progress	139 203 303	79 631 525	-	(48 064 862)	-	-	(486 864)	170 283 102
Finance leased assets	985 996	-	-	-	-	(258 599)	-	727 397
	1 826 642 905	93 320 778	(3 537 168)	-	14 409	(103 882 706)	(7 804 713)	1 804 753 505

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers in / out (-)	Public contributions and donations	Depreciation	Impairment loss	Total
Land	50 503 535	-	-	-	-	-	-	50 503 535
Buildings and fixtures	39 514 451	836 420	-	-	-	(1 486 743)	(2 519 502)	36 344 626
Plant and machinery	3 160 304	1 339 308	(33 616)	-	-	(609 068)	53 215	3 910 143
Furniture and office equipment	4 038 173	947 598	(8 460)	-	6 500	(597 717)	36 123	4 422 217
Motor vehicles	15 346 308	6 565 377	-	857 850	-	(1 848 706)	202 941	21 123 770
IT equipment	7 907 401	1 225 478	(84 275)	-	-	(1 710 457)	8 704	7 346 851
Landfill sites	3 439 812	-	-	-	-	597 015	(236 257)	3 800 570
Infrastructure	1 566 645 245	13 270 911	(6 793 488)	56 116 522	-	(95 146 224)	(48 448 332)	1 485 644 634
Community	78 014 495	2 783	-	2 413 735	-	(4 114 706)	(2 959 047)	73 357 260
Capital work in progress	130 625 273	73 340 094	-	(59 388 107)	-	-	(5 373 957)	139 203 303
Finance leased assets	2 166 277	-	-	-	-	(1 180 281)	-	985 996
	1 901 361 274	97 527 969	(6 919 839)	-	6 500	(106 096 887)	(59 236 112)	1 826 642 905

Capital commitments

Approved and contracted for capital expenditure

Infrastructure	38 195 647	110 589 653
Motor vehicles	20 704 955	152 777 510
Community	-	706 876
Landfill sites	6 098 653	834 451
	64 999 255	264 908 490

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R		
12. Property, plant and equipment (continued)				
Capital Work In Progress (Assets under construction) - 2025				
	Infrastructure	Community	Other	Total
Opening balance	130 543 791	8 215 048	444 464	139 203 303
Additions/capital expenditure	37 653 640	(6 667 573)	93 732	31 079 799
	168 197 431	1 547 475	538 196	170 283 102
Capital Work In Progress (Assets under construction) - 2024				
	Infrastructure	Community	Other	Total
Opening balance	122 045 044	8 135 765	444 464	130 625 273
Additions/capital expenditure	8 498 747	79 283	-	8 578 030
	130 543 791	8 215 048	444 464	139 203 303
Reconciliation of infrastructure assets				
Infrastructure assets				
Roads and storm water			586 094 813	589 554 873
Electricity			257 429 095	284 040 029
Water			347 617 526	359 539 462
Sewerage			243 277 042	252 510 270
			1 434 418 476	1 485 644 634
Assets registers contain assets with a carrying value of R0. These are assets which have been disposed in the 2023-24 financial year. The latter are kept in the register for comparison purposes.				
Capital work in progress refers to infrastructure, community and other PPE ongoing projects and assets which have been paid for and have not been fully delivered as at 30 June 2025.				
Signicantly Delayed Capital Work in Progress include: Fencing of Steynsrus/Matlwangtlwang Offices, Construction of 0.608km paved road and stormwater in Rammulotsi.				
Halted Capital Work in Progress include: Construction of 66kv overhead ring main feed line phase 1, Upgrading sewer treatment work phase 3 and Rammulotsi: Rehabilitation of Existing Landfill Site and Construction of Fencing. These are projects which have halted due to lack of funding to complete the outstanding work.				
.				
Significantly Delayed Capital Work in Progress			Amount	
Infrastructure			2 931 840	
Buildings & Fixtures			444 464	
			3 376 304	
Halted Capital Work in Progress			Amount	
Infrastructure			53 868 451	
13. Consumer deposits				
Electricity			6 548 502	4 974 547
Water			7 208 189	6 802 691
Sundries			4 291 943	4 257 277
			18 048 634	16 034 515

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
14. Finance lease obligation		
Minimum lease payments due		
- within one year	-	1 317 240
	-	1 317 240
less: future finance charges	-	(139 512)
Present value of minimum lease payments	-	1 177 728
Present value of minimum lease payments due		
- within one year	-	1 177 728
It is municipality policy to lease certain motor vehicles and equipment under finance leases. The average lease term does not exceed 5 years. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12. The lease payments does not escalate per annum in line with the service level agreement that the municipality signed, and no arrangements have been entered into for any contingent rent.		
15. Borrowings		
At amortised cost		
Development Bank of Southern Africa	9 582 422	15 024 493
Non-current liabilities		
At amortised cost	3 520 689	6 067 472
Current liabilities		
At amortised cost	6 061 733	8 957 021
Defaults and breaches		
The municipality restructured all loans from the Development Bank of Southern Africa during 2012. The restructured loan bears interest on the outstanding amount at a fixed rate of 9% while amounts in arrears will bear interest at 11%. The loan is payable in 60 (sixty) quarterly payments starting on 1 August 2012. The municipality has not defaulted payments in the current year. The municipality was not able to remedy the defaults and terms of the loan was not required to be renegotiated in terms of the restructured loan.		
Balance in arrears		
Capital	2 749 567	5 537 422
Interest	56 348	107 433
	2 805 915	5 644 855
16. Payables from exchange transactions		
Trade payables	1 967 600 180	1 457 150 180
Payments received in advanced	25 121 813	33 196 609
Deposits received	189 083	184 046
Retention creditors	9 219 604	7 649 919
Third parties	-	5 602 842
	2 002 130 680	1 503 783 596

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
16. Payables from exchange transactions (continued)		
Bulk electricity		
Current (0 -30 days)	74 055 703	67 288 087
31 - 60 days	58 683 484	46 377 439
61 - 90 days	45 064 560	38 342 005
91 - 120 days	1 673 434 687	1 220 251 827
	1 851 238 434	1 372 259 358
Various trade creditors		
Current (0 -30 days)	25 789 312	20 352 256
31 - 60 days	898 749	15 923 788
61 - 90 days	898 718	7 015 323
91 - 120 days	87 253 834	37 203 398
	114 840 613	80 494 765
Auditor-General of South Africa		
Current (0 -30 days)	1 521 133	41 137
31 - 60 days	-	163 324
61 - 90 days	-	1 121 053
91 - 120 days	-	3 070 546
	1 521 133	4 396 060

Suppliers have not been paid within the prescribed 30 day period due to cash flow constraints.

17. Provisions

Reconciliation of provisions -

	Opening Balance	Additions	Reversed during the year	Total
Funeral death benefit	41 000	-	(4 000)	37 000
Rehabilitation of landfill sites	76 726 523	9 658 450	-	86 384 973
Rehabilitation cost of quarries	17 038 213	1 561 125	-	18 599 338
Leave pay	34 806 792	3 750 628	-	38 557 420
	128 612 528	14 970 203	(4 000)	143 578 731

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Reduction due to re- measurement or settlement without cost to entity	Total
Funeral death benefit	51 000	-	(10 000)	-	-	41 000
Rehabilitation cost of landfill sites	81 235 448	-	-	7 563 020	(12 071 945)	76 726 523
Rehabilitation cost of quarries	16 593 175	-	-	1 688 508	(1 243 470)	17 038 213
Leave pay	30 568 085	4 238 707	-	-	-	34 806 792
	128 447 708	4 238 707	(10 000)	9 251 528	(13 315 415)	128 612 528

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
17. Provisions (continued)		
Non-current liabilities	143 541 731	128 571 528
Current liabilities	37 000	41 000
	143 578 731	128 612 528

Funeral death benefit

The funeral death benefit scheme was initiated by the Municipality for its employees who were appointed prior to 1996. The scheme is only open to these municipal employees, and payouts are only made to employees who are deceased while in the service of the Municipality. The scheme participants make a monthly contribution of R 2.50 and upon death the beneficiary/family receives the R 1 000 payout.

Rehabilitation of landfill sites and quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act no. 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites and quarries at Kroonstad, Viljoenskroon and Steynsrus.

Summary of liability for landfill site and quarries costs

Kroonstad (landfill site)	43 424 405	38 998 785
Steynsrus (landfill site)	16 688 971	14 650 398
Viljoenskroon (landfill site)	26 271 597	23 077 340
Kroonstad (gravel quarry)	7 889 896	8 293 272
Steynsrus (gravel quarry)	10 709 442	8 744 941
	104 984 311	93 764 736

Key assumptions used:

Assumptions used at the reporting date:

Viljoenskroon - CPI	6.27 %
Viljoenskroon - discount rate used	8.75 %
Steynsrus - CPI	6.27 %
Steynsrus - discount rate used	8.75 %
Kroonstad - CPI	6.27 %
Kroonstad - discount rate used	8.75 %
Expected increase in salaries	- %
Expected pension increases	- %

Leave pay

Annual leave accrues to employees on a monthly basis in accordance with the conditions of employment. Employees are entitled to 16 non-vested leave days and 8 vested leave days per annum, accumulated to a maximum of 48 leave days. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of leave and the estimated leave days to be forfeited.

It is not the municipality's policy to encash leave in the normal course of business, except upon resignation, termination or retirement.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R				
18. Unspent conditional grants and receipts						
Unspent conditional grants and receipts comprises of:						
Unspent conditional grants and receipts						
Municipal Infrastructure Grant (MIG)	1 198 333	-				
LG SETA Grant	2 839 913	2 791 897				
Municipal Disaster Response Grant	18	8 160 018				
Water Services Infrastructure Grant (WSIG)	2 305 146	16 080 062				
	6 343 410	27 031 977				
Movement during the year						
Balance at the beginning of the year	27 031 977	2 353 851				
Additions during the year	52 269 911	32 535 925				
Income recognition during the year	(48 718 478)	(7 857 799)				
Repayment of unspent grant	(24 240 000)	-				
	6 343 410	27 031 977				
See note 30 for the reconciliation of grants from other spheres of government. The amounts are recognised as revenue when the qualifying expenditure is incurred.						
19. Employee benefit obligations						
Employee benefit obligations						
Reconciliation of Employee benefit obligation - 2025	Opening Balance	Additions	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	24 072 774	2 581 344	2 208 171	(3 557 962)	5 845 796	31 150
Post-retirement Medical Plan	131 066 012	7 185 158	17 180 623	(4 655 717)	(7 537 125)	143 238
13th Cheque	9 392 117	409 320	-	-	-	9 801
	164 530 903	10 175 822	19 388 794	(8 213 679)	(1 691 329)	184 190
Reconciliation of Employee benefit obligation - 2024	Opening Balance	Additions	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	20 032 000	1 950 000	2 599 000	(1 988 000)	1 479 774	24 072
Post-retirement Medical Plan	124 026 000	5 332 000	16 064 000	(4 621 000)	(9 734 988)	131 066
13th Cheque	7 986 232	1 405 855	-	-	-	9 392
	152 044 232	8 687 855	18 663 000	(6 609 000)	(8 255 214)	164 530
Carrying value						
Long service awards				31 150 123		24 072 774
Post-retirement Medical Plan				143 238 951		131 066 012
13th Cheque				9 801 437		9 392 117
				184 190 511		164 530 903
Non-current liabilities				(174 389 073)		(146 925 107)
Current liabilities				(9 801 437)		(17 605 796)
				(184 190 510)		(164 530 903)
Long service awards						

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
19. Employee benefit obligations (continued)		
A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2025.		
Key assumptions used		
Discount rates used		8.97%
CPI (Consumer Price Inflation)		3.90%
Salary increase rate		4.90%
Net discount rate		3.88%
The basis on which the discount rate has been determined is as follow:		
The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	24 072 774	20 032 000
Net expense recognised in the statement of financial performance	7 077 349	4 040 774
	31 150 123	24 072 774
Net expense recognised in the statement of financial performance:		
Current Service Cost	2 581 344	1 950 000
Interest Expense	2 208 171	2 599 000
Benefit Payments	(3 557 962)	(1 988 000)
Actuarial (gains) losses	5 845 796	1 479 774
	7 077 349	4 040 774
Calculation of actuarial gains and losses		
Current Service Cost	2 581 344	1 950 000
Benefit Payments	(3 557 962)	(1 988 000)
Actuarial (gains) losses	5 845 796	1 479 774
	4 869 178	1 441 774
Post retirement medical aid plan		
The Municipality's current active employees and pensioners have the choice of participating in the following medical schemes:		
- LA Health Medical Scheme		
- Bonitas Medical Scheme;		
- Hosmed Medical Scheme		
- Samwumed Medical Scheme; and		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
19. Employee benefit obligations (continued)		
- Key Health Medical Scheme.		
Changes in the present value of the defined benefit obligation are as follows:		
Present value of the defined benefit obligation-wholly unfunded	131 066 012	124 026 000
Net expense recognised in the statement of financial performance	12 172 939	7 040 012
	143 238 951	131 066 012
Net expense recognised in the statement of financial performance:		
Current service cost	7 185 158	5 332 000
Interest cost	17 180 623	16 064 000
Actuarial (gains) losses	(7 537 125)	(9 734 988)
Benefits payments	(4 655 717)	(4 621 000)
	12 172 939	7 040 012
Calculation of actuarial gains and losses		
Actuarial (gains) losses	(6 943 911)	(9 734 988)
The post retirement medical plan is a defined benefit plan, of which the members are made up as follows:		
Continuation Members (Pensioners)	76	70
Current (In Service) Members	687	731
Key assumptions used		
Assumptions used at the reporting date:		
Discount rate (D)		12.09%
CPI (Consumer Price Inflation)		6.02%
Health care cost inflation (H)		7.52%
Net discount rate		4.25%
The expected benefit payments over the next annual reporting period are reflected in the table		
Balance at 30 June 2025	-	143 238 951
Current Service Cost	-	7 479 149
Interest cost	-	17 002 737
Medical contributions subsidies for continuation members	-	(5 215 084)
	-	162 505 753
20. VAT payable		
VAT Payable	927 778	2 540 376
VAT Accrual Payable	121 823 218	96 837 008
The municipality is registered on the accrual basis for VAT purposes. This means that VAT is only paid once cash is received or actual payments are made.		
VAT accrual payable consists of an amount payable in future periods as cash transactions are realised.		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
21. Service charges		
Sale of electricity	434 452 928	394 117 199
Sale of water	164 061 650	173 069 650
Solid waste	51 187 779	46 960 932
Waste water	72 587 383	65 897 189
	722 289 740	680 044 970
22. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	5 231 464	6 529 905
23. Fees earned		
Administrative and management fees	220 652	355 458
24. Interest received		
Interest revenue		
Bank	5 821 763	3 636 604
Receivables from exchange transactions	86 303 445	69 946 149
Receivables from non-exchange transactions	10 024 360	7 761 059
	102 149 568	81 343 812
All amounts above included in investment revenue arises from exchange and non-exchange transactions.		
25. Other income		
Administration income	-	379 158
Building plans and inspection fees	1 323 540	1 333 418
Burial income	1 763 041	1 700 945
Clearance certificates	263 569	263 536
Connection fees	873 846	612 645
Discount received	579 958	559 109
Dividends received	38 819	33 758
Erven sales	1 767 900	2 607 641
Escort fees	5 540	5 300
Fire brigade and rescue services	942 146	515
Hostel fees	41 255	41 255
Insurance claims	7 572 747	385 114
Provision for rehabilitation adjustment	-	13 315 415
Railway siding	107 454	62 725
Special services	17 025	9 010
Sundry income	3 255 988	2 985 470
Unclaimed deposits	1 291 144	2 874 729
Water valuation adjustments	310 417	-
	20 154 389	27 169 743
26. Fair value adjustments		
Investment property	1 015 026	26 118 426
Investment in shares	-	65 063
	1 015 026	26 183 489

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Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
27. Gain or loss on employee benefit obligation		
Long service awards: Actuarial gains / (losses)	(4 869 178)	(1 441 774)
Post retirement medical benefit: Actuarial gains / (losses)	6 943 911	9 734 988
	2 074 733	8 293 214
28. Services charges (Availability charges)		
Water	442 537	417 256
Waste water	445 577	421 549
	888 114	838 805
29. Property rates		
Rates received		
Residential	25 608 739	22 915 234
Commercial	39 844 244	39 170 925
State	28 151 941	26 120 958
	93 604 924	88 207 117
Valuations		
Commercial	7 370 426 862	6 224 087 309
Multi-purpose	-	191 784 003
Municipal	201 797 102	458 516 904
Non-ratable	483 665 405	238 283 806
Residential	7 600 106 259	4 720 437 998
State	1 155 197 013	1 155 262 017
	16 811 192 641	12 988 372 037

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

An average rate of R 0.021 (2024: R 0.021) is applied to property valuations to determine assessment rates.

Rates are levied on a monthly basis. Interest at prime plus 1% per annum (2024: prime plus 1%) is levied on rates outstanding two months after due date. (Excluding national government property rates which is levied on an annual basis).

An application was made with the Department of CoGTA on 17 July 2020 for an extension of the Valuation Roll (01 July 2017 – 30 June 2021) due to the impact of Covid-19, condition of the water supply, solid waste and waste water services, planned extension of the new developments for business & residential developments, replacement of faulty water & electricity meters inclusive of indigents as well of funds needed for improvement of AG's report relating to infrastructure and immovable assets register. Approval was granted on 23 October 2020 by the Head of CoGTA Mr Mokete Victor Duma until June 2024.

Income foregone

The Income foregone included in the different property rates relates to the first R 200 000 of all residential properties that are exempted from paying property rates including, discounts given to farmers, discounts given to pensioners and also incentives given to debtors settling their accounts in terms of the debt collection and credit control policy.

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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
30. Government grants and subsidies		
Operating grants		
Equitable share	298 568 000	278 006 000
LG SETA Grant	675 895	197 879
Financial Management Grant (FMG)	2 300 000	2 300 000
Expanded Public Works Program (EPWP)	1 104 000	1 463 000
Regional Bulk Infrastructure Grant (RBIG)	28 364 050	29 246 991
	331 011 945	311 213 870
Capital grants		
Water Services Infrastructure Grant (WSIG)	2 665 916	4 819 939
Municipal Infrastructure Grant (MIG)	45 376 667	44 352 000
Integrated National Electrification Program (INEP)	-	2 050 000
Municipal Disaster Response Grant (MDRG)	-	2 839 983
	48 042 583	54 061 922
	379 054 528	365 275 792
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	80 486 528	87 269 792
Unconditional grants received	298 568 000	278 006 000
	379 054 528	365 275 792
Equitable share		
Current-year receipts	298 568 000	278 006 000
Conditions met - transferred to revenue	(274 328 000)	(278 006 000)
Unspent grand withheld	(24 240 000)	-
	-	-
This grant is primarily used to subsidise the provision of basic services to indigent households. All registered indigent households receive a monthly subsidy based on the basic service charges for water, electricity, sewerage, refuse, which is funded from the grant. Indigent households also receive 10kl free water and 50kwh free electricity per month.		
Municipal Infrastructure Grant (MIG)		
Current-year receipts	46 575 000	44 352 000
Conditions met - transferred to revenue	(45 376 667)	(44 352 000)
	1 198 333	-

The grant is used to supplement the municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services.

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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
30. Government grants and subsidies (continued)		
LG SETA Grant		
Balance unspent at beginning of year	2 791 897	2 353 851
Current-year receipts	723 911	635 925
Conditions met - transferred to revenue	(675 895)	(197 879)
	2 839 913	2 791 897
Conditions still to be met - remain liabilities (see note 18).		
The grant is used for training municipality staff to enhance their skills in their respective positions.		
Municipal Disaster Response grant (MDRG)		
Balance unspent at beginning of year	8 160 018	-
Current-year receipts	-	11 000 000
Conditions met - transferred to revenue	-	(2 839 982)
Other	(8 160 000)	-
	18	8 160 018
Conditions still to be met - remain liabilities (see note 18).		
This grant is used in to restore water supply, repair damaged water supply pipeline and the sanitation supply pipeline.		
Finance Management Grant (FMG)		
Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	-	-
This grant is to train and appoint intern staff members in the finance department of the municipality.		
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	16 080 062	-
Current-year receipts	4 971 000	20 900 000
Conditions met - transferred to revenue	(2 665 916)	(4 819 938)
Repayment of unspent grant	(16 080 000)	-
	2 305 146	16 080 062
Conditions still to be met - remain liabilities (see note 18).		
This grant is used for infrastructure development including rehabilitation of key infrastructure assets.		
Extended Public Works Program (EPWP)		
Current-year receipts	1 104 000	1 463 000
Conditions met - transferred to revenue	(1 104 000)	(1 463 000)
	-	-
This grant is used for the rehabilitation of Kroonstad waste water treatment works.		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
30. Government grants and subsidies (continued)		
Integrated National Electrification Program (INEP)		
Current-year receipts	-	2 050 000
Conditions met - transferred to revenue	-	(2 050 000)
	<u>-</u>	<u>-</u>
This grant is used for the electrification of households.		
Regional Bulk Infrastructure Grant (RBIG)		
Current-year receipts	28 364 050	29 246 961
Conditions met - transferred to revenue	(28 364 050)	(29 246 961)
	<u>-</u>	<u>-</u>
The grant is used for the refurbishment of the wastewater treatment works in Kroonstad.		
31. Public contributions and donations		
Public contributions and donations	<u>14 409</u>	<u>6 500</u>
Arabest 127 CC	-	6 500
Powervac	8 870	-
Recha Construction	3 800	-
Tumileng Trading	1 739	-
	<u>14 409</u>	<u>6 500</u>
•		
32. Fines		
Illegal Connections Fines	121 630	90 228
Law Enforcement Fines	1 134 062	909 567
Municipal Traffic Fines	2 208 300	2 694 260
	<u>3 463 992</u>	<u>3 694 055</u>
33. Revenue		
Service charges	722 289 740	680 044 970
Rental of facilities and equipment	5 231 464	6 529 905
Fees earned	220 652	355 458
Other income	20 154 389	27 169 743
Interest received (Exchange transactions)	92 125 208	73 582 753
Services charges (Availability charges)	888 114	838 805
Property rates	93 604 924	88 207 117
Interest received (Non-exchange transactions)	10 024 360	7 761 059
Government grants and subsidies	379 054 528	365 275 792
Public contributions and donations	14 409	6 500
Fines	3 463 992	3 694 055
Fair value adjustments	-	26 183 489
Gains on employee benefit obligation	-	9 734 988
	<u>1 327 071 780</u>	<u>1 289 384 634</u>

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
33. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	722 289 740	680 044 970
Rental of facilities and equipment	5 231 464	6 529 905
Fees earned	220 652	355 458
Other income	20 154 389	27 169 743
Interest received (Exchange transactions)	92 125 208	73 582 753
	840 021 453	787 682 829
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Services charges (Availability charges)	888 114	838 805
Property rates	93 604 924	88 207 117
Interest received (Non-exchange transactions)	10 024 360	7 761 059
Transfer revenue		
Government grants and subsidies	379 054 528	365 275 792
Public contributions and donations	14 409	6 500
Fines	3 463 992	3 694 055
	487 050 327	465 783 328
34. Employee related costs		
Basic salary	251 395 649	231 328 240
Bonus	20 462 014	18 298 107
Medical aid - company contributions	28 691 144	25 040 792
UIF	2 053 237	1 895 360
Industrial council levy	145 582	125 513
Leave pay provision charge	8 365 726	7 051 445
Group life insurance	1 012 986	1 007 134
Defined contribution plans	44 450 652	39 523 649
Overtime payments	38 218 226	40 337 574
Long service awards	2 008 537	924 042
Car allowance	22 399 381	22 235 435
Housing benefits and allowances	1 721 564	1 560 455
Other allowances	162 975	127 408
Telephone allowances	555 620	543 554
Standby allowances	4 733 513	3 845 757
Post-employment medical aid- current service cost	7 185 158	5 332 000
	433 561 964	399 176 465

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
34. Employee related costs (continued)		
Remuneration of Municipal Manager: P.H Tshabalala		
Annual remuneration	886 499	796 667
Housing allowance	98 436	95 339
Car allowance	243 372	234 093
Social contribution	163 957	120 216
Cellphone allowance	36 000	36 000
	1 428 264	1 282 315

2024-2025

During the current financial year the following officials acted as Municipal Manager and received an acting allowance:

Mr. I. Mokgatle R 43 134.

Ms L.M Ntsepe R 33 067.

2023-2024

During the current financial year the following officials acted as the Municipal Manager and received an acting allowance

Mr. J. Maswanganyi R 31 935.

Mr. I. Mokgatle R 91 347.

Remuneration of Chief Financial Officer:

2024-2025

During the current financial year, the following officials acted as the Chief Financial Officer and received an acting allowance:

Mr. J. Maswanganyi R 10 875.

Ms. I Mokheseng R 23 415.

Mr. R. Visagie R 28 503.

2023-2024

During the current financial year, the following officials acted as the Chief Financial Officer and received an acting allowance:

Mr. J. Maswanganyi R 19 166.

Mr. R. Buys R 172 201.

Mr. R. Visagie R 14 905.

Remuneration of Director: Technical Services: I.S Mokgatle

Annual remuneration	865 706	828 619
Car allowance	534 027	522 624
Social contribution	50 905	28 922
Cellphone allowance	12 000	17 524
	1 462 638	1 397 689

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
34. Employee related costs (continued)		
Remuneration of Director: Corporate Services: LM Ntsepe		
Annual remuneration	484 683	-
Car allowance	175 480	-
Social contribution	92 504	-
Cellphone allowance	14 383	-
	767 050	-

2023-2024

During the current financial year, the following officials acted as the Director Corporate Services and received an acting allowance:

Mr. K. Moroke R 8 396.

2023-2024

During the current financial year, the following officials acted as the Director Corporate Services and received an acting allowance:

Ms. E. Lungu R 7 596.

Mr. K Moroke R 3 738.

Remuneration of Director: Community Services:

2024-2025

During the current financial year, the following officials acted as the Director Community Services and received an acting allowance:

Mr. T. Qhena R 28 445.

Mr. M. Rakgase R 222 846.

2023-2024

During the current financial year, the following officials acted as the Director Community Services and received an acting allowance:

Mr. T. Qhena R 28 445.

Mr. M. Rakgase R 222 846.

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Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

34. Employee related costs (continued)

Remuneration of Director: LED and Planning:

2024-2025

During the current financial year, the following officials acted as the LED and Planning Services and received an acting allowance:

Mr. T. Leie R 33 442.
Ms. L. Mapane R 10 875.

2023-2024

During the current financial year, the following officials acted as the LED and Planning Services and received an acting allowance:

Mr. T. Leie R 39 448.
Ms. L. Mapane R 71 358.

35. Remuneration of councillors

Executive Mayor	1 051 208	1 056 238
Speaker	867 237	867 141
Council Whip	816 640	816 101
Councillors	19 708 560	19 511 682
	<u>22 443 645</u>	<u>22 251 162</u>

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council-owned vehicle for official duties.

The Executive Mayor has the use of a council-owned vehicle for official duties and has one full-time bodyguard and driver.

The Speaker has one full-time driver and the use of a council-owned vehicle for official duties.

Refer to related parties note 60 for detailed disclosure.

36. Repairs and maintenance

Repairs and maintenance	<u>140 642 666</u>	<u>90 530 527</u>

Repairs and maintenance consists of:

Buildings	83 855 327	42 829 408
Electrical network	14 433 930	14 880 464
Water and sewer network	9 249 275	4 228 159
Fleet	8 712 336	8 719 679
Roads	9 355 414	6 225 376
Other repairs and maintenance	15 036 384	13 647 441
	<u>140 642 666</u>	<u>90 530 527</u>

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Moqhaka Local Municipality

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Notes to the Annual Financial Statements

	2025 R	2024 R
37. Depreciation and amortisation		
Property, plant and equipment	103 882 706	106 096 887
Intangible assets	554 711	61 772
	104 437 417	106 158 659
38. Finance costs		
Landfill sites and quarries	8 253 671	9 251 528
Late payment on creditors	97 879 096	4 351 153
Annuity loans and finance leases	1 157 929	1 677 609
Employee benefits	19 388 793	18 663 000
	126 679 489	33 943 290
39. Debt impairment		
Receivables from exchange transactions	158 155 726	165 089 689
Receivables from non-exchange transactions	12 758 792	11 571 740
	170 914 518	176 661 429
40. Bulk purchases		
Electricity - Eskom	486 866 696	418 560 011
Water	(2 621)	6 842
	486 864 075	418 566 853
41. Contracted services		
Specialist services	47 283 604	58 537 837
Other contractors	29 017 991	18 868 854
Specialist services consists of:		
Security services	45 801 930	56 951 157
Maintenance services	1 481 674	1 586 680
	47 283 604	58 537 837
Other contractors consists of:		
Professional services	246 943	176 170
Electricity vending services	15 372 188	4 477 479
Water chemicals	7 764 392	7 561 855
Other contracted services	5 296 382	4 207 057
Valuation services	338 086	2 446 293
	29 017 991	18 868 854

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
42. General expenses		
Advertising	1 434 799	1 294 972
Auditors remuneration	9 432 068	8 059 630
Bank charges	1 760 433	1 023 883
Cleaning	212 792	179 402
Legal services	8 465 464	4 042 885
Consumables	17 947 622	14 879 348
Entertainment	219 701	116 966
Lease rentals on operating lease	17 455 635	12 621 410
Insurance	4 755 043	4 631 778
Audit committee	19 982	110 868
Travel and subsistence	2 385 632	1 149 974
Water valuation adjustments	-	106 089
Funeral costs	99 187	110 976
Medical expenses	699 600	804 000
Fuel and oil	13 804 920	7 664 404
Postage and courier	694 267	400 837
Printing and stationery	120 915	71 985
Protective clothing	4 256 586	4 498 724
Staff recoveries	4 655 619	-
Subscriptions and membership fees	2 561 197	3 578 896
Telephone and fax	1 960 800	1 668 193
Refuse	2 965 904	-
Commission paid	11 803 764	13 934 108
Workmens compensation	-	447 370
Licences - other	3 359 977	5 742 160
Licences - vehicles	821 527	682 785
Skills development levy	4 205 588	3 375 711
Other expenses	10 305 129	3 845 042
	126 404 151	95 042 396
43. Gain or loss on disposal of assets		
Investment property	257 000	8 778 730
Intangible Assets	281 692	-
Property, plant and equipment	3 537 161	6 919 829
Vacant sites	1 018 700	17 457 299
	5 094 553	33 155 858
44. Impairment loss		
Impairments		
Property, plant and equipment	7 804 713	58 238 890
45. Auditors' remuneration		
Fees	9 432 068	8 059 630

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
46. Cash generated from operations		
Deficit	(370 987 247)	(223 189 361)
Adjustments for:		
Depreciation and amortisation	104 437 417	106 158 659
Discounts	(579 958)	(559 109)
Public contributions and donations	(14 409)	(6 500)
Cost on disposal of assets	5 094 553	33 155 858
Fair value adjustments	(1 015 026)	(26 183 489)
Fines	(3 378 583)	(2 480 502)
Finance costs	28 800 394	29 592 138
Debt impairment	170 914 518	176 661 429
Leave pay provision	3 750 629	4 238 707
Impairment loss on assets	7 804 713	59 236 112
Interest-Receivables from exchange transactions	(86 303 445)	(69 946 149)
Interest-Receivables from non exchange transactions	(10 024 360)	(7 761 059)
Gains on employee benefit obligation	(6 943 911)	(9 734 988)
Losses on employee benefit obligation	4 869 178	1 441 774
Water valuation adjustments	(310 417)	106 089
Provision for rehabilitation adjustment	2 965 904	(13 315 415)
Post-employment medical aid- current service cost	7 185 158	5 332 000
Prior year adjustment	-	(88 649 423)
Provisions raised	(4 001)	(10 000)
Changes in working capital:		
Inventories	(7 117 193)	(6 989 775)
Receivables from exchange transactions	(185 290 128)	(254 410 694)
Receivables from non-exchange transactions	(14 178 602)	(3 468 700)
VAT accrual receivable	(69 648 910)	(25 938 048)
VAT payable	(1 612 598)	2 540 376
VAT accrual payables	24 986 210	96 837 008
Payables from exchange transaction	498 927 059	325 893 156
Unspent conditional grants and receipts	(20 688 567)	24 678 126
Consumer deposits	2 014 119	288 347
Employee benefit obligation	(4 839 612)	(3 215 115)
	78 812 885	130 301 452
47. Irregular expenditure		
Opening balance as previously reported	128 660 328	142 238 972
Add: Irregular expenditure - current	18 667 925	83 899 225
Less: Amount written off - prior period	-	(97 477 869)
Closing balance	147 328 253	128 660 328
Irregular expenditure incurred during the financial year		
Irregular expenditure disclosure figure should be added indicating that Irregular expenditure is always calculated inclusive of VAT. The figures disclosed above have been presented in this set of AFS inclusive of VAT.		
Local content instruction notes were not followed	994 049	9 498 241
Non-compliance with the PPPFA Act and Section 112 of the MFMA for the use of panels	-	9 846 495
Tax clearance certificate not obtained	155 124	681 584
Tender documents did not include the requirement for mandatory subcontracting	17 518 752	57 780 993
Three written quotations not invited	-	5 050 224
Objective test not stipulated in the bid documentation	-	1 041 688
	18 667 925	83 899 225

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
48. Unauthorised expenditure		
Opening balance as previously reported	123 592 687	339 494 818
Add: Unauthorised expenditure - current	302 201 224	122 592 687
Less: Amount written off - prior period	-	(338 494 818)
Closing balance	425 793 911	123 592 687

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	302 201 224	122 592 687

Unauthorised expenditure: Budget overspending – per municipal department:

Financial Services	97 323 867	7 337 812
Corporate Services	-	4 906 868
Technical Services	204 877 357	110 348 007
	302 201 224	122 592 687

Analysed as follows: Non-cash

Depreciation and amortisation	41 618 038	10 805 841
Finance charges (e.g. interest charge on the Eskom account)	87 263 066	-
Bad debt written off	173 320 120	106 879 978
Current service cost (Post Employee Medical Aid)	-	4 906 868
	302 201 224	122 592 687

49. Fruitless and wasteful expenditure

Opening balance as previously reported	86 471 217	61 001 447
Add: Fruitless and wasteful expenditure identified - current	98 188 387	5 510 951
Add: Fruitless and wasteful expenditure identified - prior period	-	19 958 819
Closing balance	184 659 604	86 471 217

Expenditure identified in the current year include those listed below:

Interest and penalties	98 188 387	5 510 951
The supplier was paid for material which was not delivered	-	15 740 273
Materials left onsite exposed to deterioration	-	4 218 546
	98 188 387	25 469 770

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a SCM policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

During the financial year there were instances where goods and services were procured and deviated from the normal SCM policy.

The reason for these deviations were documented and reported to the accounting officer who considered them and approved the deviation from the normal SCM Regulations.

REVIEWED

By NeoTH at 11:11 am, Jan 15, 2026

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

50. Deviation from supply chain management regulations (continued)

Description	Number	2025
Emergency	2	49 440
Sole supplier	5	42 025
Urgent	23	6 615 770
	30	6 707 235

Description	Number	2024
Emergency	1	987 850
Sole Supplier	24	734 191
Urgent	33	8 891 312
	58	10 613 353

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

				2025 R	2024 R	
51. Prior-year adjustments						
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:						
Statement of financial position						
2024						
	Note	As previously reported	Correction of error	Statement of financial performance	Re-classification	Restated
Inventories	4	87 485 319	(11 725 172)	-	-	75 760 147
Intangible assets	10	2 365 223	381 187	-	-	2 746 410
Property, Plant and Equipment	12	1 867 742 273	(41 099 368)	-	-	1 826 642 905
Payables from exchange transactions	16	(1 503 036 743)	(746 852)	-	-	(1 503 783 595)
VAT accrual receivable	8	170 788 848	-	-	99 377 385	270 166 233
VAT payable	20	-	-	-	(2 540 376)	(2 540 376)
VAT accrual payable	20	-	-	-	(96 837 009)	(96 837 009)
Accumulated surplus		(1 036 390 075)	1 742 067	51 448 138	-	(983 199 870)
		(411 045 155)	(51 448 138)	51 448 138	-	(411 045 155)

Statement of financial performance

	Note	As previously reported	Correction of error	Restated
Repairs and maintenance	36	97 281 247	(6 750 720)	90 530 527
Depreciation and amortisation	37	109 847 388	(3 688 722)	106 158 666
Contracted services	41	80 381 391	(2 974 700)	77 406 691
Cost on disposal of assets	43	15 329 539	17 826 319	33 155 858
Impairment loss on assets	44	11 202 930	47 035 961	58 238 891
Surplus for the year		314 042 495	51 448 138	365 490 633

Errors

A number of prior period errors were corrected during the year ending 30 June 2024.

The details of the retrospective prior period errors adjusted are reflected below.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
51. Prior-year adjustments (continued)		
<u>Cost on disposal of assets, Vacant Stands</u>		
Vacant Stands were overstated. A correction was done accordingly resulting in the decrease of Vacant Stands to the amount of (R 11 725 172) and the increase of Cost on disposal of assets to the amount of R 11 725 172.		
<u>Depreciation and amortisation, Intangible Assets</u>		
Intangible assets were understated. A correction was done accordingly resulting in the increase of Intangible Assets to the amount of R 381 187 and the decrease of Depreciation and amortisation to the amount of (R 381 187).		
<u>Repairs and maintenance, Depreciation and amortisation, Contracted services, Property, plant and equipment</u>		
Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 9 260 421, the decrease of Repairs and maintenance to the amount of (R 5 963 300), the increase of Depreciation and amortisation to the amount of R 464 999, and the decrease of Contracted services to the amount of (R 2 974 700).		
<u>Impairment loss on assets, Property, plant and equipment</u>		
Property, plant and equipment (WIP) were overstated. A correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 5 373 957) and the increase of Impairment loss on assets to the amount of R 5 373 957.		
<u>Cost on disposal of assets, Property, plant and equipment</u>		
Property, plant and equipment (Meters disposal) were overstated. A correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 6 101 147) and the increase of Cost on disposal of assets to the amount of R 6 101 1476.		
<u>Impairment loss on assets, Property, plant and equipment</u>		
Property, plant and equipment (Impairment) were overstated. A correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 43 472 308) and the increase of Impairment loss on assets to the amount of R 43 472 308.		
<u>Depreciation and amortisation, Property, plant and equipment</u>		
Property, plant and equipment (Zero Balances) were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 3 743 736 and the decrease of Depreciation and amortisation to the amount of (R 3 743 736).		
<u>Impairment loss on assets, Property, plant and equipment</u>		
Property, plant and equipment (Impairment) were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 1 406 091 and the decrease of Impairment loss on assets to the amount of (R 1 406 091).		
<u>Property, plant and equipment, Accumulated surplus</u>		
Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 2 004 and the decrease of Accumulated surplus to the amount of (R 2 004).		
<u>Property, plant and equipment, Depreciation and amortisation</u>		
Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 30 808 and the decrease of Depreciation and amortisation to the amount of (R 30 808).		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

51. Prior-year adjustments (continued)

Property, plant and equipment, Impairment loss on assets

Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 404 214 and the decrease of Impairment loss on assets to the amount of (R 404 214).

Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were understated. A correction was done accordingly resulting in the increase of Payables from exchange transactions to the amount of (R 746 852) and the decrease of Accumulated surplus to the amount of R 746 582.

Property, plant and equipment, Accumulated surplus

Property, plant and equipment were impaired. correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 997 219) and the decrease of Accumulated surplus to the amount of (R 997 219).

Restatements

A number of disclosure notes were restated during the year ending 30 June 2024.

The details of the restatements are reflected below.

The Irregular expenditure was overstated in the prior year. These expenditures were investigated by the MPAC committee and recommended to Council for write off. The correction amounted to (R 97 477 869).

The Unauthorised expenditure were overstated in the prior year. These expenditures were investigated by the MPAC committee and recommended to Council for write off. The correction amounted to (R 338 494 818).

The Fruitless and wasteful expenditure were overstated in the prior year. The correction amounted to R 19 958 819.

The commitments were overstated in the prior year. The correction amounted to (R 23 720 537).

Reticulation losses (Water) were overstated in the prior year. The correction amounted to (R 17 611 158).

Councillors' arrear consumer accounts were overstated in the prior year. The correction amounted to (R 1 062 864).

Contingent liabilities were overstated in the prior year. The correction amounted to (R 5 039 666).

Contingent assets were overstated in the prior year. The correction amounted to (R 6 815 232).

	As previously reported	Adjustment	Restated
Irregular expenditure	226 138 197	(97 477 869)	128 660 328
Fruitless and wasteful expenditure	66 512 398	19 958 819	86 471 217
Unauthorised expenditure	462 087 505	(338 494 818)	123 592 687
Commitments	288 629 027	(23 720 537)	264 908 490
Reticulation losses (Water)	81 097 138	(17 661 158)	63 435 980
Councillors' arrear consumer accounts	1 465 873	(1 062 864)	403 009
Contingent liabilities	50 345 643	(5 039 666)	45 305 977
Contingent assets	43 569 234	(6 815 232)	36 754 002
	1 219 845 015	(470 313 325)	749 531 690

Reclassifications

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
51. Prior-year adjustments (continued)		
The following reclassifications adjustment occurred:		
<u>VAT payable, VAT accrual</u>		
VAT payable Receivables from exchange transactions was overstated in the prior year. A correction was done accordingly resulting in the increase of VAT accruals to the amount of R 2 540 376 and the increase of VAT payable to the amount of (R 2 540 376).		
<u>VAT accrual receivable, VAT accrual payable</u>		
VAT payable payable was understated in the prior year. A correction was done accordingly resulting in the increase of VAT payable payable to the amount of (R 96 837 009) and the increase of VAT accrual receivable to the amount of R 96 837 009.		
52. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Infrastructure	38 195 647	110 589 653
• Landfill sites	6 098 653	834 451
• Community	-	706 876
• Motor vehicles	20 704 955	152 777 510
	64 999 255	264 908 490
Total capital commitments		
Approved and contracted for	64 999 255	264 908 490
Infrastructure commitments approved and contracted for will be funded by grants from government.		
53. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government (SALGA)		
Opening balance	6 287	7 705
Current year fee	2 441 612	4 147 760
Amount paid - current year	(2 447 899)	(4 149 178)
	-	6 287
Audit fees		
Opening balance	4 396 060	204 443
Current year fee	9 547 761	9 225 946
Interest charged	94 013	123 719
Amount paid - current year	(9 419 727)	(4 953 606)
Amount paid - previous years	(4 396 061)	(204 442)
	222 046	4 396 060
PAYE and UIF		
Opening balance	5 292 135	4 548 214
Current year fee	65 835 799	60 603 233
Amount paid - current year	(71 127 934)	(59 859 312)
	-	5 292 135

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and medical aid deductions		
Opening balance	-	7 929 852
Current year fee	114 836 123	101 721 996
Amount paid - current year	(114 836 123)	(109 651 848)
	<u>-</u>	<u>-</u>
Skills development levy		
Opening balance	-	260 046
Current year fee	3 667 856	3 376 019
Amount paid - current year	(3 667 856)	(3 636 065)
	<u>-</u>	<u>-</u>
Distribution losses		
Estimated electricity losses suffered by the municipality for the year under review are as follows:		
Technical losses 4% (2024: 4%).		
Non-Technical losses 28.58% (2024: 25.40%).		
Estimated line losses	30 215 077	23 229 524
Losses due to faulty meters, tampering or theft	215 852 459	147 505 020
	<u>246 067 536</u>	<u>170 734 544</u>
Estimated water losses suffered by the municipality for the year under review is are follows:		
Water losses 23% (2024: 20%).		
Estimated water losses	<u>82 783 827</u>	<u>63 435 980</u>

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R
53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' arrear consumer accounts		
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.		
	30 June 2025	30 June 2024
Botha VA	35 407	11 957
Khiba MJ	2 271	10 778
Meko MJ	172 171	146 732
Lulama MS	58 178	-
Nolo MM	48 243	36 322
Rankokosane BN	-	9 581
Saaiman CJ	80 038	67 782
Sekheja L	57 786	40 491
Semakale MM	159 643	-
Thebe EM	31 547	26 839
Tloome C	9 957	-
Visagie AJ	-	42 215
Van Heerden L	-	744
Geldenhuis J	15 511	7 148
Muller DM & DH	-	2 420
Van Schalkwyk L	4 719	-
	675 471	403 009

54. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 612 212 630 and that the municipality's total assets exceed its total liabilities by R 612 212 630.

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

The following are events and conditions that cast doubt on the municipalities ability to continue as a going concern.

The municipality incurred a deficit for the current financial year of R 370 987 247 and R 223 189 361 in the previous financial year.

The current liabilities amounting to R 2 165 173 890 exceeds current assets of R 1 134 482 899 by R 1 030 690 911.

The receivables from exchange transactions increased from R 528 867 698 to R 642 305 545, which resulted in a 21% increase as at 30 June 2025.

The payables from exchange transactions increased from R 1 503 783 595 to R 2 002 130 680 which results in a 33% increase. The creditors' payment period also increased from 683 days to 884 days as at 30 June 2025. The payables from exchange transactions outstanding for a period longer than 30 days amounted to R 1 851 238 434 (92%). Eskom is the biggest contributor in terms of payables. The Municipality was accepted into the Debt Relief Programme rolled out by National Treasury to give relief in terms of writing off the debt owed to Eskom if the municipality keeps up with paying the current account. The key condition for this application is that the municipality must pay its current account every month for 12 months, then Eskom will write off one third of the outstanding debit.

The cash equivalents amounted to R 20 137 104 as 30 June 2025 (2024: R 44 882 922).

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.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

54. Going concern (continued)

Despite the material uncertainties which cast a significant doubt on the municipality's ability to continue as a going concern, the municipality will continue to have the power to levy rates in the following financial period. The municipality is also likely to receive continued government funding, as has been disclosed in the Division of Revenue Act of 2025, as there are no current indications that government funding will be withheld from the municipality for any reason.

55. Financial instruments disclosure

Categories of financial instruments

Financial assets

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Receivables from exchange transactions	642 305 545	528 867 698	1 115 399 520
Receivables from non-exchange transactions	73 812 347	58 989 594	178 721 634
Cash and cash equivalents	20 137 104	44 882 922	94 236 252
Investments	532 369	520 952	1 197 583
	736 787 365	633 261 166	1 389 554 989

Financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Consumer deposits	18 048 634	16 034 515	43 601 082
Finance lease obligation	-	1 177 728	5 950 372
Provisions	143 578 731	128 612 528	347 573 180
Borrowings	9 582 422	15 024 493	72 813 977
Payables form exchange transactions	2 002 130 680	1 503 783 595	2 295 200 799
Unspent conditional grants and receipts	6 343 410	27 031 977	23 456 963
Eskom payment arrangement	-	-	327 653 727
Interest concession	-	-	115 289 547
	2 179 683 877	1 691 664 836	3 231 539 647

56. Subsequent events

On 09 July 2025, C Pumpstation, a sewerage pumpstation was vandalised and infrastructure equipment was stolen.

57. Contingencies

Contingent liabilities - pending claims

The municipality is a defendant against various claims against the council. All the claims are being contested based on legal advice.

The certainty and the timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflow amounts.

Contingent liabilities

Claims by individuals due to damage of property in various incidents	17 349 806	17 189 806
Claims from suppliers - contractual disputes	7 192 785	28 116 171

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

57. Contingencies (continued)

Contingent assets

The municipality is a claimant against the Insure Guardrisk .The claims are being contested based on legal advice.

The certainty and the timing of the inflow of these assets are uncertain. The amounts disclosed below are possible inflow amounts.

Contingent assets

Claims against Guardrisk Insurance	36 053 580	36 053 580
TM Consortium (Pty) Ltd	600 422	600 422

Notes to the Annual Financial Statements

	2025	2024
	R	R

58. Budget differences

Material differences between budget and actual amounts

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

58. Budget differences (continued)

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Statement of financial performance

BD1. Service charges. Due to the annual increase in service charges as approved by Council.

BD2. Rental of facilities and equipment: Due to a increase in rentals, compared to that of the previous year. As well as a result of tenants moving out due to adverse economic activities and some as a result of the conditions of the properties being leased out.

BD3. Fees earned: Not budgeted for separately.

BD4. Other income: Due to the provision for rehabilitation adjustment that is not income in the current year.

BD5. Interest received: Due to interest raised on consumer debtors whose accounts are in arrears.

BD6. Fair value adjustments: Not budgeted for separately.

BD7. Gains on employee benefit obligation: Not budgeted for separately.

BD8. Public contributions and donations: Not budgeted for separately.

BD9. Fines: Fines are immaterial to the operations of the municipality and were not accounted for during the year.

BD10. Remuneration of councillors: The budgeted amount was found to be excessive.

BD11. Depreciation and amortisation: Due to financial constraints experienced by the municipality, certain projects were not completed during the year. This resulted in the property, plant and equipment balance being less than anticipated, as well as the capital expenditure (acquisition of assets) and the relating depreciation expense.

BD12. Finance costs: The biggest contributing factor is the non-payment of the Eskom account resulting in additional charges being levied.

BD13. Debt Impairment: The debt impairment is an estimation based on the debtors' age analysis information. For the current year, the movement is less than the budgeted amount.

BD14. Bulk purchases: The budgeted amount was insufficient, even compared to the actual results of the previous year.

BD15. Gain or loss on disposal of assets: Not budgeted for separately.

BD16. Gain or loss on employee benefit obligation: Not budgeted for separately.

BD17. Impairment Loss: Not budgeted for separately.

BD18. General expenses: The cashflow constraints led to non spending on priority budgeted items.

Statement of financial position

BD19. Cash and cash equivalents: Due to unspent grants at year end.

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Notes to the Annual Financial Statements

	2025 R	2024 R
58. Budget differences (continued)		
BD20. Inventories: The budgeted amount was found to be excessive.		
BD21. Investments: Not budgeted for separately.		
BD22. Receivables from exchange transactions: Due to the non-payment by consumers, the debtors book has been growing excessively.		
BD23. Receivables from non-exchange transactions Due to the non-payment by consumers, the debtors book has been growing excessively.		
BD24. VAT accrual receivable: Due to the financial challenges faced by the municipality, creditors are not settled which is resulting in the input VAT not being claimed back from SARS (registered on the payments basis). As well as the VAT on the debt impairment provision on debtors.		
BD25. Heritage assets: Budget was found to be not sufficient.		
BD26. Investment property: The budgeted amount was found to be excessive.		
BD27. Property, plant and equipment: The budgeted amount was found to be excessive.		
BD28. Consumer deposits: The budgeted was found to be not sufficient.		
BD29. Borrowings: Not budgeted for separately.		
BD30. Payables from exchange transactions: Due to the non payment of the Eskom account and year end accruals.		
BD31. Provisions: The budgeted amount was found to be excessive.		
BD32. Unspent conditional grants and receipts: Not budgeted for separately.		
BD33. Employee benefit obligation: Not budgeted for separately.		
BD34. VAT payable: The budgeted amount was found to be excessive.		
BD35. Provisions: The budgeted was found to be not sufficient.		
Differences between budget and actual amounts basis of preparation and presentation		
The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are consolidated statements that include all controlled entities, including government business enterprises for the fiscal period from to . The annual financial statements differ from the budget, which is approved on the accrual basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.		
59. Risk management		
Capital risk management		
The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.		
The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 15, cash and cash equivalents disclosed in note 3, and accumulated surplus as disclosed in the statement of financial position.		
There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.		
Liquidity risk		

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

59. Risk management (continued)

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The municipality's risk to liquidity is a result of funds not being available to cover future commitments.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The municipality manages liquidity risk through proper management of working capital, ongoing review of future commitments, capital expenditure and actual versus forecast cash flows.

At 30 June 2025	2025	2024	Over 5 years
Borrowings	9 582 422	15 024 493	-
Payables from exchange transactions	2 002 130 680	1 503 783 595	-
Finance lease	-	1 177 728	-

The municipality is in arrears with servicing of the Eskom debt.

The DBSA loan carries fixed interest rate at 9% per annum. In mitigating the risk of non-payment, the municipality did hold bilaterals with DBSA regarding the loan account and a debit order was signed to ensure that the loan repayments are honored on a monthly basis, which also takes into account the arrear loan repayment so as to ensure that the loan is paid up by the redemption date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties is monitored regularly.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk relating to trade receivables is managed in accordance with the municipalities' credit control and debt collection policy. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad earned doubtful debt. Additional information relating to the analysis of consumer debtors is given in note 6 to the annual financial statements.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024
Cash and cash equivalents	20 137 104 44 882 922
Investments	532 369 520 952
Receivables from exchange transactions	642 305 545 528 867 698
Receivables from non-exchange transactions	73 812 347 58 989 594

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

				2025 R	2024 R	
60. Related parties						
Key management information						
Executive mayor	1					
Councillors	44					
Municipal Manager	1					
Section 57 Managers	2					
Remuneration of management						
Councillors						
2025						
		Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Total
Name						
Executive Mayor: Cllr M.E Mokatsane		635 383	284 897	87 729	43 200	1 051 209
Speaker: Cllr S.V Khiba		503 310	224 461	87 463	47 004	862 238
Council Whip: Cllr M.M Semakale		477 119	209 421	83 096	47 004	816 640
MMC: Community and Social Services: Cllr M.A Khotle		477 119	209 421	88 848	47 004	822 392
MMC: Public Safety and Transport: Cllr E.P Phamotse		477 119	209 421	83 096	47 004	816 640
MMC: Integrated Development Plan: Cllr M.R Lulama		477 119	209 421	83 096	47 004	816 640
MMC: Municipal Infrastructure and Technical Services: Cllr B.S Ramathibe		508 374	182 366	69 500	47 004	807 244
MMC: Local Economic Development: Cllr R.D Tau		477 119	209 421	88 848	47 004	822 392
MMC: Spatial Development and Human Settlement: Cllr M.P Tshabalala		477 119	209 421	88 848	47 004	822 392
MMC: Finance, Audit and Risk Management: Cllr T.M Ntsala		477 119	209 421	88 848	47 004	822 392
MMC: Corporate Support Services: Cllr L.E Ramajoe		477 119	209 421	83 096	47 004	816 640
MMC: Policy Development and Monitoring: Cllr IS Sesing		373 685	177 312	70 667	47 004	668 668
MPAC Chairperson: A.V Botha		470 408	197 075	79 512	46 570	793 565
Part time Councillors		6 651 560	2 342 904	1 382 216	1 327 913	11 704 593
		12 959 672	5 084 383	2 464 863	1 934 727	22 443 645

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

				2025 R	2024 R
60. Related parties (continued)					
2024					
	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Total
Name					
Executive Mayor: Cllr M.E Mokatsane	645 030	277 164	91 244	42 800	1 056 238
Speaker: Cllr S.V Khiba	516 630	218 275	85 667	46 570	867 142
Council Whip: Cllr M.M Semakale	484 564	203 569	81 398	46 570	816 101
MMC: Community and Social Services: Cllr M.A Khotle	484 564	203 569	89 965	46 570	824 668
MMC: Public Safety and Transport: Cllr E.P Phamotse	484 564	203 569	81 398	46 570	816 101
MMC: Policy Development and Monitoring: Cllr S Ramovha	438 530	203 569	81 398	46 570	770 067
MMC: Integrated Development Plan: Cllr M.R Lulama	484 564	203 569	81 398	46 570	816 101
MMC: Municipal Infrastructure and Technical Services: Cllr B.S Ramathibe	484 564	203 569	81 398	46 570	816 101
MMC: Local Economic Development: Cllr R.D Tau	484 564	203 569	89 965	46 570	824 668
MMC: Spatial Development and Human Settlement: Cllr M.P Tshabalala	484 564	203 569	89 965	46 570	824 668
MMC: Corporate Support Services: Cllr L.E Ramajoe	443 133	182 163	85 545	46 570	757 411
MMC: Finance, Audit and Risk Management: Cllr T.M Ntsala	484 564	203 569	89 965	46 570	824 668
MPAC Chairperson: Cllr A.V Botha	470 408	197 075	79 512	46 570	793 565
Part time Councillors	6 390 629	2 342 904	1 382 216	1 327 914	11 443 663
	12 780 872	5 049 702	2 491 034	1 929 554	22 251 162

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025 R	2024 R

61. Segment information

General information

Identification of segments

The municipality is organised into six functional directorates for management purposes. The directorates are Municipal Manager, Finance, Corporate Services, Community and Social Services, Technical Services, and Local Economic Development and Planning Services.

Only the Community and Social Services, Technical Services, and Local Economic Development and Planning Services directorates have been identified as reportable segments. Management monitors the operating results of these units to make decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

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

The three reportable segments comprise of:

- Community and social services, which include sport and recreation, public safety, refuse removal, street cleaning and cemeteries;
- Technical services which include energy sources, water management, and wastewater management; and
- Local economic development and planning services, which include planning and development, housing, and the Kroonpark resort.

Management does not monitor financial performance geographically and does not have reliable separate financial information.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Segment 1
Segment 2
Segment 3
Segment 4

Goods and/or services

Local economic development and planning services
Technical services
Community and social services
Governance & Administration (Not reportable Segment)

REVIEWED

By NeoTH at 11:12 am, Jan 15, 2026

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

Segment surplus or deficit, assets and liabilities

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
Revenue					
External revenue from exchange transactions	9 139 202	672 202 994	56 117 147	13 526 655	750 985 998
External revenue from non-exchange transactions	348 500	79 311 477	2 208 300	395 157 689	477 025 966
Interest revenue - exchange	-	67 455 203	12 738 364	11 931 641	92 125 208
Interest revenue - non exchange	-	453 121	-	9 571 238	10 024 359
Revenue from transactions with other segments	-	12 317 162	650 316	-	12 967 478
Total segment revenue	9 487 702	831 739 957	71 714 127	430 187 223	1 343 129 009
Entity's revenue					1 343 129 009
Expenditure					
Bulk Purchases	58 310	485 936 014	869 749	-	486 864 073
Contracted Services	170 077	25 368 341	46 104 752	4 658 426	76 301 596
Debt impairment	-	165 788 227	(7 632 502)	12 758 792	170 914 517
Depreciation and amortisation	304 504	93 661 019	6 623 470	3 848 419	104 437 412
Employee related costs	30 858 641	130 770 056	129 301 193	142 632 074	433 561 964
Expenditure from transactions with other segments	(1 009 564)	11 380 999	2 589 888	6 156	12 967 479
Interest expense	-	-	27 642 465	99 037 025	126 679 490
General expenses	1 946 400	23 262 590	29 516 279	71 678 881	126 404 150
Impairment loss on assets	-	-	-	7 804 713	7 804 713
Loss on disposal of assets	-	238 221	-	4 856 332	5 094 553
Remuneration of Councillors	-	-	-	22 443 645	22 443 645
Repairs and maintenance	3 089 328	118 077 194	14 358 660	5 117 482	140 642 664
Total segment expenditure	35 417 696	1 054 482 661	249 373 954	374 841 945	1 714 116 256
Total segmental surplus/(deficit)	(25 929 994)	(222 742 704)	(177 659 827)	55 345 278	(370 987 247)

Moqhaka Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

2024

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
Revenue					
External revenue from exchange transactions	11 296 185	634 206 123	70 691 672	32 382 798	748 576 778
External revenue from non-exchange transactions	727 000	83 050 029	2 694 260	371 550 978	458 022 267
Interest received - exchange	-	54 128 238	9 652 286	9 802 228	73 582 752
Interest received - non exchange	-	-	-	7 761 059	7 761 059
Revenue from transactions with segments	-	19 395 364	613 119	-	20 008 483
Total segment revenue	12 023 185	790 779 754	83 651 337	421 497 063	1 307 951 339
Entity's revenue					1 307 951 339
Expenditure					
Bulk purchases	64 825	417 538 208	963 821	-	418 566 854
Contracted services	144 026	14 539 112	57 309 756	5 413 798	77 406 692
Debt impairment	-	140 193 606	26 152 773	10 315 050	176 661 429
Depreciation and amortisation	300 599	96 328 999	5 114 238	4 414 883	106 158 719
Employee related cost	28 539 904	119 517 136	116 679 631	134 439 722	399 176 393
Expenditure from transactions with other segments	6 447 165	11 620 377	1 935 418	5 523	20 008 483
General expenses	1 128 876	31 819 086	18 897 207	43 197 230	95 042 399
Impairment loss on assets	-	-	-	58 238 890	58 238 890
Interest expense	-	-	27 914 528	6 028 762	33 943 290
Loss on disposal of assets	-	6 793 478	-	26 362 380	33 155 858
Remuneration of councilors	-	-	-	22 251 162	22 251 162
Repairs and maintenance	1 732 073	71 332 445	11 230 184	6 235 829	90 530 531
Total segment expenditure	38 357 468	909 682 447	266 197 556	316 903 229	1 531 140 700
Total segmental surplus/(deficit)	(26 334 283)	(118 902 693)	(182 546 219)	104 593 834	(223 189 361)

62. Change in estimate

Property, plant and equipment

Annual review of assets' useful lives and residual values

The municipality's annual review of the useful lives of assets resulted in a decrease of R11 815 111.16 in the depreciation charge to the statement of financial performance. After the physical verification of all movable assets in the municipality, management is of the view that the 10% residual on all movable assets in the municipality remains unchanged.

It is impracticable to estimate the effect of these changes in future periods.

Moqhaka Local Municipality

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	2025 R	2024 R

62. Change in estimate (continued)

Provisions

In accordance with GRAP 19, a provision should be reviewed at each reporting date and adjusted to reflect the current estimate. The change in the estimated future cash flows or service potential required to settle the rehabilitation provision, or a change in the discount rate as a result in the time value for money, or risk specific to the rehabilitation provision.

The key assumptions used:

Viljoenskroon - CPI	6.27%
Viljoenskroon - discount rate used	8.75%
Steynsrus - CPI	6.27%
Steynsrus - discount rate used	8.75%
Kroonstad - CPI	6.27%
Kroonstad - discount rate used	8.75%

The future effect in the future periods are not disclosed as it is impracticable, as the reviewed on a yearly basis.

Reconciliation of Provisions

	Opening Balance	Interest cost	Change in estimate	Closing balance
Provision for Landfil sites	76 726 523	6 713 571	2 944 879	86 384 973
Provision for Quarries	17 038 213	1 540 100	21 025	18 599 338
	93 764 736	8 253 671	2 965 904	104 984 311

