



# Msukaligwa Local Municipality



**2024/2025 Draft Annual Report**

# Contents

## TABLE OF CONTENTS

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	5
COMPONENT A: MAYOR’S FOREWORD	5
MUNICIPAL MANAGER’S OVERVIEW	6
1.1.    MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	7
1.2.    SERVICE DELIVERY OVERVIEW	11
1.3.    FINANCIAL HEALTH OVERVIEW	13
1.4.    ORGANISATIONAL DEVELOPMENT OVERVIEW	14
1.5.    AUDITOR GENERAL REPORT	16
1.6.    STATUTORY ANNUAL REPORT PROCESS	18
CHAPTER 2 – GOVERNANCE	19
2.1.    POLITICAL GOVERNANCE	19
2.2.    ADMINISTRATIVE GOVERNANCE	20
COMPONENT B: INTERGOVERNMENTAL RELATIONS	22
2.3.    INTERGOVERNMENTAL RELATIONS	22
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	22
2.4.    PUBLIC ACCOUNTABILITY AND PARTICIPATION	22
2.5.    PUBLIC MEETINGS	23
2.6.    INTEGRATED DEVELOPMENT PLAN (IDP) PARTICIPATION AND ALIGNMENT	24
COMPONENT D: CORPORATE GOVERNANCE	24
2.7.    RISK MANAGEMENT	24
2.8.    FRAUD AND CORRUPTION MANAGEMENT	25
2.9.    WEBSITES	26
2.10.   BY-LAWS	27
2.11.   PUBLIC SATISFACTION SURVEY	27
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	28
COMPONENT A: BASIC SERVICES	28
3.1.    WATER PROVISION	28
3.2.    WASTEWATER (SANITATION) PROVISION	32
3.3.    ELECTRICITY	35
3.4.    PROJECTS MANAGEMENT	37
3.5.    WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	39
3.6.    HUMAN SETTLEMENT	41
3.7.    FREE BASIC SERVICES AND INDIGENT SUPPORT	43
COMPONENT B: ROAD and stormwater	44
3.8.    ROADS AND STORM WATER MANAGEMENT	44

3.9.	STORM WATER DRAINAGE	47
	COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT	47
3.10.	PLANNING AND ECONOMIC DEVELOPMENT	47
3.11.	LOCAL ECONOMIC DEVELOPMENT	52
	COMPONENT D: COMMUNITY & SOCIAL SERVICES	55
3.12.	LIBRARIES AND COMMUNITY FACILITIES	55
3.13.	CEMETERIES AND CREMATORIUMS	57
3.14.	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	60
	COMPONENT E: ENVIRONMENTAL PROTECTION	60
3.15.	POLLUTION CONTROL	60
3.16.	BIO-DIVERSITY AND LANDSCAPE (INCL. OPEN SPACES AND SIDEWALKS)	60
	COMPONENT F: HEALTH	61
3.17.	HEALTH SERVICES	61
3.18.	CLINICS	61
3.19.	AMBULANCE SERVICES	62
3.20.	HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	62
	COMPONENT G: SECURITY AND SAFETY	62
3.21.	TRAFFIC SERVICES	62
3.22.	FIRE AND RESCUE SERVICES	64
3.23.	DISASTER MANAGEMENT	68
3.24.	LICENSING	70
	COMPONENT H: SPORT AND RECREATION	70
3.25.	SPORT AND RECREATION	70
	COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	72
3.26.	EXECUTIVE AND COUNCIL	72
3.27.	FINANCIAL SERVICES	73
3.28.	HUMAN RESOURCE SERVICES	74
	CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)	75
	COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	75
4.1.	EMPLOYEE TOTALS, TURNOVER AND VACANCIES	75
	COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	77
4.2.	POLICIES	77
4.3.	INJURIES, SICKNESS AND SUSPENSIONS	78
	COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	80
4.4.	SKILLS DEVELOPMENT AND TRAINING	80
	COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	81
4.5.	EMPLOYEE EXPENDITURE	81
	CHAPTER 5 – FINANCIAL PERFORMANCE	84

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	84
5.1. STATEMENTS OF FINANCIAL PERFORMANCE	84
5.2. GRANTS	88
5.3. ASSETS MANAGEMENT	89
ASSETS MANAGEMENT	89
5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	91
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	98
5.5. CAPITAL EXPENDITURE	98
5.6. SOURCES OF FINANCE	100
5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS IN 2024/2025 FY	101
5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	103
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	104
5.9. CASH FLOW	104
5.10. BORROWING AND INVESTMENTS	105
5.11. PUBLIC PRIVATE PARTNERSHIPS	106
COMPONENT D: OTHER FINANCIAL MATTERS	106
5.12. SUPPLY CHAIN MANAGEMENT	106
5.13. GRAP COMPLIANCE	106
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	108
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2024/2025	108
6.1. AUDITOR GENERAL REPORTS 2024/2025	108
6.2. MFMA COMPLIANCE	108
GLOSSARY	109
APPENDICES	111
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	111
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	114
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	115
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	115
APPENDIX E – WARD REPORTING	117
APPENDIX F – WARD INFORMATION	123
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/2025	126
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	128
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	129
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	130
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	132
APPENDIX K (i): REVENUE and Expenditure PERFORMANCE BY Functional classification	133

---

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	134
APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2024/2025	136
APPENDIX N – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/2025	138
APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	138
APPENDIX P – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	139
APPENDIX Q – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	139
APPENDIX R – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71	139
ANNUAL FINANCIAL STATEMENTS	140

# Chapter 1

**CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY**

**COMPONENT A: MAYOR’S FOREWORD**



**To be Provided on the final Draft.**

## MUNICIPAL MANAGER'S OVERVIEW



**To be Provided on the final Draft.**

## 1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.1.1. INTRODUCTION TO BACKGROUND DATA

Municipalities in South Africa perform their functions in terms of Section 152 and 153 of the Constitution of the Republic of South Africa, Act 108 of 1996. Additionally, Schedule 4, Part B of the Constitution further provides for core functional areas of the local government and the mandate for a municipality to render such services. However, some of the said functions may not be applicable to this municipality because some are allocated to the District Municipality for a variety of reasons, especially relating to issues of capacity to render those services. Those services that are not rendered by this municipality will be listed in this document.

In line with the efforts to provide quality and sustainable services that improve the lives of the citizens, the municipality utilises a variety of intergovernmental strata and mechanisms such as both the District Municipality And the Provincial Government; the conditional grants and other funding options to extend basic and other government services to rural/farms communities. To date, most farm settlements and through these collaborative efforts, have predictable access to basic water, safe sanitation through VIP toilets and electricity although some areas experience challenges where water boreholes get dry. It must be said that due to the perennial limited resources versus people's needs, there are some areas that still lack basic services in rural/farm areas, which the municipality continuously focuses on.

It is also important to mention that all urban areas within the municipality have access to running water; this includes informal settlements areas where water is provided through communal taps. The municipality has also met the millennium goals target of eradicating the bucket system in all its towns with a slight caveat that some informal settlements still utilise pit latrines. However, the municipality has plans in place to relocate some of those informal settlements where in-situ development is not possible and to develop those that are situated in areas conducive for human habitation.

T 1.2.1

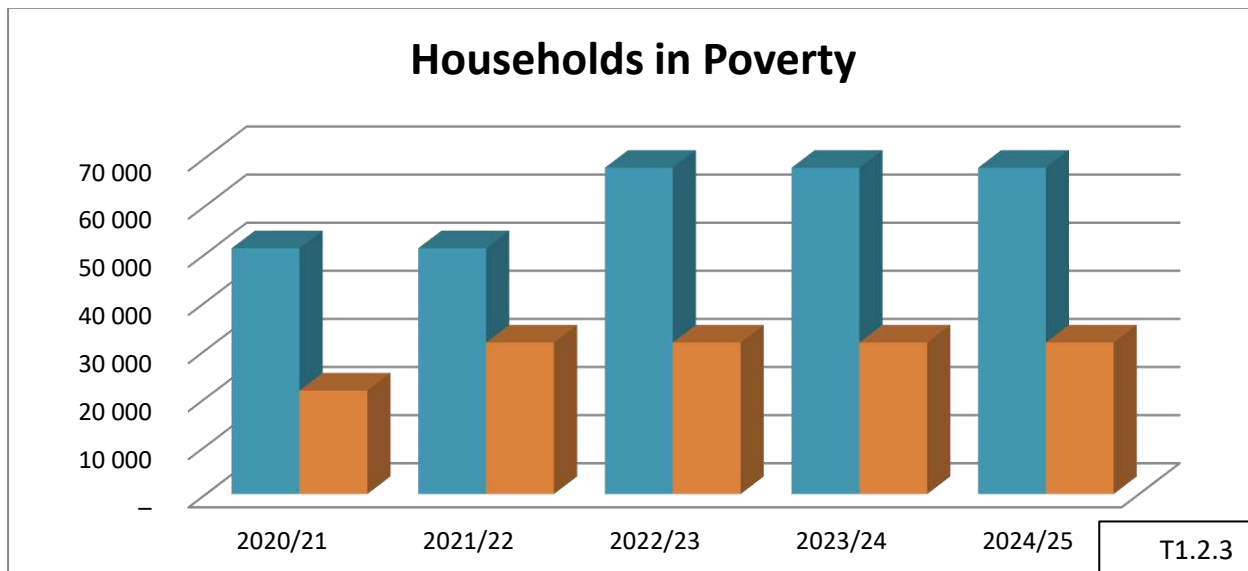
### 1.1.2. MUNICIPAL DEMOGRAPHICS

The population dynamics of the Msukaligwa Local Municipality is based on statistics derived from *Statistics South Africa 2011 to 2022 Census*. *Statistics South Africa* data had been used for the demographics and where data could not be derived from *Statistics South Africa*, other sources with more reliable and latest data would have been used. The population of Msukaligwa grew by 49 937 persons during the period 2011 to 2022 at an average annual population growth of 2.8%. Based on the historic growth rate, the municipality would have reached a total of 217 272 persons by 2030. Considering these estimates, this imply that the municipality must continuously and incrementally prepare to provide the necessary services infrastructure to accommodate the growing population.

As for households, the municipality has seen a significant increase in households from 40 932 to 67 827 being an increase of 26 895 households between 2011 and 2022. Although there has been an increase in households, there was a decline in household size from 3.6 to 2.9 in 2022.

Population Details							
Age Groups	2011 Census			2022 Census			
	Male	Female	Total	Male	Female	Total	
0-4	8301	8273	16574	9650	9649	19299	
5-9	7590	7271	14861	8412	8257	16668	
10-14	7030	6944	13974	8353	8298	16650	
15-19	7532	7542	15074	7843	7758	15601	
20-24	8089	7908	15997	9352	9691	19043	
25-29	7969	7520	15489	9897	10698	20595	
30-34	5829	5359	11188	9656	10297	19955	
35-39	4794	4741	9535	8960	9255	18215	
40-44	4125	4191	8316	6641	6735	13376	
45-49	3427	3921	7348	5005	4867	9872	
50-54	3001	3238	6239	3675	4258	7933	
55-59	2417	2673	5090	3267	3876	7143	
60-64	1656	1970	3626	2618	3231	5849	
65-69	969	1192	2161	1817	2312	4129	
70-74	649	1082	1731	1018	1517	2535	
75-79	365	638	1003	463	710	1173	
80-84	223	438	661	283	483	766	
85+	148	363	511	123	389	512	
<b>TOTAL</b>	<b>74114</b>	<b>75264</b>	<b>149378</b>	<b>97032</b>	<b>102282</b>	<b>199314</b>	T 1.2.2

Source: Statistics South Africa, Census 2022

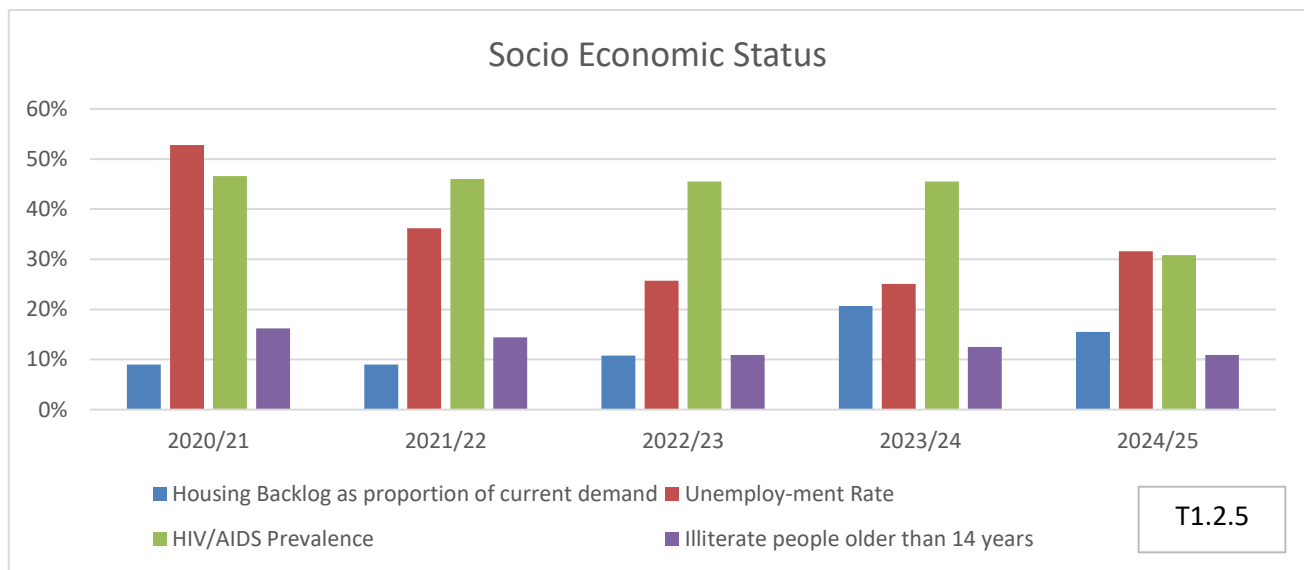


Source: Dept. of Economic Development and Tourism – SEP Report, December 2023

Socio Economic Status (as a %)				
Year	Housing Backlog as proportion of current demand	Unemployment Rate	HIV/AIDS Prevalence	Illiterate people older than 14 years
2020/21	9%	52,8%	46.5%	16,2%
2021/22	9.4%	36.1%	46%	14,4%
2022/23	10.8%	25.7%	45,5%	10,9%
2023/24	20.7%	25.1%	45,5%	12.3%
2024/25	15.5%	31.6%	30.8%	10.9%

T1.2.4

Source: Statistics South Africa, Census 2022 and Dept. of Economic Development and Tourism – SEP Report December 2023



T1.2.5

Source: Dept. of Economic Development and Tourism – SEP Report December 2023 and Statistics South Africa, Census 2022

### 1.1.3. ENVIRONMENTAL OVERVIEW

#### 1.1.3.1. Topography and Surface Hydrology

Msukaligwa LM is characterized by the gently undulating highland topography with fairly broad to narrowly incised valleys of headwater drainages. The rural areas are also characterized by typical Highveld landscapes in the western and central parts, and more undulating terrain with dense commercial forests in the eastern parts. Interesting landscapes are found in the Chrissiesmeer pan veld area.

There are several marshy areas or vleis in the upper parts of the valleys and numerous pans, which vary from insignificant vegetated depressions to large deeply etched features with bare clayey floors. An ecologically important concentration of pans and freshwater lakes is located in the Chrissiesmeer area.

The Local Municipality is roughly dissected by the (continental) divide between the Upper Vaal and Usuthu / Pongola WMA's. In the north of the Local Municipality, certain sub-catchments drain into the Olifants and Inkomati WMA's. The headwaters of the Vaal River are found in the western half of the Local Municipality and drain in a southwesterly direction along with the Tweefontein River. The Usuthu River rises in the northeast of the Local Municipality. The headwaters of the Inkomati River flow northwards from the Local Municipality into the Inkomati WMA, and the headwaters of the Olifants and Klein-Olifants River drain the far north-west of the Local Municipality.

#### 1.1.3.2. *Climate*

Msukaligwa LM falls under the central Mpumalanga climatic zone characterized by warm, rainy summers and dry winters with sharp frosts. Rainstorms are often violent (up to 80mm per day) with severe lightning and strong winds, sometimes accompanied by hail. The winter months are droughty with the combined rainfall in June, July and August making up only 3.9% of the annual total (734mm).

The average daily maximum temperature in January (the hottest month) is 25.2°C and in July (the coldest month) is 16.7°C. Due to its position near the escarpment, the area is somewhat windier than is typical for the South - Eastern Mpumalanga Highveld, although the majority of winds are still light and their direction is controlled by topography.

#### 1.1.3.3. *Geology and Soils*

Msukaligwa Local Municipality is underlain predominantly by arenite and dolerite intrusions of the Karoo Supergroup. Other underlying rock types include quartz monzonite, granite and basalt. The central-western part of the study area is underlain by the Ermelo coal field, where the predominant rocks are sedimentary, i.e. sandstones, shales and siltstones of the Ecca Group that contains erinaceous strata of the coal-bearing Vryheid formation.

#### 1.1.3.4. *Vegetation and Biodiversity*

The vegetation in undeveloped areas of the Msukaligwa Local Municipality consists predominantly of typical highveld grasslands. Grasslands are dominated by a single layer of grass and the amount of cover depends on rainfall and the degree of grazing. Trees are absent, except in a few localized habitats and geophytes are often plentiful.

#### 1.1.3.5. *Challenges/ the Major Threats to the Natural Environment*

The following are challenges or threats to the natural environment within the local municipality:

- (a) Human population growth, transformation of land and urbanization;
- (b) Mining, especially open-cast coal mining;
- (c) crop cultivation and afforestation.
- (d) Overgrazing;
- (e) Loss of riverine and wetland/marsh habitat through human intervention;
- (f) Air quality as the Local Municipality was amongst the five Local Municipalities that were declared as Highveld Priority Area in 2007;
- (g) Unavailability of environmental section and environmental officials to implement environmental management programmes;
- (h) Unavailability/ limited/ outdated environmental planning tools;
- (i) Unsustainable developments within the Local Municipality;
- (j) Climate change leading to biodiversity destruction and other natural disasters;
- (k) Alien invasive plants that are replacing indigenous plants while also encroaching water bodies thereby reducing water level in them.

#### 1.1.3.6. *Efforts made to Address the Challenges*

- (a) Landfill sites are maintained on a regular basis to ensure clean environment;
- (b) Plans were put in place for conducting sewer analysis to deal with sewer spillages within the municipality;
- (c) Provisions made in the IDP for the upgrading of existing waste water treatment plants and construction of new plants;

- (d) Environmental management programmes incorporated in the IDP;
- (e) Awareness campaigns through waste management education are being conducted;
- (f) Participating in government environmental management initiatives that promote job creation and sustainable livelihoods; and
- (g) Support all government initiatives to protect natural resources.

Natural Resources	
Major Natural Resource	Relevance to Community
Coal	Mining opportunities, transportation, employment opportunities and economic development.
Arable land	Agricultural production, forestry, employment opportunities, economic development and poverty alleviation.
	T1.2.7

## 1.2. SERVICE DELIVERY OVERVIEW

### 1.2.1. SERVICE DELIVERY INTRODUCTION

This section deals with the core municipal responsibility, which is to provide basic services to all communities in a sustainable fashion. This core responsibility flows from the provisions of both Section 152 and Schedule 4 of the Constitution of the Republic of South Africa, which provides the following:

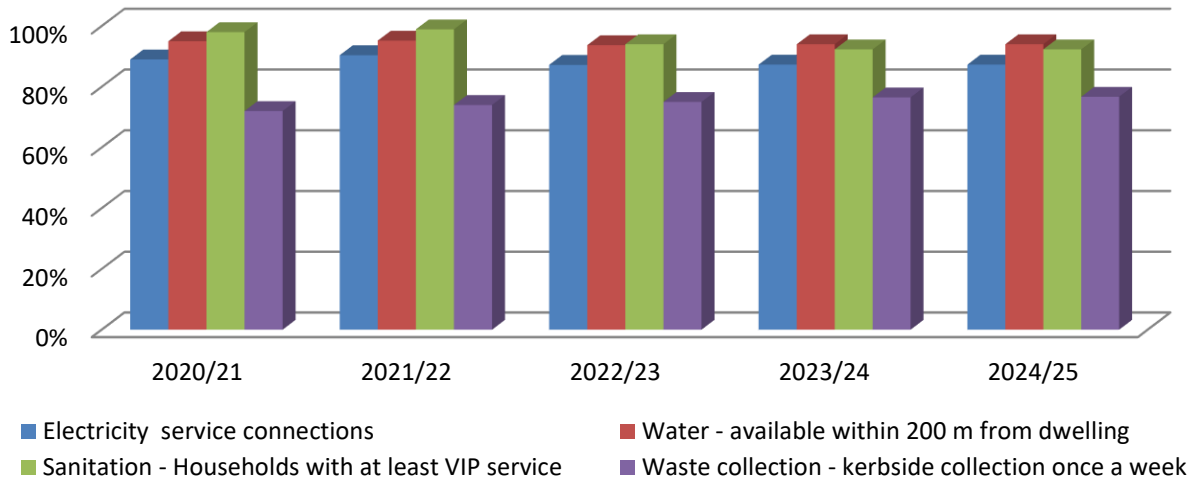
- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organizations in the matters of local government.

Section 152 (2) further provides that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)

Therefore, the Integrated Development Plan of the municipality is prepared in line with the provisions of the Municipal Systems Act, the Constitution of the Republic of South Africa and all other legislative mandates to ensure sustainable and quality service delivery to its communities.

T 1.2.1

### Proportion of households with access to basic services



T1.3.2

Source: Statistics South Africa, Census 2022 & Municipal 2024/2025 APR

#### 1.2.2. ACCESS TO BASIC SERVICES

As shown in the diagram above, service delivery in respect of electricity, water and sanitation shows what may look like a slight decrease but it is in fact not. This graph indicates that these services have been provided to more people due to population growth, the number of households had increased, resulting in informal settlements without adequate services. Hence, communal water supply within 200m from dwellings has been reduced as a result of formalization of most informal settlements and water is mostly connected inside yards. There is quite a significant progress made in electricity connections to households except in areas where houses were not yet completed and in the informal settlements that cannot be formalized. There are some areas that need to be electrified and they are in the municipal plans to be electrified.

Provision of VIP sanitation services at farm areas has covered most the areas in the municipality and after the unsuccessful implementation of the piloted convertible water borne toilets system, the municipality will continue to provide sanitation services through the VIP toilets where it is not possible to provide the water borne sewer system. According to Statistics South Africa 2022 Census data, about 6% of the households still do not have proper sanitation and mostly are those in the informal settlements within various towns including Nganga Township in Warburton where sewer reticulation was completed but no connections were made due to challenges related to water supply.

With regards to waste collection, household waste is collected twice a week in all townships except Everest Park, Long Homes, Klipbou and Ermelo suburbs which is collected once a week. The municipality has over the years managed to extend refuse collection services to areas where it was not before and due to limited resources regular collection sometimes becomes a challenge.

T1.2.3

### 1.3. FINANCIAL HEALTH OVERVIEW

#### 1.3.1. FINANCIAL OVERVIEW

The municipality had a cash flow challenge due to high levels of non-payment, distribution losses and illegal connections. In endeavouring to address the cash flow challenges a Financial Recovery Plan was developed and implemented with short-, medium- and long-term objectives. The latter are as follows:

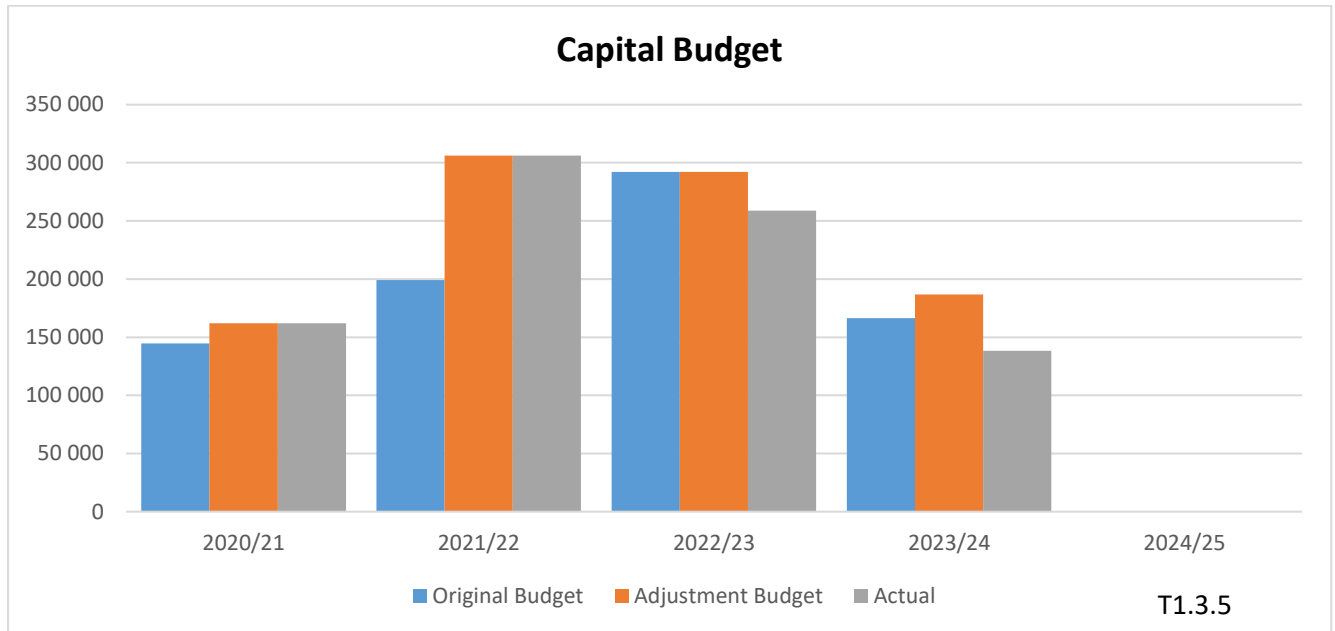
- (a) Strategy One: Restructure the Budget
- (b) Strategy Two: Revise Tariff Policies and Tariff Increases
- (c) Strategy Three: Revenue Enhancement
- (d) Strategy Four: Financial Administration
- (e) Strategy Five: Cash Management Strategy
- (f) Strategy Six: Human Resource Management

T1.3.1

Financial Overview: Year 2024-25			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	419 425	419 425	
Taxes, Levies and tariffs	250 165	252 085	
Other	516 330	569 700	
Sub Total	1 185 920	1 241 210	
Less: Expenditure	1 433 417	1 220 625	
Net Total*	-247 497	20 585	
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	25%
Repairs & Maintenance	7%
Finance Charges & Impairment	9%
T 1.4.3	

Total Capital Expenditure: Year 2022/23 to Year 2024-25			
			R'000
Detail	2022/23	2023/24	2024/25
Original Budget	297 835	166 448	
Adjustment Budget	427 180	186 719	
Actual	603 251	138 357	
			T 1.4.4



**COMMENT ON CAPITAL EXPENDITURE**

All capital grants were spent at 100%, except Regional Bulk Infrastructure Grant (RBIG) and Municipal Disaster Response Grant (MDRG) of which 52% and 41% was not spent respectively. Roll-over applications will be submitted for both grants.

T 1.3.5.1

## 1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

### 1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

After the harrowing experience of the Covid-19 pandemic, the municipality has had to adapt its organizational processes to cater for the ever-changing work environment to incorporate virtual platforms without compromising expected performances. Amongst the Organizational Development processes that the municipality undertook was to review the organisational structure, the adoption and implementation of human resources policies and capacity building of councillors and employees.

The Msukaligwa local municipality has continued the implementation of the following organizational development interventions for the year under review.

### 1.4.2. WORKPLACE SKILLS PLAN

The Municipality developed, adopted and implemented a Workplace Skills Plan that is informed by the training needs those councillors and employee as well as the training needs identified through an independent skills audit, which the municipality conducted in the previous financial year. The following targets that are informed by the budgetary considerations were set for the Work Skills Plan:

	<b>Target</b>	<b>Actual</b>
Number of Councillors trained	29	
Number of officials trained	59	

The training of the elected members was informed by the identification of training needs through the guidance of the Office of the Speaker, SALGA and in line with the effective implementation of the Workplace Skills Plan (WSP) and Annual Training Program (ATP)

#### 1.4.3. BATHO PELE SERVICE STANDARDS

The Municipality adopted and implemented the 'Batho Pele' Service Charter in all functional areas of the Municipality through the implementation of the following:

- (a) Batho Pele Services Charter
- (b) Personnel Name tags
- (c) Customer Care Centre
- (d) Security / Information Desk in the main building

The Municipal Call Centre has been established and reasonably equipped to allow the communities to report all service delivery-related concerns. The call centre is fully functional, but it needs to incrementally adapt to the ever-changing technology and online platforms for communicating and engaging communities.

#### 1.4.4. EMPLOYMENT EQUITY PLAN

The Municipal Employment Equity Plan has been approved by the Council to reflect the employment equity targets from the non-designated and designated groups in line with the principles of good governance. Refer to Chapter 4 for detailed numerical targets.

#### 1.4.5. EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The Municipality has adopted its revised Performance Management Framework on the 9<sup>th</sup> of December 2022 and an Individual Performance Management Policy approved in May 2025 both of which are currently being implemented to establish an effective Performance Management System. Currently, the system is implemented on employees appointed in terms of Section 54A and Section 56 of the Municipal Systems Act and the municipality will be cascading performance management to employees below the Senior Management level in the next financial year. An e-PMS has also been introduced and the municipality has migrated from manual to fully web-based e-PMS for the quarterly SDBIP reporting cycle.

#### 1.4.6. EMPLOYEE VALIDATION PROCESS

The municipality has conducted an employee validation process to identify ghost workers which required that each employee to present themselves to be validated through their identification document and employee number. The validation process was able to validate all employees and there was no ghost workers identified.

T1.4.1

## 1.5. AUDITOR GENERAL REPORT

### 1.5.1. AUDITOR GENERAL REPORT 2024/2025

In terms of section 131(1) and (2) of the Municipal Finance Management Act, 2003, a municipality must address any issues raised by the Auditor General in an audit report. The Mayor of a municipality must ensure compliance by the municipality with this subsection.

The MEC for local government in the province must-

- (a) Assess all annual financial statements of municipalities in the province, the audit report on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor General in an audit report; and
- (b) Report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.

The municipality has received a Qualified Audit Opinion for the 2024/2025 financial year with the following matters:

- (1) VAT input accrual
- (2) VAT output accrual
- (3) Irregular expenditure
- (4) Inventories
- (5) Debt impairment
- (6) State of changes in net assets
- (7) Risk management
- (8) Segment information
- (9) Cash flow from operating activities
- (10) General expenses
- (11) Prior period error
- (12) Eskom bulk purchases

There is total number of **94** findings for the financial under review as per the Management letter which shows significant increase when compared with 2023/2024 financial year with **41** findings.

#### Findings per Department

- |                              |             |
|------------------------------|-------------|
| (a) Finance Department:      | 67 Findings |
| (b) Corporate Department:    | 2 Findings  |
| (c) Office Of The MM:        | 14 Findings |
| (d) Technical Services:      | 7 Findings  |
| (e) Community Services:      | 2 Findings  |
| (f) Planning & Economic Dev: | 2 Findings  |

### 1.5.2. ADDRESSING AUDITOR GENERAL FINDINGS

A web-based Audit Action plan has been provided by National Treasury on which progress in addressing the audit findings is captured as and when findings are addressed. These therefore ensure the following processes are implemented:

- (a) Monitoring the progress on the implementation of the Auditor General recommendations on a monthly basis.
- (b) Management provides progress report on addressing the issues raised by the Auditor General on a monthly basis.
- (c) Internal audit and Audit Committee conduct follow up on the implementation of action plans on a quarterly basis.

### 1.5.3. OVERALL IMPLEMENTATION OF ACTION PLANS

The overall implementation of the Auditor General findings Action Plan for the 2024/25 financial year as at the end of June 2025 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not yet started

The Municipality is committed to achieve clean administration and to achieve Unqualified Audit Opinion. For the third year running the Municipality received Qualified Audit Opinion, with reduced qualification paragraphs from 4(four) to 2(two). The Audit Action Plan has been provided and will strengthen the Municipal Internal Control environment, compliance with applicable laws and regulations and improved Financial Management practice. The monitoring and implementation of the Audit Action plan is managed in the Office of the Municipal Manager.

T 1.5.1

## 1.6. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and Integrated Development Plan (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.	<b>July</b>
2	Implementation and monitoring of approved Budget and Integrated Development Plan (IDP) commence (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit the prior year's 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)	<b>August</b>
8	Mayor tables the unaudited draft 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 Integrated Development Plan (IDP) Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	<b>September – October</b>
12	Municipalities receive and start to address the Auditor General's comments	<b>November</b>
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	<b>December</b>
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget and finalization of the draft Integrated Development Plan (IDP) for the next financial year. Draft Annual Report and Oversight Reports to be used as input.	<b>January</b>

T1.6.1

# Chapter 2

## CHAPTER 2 – GOVERNANCE

2.

### 2.1. POLITICAL GOVERNANCE



**Cllr. N.S Xaba**  
Speaker



**Cllr. M. P. Nkosi**  
Executive Mayor



**Cllr. P.T Sibeko**  
Chief Whip

#### **MEMBER OF THE MAYORAL COMMITTEE**



**Cllr BJ Motha**  
MMC for Planning and Economic  
Development Department



**Cllr. TJ Madlala**  
MMC for Corporate Services  
Department



**Cllr TC Motha**  
MMC for Technical Services  
Department



**Cllr E.C Msezane**  
MMC for Finance Department



**Cllr. S.E Ngovene**  
MMC for Community and Social Services  
Department

#### COUNCILLORS

Refer to **Appendix A** where a full list of Councillors is captured (including committee allocations and attendance at council meetings).

T2.1.2

## 2.2. ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Msukaligwa Local Municipality adhered to administrative governance legislations and regulations and complied with the follows:

1. The Integrated Development Plan (IDP) for 2024/2025 financial year was adopted in accordance with the provisions of the Municipal Systems Act.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2024/2025 was approved by the Executive Mayor in compliance with the provisions of the Municipal Finance Management Act (MFMA).
3. Performance Agreements for 2024/2025 financial year were signed in compliance with legislation by the section 54A and 56 employees and submitted to the Member of the Executive Council (MEC) for Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) as per the provisions of the performance management regulations.
4. Performance Management is implemented at the strategic level for Section 54A and 56 employees as required by the Municipal Systems Act. The municipality has commenced with the process of cascading performance to all employees in terms of the Municipal Staff Regulations.
5. Audit Committee meetings were held in the 2024/2025 financial year as per the agreed schedule with additional special Audit Committee meetings.
6. Mid-year performance report for 2024/2025 was submitted to the Council in accordance with the provisions of Section 72 of the Municipal Finance Management Act (MFMA) including the 3rd and the 4th quarter Service Delivery and Budget Implementation Plan (SDBIP) reports

T2.2.1

**TOP ADMINISTRATIVE STRUCTURE**



**Mr. M S Dlamini**  
Director: Corporate Service



**Mr. M. Kunene**  
MUNICIPAL MANAGER



**Mr. P J Nhlabathi**  
Chief Financial Officer



**Mr. M S Lukhele**  
Director: Community & Social Services Department



**Ms. H Maganya**  
Director: Planning and Economic Development



**Ms. P Z Duma**  
Director: Technical Services

T2.2.2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3. INTERGOVERNMENTAL RELATIONS

#### 2.3.1. INTERGOVERNMENTAL STRUCTURE

Intergovernmental structures in which engagements are taking place comprise the Provincial Planners Forum, District IDP Management Committee, District Development Model forum, District and Local IDP Rep Forum and PCF meetings with other plenary meetings in which the municipality participates for plenary and strengthening of IGR.

In the Provincial Planners Forum, issues that affect municipal planning and provincial planning cycles are discussed in order to have a coordinated planning within these two spheres of government also allowing interrogation of plans to establish the best possible approaches to the planning process. These meetings assist in providing municipalities with better understanding on how municipal planning cycles influence the proper planning of the District municipalities and other spheres of government.

The District or Local forums and committees provide a platform for interaction on planning issues, information sharing and learning from best practices between municipalities and other spheres of government. There has been a great improvement on the packaging of the municipal IDP and valuable insights in Spatial approaches obtained from these engagements.

T2.3.2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4. PUBLIC ACCOUNTABILITY AND PARTICIPATION

#### 2.4.1. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Public Participation Policy and Public Participation strategy that outline the various measures on how the municipality engages with the communities were adopted are being implemented by the municipality. The municipality also had to adapt to more contemporary means to engage with the communities. Some of these measures include the use of social media and local radio stations platforms to conduct consultations with the public.

In terms of Section 152 of the Constitution of the Republic of South Africa, Local Government Municipal Systems Act, Act 32 of 2000 as amended and Local Government Structure Act, Act 117 of 1998, Municipalities are required to:

- (a) Encourage the involvement of communities and the community organisations in matters of Local Government.
- (b) Develop the culture of participatory development.
- (c) Establish ward committees as a vehicle for community participation.

Community Participation takes place to involve communities during the following processes:

- (a) The preparation, implementation and review of the Integrated Development Plan (IDP).
- (b) The establishment, implementation and review of its Performance Management System
- (c) Preparation of the Budget.

The following are structures established to promote community participation:

- (a) Integrated Development Planning (IDP) Representative Forum
- (b) Ward Committees and Ward Community Meetings
- (c) Local Geographic Names Committee
- (d) Community Development Workers

- (e) Newsletters
- (f) Radio broadcast slots
- (g) Municipal Official Web site
- (h) Municipal Official Facebook page

Community Participation Programmes per ward were developed and implemented.

Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward-based public participation.

T 2.4.0

## 2.5. PUBLIC MEETINGS

### 2.5.1. COMMUNICATION FORUMS

The Communications Unit of the municipality is responsible for the overall implementation of the communication policy, strategy, information dissemination, media monitoring, media liaison, Communication research, website update, virtual meetings and management, events management and corporate advertisement / branding.

Other Communication channels used to supplement the dissemination of information are the following: Gert Sibande District Municipality and Mpumalanga (South African Local Government Association) quarterly newsletters.

### 2.5.2. COMMUNICATION INSTITUTIONAL ARRANGEMENT

The Communication Unit has been established, and capacitated to perform its functions. The unit is placed in the Office of the Municipal Manager.

### 2.5.3. COMMUNICATION FORUM

The municipality attends and participates at the District and Provincial Government Communicators Fora.

### 2.5.4. LEGISLATIVE FRAMEWORK

There are various legislations that governs the establishment and the functioning of local Government Communication structures which amongst others include the following:

- (1) Constitution Act 108 of 1996
  - (a) **Section 152 (1) (e):** that municipalities must encourage the involvement of communities and community organizations in matters of local government.
  - (b) **Section 160(7):** A municipal council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it's reasonable to do so.
- (2) Local Government: municipal Systems Act, 2000
  - (a) **Section 21:** communication with local community must take place through the following.
    - (i) in the local newspaper or newspapers of its area;
    - (ii) in the newspaper or newspapers circulating in its area and determined by the council as a newspaper of record; or
    - (iii) by means of radio broadcasts covering the area of the municipality.
- (3) Promotion of Access to information Act, Act No.2 of 2000

- (a) This act operationalizes sections 8 and 32 of the constitution, it fosters the culture of transparency and accountability and promotes effective access to information to protect an individual's rights.
  - (4) Promotion of Administrative Justice Act. Act No 3 of 2000
    - (a) The act requires that all decisions of administrative bodies have to be lawful, procedurally fair and reasonable.
    - (b) People have the right to be given reasons for decisions that adversely affect them which are taken by the government officials.
  - (5) Protection of Disclosure Act, Act No 26 of 2000
    - (a) The act protects people who speak out against government corruption, dishonesty and bad administration.
- T 2.5.1

2.6. INTEGRATED DEVELOPMENT PLAN (IDP) PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers' Performance Plans?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

T2.6.1

COMPONENT D: CORPORATE GOVERNANCE

2.7. RISK MANAGEMENT

**2.7.1. RISK MANAGEMENT**

The municipality is required to have systems that can proactively and continuously identify, evaluate, analyse, measure and manage risks that might directly or indirectly affect the capacity of the municipality to deliver on its core service delivery and operational objectives.

Hence, the organization has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy. Risk assessments are conducted annually for all the Departments to identify risks that impact on the achievement of objectives. As per the strategic risk and operational risk assessment conducted during the financial year under review, 89 risks were identified with their magnitudes as follows:

Risk Magnitude	No of Risk per Risk Magnitude as per Strategic Risk Register	No of Risk per Risk Magnitude as per Operational Risk Register
Maximum Risk	1	0
High Risk	4	62
Medium Risk	0	16
Low Risk	0	06
Minimum Risk	0	0
<b>Total number of Risk Identified</b>	<b>5</b>	<b>84</b>

Progress made on identified risk areas are evaluated on a quarterly basis and the quarterly reviews would also identify new or emerging risks. The risk management unit's task is to identify and propose measures to contain, avoid or transfer all identified risks. Currently, there are systems in place to monitor the identified risks and a continuous yearly risk management implementation plan that was developed together with a risk register to tighten the monitoring regime.

Risk awareness workshops are conducted to create awareness of risk at all levels of the Municipality. A Risk Management, Anti-Fraud and Corruption Committee that advises management on the overall system of risk management has been appointed and sits on a regular basis. An external Chairperson was appointed to add an element of impartiality when dealing with these important matters.

The Audit Committee advises the Municipality on risk management and independently monitors the effectiveness of the system of risk management in Audit Committee meetings. The Municipality conducts quarterly/monthly risk evaluation and monitor the risk action plan (Mitigating Strategies).

T2.7.1

## 2.8. FRAUD AND CORRUPTION MANAGEMENT

### 2.8.1. FRAUD AND CORRUPTION MANAGEMENT

The Municipality has reviewed and approved an Anti-Fraud Policy and Strategy and the Anti-Fraud implementation plan as a control measure put in place to eliminate the possibility of fraud and corruption occurring. The municipality is obligated to ensure that integrity and accountability are infused into its operational architecture to discourage and eliminate corruption, dishonesty, misconduct and unethical behaviour among public officials, which represent a serious threat to the basic principles of public service. A Risk Management, Anti-Fraud and Corruption Committee chaired by an independent person was also established by the Council, the committee's duties are to review and monitor the implementation of the anti-fraud and corruption plan and related issues to the higher governance structure such as the Audit Committee and to the Council.

The municipality also approaches the fight against fraud and corruption in a proactive way where fraud risks assessments are conducted as another way of fraud detection and prevention, the National Anti-Fraud Hotline is also promoted for use to report fraud and corruption. The Municipality also makes use of social media platforms such as Facebook to create awareness on the fight against fraud and corruption. Anti-fraud and corruption policies and plans are uploaded on the Municipal website (both intranet and internet) as another way of raising awareness on anti-fraud and corruption to the officials of the Municipality and the community at large. Lastly, anti-fraud and corruption workshops or awareness's are incorporated in the induction programme of the Municipality to ensure that new recruits are informed about anti-fraud and corruption related policies and controls.

T2.8.1

## 2.9. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	<Yes / No>	Publishing Date
Annual and adjustment budget and budget-related policies	Yes	
All current budget-related policies	Yes	
The previous annual report (2023/2024)	Yes	
The annual report (2023/2024) published/to be published	Yes	
All current performance agreements for 2024/2025 as required in terms of section 57(1) (b) of the Municipal Systems Act.	Yes	
All service delivery agreements (2024/2025)	No	
All long-term borrowing contracts (2024/2025)	No	
All supply chain management contracts above a prescribed value (give value) for 2024/2025	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2024/2025	No	
Contracts agreed in 2024/2025 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2024/2025	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2024/2025	Yes	
		T2.9.1

### COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipal Website is functional and accessible to the public. The following documents are available on the website:

- (a) Integrated Development Plan (IDP)
- (b) Service Delivery Budget implementation Plan (SDBIP)
- (c) Performance Contracts and Agreements for s54A and 56 Managers
- (d) Budget and Budget related policies
- (e) Annual Financial Statements
- (f) Annual Reports
- (g) Tenders
- (h) By-Laws and other related information.

The Municipal libraries have internet access for the public to access information, and the Msukaligwa Local Municipality website address is [www.msukaligwa.gov.za](http://www.msukaligwa.gov.za).

T2.9.1.1

## 2.10. BY-LAWS

The by-laws were approved by the Council and the gazetting thereof has been delayed owing to financial constraints.

By-laws Introduced during 2024/25				
Newly Developed	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	Date of Publication
No gazetted by-laws in the financial year under review.				

T2.10.1

## 2.11. PUBLIC SATISFACTION SURVEY

### 2.11.1. PUBLIC SATISFACTION SURVEY

The municipality has not conducted any public satisfaction survey in the financial under review.

T2.11.0

# Chapter 3

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

### COMPONENT A: BASIC SERVICES

3.

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

#### 3.1. WATER PROVISION

##### 3.1.1. INTRODUCTION TO WATER PROVISION

Msukaligwa Local Municipality is a water services authority which provides water to all households and businesses within its areas.

(1) The raw water sources for Msukaligwa

- (a) Brummer dam for Ermelo Town
- (b) Douglas dam for Ermelo Town
- (c) Department of Water and Sanitation (DWS) (Jericho scheme) for Ermelo Town, Davel and Sheepmoor.
- (d) Torbanite dam for Breyten and Chrissiesmeer
- (e) Mpuluzi River for Lothair.
- (f) Boreholes, for Warburton and rural areas.

##### Achievements

The Municipality has in the past year implemented the 2024/2025 financial year IDP. As at the end of June 2025, 63736 households are having access to at least basic level of water which constitute **94%** of households with access to basic level of water services and backlog of 6% (4091 households). The process of providing water to communities will continue until all households are provided with water.

(2) Municipal Infrastructure Grant (MIG) has funded the following water projects:

- (a) Water reticulation at Breyten Ext 2: Ward 13 (Project Completed)
- (b) Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo (Multi-year project -Completed)

The above projects were implemented at an amount of **R 14,478,434.12**.

(3) Regional Bulk Infrastructure Grant (RBIG) has funded the following water projects:

- (a) Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality
- (b) Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS

The above projects were implemented at an amount of **R 42,876,166.91** and it's implemented in phases.

**Drinking water compliance for 2024/2025:**

The Msukaligwa water treatment works achieved 85.4% compliance for Microbiological Compliance and 92.4% for Chemical Compliance. These results indicate that there were 14.6% failures on Microbial Compliance 7.6% failures for Chemical Compliance. This assessment was performed by DWS during the Blue Drop Assessments of 2024. The department has developed action plans for each municipality which didn't perform well during the BD Audits with which each municipality will complete as per the requirements set and submit in order to update their individual scores / performance. The overall Blue Drop Score for the municipality is 21.6%.

T3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2020/21	0	0	0		
2021/22	0	0	0		
2022/23	0	0	0		
2023/24	0	0	0		
2024/25	0	0	0		

T3.1.2

Water Service Delivery Levels					
Description	Households				
	2020/21	2021/2022	2022/23	2023/24	2024/25
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Water: (above min level)</i>					
Piped water inside dwelling	25,991	25,991	43,982	44,026	44,026
Piped water inside yard (but not in dwelling)	18,846	18,935	18,935	18,935	18,935
Using public tap (stand pipes )					
Other water supply (within 200m)	3,714	3,714	775	775	775
Minimum Service Level and Above sub-total	48,551	48,640	63,692	63,736	63,736
Minimum Service Level and Above Percentage	95%	95,2%	93,9%	94%	94%
<i>Water: (below min level)</i>					
Using public tap (more than 200m from dwelling)	0	0	0	0	0
Other water supply (more than 200m from dwelling)	2,538	2,449	4,135	4,091	4,091
No water supply	0	0	0	0	0
Below Minimum Service Level sub-total	2,538	2,449	4,135	4,091	4,091
Below Minimum Service Level Percentage	5%	4,8%	6,1%	6%	6%
Total number of households*	51,089	51,089	67,827	67,827	67,827

\* - To include informal settlements

T3.1.3

The wording "within/more 200m from dwellings" be replaced with "stand pipes" as it challenging to measure.

Households - Water Service Delivery Levels below the minimum					
Description	Households				
	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<b>Formal Settlements</b>					
Total households	48,551	48,640	62,917	62,961	62,961
Households below minimum service level	0	0	775	775	775
Proportion of households below minimum service level	0	0	0	0	0
<b>Informal Settlements</b>					
Total households	2,538	2,449	4,135	4,091	4,091
Households that's below minimum service level	3,576	2,449	4,135	4,091	4,091
Proportion of households that's below minimum service level	4.97%	4.8%	6.1%	6%	6%
					T3.1.4

Water Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic water	Increase the number of households accessing water supply	48,640	48,640	49,565	63,692	63,842	63,736	63,736	63,736	63,996
Km of water AC pipes replaced with U-PVC pipes	Water pipe bursts repaired or replaced within 24hrs of being reported.	N/A	N/A	2 km	3.084 km	0	0	0	0	0
Number of water meters installed	Consumers metered for water consumption	N/A	N/A	200	47	1,500	1,593	1,000	1,374	1,200
% of call-outs responded to within 24hrs after being reported	Water pipe bursts repaired or replaced within 24hrs of being reported	95%	99.99%	100%	100%	0	0	0	0	0
Water quality sampling results for both water and wastewater compiled	Drinking water quality compliant to SANS 241	N/A	N/A	N/A	N/A	12	12	12	12	12
Number of Reports on the status and performance of wastewater	Environmentally compliant wastewater treatment plant									

treatment plant compiled										
Review of the WSDP and Water Safety Plan and approved by Council	Compliance with the Water Services Act	N/A	N/A	N/A	N/A	2	1	0	0	0
Number of reports on the status and performance of the water treatment plants compiled	Environmentally compliant water treatment plants	N/A	N/A	N/A	N/A	4	4	4	4	4
T3.1.6										

Financial Performance 2024-25: Water Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	182 870	246 102	245 358	288 342	15%	
Expenditure:						
Employees	11 110	19 534	19 534	23 914	18%	
Repairs and Maintenance	1 076	6 680	6 680	7 704	13%	
Other	10 566	67 549	11 116	203 516	67%	
<b>Total Operational Expenditure</b>	155 407	93 763	37 330	235 134	60%	
<b>Net Operational Expenditure</b>	-27 463	-152 339	-208 028	-53 208	-186%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.1.8

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	58 059 981	98 130 172	51 151 148	-14%		
RBIG PROJECTS IMPLEMENTED BY GSDM	43 000 000	83 070 191	37 795 607	-14%	280	
WATER RETICUL AT BREYTEN EXT 2: WARD 13	850 390	850 390	-	#DIV/0!	150	
ELEVATED TANK AND CONSTR OF BOOSTER PUMP	1 228 599	1 228 599	2 049 545	40%	320	
ELEV TANK AND CONSTR OF BOOSTER PUMP EXT	11 755 904	11 755 904	10 240 703	-15%	89	
REFURBISH WARBURTON WASTE WATER TREATM W	1 225 088	1 225 088	1 065 293	-15%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.1.9

## 3.2. WASTEWATER (SANITATION) PROVISION

### 3.2.1. INTRODUCTION TO SANITATION PROVISION

The Msukaligwa Local Municipality is responsible for the provision of sanitation services to all households and businesses within its jurisdiction in accordance with Schedule 5, part B of the Constitution. Since the municipality comprises of rural and urban areas, sanitation services are provided through the construction of VIP toilets (convertible water borne toilets) in rural areas and water borne toilets in urban areas. The sanitation service extends to regular management of septic tanks in the areas where they are used.

#### Achievements

The Municipality has in the past year implemented the 2023/2024 financial year IDP. As at the end of June 2025, 62595 households were provided with access to at least basic level of sanitation services which constitute **92%** of households with access to basic level of sanitation services and backlog of 8% (5232 households). The focus of the municipality is on providing water first while preparations were made for installation of the sewer infrastructure. Therefore, the following are the sanitation projects implemented within the 2024/2025 financial year:

- (1) Municipal Infrastructure Grant (MIG) has funded the following sanitation project:
  - (a) The Refurbishment of Warburton Wastewater Treatment Works
- (2) Water Services Infrastructure Grant (WSIG) has funded the following sanitation projects:
  - (a) The upgrade of Phumula Outfall Sewer Pipeline
  - (b) The upgrade of Everest Outfall Sewer Pipeline
  - (c) Upgrading of Sewer Reticulation Network Servicing Extension 32, 33 & 34 Ermelo
- (3) Regional Bulk Infrastructure Grant (RBIG) has funded the following sanitation project:
  - (a) Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44

The sanitation capital projects as implemented through the MIG, WSIG and RBIG funding were multi-year projects, and they were all completed except the latter. The amount spent on MIG, WSIG and RBIG was R 23 079 248.02; R 30 000 000.00 and R 99 557 484.56 respectively.

Though water-borne sewer is provided in the urban areas, the ageing infrastructure remains a huge challenge resulting in regular blockages and effluent overflows, which was attended to on an ad hoc basis due to the lack of adequate funding to address the problem completely.

#### Wastewater treatment compliance for 2024/2025:

The Msukaligwa wastewater treatment work performance was reviewed against using the DWS Special standards for waste treatment works. The municipality shown slight improvement on the Green Drop score during the 2021 assessment (**17%**) versus assessments conducted in 2013 (**7.4%**). There was also a very slight improvement on the Green Drop Risk Rating scores (**94% in 2021 versus 98% in 2013**). It should be noted that there's still a lot of work that still needs to be done as it's estimated that R50 million is required to bring all the wastewater treatment plants to their original operational state.

T3.2.1

Sanitation Service Delivery Levels					
*Households					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	39,396	39,492	53,583	53,583	53,583
Flush toilet (with septic tank)	465	465	465	465	465
Chemical toilet	497	497	497	497	497
Pit toilet (ventilated)	2,006	2,006	2,340	2,570	2,570
Other toilet provisions (above min. service level)	8,072	8,072	5,480	5,480	5,480
Minimum Service Level and Above sub-total	50,436	50,532	62,365	62,595	62,595
Minimum Service Level and Above Percentage	98.7%	98.9%	92%	92.3%	92.3%
Sanitation/sewerage: (below minimum level)					
Bucket toilet	0	0	0	0	0
Other toilet provisions (below min. service level)	0	0	0	0	0
No toilet provisions	653	557	5,462	5,232	5,232
Below Minimum Service Level sub-total	653	557	5,462	5,232	5,232
Below Minimum Service Level Percentage	1.27%	1.1%	8%	7.7%	7.7%
Total households	51089	51089	67,827	67,827	67,827
*Total number of households including informal settlements					T3.2.3

Waste Water (Sanitation) Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic sanitation	Increase in number of households having access to basic level of sanitation.	50,532	50,532	50,532	62,365	62,595	62,595	62,595	62,595	62,720
Number of reports on the status and performance of wastewater treatment plant	Environmentally compliant wastewater treatment plants	N/A	N/A	N/A	N/A	4	4	4	4	0
Number of households provided with Ventilation Improved Pit Toilets (VIPs)	Households provided with access to basic level of sanitation	N/A	N/A	334	334	230	230	0	0	0
Number of households provided with pour flush toilets	Households provided with access to basic level of sanitation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	125

% of callouts responded to within 24 hours (sanitation/wastewater)	Well maintained services infrastructure	95%	100%	98%	100%	0	0	0	0	0
T3.2.6										

Financial Performance 2024-25: Sanitation Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	60 291	73 058	73 058	68 575	-7%	
Expenditure:						
Employees	18 358	15 198	15 198	20 523	26%	
Repairs and Maintenance	147	1 044	992	57	-1732%	
Other	4 459	2 604	1 091	2 951	12%	
<b>Total Operational Expenditure</b>	22 964	18 846	17 281	23 531	20%	
<b>Net Operational Expenditure</b>	-37 327	-54 212	-55 777	-45 044	-20%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.2.8

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	77 800 000	152 636 732.58	152 636 732.58	0%		
Refurbishment of Warburton Wastewater Treatment Works	R 7,800,000.00	R 23,079,248.02	R 23,079,248.02	0%	R 40,031,929.00	
The Upgrade of Phumula Outfall Sewer Pipeline	R 4,334,230.86	R 4,590,777.40	R 4,590,777.40	0%	R 13,771,338.06	
The Upgrade of Everest Outfall Sewer Pipeline	R 24,581,479.05	R 24,324,932.51	R 24,324,932.51	0%	R 31,221,782.40	
Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44	R 40,000,000.00	R 99,557,484.56	R 99,557,484.56	0%	R 830,794,866.85	
Upgrading of Sewer Reticulation Network Servicing Extension 32, 33 & 34 Ermelo	R 1,084,290.09	R 1,084,290.09	R 1,084,290.09	0%	R 116,758,040.49	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.2.9

### 3.3. ELECTRICITY

#### 3.3.1. INTRODUCTION TO ELECTRICITY

The municipality is licensed to provide electricity in Ermelo, Wesselton, Kwa-Dela, Breyten and Silindile. The rest of the admin units as well rural areas of the municipality get electricity supply directly from Eskom. An electricity Master plan has been reviewed and approved by the Council in 2019 for a period of 5 years to address the operations and maintenance challenges.

#### Achievement

The municipality has through the assistance of the Department of Minerals Resources and Energy under the Integrated National Electrification Programme for the year under review managed to electrify additional 108 households for both Eskom and the Municipality. This has seen the increase in households with access to electricity increasing from **59, 145** to **59, 230** which constitutes 87% of households with access to electricity. The TID Rollover project has also positively contributed to the increase of registered households within access to electricity. Furthermore, the total achieved through electrification projects at various settlements of the municipality at an estimated cost of R 8,9 million.

T3.3.1

Electricity Service Delivery Levels Households					
Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Energy: (above minimum level)</i>					
Electricity (at least min. service level)	5,236	5,263	3, 491	4, 372	4, 372
Electricity - prepaid (min. service level)	26,806	26,806	21, 820	21, 381	21, 381
Electricity – Eskom	14,155	14,455	33, 834	33, 477	33, 477
Minimum Service Level and Above sub-total	45,878	46,178	59,145	59, 230	59, 230
Minimum Service Level and Above Percentage	89,8%	90,4%	87%	87.3%	87.3%
<i>Energy: (below minimum level)</i>					
Electricity (< min. service level)					
Electricity - prepaid (< min. service level)					
Other energy sources	5,211	4,911	8,682	8, 597	8, 597
Below Minimum Service Level sub-total	5,211	4,911	8,682	8, 597	8, 597
Below Minimum Service Level Percentage	10,2%	9,6%	13%	12.7%	12.7%
Total number of households	51,089	51,089	67,827	67, 827	67, 827

T3.3.3

Electricity Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with	Eradication of electricity backlogs	45,878	46,178	46,528	51,145	59,242	59,230	59,350	59,230	59,350

Electricity Service Policy Objectives Taken from Integrated Development Plan (IDP)										
access to basic level of electricity										
Number of electricity meters installed	Consumers provided with metered electricity	500	525	600	425	800	1, 491	2, 000		1200
Refurbishment of the Breyten 11Kv sub-station	Uninterrupted power supply to consumers	N/A	N/A	1	1	0	0	0	0	0
Refurbishment of MV/LV overhead network at Industrial & Laffnie street		N/A	N/A	1 km	1 km	1,1 km	1,1km	0	0	0
Number of reports on the implementation of NERSA audit recommendations		N/A	N/A	4	4	0	0	0	0	0
Maintenance of 88 KV main sub-station	Optimal operation and power supply to consumers	N/A	N/A	N/A	N/A	1	1	1	1	0
Number of irreparable steel/fibre glass kiosks replaced with concrete kiosks	Safety of power supply facilities	N/A	N/A	N/A	N/A	10	0	10	10	0
Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	Uninterrupted power supply to water treatment works	N/A	N/A	N/A	N/A	1	0	1	0	1
Upgrading of MV overhead line at Breyten	Improved power supply to consumers	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
										T3.3.5

Source: STATSSA 2022 Census and Own records

\* Figures include projects funded by Eskom which may differ from figures as contained in the Annual Performance Report linked to the SDBIP. The reasons for excluding Eskom figures in the APR are that the municipality do not have direct control on such projects or expenditure.

Financial Performance 2024-25: Electricity Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	311 274	351 451	35 451	309 951	-13%	
Expenditure:						
Employees	27 667	23 497	23 497	30 642	23%	
Repairs and Maintenance	224	192	88	295	35%	
Other	471 816	413 397	83 356	610 004	32%	
<b>Total Operational Expenditure</b>	499 707	437 086	106 941	640 941	32%	
<b>Net Operational Expenditure</b>	188 433	85 635	71 490	330 990	74%	

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

T 3.3.7

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	R 8 489 400	R 8 490 000	R 8 490 000	0%		
Retrofit 250W HPS to 100W LED	R 1,884,000.00	R 1,884,000.00	R 1,884,000.00	0%	R 1,884,000.00	
High mast retrofit ward 1-16 400W HPS to 200W LED	R 2,116,000.00	R 2,116,000.00	R 2,116,000.00	0%	R 2,116,000.00	
Retrofitting of the streetlights and highmast lights within Msukaligwa Local Municipality	R 2,800,000.00	R 2,800,000.00	R 2,800,000.00	0%	R 2,800,000.00	
Electrification of 120HH at Silindile Ext 3	R 140,400.00	R 140,400.00	R 140,400.00	0%	R 2,831,000.00	
Upgrading of the Electrical network infrastructure on the northern part of Ermelo	R 1,975,000.00	R 1,975,600.00	R 1,975,600.00	0%	R 109 155 167.60	
				#DIV/0!	90	

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

T 3.3.8

### 3.4. PROJECTS MANAGEMENT

#### 3.4.1. INTRODUCTION TO PROJECTS MANAGEMENT

The municipality has established a project management unit dealing with overall project management from projects planning, application for funding, monitoring and reporting of projects progress to confirmation of projects completion and signing off completed projects.

Projects dealt with by the unit are listed on **Appendix F** and **N** of this report.

T3.3.1

Projects Management Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		Target
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										
Number of short-term jobs opportunities created via Public Employment Programmes (EPWP, CWP, etc.)	Achieving the EPWP target	547	331	461	450	461	430	380	388	442
Percentage Municipal Infrastructure Grant (MIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Water Services Infrastructure Grant (WSIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Integrated National Electrification Programme (INEP) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	0	0	100%	100%	100%	100%	100%
Percentage of Energy Efficiency and Demand-side Management Grant spent annually	Funds allocated are spent on planned infrastructure project	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
Percentage of Municipal Disaster Response Grant (MDRG) spent annually	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	41%	100%	100%	100%
Percentage of Regional Bulk Infrastructure Grant (RBIG) spent annually	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	100%
Percentage of Municipal Disaster Response Grant (MDRG-RR) spent annually	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	N/A	40%	37%	100%

T3.3.6 a

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

#### 3.5.1. INTRODUCTION TO WASTE MANAGEMENT

Core functions of waste management are to render the following:

- (a) Solid waste removal and prevention illegal dumping
- (b) Development and Enforcement of Waste Management By-Laws
- (c) Establishment and Management of landfill sites
- (d) Cleaning of public open spaces.

The municipality is currently operating two registered landfill sites situated in Ermelo and Breyten while the others are utilized as transfer stations. Waste recorded from Ermelo landfill site is reported regularly on the South African Waste Information Centre (SAWIC). Medical and other hazardous wastes are not disposed at the municipality's landfill sites. Generators of such waste dispose of it privately. The municipality monitor the handling and disposal of medical waste.

Municipal Infrastructure Grant (MIG) has funded the following solid waste projects:

- (a) [Procurement of the Yellow Fleet for the waste management.](#)

T3.5.1

Solid Waste Service Delivery Levels					
Description	Households				
	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.	2023/24 Actual No.	2024/25 Actual No.
Solid Waste Removal: (Minimum level)					
Removed at least once a week	36,952	37,816	51,426	51,908	52,028
Minimum Service Level and Above sub-total	36,952	37,816	51,426	51,908	52,028
Minimum Service Level and Above percentage	72%	74%	76%	77%	77%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	809	809			
Using communal refuse dump	3,041	3,041			
Using own refuse dump	6,974	6,974			
Other rubbish disposal	2,176	2,176			
No rubbish disposal	1,137	273			
Below Minimum Service Level sub-total	14,137	13,273	16,401	15,919	15,919
Below Minimum Service Level percentage	28%	26%	24%	23%	23%
Total number of households	51,089	51,089	67,827	67,827	67,827
					T3.5.2

Waste Management Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to waste collection.	To maintain a clean environment	37,782	37816	38,572	51,426	51,866	51,908	52308	52,028	52,028
Number of areas receiving basic solid waste removal	To maintain a clean environment	N/A	N/A	N/A	N/A	N/A	N/A	60	61	61
Number of Environmental management educational campaigns held.	Education and creating awareness to communities on cleanliness and environmental conservation.	13	12	8	12	8	17	12	21	12
Number of waste disposal sites and transfer stations maintained quarterly	Well managed waste disposal sites	2	2	2	2	0	2	2	2	2
Number of waste minimization projects supported	Clean and waste free environment	6	26	8	8	N/A	N/A	N/A	N/A	N/A
Number of illegal dumping sites eradicated	illegal waste dumping spots are identified and cleared	N/A	N/A	2	2	N/A	N/A	N/A	N/A	N/A
										T3.5.4

Financial Performance 2024-25 Solid Waste Management Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	58 988	46 286	40 328	43 586	-6%	
Expenditure:						
Employees	24 557	27 844	27 844	26 771	-4%	
Repairs and Maintenance	1 989	1 194	2 940	2 814	58%	
Other	34 673	15 217	7 006	17 395	13%	
<b>Total Operational Expenditure</b>	61 219	44 255	37 790	46 980	6%	
<b>Net Operational Expenditure</b>	2 231	-2 031	-2 538	3 394	160%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.7

Financial Performance 2024-25: Waste Disposal and Other Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	37 762	165	165	172	4%	
Expenditure:						
Employees	50 281	25 116	25 088	9 173	-174%	
Repairs and Maintenance	2 421	4	4	4	0%	
Other	58 050	16 864	15 451	58 050	71%	
<b>Total Operational Expenditure</b>	110 752	41 984	40 543	67 227	38%	
<b>Net Operational Expenditure</b>	72 990	41 819	40 378	67 055	38%	

*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 3.4.8

Capital Expenditure Year 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	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	

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

T 3.4.9

### 3.6. HUMAN SETTLEMENT

#### 3.6.1. INTRODUCTION TO HOUSING

The mandate of the housing section in the Municipality is to facilitate and support the provision of human settlement services within the municipality together with the department of Human Settlements, which include the following:

- (a) Identifying of land for human settlement
- (b) Support Department of Human Settlements in identifying potential beneficiaries for low cost housing.
- (c) Management and maintaining of housing waiting list database.
- (d) Management of housing rental stock.
- (e) Managing and Controlling of illegal land invasions.
- (f) Facilitation of land transfers.

T3.5.1

Housing Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: provision of Sustainable Human Settlement										
Number of informal settlements formalized	Communities are settled on approved townships to access municipal services	N/A	N/A	3	3	3	2	2	0	2
Number of quarterly meetings held with the Provincial Department of Human Settlement	Continuous communication between the municipality and the DHS on development is maintained	4	6	4	6	4	4	4	4	N/A
Number of immovable property disposal committee meetings held	Management of municipal property to ensure revenue enhancement.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
Number of properties disposed reports submitted to Council quarterly	To ensure proper management of municipal immovable property	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4

T3.5.3

Financial Performance 2024-25: Housing Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	3 032	3 093	3 093	4 147	25%	
Expenditure:						
Employees	4 803	4 890	4 890	4 363	-12%	
Repairs and Maintenance	-	-	-	-	0%	
Other	101	1 821	29	75	-2328%	
<b>Total Operational Expenditure</b>	4 904	6 711	4 919	4 438	-51%	
<b>Net Operational Expenditure</b>	1 872	3 618	1 826	291	-1143%	

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

T 3.5.5

Capital Expenditure 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	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.5.6	

### 3.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

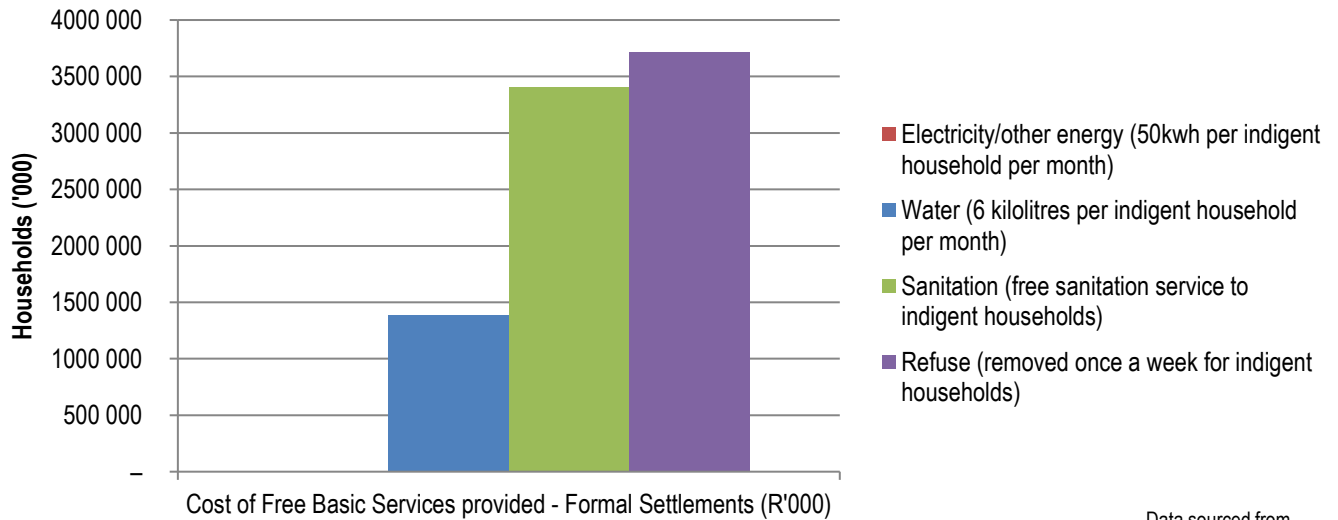
#### 3.7.1. INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The indigent household subsidy policy was approved as part of budget related policies on the 30<sup>th</sup> of May 2024. The municipality supported **4,812 registered** indigents of the **9,000** planned indigent households in 2024/25 financial year. The municipality budgeted **R 18 073 248** from equitable share to support indigent consumers and assist with free 6kl of water and 50 kwh of electricity which is provided only to indigent households.

(1) Indigents were supported as follows:

- (a) Free 6kl of water is provided to all registered indigent households.
- (b) 50kw basic electricity
- (c) Free refuse removal (R154.00)
- (d) Free sanitation services (R168.00)
- (e) Property rates – R 70 000 reduction on property value

## Free Basic Household Services 2023/24



The following table illustrates how the indigent households that were supported in **2023/2024**:

Electricity	Water	Sewer	Refuse	Rates	Total Amount
R 2299206	R 2853081	R 5219497	R 6010334	R 816 648	R 17 198 766

## COMPONENT B: ROAD AND STORMWATER

This component includes roads; transport; and stormwater drainage.

### 3.8. ROADS AND STORM WATER MANAGEMENT

#### 3.8.1. INTRODUCTION TO ROADS AND STORM WATER MANAGEMENT

Road access needs to be provided to all residents as they facilitate and improve the quality of life and contribute to the ease of doing business, they also ensure that the police and the emergency first responders in Msukaligwa can access all the communities.

The Grants received from Municipal Infrastructure Grant (MIG) and Gert Sibande District Municipality (GSDM) enable the Municipality to upgrade, maintain and re-build municipal roads. During the Integrated Development Planning (IDP) process, projects are identified during the community consultation meetings. Then the Council takes a final decision on which projects are to be prioritised for the financial year depending on the urgency of the articulated community needs.

#### Achievements

In the **2024/2025** financial year, **3.12 km** roads have been upgraded from gravel to paved roads. The asphalt roads need to be resurfaced to maintain their asset value. In the financial year under review, **48,136.44m<sup>2</sup>** of tarred roads have been re-surfaced.

(1) Municipal Infrastructure Grant (MIG) has funded the following roads & Stormwater projects:

- (a) The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road) (1.4km)
- (b) Construction of 2 km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector (Multi-year project)
- (c) The rehabilitation of 1,05km Silindile main street in Lothair Ward 15 (1.160KM)

(2) OWN Funds has funded the following road project:

- (a) Resurfacing of Nomndeni Street through municipal support programme. (560m)

(3) Municipal Disaster Response Grant (MDRG) has funded the following projects:

- (a) Construction of Access Bridge – Khayelisha and Emadamini in Wesselton Ext 11 (Project Completed)
- (b) Construction of Mabuza Access Bridge in Wesselton Ext 2 (Multi-year project)
- (c) Reconstruction of Mandela Drive (Multi-year Project)

The total costs for upgrading of the roads from gravel to paved surface was R 26,062,637.09 MIG with a total length of 2.56km which one project was fully completed by the end of 2024/2025 financial year. The total costs for project funded through Municipal Support Programme amounted to R 3,628,028.22 with a total length of 0.56 km; MDRG amounted to R14,735,309.82.

The total of 116.47km of Gravel roads were bladed and new gravel material was imported to repair roads. Sidewalks are maintained by replacing broken concrete tiles, as well as constructing new sections where there was a need. The total quare meters of potholes patched including resurfacing is 48,136.44m square meters. Msukaligwa Local Municipality together with Gert Sibande District Municipality has resurfaced the portion of Nomndeni main street through the municipal support programme at a total cost of R3,628,028.22. The Breyten main entrance access was resurfaced with the assistance from Mpumalanga department of public works, roads and transport at a cost of R 2,000,000.00.

T3.7.1

Gravel Roads Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt or paved	Gravel roads graded /maintained
2020/21	144.345 km	0	2.775 km	144,345 km
2021/22	185.5 km	41.875 km	0.72 km	185.5 km
2022/23	181,6 km	0	3,886 km	181,6 km
2023/24	178.806 km	0	2.808 km	122.943 km
2024/25	179.15 km	0	3.12 km	116.47 km
<b>Total</b>		<b>0</b>	<b>13.309 km</b>	<b>750.86km</b>

T3.7.2

Asphalted Roads Infrastructure					
Kilometres					
	Total asphalted and paved roads	New asphalt or paved roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt and paved roads maintained
2019/20	254.5 km	0.58 km	0 km	27,404.54 m <sup>2</sup>	254.58 km
2020/21	255,1 km	2.775 km	0 km	23,319.31 m <sup>2</sup>	257,5 km
2021/22	257,9 km	0.7 km	0 km	10,222.4 m <sup>2</sup>	257,9 km
2022/23	261,79 km	3.886 km	7,598.00km	45,583.83 m <sup>2</sup>	257,9 km
2023/24	261,79 km	1.79 km	14,632.168 km	87,786.92 m <sup>2</sup>	257,9 km
2024/25	261,79	3.12 km	0,56 km	48,136.44	258,5 km
<b>Total</b>		<b>km</b>	<b>km</b>	<b>m<sup>2</sup></b>	

Roads and Storm Water Management Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To Provide Sustainable Basic Services and Sustainable Infrastructure										
Square meters of roads re-surfaced/ patched	Well maintained roads infrastructure	12,000 m <sup>2</sup>	10222 m <sup>2</sup>	32090 m <sup>2</sup>	45583,73 m <sup>2</sup>	40000 m <sup>2</sup>	87787 m <sup>2</sup>	21000 m <sup>2</sup>	48,136.44 m <sup>2</sup>	22,000.00
Km of gravel roads maintained	Well maintained roads infrastructure	20km	185,5k m	30 km	55,73 km	30 km	128,94 km	80 km	116.47 km	80 km
Number of storm water inlets maintained	Storm water drainage systems maintained	60	100	0	0	240	604	360	662	480
Kilometres of roads/streets upgraded to asphalt/paved	Well maintained roads infrastructure and storm water drainage systems	2,34km	0,72km	3,985 km	4.096 km	1.8 km	1.8 km	2.1 km	3.12 km	2.6 km

Financial Performance 2024-25: Road Services					
					R'000
Details	2023-24	2024-25			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	126	431	431	87	-395%
Expenditure:					
Employees	15 105	12 877	12 877	16 478	22%
Repairs and Maintenance	1 810	1 268	1 580	1 349	6%
Other	87 346	67 563	60 959	60 424	-12%
<b>Total Operational Expenditure</b>	104 261	81 708	75 416	78 251	-4%
<b>Net Operational Expenditure</b>	104 135	81 277	74 985	78 164	-4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

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	R 53 919 832.30	R 35 438 455.56	R 39 969 783.14	-14%	
Rehabilitation of Ext 32 33 34 Taxi Collector Street	R 500,000.00	R 16,666,887.17	R 16,666,887.17	0%	R 22,824,543.93
Rehabilitation of Mabilisa Magwaza & Mabuza taxi Collector	R 11,025,584.33	R 2,320,239.00	R 2,320,239.00	0%	R 27,430,579.71
The Upgrading of Lothair Street (Main)	R 7,890,406.28	R 7,075,510.92	R 7,075,510.92		R 13,273,089.37
Reconstruction of Khayelihle-Emadamini Access Bridge	R 4,375,818.47	R 4,919,632.48	R 4,919,632.48	0	R 5,049,002.48
Reconstruction of Mabuza Access Bridge	R 5 000 000	R 4,456,185.99	R 4,456,185.99	0	R 4,456,185.99
Reconstruction of Mandela Drive	R 14,500,000.00		R 5,359,491.35	0	R 14,500,000.00
Resurfacing of Nomndeni Street	R 3,628,023.22		R 3,628,023.22	0	
				#DIV/0!	90
<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 3.7.9</i>

### 3.9. STORM WATER DRAINAGE

Storm water drainage forms part of the roads and storm water management reported in section 3.8 of this report.

## COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

This component deals with planning and local economic development within the municipality.

### 3.10. PLANNING AND ECONOMIC DEVELOPMENT

#### 3.10.1. INTRODUCTION TO PLANNING AND ECONOMIC DEVELOPMENT

The purpose and function of the Town Planning and Building Control Section is to facilitate the effective implementation and enforcement of the Msukaligwa Spatial Development Framework, the Msukaligwa Land Use Scheme 2021, the Msukaligwa Spatial Planning and Land Use Management By-Law of 2016, the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) and the National Building Regulations. The objectives of the enforcement of the above-mentioned pieces of legislation and policy directives seek to give effect to the following:

- (a) indicate where public and private land development and infrastructure investment should take place;
- (b) indicate desired or undesired utilization of space in a particular area;

- (c) delineate the urban area within a well-defined urban edge;
- (d) identify areas where strategic intervention is required; and
- (e) Indicate areas where priority spending is required.
- (f) ensure compliance with applicable land use and building regulations

The Town Planning Section is composed of the following sub-functions:

- (a) Spatial Planning and Land Use Management
- (b) Building Control Management
- (c) Geographic Information System (GIS) Management

T3.8.1

#### Applications for Land Use Development

Detail	Formalization of Townships		Rezoning		Built Environment	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Planning application received	0	0	0	25	0	25
Determination made in year of receipt	0	0	0	18	0	18
Determination made in following year	0	0	0	7	0	7
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	7	0	7

T3.10.2

#### Planning Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Objective: To ensure integrated long-term planning										
Number of IDP/Budget Process Plans approved by Council annually	IDP/budget process plan developed and approved by Council every year	1	1	1	1	1	1	1	1	1
Number of Council Approved IDPs by 31 May and submitted to the MEC within 10 days of approval and publicised for public information within 14 days of approval	Council approved IDP by May annually, submitted to the MEC within 10 days of approval and publicized for public information within 14 days of approval	2	2	2	2	2	2	2	2	2
Number of IDP ward consultative meetings held annually	19 IDP public participation meeting held by October each year	19	19	19	19	19	17	19	21	19
Number of Budget/IDP consultative meeting held annually	19 Budget / IDP public participation meetings held by 30 April each year	19	19	19	19	19	15	19	13	19

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Number of quarterly IDP Rep-Forums held	4 IDP Rep forums held quarterly each year.	4	2	4	2	4	4	4	4	4
Number of performance agreements signed annually	Six performance agreement signed each year for Senior Managers	6	6	6	6	6	6	6	6	6
Number of performance evaluations conducted annually	2 formal performance evaluations conducted annually	2	2	2	0	4	4	4	4	4
Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 August each year	1 Annual Performance Report compiled in terms of Sec. 46 of MSA submitted to Council, PT, AG & COGTA by August each year	1	1	1	1	1	1	1	1	1
Number of Annual Reports submitted to relevant stakeholders by 31 March each year	2 Annual Report compiled and submitted to Council, PT, AG & COGTA (draft and final AR)	2	2	2	2	2	2	2	2	2
Number of SDBIP quarterly reports tabled in Council annually	<b>Four (4)</b> quarterly SDBIP reports prepared and submitted to the Council each year	4	4	4	4	4	4	4	4	4
Number of SDBIPs approved 28 days after budget approval	One municipal SDBIP approved by the Executive Mayor 28 days after the approval of the annual budget.	1	1	1	1	1	1	1	1	1
Number of Internal Audit Annual Plans approved	Internal Audit Annual Plan approved by the Audit Committee	1	1	1	0	1	0	1	0	1
Number of Audit Committee meetings held annually	4 quarterly Audit Committee meetings held	4	4	4	7	4	6	4	7	4
Annual Risk Register developed and approved	1 Annual Risk Register developed and approved by RMC	1	1	1	0	1	0	1	1	1

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Number of quarterly risk management reports submitted to Risk Management Committee (RMC) annually	4 Risk Management report submitted RMC by June each year	4	4	4	4	4	4	4	4	4
Number of quarterly newsletters compiled and posted on the municipal website	4 quarterly newsletters publicised on the municipal website	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Percentage of website updates made within 24 hours after request has been made	Website updates made continuously as and when required	N/A	N/A	N/A	N/A	N/A	N/A	100%	98%	100%
Percentage of compliant building plans processed within 60 days	100% of compliant building plans applications received and processed within 60 days of receipt	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of building and land use contraventions issued quarterly	Building and land use contraventions issued quarterly	100	102	100	100	100	100	100	100	100
Percentage of compliant Land Use and Land Development Applications considered by the Land Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	100%	100%	100%	100%	100%
Development of policy on the development charges	Development charges policy developed to guide development charges.	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
Number of Planning and Economic Development Section 80 meetings held	To strengthen corporate governance and accountability	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12
										T3.10.3

Financial Performance 2024-25: Planning Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	210	5 877	5 887	7172	18%	
Expenditure:						
Employees	966	1 798	1 953	2 122	15%	
Repairs and Maintenance	0	-	-	-	0%	
Other	1 438	1 045	2 987	227	-360%	
<b>Total Operational Expenditure</b>	2 404	2 843	4 940	2 349	-21%	
<b>Net Operational Expenditure</b>	2 194	-3 034	-947	-4 823	37%	

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

T 3.10.5

Capital Expenditure 2024-25: Planning Services						R' 000
Capital Projects	2024-25					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	

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

T 3.10.6

**COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL**

The major project in the planning unit which has rolled-over from preceding years was the establishment of a township on Portion 17 of the Farm Nooitgedacht 262-IT. The township establishment application was approved by the Gert Sibande District Municipal Planning Tribunal in March 2022. The project can be considered to be 80% complete as the only remaining item is the opening of the township register (for title deeds) and proclamation of the township. In the 2020/21 Financial year, the PED department also worked on the development of a SPLUMA compliant land use scheme.

The project was completed in 2021, with the land use scheme being proclaimed in March 2021. The PED department also facilitated the approval of the formalisation of the KaMabuza Informal Settlement, the formalisation was approved in October 2021. This a multiyear project funded by the department of Human Settlements, the project can be considered to be 50% as all the town planning approvals have been obtained, save for the registration of the General Plan. In the 2021/22 financial, the municipality received an application for the formalisation of the Nyibe informal settlement. The project is also funded by the department of human settlements. The project is still undergoing the town planning compliance procedure.

In as far as our mandate to ensure compliance by enforcing applicable municipal land use and building regulations, achieving 100% in how we administer land use and building contraventions means that we are able to effectively respond to public complaints and detected cases of non-compliance within the legislated timeframes.

We are further committed to maintaining the above status quo. Since the promulgation of the Spatial Planning and Land Use Management By-Law on the 23<sup>rd</sup> of April 2016, the Section has been successfully implementing the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA) in the assessment of new land use and development applications.

T3.10.7

### 3.11. LOCAL ECONOMIC DEVELOPMENT

#### 3.11.1. INTRODUCTION TO ECONOMIC DEVELOPMENT

The purpose of Local Economic Development (LED) is to facilitate the growth and sustenance of the local economic capacity for all communities; and to improve economic future prospects that would enhance the quality of life for all. The purpose is also to ensure that plans are in place to improve the socio-economic status of the municipality through infrastructure development. Through the engagements and partnership with other stakeholders, a number of Local Economic Development (LED) objectives such as business opportunities for locals, youth skills development, employment and poverty alleviation were achieved.

The development of the Local Economic Development (LED) strategy for Msukaligwa local municipality was viewed as part of the broader Local Economic Development (LED) Planning process and the development of this strategy took into account work previously done as well as the new developments.

The municipality has reviewed its LED strategy which identifies catalytic projects to address existing and new developments within the municipal area. That is, projects that will have a meaningful impact on the local economy of Msukaligwa Local Municipality and consequently contribute to the national war against unemployment, inequalities and poverty.

The municipality is also working hard to re-establish the Local Economic Development Forum, which must be a platform where LED stakeholders engage on matters relating to the economic growth of the municipality.

(1) Key stakeholders in Local Economic Development (LED) planning, implementation and evaluation are:

- (a) Government
- (b) State enterprises
- (c) Private sector
- (d) Community structures

(2) The LED Vision Elements and Objectives:

Key Vision Elements:

- (a) Creation of job opportunities and the empowerment of local communities.
- (b) SMME development and support.
- (c) Sustainable growth and development based on sectoral competitiveness of the local space.
- (d) Addressing socio-economic challenges faced by local communities, such as poverty, unemployment and skills levels.

#### 3.11.2. JOB CREATION PROJECTS

There are also initiatives from State-Owned Enterprise, SANRAL, which will be starting with the Maintenance & resurfacing/ upgrading of the N2 & N11 from Mkhonto to Ermelo and from Amersfoort to Ermelo respectively. Nomination for stakeholders to serve on the Project Liaison Committee for the two projects has already started. SANRAL has also

started with the process that will lead to the construction of the Ermelo Ring Road, which will in turn contribute to job opportunities. In improving the transport system.

Economic Sector Contribution to the District Economy		
Sector	2023/24	2024/25
Agric, forestry and fishing	17%	
Mining and quarrying	7.4%	
Manufacturing	5.4%	
Wholesale and retail trade	21,6%	
Finance, property, etc.	23,5%	
Govt, community and social services	21%	
Construction services	15,3%	
Transport	29%	
Utilities	19,4%	
Total	16.7%	
		T3.11.2

Jobs Created during 2024/25 by Local Economic Development (LED) Initiatives (Excluding Extended Public Works Programme (EPWP) projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Initiative A		None	None	
Initiative B	None	None	None	
Initiative C	None	None	None	
				T3.11.5

Job creation through Extended Public Works Programme (EPWP) * projects			
Year	Extended Public Works Programme (EPWP) Projects	Community Workers Programme (CWP)	Jobs created through Extended Public Works Programme (EPWP) projects
	No.	No.	No.
2020/2021	26 projects	0	365 jobs created
2021/2022	20 projects	0	331 jobs created
2022/2023	19 Projects	0	450 jobs created
2023/2024	12 projects	1218	427 jobs created
2024/25	13 projects	0	388 jobs created
* - Extended Public Works Programme			
			T3.11.6

Local Economic Development Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										

Service Objective: To encourage shared economic growth and development										
Number of Sector Labour Plans meetings held	Businesses adherence to their social responsibility plans	N/A	N/A	20	20	4	4	4	4	4
Number of Local SMMEs and Cooperatives supported and registered	Support provided to SMMEs	20	26	20	21	30	35	30	0	30
Number of LRC meetings convened	Ensure coordination of CWP Local Reference Committee (LRC)	N/A	N/A	N/A	N/A	4	4	4	4	4
Number of short-term job opportunities created via Public Employment programmes (EPWP, CWP, etc.)	Job opportunities created in terms of the EPWP guidelines	461		461	450	461	430	380	388	442
Number of the LED Workshops held	Support is given to SMMEs to participate in the economy.	N/A	N/A	N/A	N/A	1	1	1	1	1
Re-establishment and launching of the LED Forum	Ensuring the functionality of the LED Forum	N/A	N/A	N/A	N/A	1	0	1	0	1
Number of LED Forum Meetings held	Functional Local economic development forum	0	0	0	0	3	0	3	1	4
										T3.11.7

Financial Performance 2024-25: Local Economic Development Services						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	-	-	-	-	#DIV/0!	
Expenditure:						
Employees	2 576	2 359	2 316	3 414	31%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other		952	952	30	-3073%	
<b>Total Operational Expenditure</b>	2 576	3 311	3 268	3 444	4%	
<b>Net Operational Expenditure</b>	2 576	3 311	3 268	3 444	4%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
					T 3.11.9	

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	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.11.10	

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

### 3.12. LIBRARIES AND COMMUNITY FACILITIES

#### 3.12.1. INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

The Public Libraries of Msukaligwa are positioned to be a local gateway to information and knowledge. They provide an opportunity for lifelong learning, independent decision-making and cultural development of individuals and social groups. The Libraries are established, supported and funded by Msukaligwa Municipality together with the Provincial Government. Msukaligwa Libraries provide access to information, knowledge and expand the imagination through a range of resources and services because the libraries are equally accessible to all members of the community regardless of race, nationality, gender, religion, language, disability, economic and employment status and educational attainment.

(1) The libraries carry out a number of programmes such as:

- (a) Readathon Programme
- (b) World Book Day
- (c) South African Library Week

(2) We have a total of ten (10) libraries and nine (9) libraries are fully functional while Cassimpark library is not functioning due to the renovation of the library. The library will be operational again as soon as all issues are sorted, and it is handed back to the municipality by DCSR. The libraries are situated in the following areas:

- (a) Ermelo
- (b) Wesselton
- (c) Cassim park
- (d) Chrissiesmeer

- (e) Davel
- (f) Breyten
- (g) Kwazanele
- (h) Silindile
- (i) Thusiville
- (j) KwaChibikulu

The libraries have been able to provide resources and services in a variety of medium to meet the needs of individuals and groups for education, information and personal development including recreation and leisure. They are constantly playing an important role in the development and maintenance of a democratic society by giving the individual access to a wide and varied range of knowledge, ideas and opinions. One of our achievements was being able to create and strengthen the reading habits in children from an early age. Libraries have managed to engage most schools within the vicinity of the libraries to participate in the activities of the libraries, which are aimed at enhancing and empowering the learners of these schools.

All Libraries are a local centre of information making all kinds of knowledge and information readily available to users. The other one of our achievements as Msukaligwa Libraries is that we have managed to bridge the gap between the information rich and the information poor by providing public access to the Internet as well as providing information in traditional formats.

Ten libraries provide electronic corners in their facilities which give free access to the internet and personal computing. Therefore, Msukaligwa Libraries continue to provide services, which are aimed at meeting the needs of the local communities and continue to be a dynamic information hub in line with government's pathway to the 4th Industrial Revolution.

T3.12.1

Libraries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of libraries events and educational campaigns held	Culture reading and learning for learners at school promoted	2	2	10	10	8	10	8	14	8

T3.12.3

Financial Performance 2024-25: Archives; Museums; Galleries; Community Facilities; Other					R'000
Details	2023-24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!
Expenditure:					
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	0	0	0	0	#DIV/0!
<b>Total Operational Expenditure</b>	0	0	0	0	#DIV/0!
<b>Net Operational Expenditure</b>	0	0	0	0	#DIV/0!

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

T 3.12.5

Capital Expenditure 2024-25: Libraries; Archives; Museums; Galleries; Community Facilities; Other					R' 000
Capital Projects	2024-25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90

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

T 3.12.6

### 3.13. CEMETERIES AND CREMATORIUMS

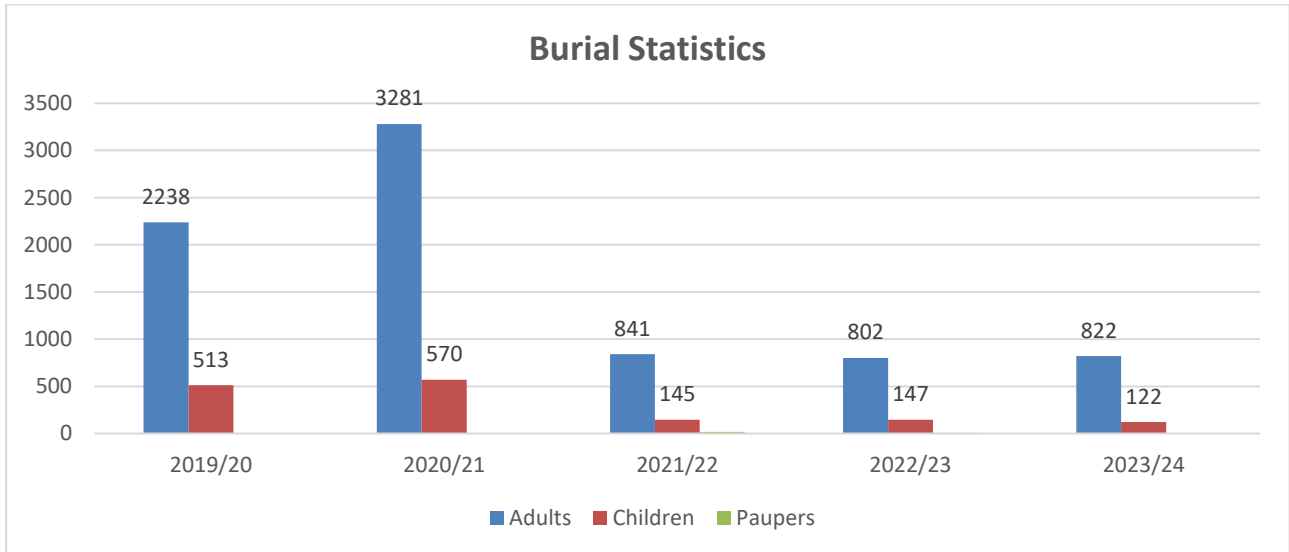
#### 3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIUMS

The top priorities of the municipality in relation to cemeteries are to provide burial space as required by legislation and maintain it to the required standards, securing and fencing of the cemeteries and the enforcement of the by-laws. Msukaligwa municipality has 21 cemeteries of which 6 of them are still in an operational state whereas 15 are closed. It is imperative to provide the community with burial facilities that will be able to meet the demand. It is envisaged that the Municipality will not run out of burial space for the next five to ten years. Plans are in place to extend cemetery services to areas where they are currently not provided i.e. Warburton/Nganga.

T3.13.1

Burial Statistics					
Group	2020/21	2021/22	2022/23	2023/24	2024/25
Adults	3281	841	802	822	
Children	570	145	147	122	
Paupers	0	17	6	1	

T3.13.2



T 3.13.2a

The burial statistics are only for those cemeteries that are registered. There are areas where the burials are not accounted for due to the cemeteries or graveyards not being registered. Some graveyards are located on private farms which cannot be account for.

Cemeteries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Well maintained and aesthetic cemeteries	All cemeteries maintained on regular basis.									

T3.13.3

Financial Performance 2024-25: Cemeteries and Crematoriums						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	657	1 034	1 034	997	-4%	
Expenditure:						
Employees	3 961	3 908	3 908	4 177	6%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	13	121	78	973	88%	
<b>Total Operational Expenditure</b>	3 974	4 029	3 986	5 150	22%	
<b>Net Operational Expenditure</b>	3 317	2 995	2 952	4 153	28%	

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

T 3.13.5

Capital Expenditure 2024-25: Cemeteries and Crematoriums						R' 000
Capital Projects	2024-25					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	

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

T 3.13.6

- (1) There are two main challenges in rendering proper services which are:
- (a) The staff component at the municipal units outside of Ermelo is not assigned to specific tasks and they are doing rotational work from one division to the other. Only the Ermelo unit staff is assigned to specific tasks.
  - (b) The other challenge in rendering proper services is obsolete equipment which the municipality is unable to replace due to financial constraints.

**COMMENT ON THE PERFORMANCE OF CEMETERIES OVERALL**

The priority projects were to fence all the existing and new cemeteries and to establish new cemeteries in those areas where there are no cemeteries. Most of the cemeteries have been fenced, and only seven (7) out of 21 of the existing cemeteries have not been fenced and are in the Municipality's plans to be fenced. The only area without a registered cemetery is Warburton/Nganga and the municipality is a process of establishing a cemetery at that area or unit.

T3.13.7

### 3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

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

Childcare, aged care and social programmes are not the competency of the Local municipality but the District Municipality.

T3.14.7

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control, biodiversity and landscape

### 3.15. POLLUTION CONTROL

This function does not fall within the municipality's competency and is being performed by the District Municipality.

### 3.16. BIO-DIVERSITY AND LANDSCAPE (INCL. OPEN SPACES AND SIDEWALKS)

#### 3.16.1. INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

These services include the administration, development and upgrading of parks, maintenance of open spaces, parks, sidewalks, street trees and general cleanness of the towns and its grounds. The main priorities in the parks division is to repair and replace all dilapidated playing ground facilities and to maintain parks, sidewalks and municipal terrains. Support is given to communities during the cleaning campaigns through provision of equipment and cleaning material.

T3.16.1

#### 3.16.2. SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The towns are divided into sections for the cleaning and cutting of grass as well as the general maintenance of parks and open spaces. Therefore, the cutting of grass in parks, open spaces and sidewalks is done on a monthly basis. Inadequate staff and equipment remain a challenge leading to some areas not being attended to on time as per the maintenance plan.

T3.16.2

Employees: Parks (Open Spaces)					
Job Level	2023/24		2024/25		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	% Vacancies (as a % of total posts)
Forms part of the cemeteries and crematoriums in section 3.13					
					T3.16.4

Financial Performance 2024-25: Bio-Diversity; Landscape and Other					R'000
Details	2023-24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!
Expenditure:					
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	0	0	0	0	#DIV/0!
<b>Total Operational Expenditure</b>	0	0	0	0	#DIV/0!
<b>Net Operational Expenditure</b>	0	0	0	0	#DIV/0!

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

T 3.16.5

Capital Expenditure 2024-25: Bio-Diversity; Landscape and Other					R' 000
Capital Projects	2024-25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90

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

T 3.16.6

## COMPONENT F: HEALTH

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

### 3.17. HEALTH SERVICES

This is the function of the Provincial Department of Health.

### 3.18. CLINICS

This is the function of the Provincial Department of Health. The municipality only renders support services in respect municipal services and services infrastructure.

### 3.19. AMBULANCE SERVICES

This is the Function of the Department of Health and private ambulance services. The municipality renders emergency support services in respect of rescue and fire services. The services include use of Jaws of Life in case vehicle accidents and rescue services in case fire in buildings and veld fires.

### 3.20. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

This is the function of the District Municipality.

## COMPONENT G: SECURITY AND SAFETY

This component includes Traffic; fire; disaster management, licensing, control of animals and control of public nuisances, etc.

### 3.21. TRAFFIC SERVICES

#### 3.21.1. INTRODUCTION TO TRAFFIC SERVICES

The Traffic Department is responsible for traffic-law enforcement and the administration thereof. This function also ensures the technical sustainability of road traffic signs, signals and markings throughout the municipal area. The main focus is to ensure a reduction in the road accidents death rate, compliance to road rules and regulations and free flow of traffic. The following activities are performed to ensure improvement in the municipal traffic services:

- (a) High visibility patrols;
- (b) Effective law enforcement;
- (c) Effective law speed enforcement;
- (d) Attend to accident scenes;
- (e) Escort duties for funerals, abnormal loads and dignitaries;
- (f) Traffic education in schools;
- (g) Road blocks;
- (h) Point duties;
- (i) Scholar patrols; and
- (j) Other related traffic duties.

T3.21.1

#### Municipal Traffic Service Data

Details	2022/23	2023/24	2024/25		2025/26
	Actual No.	Actual No.	Estimates No.	Actual No.	Estimates No.
1 Number of traffic accidents during the year	1263	0	1103	0	
2 Number of by-law infringements attended	22	2	2	0	
3 Number of traffic officers in the field on an average day	10	12	12	12	
4 Number of traffic officers on duty on any average day	10	11	12	12	

T3.21.2

Traffic Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of road safety awareness campaigns conducted at school	Promoting road safety awareness at schools and public at large	9	7	12	13	12	15	12	17	12
Number of roadblocks conducted	Road safety and Crime prevention	12	18	12	16	12	18	12	19	12

T3.21.3

Financial Performance 2024-25: Police						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!	
Expenditure:						
Police Officers	0	0	0	0		
Other employees	0	0	0	0	#DIV/0!	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	0	0	0	0	#DIV/0!	
<b>Total Operational Expenditure</b>	0	0	0	0	#DIV/0!	
<b>Net Operational Expenditure</b>	0	0	0	0	#DIV/0!	

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

T 3.20.5

Capital Expenditure 2024-25: Police						R' 000
Capital Projects	2024-25					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	

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

T 3.20.6

COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL

In relation to Traffic control and Safety under the Community and Social Services Department, the municipality has a responsibility for law enforcement and the issuing of traffic fines amongst other related functions. The section is facing a number of challenges ranging from capacity constraints to limited working tools, whereas the municipal area has experienced a steady vehicle population

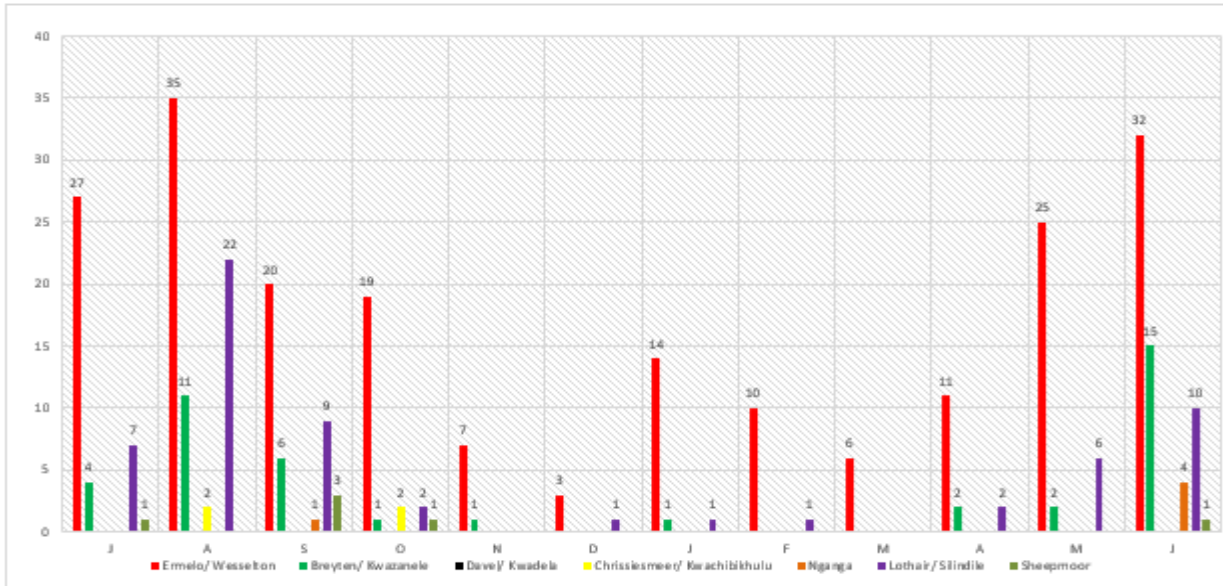
growth over the years. A proper budgetary allocation is an important consideration in order to improve the quality of service delivery from the section.

T3.21.7

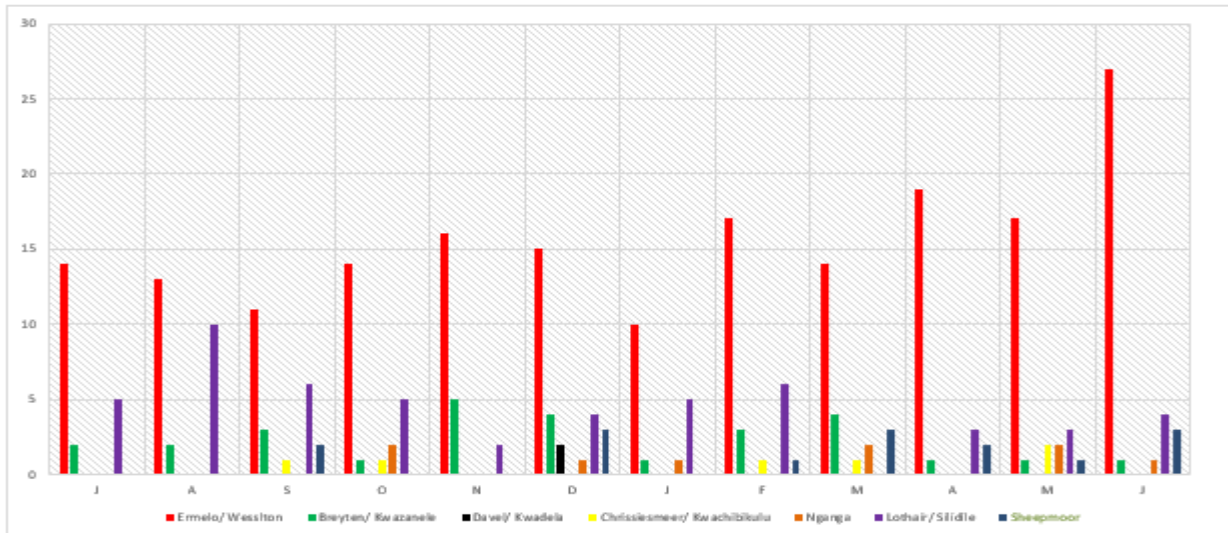
### 3.22. FIRE AND RESCUE SERVICES

#### 3.22.1. INTRODUCTION TO FIRE SERVICES

Year 2023/2024 – Msukaligwa Fire Calls



Year 2023/2024– Msukaligwa Special Service Calls (Motor vehicle accidents/ rescues/ hazardous material incidents)



T3.22.1

Municipal Fire Service Data						
	Details	2022/23	2023/24	2024/25		2025/26
		Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No
1	Total fires attended in the year	249	249	330	330	
2	Total of other incidents attended in the year	276	276	309	309	
3	Average turnout time - urban areas	10	10	10	10	
4	Average turnout time - rural areas	23	23	23	23	
5	Fire fighters in post at year end	26	46	26	32	
6	Total emergency vehicles at year end	8	10	10	13	
7	Average number of appliances off the road during the year	3	0	3	0	

T3.22.2

Fire Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Percentage of fire and emergency community safety incidents attended to within pre-determined timeframes in accordance with SANS 10090	Turnaround time compared to National guidelines	78%	83%	82%	84%	85%	78%	85%	85%	79%
Number of fire safety inspections conducted	Fire Safety inspections and risk visits conducted in terms of National guidelines	700	664	700	763	741	807	740	1004	700
Number of fire safety awareness campaigns conducted (PIER)	Provide fire safety awareness to communities and schools	20	42	40	54	52	132	52	66	20

T3.22.3

Financial Performance 2024-25: Fire Services					
					R'000
Details	2023-24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	3 306	5 722	5 722	3 529	-62%
Expenditure:					
Fire fighters		-	-		
Other employees	-	16 635	16 638	17 221	3%
Repairs and Maintenance	-	291	305	300	3%
Other	12 854	2 862	1 760	1 004	-185%
<b>Total Operational Expenditure</b>	12 854	19 788	18 703	18 525	-7%
<b>Net Operational Expenditure</b>	9 548	14 066	12 981	14 996	6%

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

T 3.21.5

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	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90

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

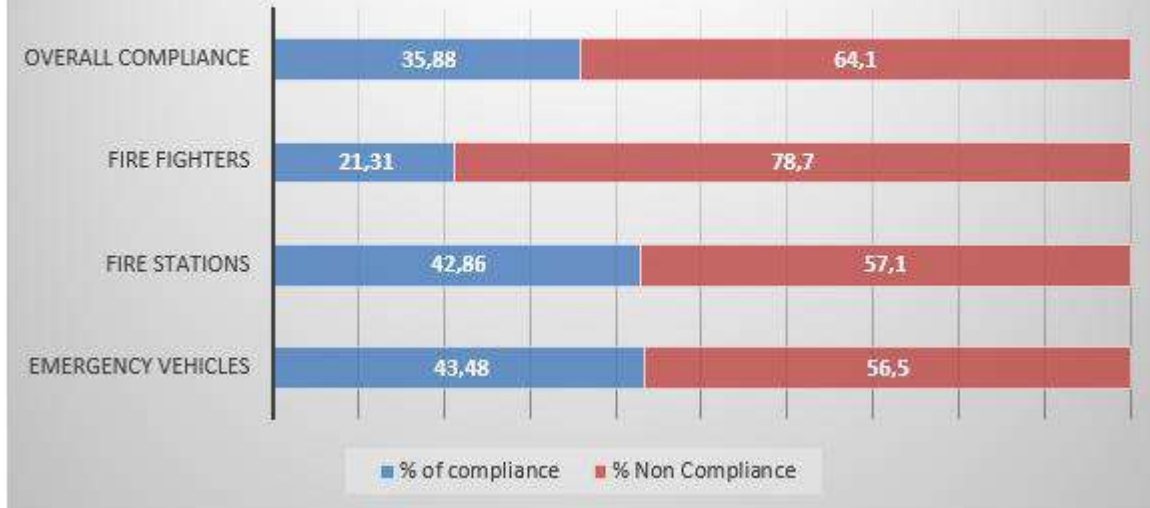
T 3.21.6

**COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL**

- (1) The municipality is providing a fire and rescue service which is intended to be employed for, a) preventing the outbreak or spread of a fire, b) fighting or extinguishing a fire, c) the protection of life or property against a fire or other threatening danger, d) the rescue of life or property from a fire or other danger, e) subject to the provisions of the Health Act, 1977 (Act No. 63 of 1977), the rendering of emergency medical service as an integral part of the fire and rescue service.

The municipality is required to ensure that its service is maintained at 75% or higher. During 2023 - 2024 an overall compliance of 36% was recorded for the provision of fire and rescue services. This is an increase of 3% from the previous year.

## Municipal Compliance Towards The Provision of Fire and Rescue Services (SANS 10090)



Section 3 of the Fire Brigade Services Act, Act 99 of 1987 requires that a municipality must maintain its service in accordance with the prescribed requirements (SANS 10090, Community Protection Against Fire) and due to the current financial budget allocations for the provision of a fire service, funding of capital projects is not always possible.

In terms of the minimum requirements as per Section 3 of the FBSA read with SANS 10090, the municipality in terms of its constitutional obligation is classified as a “Category 1” fire services ( A fire service as given for category 5(a) as monitored by relevant performance indicators or statistics, or both, and which is able to meet performance criteria as given for category 5(b) more than 75 % of the time, measured annually through, 1) risk profile of area of jurisdiction, 2) weight and speed of response, 3) call receipt and processing requirements, 4) vehicle/equipment availability and maintenance, 5) incident management procedures, 6) pre-fire planning and risk visits, 7) training/personnel, 8) water supplies and 9) fire safety functions.

Although funding is not always available a five (5) year fire service master plan was approved by council to address the identified needs for the next five years.

(2) Fire Protection Association (National Veld and Forest Fire Act, Act 101 of 1998)

The municipality is a member with both the fire protection associations seated within the municipal area, namely Umpiluzi Fire Protection Association and Msukaligwa Fire Protection Association. The appointed Chief Fire Officer under the Fire Brigade Services Act, is also the appointed Fire Protection Officer for the two Fire Protection Associations and are performing such duties as the Chief Executive Officer for both FPA's.

(3) Smart Goals Summary

The service will continue to update their legal agreements and by-laws to ensure they are at the most appropriate stage of readiness. Additionally improve upon existing capital funding to ensure a consistent long term stable level of funding has not been achieved. The Fire Services will strive to improve upon their training to enhance the Health and Safety of the Fire Fighters. Additionally, live fire training along with specialty skills training will be started.

(4) During 2023/2024 a light emergency vehicle was procured for the Breyten Fire Station. This vehicle contributed to a much faster response to emergencies in Breyten/ Kwazanele

The enhancing of the emergency management capabilities of the municipality is an on-going responsibility of the fire service with all its stakeholders.

### 3.23. DISASTER MANAGEMENT

#### 3.23.1. INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Function manages and controls the key performance areas associated with the disaster management and public safety functionality through inputs to the design, development of policies, alignment of procedures, systems and controls guiding critical interventions. The Unit also has a responsibility to provide advice, information and guidelines on critical initiatives related to legislative imperatives with a view to sustain interventions and support all within the context of the Integrated Development Plan (IDP).

Furthermore, the unit is responsible for rendering an effective and efficient customer care management service and the allocation of adequate resources to address identified security threats and risks.

(1) The function of the Disaster Management Section services is administered as follows and includes:

- (a) To prevent or reduce the severity of hazards
- (b) To ensure the preparedness of the community itself
- (c) To provide an effective response should disaster occur
- (d) To provide recovery after disaster

(2) The strategic objectives of this function are to:

- (a) To reduce or avoid the human, physical and economic losses suffered by individuals, society and community at large.
- (b) To enhance management system or function within the municipal area for the safety of the community and households including the property protection.
- (c) To promote an integrated and co-coordinated approach to disaster management.
- (d) To act as information repository for disaster management related issues.
- (e) To promote research to all aspects of disaster management.
- (f) To disseminate information regarding disaster management in the municipal area.
- (g) To promote the recruitment, training and participation of volunteers in the municipality.
- (h) To establish a disaster management advisory forum consisting of all role-players
- (i) To provide an integrated and coordinated disaster management policy framework that focuses on prevention or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective responses as required by the act

T3.23.1

#### SERVICE STATISTICS FOR DISASTER MANAGEMENT

(1) Summary of achievements

- (a) The Unit has managed to conduct several disaster management awareness campaigns around the municipal area of jurisdiction.
- (b) Impact assessments were conducted on time to all incidents reported to the function and those families or individuals were provided with necessary assistance from the Disaster Management Centre.
- (c) [The approval of the Reviewed Disaster Management Plan Council Resolution: LM:](#)

The key issues for 2024/2025 FY were:

- (a) [Shortage of staff](#)

(b) Budget Constraints

T3.23.2

Disaster Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of disaster awareness campaigns Conducted	Educating community on possible disasters and mitigation thereof.	12	13	12	12	12	12	12	12	12
Percentage of disaster incidents responded to within 24 hours after the incident has been reported	Providing disaster relief to affected communities	100%	100%	100%	100%	100%	100%	100%	100%	100%
T3.23.3										

**Financial Performance 2024-25: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc**

R'000

Details	2023/24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!
Expenditure:					
Employees	4 379 595	5,159,058	4,741,776	4,379,595	85%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	39 768 915	29,246,807	27,730,617	39,768,915	103%
<b>Total Operational Expenditure</b>	44 148 509	34,405,865	32,472,393	44,148,509	128%
<b>Net Operational Expenditure</b>	44 148 509	34,405,865	32,472,393	44,148,509	128%

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 3.22.5

**Capital Expenditure 2024-25: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc**

R' 000

Capital Projects	2024-25				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.22.6

### 3.24. LICENSING

#### 3.24.1. INTRODUCTION TO LICENSING SERVICES

The licensing services had however been transferred to the Provincial Department of Community Safety, Security and Liason at the municipality is no more responsible for the services.

T3.24.1

#### COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

The licensing services has been transferred to Provincial Department of Community Safety, Security and Liason and no more with the municipality from the 2023/2024 financial year.

T3.24.5

## COMPONENT H: SPORT AND RECREATION

This component includes sports fields; sports halls; stadiums; swimming pools; and sport promotion.

### 3.25. SPORT AND RECREATION

#### 3.25.1. INTRODUCTION TO SPORT AND RECREATION

The mandate of the section is to provide, maintain and manage sports and recreational facilities. Promotion of sports and assisting athletes who participate at regional, provincial and national level with transport and other logistical arrangements also form part of the municipality's mandate.

The municipality is currently managing and maintaining 19 sports facilities that cut across all sporting codes. Only Ermelo has facilities of reasonable standards while the other six units within the municipality are still having challenges with sub-standard sports facilities.

Due to financial constraints, the municipality could not provide support to sporting activities for the financial year under review

T3.25.0

### 3.25.2. SERVICE STATISTICS FOR SPORT AND RECREATION

The municipality facilitates and supports the following sporting codes:

Soccer; Rugby; Netball; Tennis; Korfball; Wrestling; Gymnastics; Basketball; Volleyball; Swimming; Karate; Table tennis; Indigenous games, bowling, golf, athletics, pool, squash, pigeon racing club, hockey and Cricket.

T3.25.1

Financial Performance 2024-25: Sport and Recreation					
					R'000
Details	2023-24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	139	330	330	139	-137%
Expenditure:					
Employees	1 686	3 104	3 104	2 556	-21%
Repairs and Maintenance	88	485	415	487	0%
Other	3 206	9 241	9 150	272	-3297%
<b>Total Operational Expenditure</b>	4 980	12 830	12 669	3 315	-287%
<b>Net Operational Expenditure</b>	4 841	12 500	12 339	3 176	-294%

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

T 3.23.4

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
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90

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

T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

None.

T3.25.6

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

### 3.26. EXECUTIVE AND COUNCIL

- (1) The Executive Mayor appointed Chairpersons for various Section 80 Committees in terms of Section 79 of the Municipal Structures Act, and referred as Members of the g a Mayoral Committee,
  - (a) MMC for Corporate Services – Cllr. T.J. Madlala
  - (b) MMC for Technical Services- Cllr. T.C. Motha
  - (c) MMC for Planning and Economic Development- Cllr. B.J. Motha
  - (d) MMC for Community and Social Services – Cllr. S.E. Ngovene
  - (e) MMC for Finance – Cllr. E.C. Msezane.
  
- (2) In terms of Section 79 of the Municipal Structures Act, Council appointed Section 79 Committee Chairpersons.
  - (a) Corporate Services – Cllr. S.P. Khalishwayo
  - (b) Technical Services – Cllr. S.S. Cindi
  - (c) Planning and Economic Development – Cllr. V.J. Maseko
  - (d) Community and Social Services – Cllr. P.H. Sibiyi
  - (e) Finance Committee – Cllr. T.P. Zulu
  - (f) Local Geographic Names Committee – Cllr. M.M. Mkhaliphi
  - (g) Municipal Public Accounts Committee – Cllr. M.A. Nzimande
  - (h) By-Laws and Policies – Cllr. N.R. Nkosi

Financial Performance 2024-25: The Executive and Council						R'000
Details	2023-24	2024-25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	442 366	301 638	361 138	316 420	5%	
Expenditure:						
Employees	25 210	27 807	27 807	22 572	-23%	
Repairs and Maintenance	102	59	64	68	13%	
Other	20 253	-	-	-	#DIV/0!	
<b>Total Operational Expenditure</b>	45 565	27 866	27 871	22 640	-23%	
<b>Net Operational Expenditure</b>	-396 801	-273 772	-333 267	-293 780	7%	

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

T 3.24.5

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	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6

### 3.27. FINANCIAL SERVICES

The total staff component for Financial Services is planned at 114 employees and in total 100 employees, 95 permanent positions and 5 interns have been filled.

Financial Performance 2024-25: Financial Services					
					R'000
Details	2023-24	2024-25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	31 488	11 783	11 783	13 621	13%
Expenditure:					
Employees	44 562	48 134	48 134	46 158	-4%
Repairs and Maintenance	49	-	-	-	0%
Other	169 515	45 494	45 494	63 716	29%
<b>Total Operational Expenditure</b>	<b>214 126</b>	<b>93 628</b>	<b>93 628</b>	<b>109 875</b>	<b>15%</b>
<b>Net Operational Expenditure</b>	<b>182 638</b>	<b>81 845</b>	<b>81 845</b>	<b>96 254</b>	<b>15%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

Capital Expenditure 2024-25: Financial Services						R' 000
Capital Projects	2024-25					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.6	

### 3.28. HUMAN RESOURCE SERVICES

<p>INTRODUCTION TO HUMAN RESOURCE SERVICES</p> <p>The functions of the human resource unit includes:</p> <ul style="list-style-type: none"> <li>• Recruitment, selection, appointment and orientation of staff</li> <li>• Implementation of capacity building programme for Councillors and Officials</li> <li>• Formulation of Human Resource Strategies</li> </ul> <p style="text-align: right;">T3.28.1</p>
--

# Chapter 4

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

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### INTRODUCTION

Council Resolution **LM 606/05/2024** approved an ideal organogram for the Municipality with a staff compliment **1066** positions and **716** positions were filled in the year under review.

T4.0.1

#### 4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	2023/2024	2024/2025			
	Employees No.	Approved Posts No.	Employees No.	Vacant %	Variance Filled %
Water and Sanitation	94	156	128	18	82
Electricity	36	129	52	60	40
Waste Management	81	120	102	15	85
Human Settlement	6	12	9	25	75
Roads and Storm Water Management	52	78	53	32	68
Land use and spatial development	8	17	9	47	53
Local Economic Development	9	10	5	50	50
Libraries	5	42	18	57	43
Parks, Sports and Cemeteries	19	90	53	41	59
Traffic Services	46	54	21	61	39
Fire Services	20	55	33	40	60
Disaster Management and Law Enforcement	26	15	9	40	60
Executive and Council	11	14	10	33	67
Financial Services	91	114	83	24	76
Human Resource Services	9	11	10	10	90
<b>Totals</b>	<b>513</b>	<b>916</b>	<b>593</b>	<b>35</b>	<b>65</b>
Office of the Director Technical Services	2	2	2	0%	100%
Office of the Director Planning and Development	2	2	2	0%	100%
Office of Director Community and Social Services	2	2	2	0%	100%
IDP	4	4	4	0%	100%
Office of Director Corporate Services	2	2	2	0%	100%
Corporate Services	50	70	62	11%	89%
Office of CFO	2	3	3	-0%	100%
Office of the Municipal Manager	4	4	4	0%	100%
Internal Audit	3	5	4	20%	80%
Risk	2	2	2	0	100%
Communications	5	18	16	45%	55%

PMS	0	3	3	0%	100%
(PMU)	5	6	6	0%	100%
Tech workshop	9	13	8	0%	0%
<b>Totals</b>	<b>92</b>	<b>135</b>	<b>114</b>	<b>42%</b>	<b>58%</b>
<b>TOTALS</b>	<b>598</b>	<b>1061</b>	<b>713</b>	<b>33%</b>	<b>67%</b>

T4.1.1

Headings follow the order of services as set out in Chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June 2025.

#### Vacancy Rate 2024/2025

Designations	Total Approved Post No.	Filled Posts No.	Percentage		Days
			Vacant	Filled	
Municipal Manager	1	1	0%	100%	0
Chief Finance Officer	1	1	0%	100%	0
Director Corporate Services	1	1	0%	100%	0
Director Community Services	1	1	0%	100%	0
Director Technical Services	1	1	0%	100%	0
Director Planning and Economic Development	1	1	0%	100%	0
Municipal Traffic Officer	47	17	48%	52%	0
Fire Fighter	55	33	40%	60%	0
Managers (Excluding Finance)	26	26	0%	100%	0
Finance Managers	08	08	0%	100%	0
Supervisors (Excluding Finance)	02	02	0%	100%	0
Finance Supervisors	00	0	0%	0%	0
<b>Total</b>	<b>144</b>	<b>92</b>	<b>36%</b>	<b>64%</b>	<b>0</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

Turn-over Rate				
Financial Year	Total number of employees as of beginning of Financial Year	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
2020/21	635	15	30	5%
2021/22	569	29	39	5%
2022/23	605	47	52	7.7%
2023/24	624	19	32	5%
2024/25	716	121	25	3.5%

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

T4.1.3

Nature of Terminations – 2024/2025 Financial Year						
Category of Employees	Resignation	Retirement	Dismissal	Death	Contract Expired	Total
Senior Management and Professionally qualified	5	3	1	2	1	12
Skilled Technical and Academically Qualified	5	2	0	3	0	10
Unskilled	2	0	1	1	0	4
<b>TOTAL</b>						<b>26</b>
						T4.1.3(a)

**COMMENT ON VACANCIES AND TURNOVER**

In 2024/2025 financial year, the following senior management positions were filled:

- (a) Municipal Manager – Filled
- (b) Chief Finance Officer – Filled
- (c) Deputy Chief Financial Officer – Filled
- (d) Director Corporate Service – Filled
- (e) Director Planning and Economic Development – Filled
- (f) Director Technical Service – Filled
- (g) Director Community and Social Services – Filled

T4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

**INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

Msukaligwa Local Municipality has a Human Resources Section whose function is to develop and implement policies, provide guidance to employees on issues of personnel administration, skills development and industrial relations. The municipality adopted the Human Resources Plan and Strategy and is implementing these by prioritising the critical service delivery vacancies to be filled.

T4.2.0

### 4.2. POLICIES

The following policies were adopted by the municipality and councillors as well as employees were trained on these policies through separate workshops. The policies are being implemented by the municipality.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Recruitment, Selection Promotion and Retention Policy	100%	100%	Adopted by the Council and implemented
2	Overtime	100%	100%	Adopted by the Council and implemented
3	Incapacity due to ill health	100%	100%	Adopted by the Council and implemented
4	Attendance and punctuality	100%	100%	Adopted by the Council and implemented

5	Remuneration work outside the municipality	100%	100%	Adopted by the Council and implemented
6	Leave policy	100%	100%	Adopted by the Council and implemented
7	Succession planning policy	100%	100%	Adopted by the Council and implemented
8	Scares skills	100%	100%	Adopted by the Council and implemented
9	HR strategy	100%	100%	Adopted by the Council and implemented
10	HR plan	100%	100%	Adopted by the Council and implemented
11	Code of Conduct for employees	100%	100%	The Council implements the Code of Conduct which was agreed at between the parties in the Bargaining Council
12	Delegations, Authorisation & Responsibility	100%	100%	N/A
13	Disciplinary Code and Procedures	100%	100%	Currently using main collective agreement
14	Essential Services	100%	100%	Currently using the Minimum service agreement made and entered into between Msukaligwa and the Unions.
15	Employee Assistance	100%	100%	Adopted by the Council and implemented
16	Grievance Procedures	100%	100%	Currently using the main collective agreement on essential services.
17	Workplace HIV/Aids	100%		Draft
18	Occupational Health and Safety	100%	100%	Adopted by the Council and implemented
19	Sexual Harassment	100%		Adopted by the Council and implemented
20	Skills Development	100%	100%	Adopted by the Council and implemented
T4.2.1				

#### COMMENT ON WORKFORCE POLICY DEVELOPMENT

Corporate Services department has developed Human Resources policies and has reviewed the critical policies. Other policies are being reviewed as and when there are changes in legislation and regulations.

T4.2.2

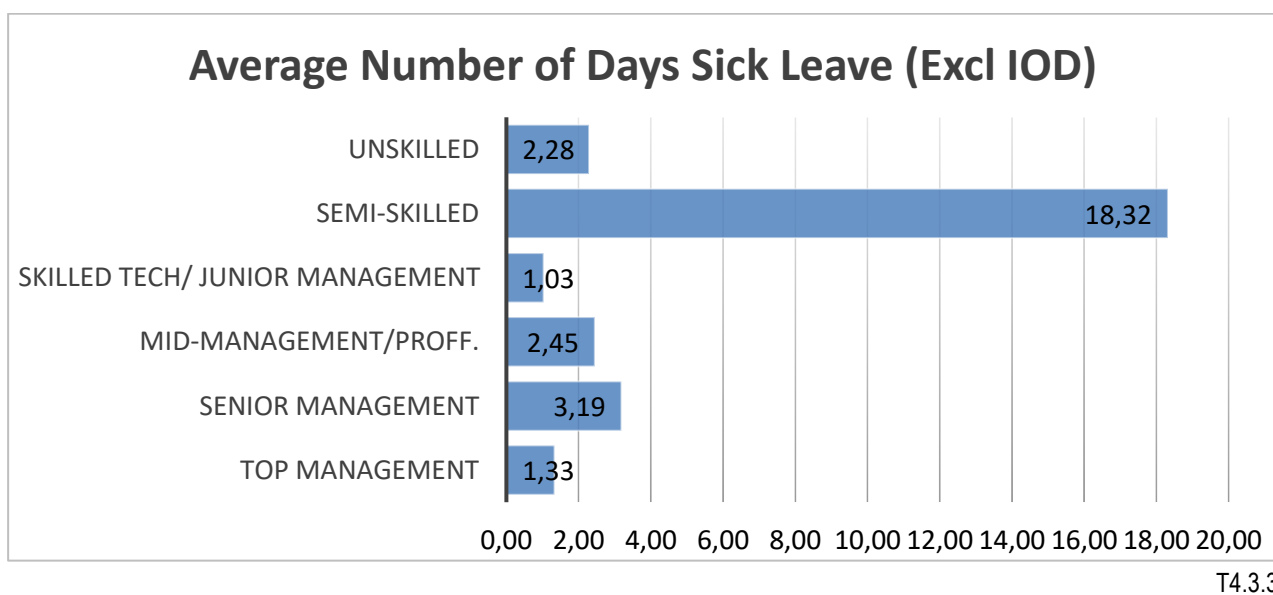
### 4.3. INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Average injury leave taken per employee %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	248	4		Clause 15 paragraph 1.5.1 in the Mpumalanga collective agreement applies	
Temporary total disablement	248	4	0	0	

Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
<b>Total</b>	<b>248</b>	<b>04</b>	<b>0</b>		
*Average injury leave taken per employee: Calculated by taking Column 3 divide by Column 2 X 100					
Average Injury Leave per employee Days: Calculated by taking Column 2 divide by Column 3					
					T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Occupational Levels	Total sick leave Days	Proportion of sick leave without medical certification %	Employee s using sick leave No.	Total employees in occupational level* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Top Management	08	N/A	02	06	1.3	R 24 033,84
Senior Management	102	N/A	11	27	3.8	R 595 426,76
Mid-Management/Prof	230	N/A	33	79	2.9	R 408 389,76
Skilled Tech/ Junior Management	282	N/A	70	260	1.1	R 307 540,49
Semi-Skilled	348	N/A	19	74	4.7	R 300 709,87
Unskilled	450	N/A	69	272	3.7	R 275 335,73
<b>Total</b>	<b>1420</b>	<b>N/A</b>	<b>204</b>	<b>718</b>	<b>2.7</b>	<b>R 1 911 435,87</b>
* - Number of employees in post at the beginning of the year						
*Average calculated by taking sick leave in column 2 divided by total employees in column 5						T4.3.2

For the purpose of this Report that Municipal Manager and Directors are reported on as Top Management.



COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees did not have a significant impact on the total budget of the Municipality in the year 2024/2025.

T4.3.4

#### 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
Superintendent Water Network	Misconduct of Intimidating, threatening one of the employees.	13 March 2025	The matter was under investigation. While doing investigation the Employee referred the matter to Bargaining Council. The matter is now under Arbitration Hearing.	In progress

T4.3.5

#### 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
None	None	None	None

T4.3.6

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.4. SKILLS DEVELOPMENT AND TRAINING

##### Skills Matrix

Management level	Gender	Employee s in post as at 30 June 2025 No.	Number of skilled employees required and actual as at 30 June 2025							
			Learnership		Skills programmes & other short courses		Other forms of training		Total	
			Plann ed 30 June 2025	Actual 30 June 2025	Planned 30 June 2025	Actual 30 June 2025	Planned 30 June 2025	Actual 30 June 2025	Planned 30 June 2025	Actual 30 June 2025
MM and S57	Female	2	1	0	0	0	0	0	1	0
	Male	4	1	0	1	1	0	0	2	1
Councillors, senior officials, and managers	Female	27	30	9	2	2	0	0	32	11
	Male	44	30	12	1	1	0	0	31	13
Technicians and associate professionals	Female	16	5	5	5	2	0	0	10	7
	Male	59	15	15	5	4	0	0	20	19
Professionals	Female	27	5	1	5	4	0	0	10	5
	Male	12	5	1	5	0	0	0	10	1
Sub total	Female	72	41	15	12	8	0	0	53	23
	Male	119	51	28	12	6	0	0	63	34
<b>Total</b>		<b>191</b>	<b>92</b>	<b>43</b>	<b>24</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>116</b>	<b>57</b>

T4.4.1

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

Corporate Services Department conducted a skills audit and information gathering sessions with various departments, which informed the Works Skills Plan (WSP) and Annual Training Programme (ATP). The findings of the Skills Audit revealed that there was a significant number of employees that require assistance with the recognition of prior learning, employees whose skills were mismatched to the work they are doing etc. The municipality is incrementally implementing the findings of the skills audit report.

The following training intervention is highlighted:

- a. Minimum Competency Training Programme in partnership with Provincial Treasury.
- b. Various Ad Hoc Training interventions to respond to institutional skills shortage and comprise the following:

<b>Training / Course</b>	<b>No. of Officials Attended</b>	<b>No. Councillors Attended</b>
Municipal Financial Management Programme	19	0
Project Management for Councillors	0	2
Municipal Governance for Councillors	0	2
Water and Wastewater Treatment & Supervision Process Controllers	20	0
Financial for Non-Financial Managers Training	1	0
Pay Day Training	4	0
SCM Training	2	0
RPL Trade Electrical	1	0
Peace Officers Training	9	0
OHS Training	2	0
<b>Total</b>	<b>58</b>	<b>4</b>

The actual expenditure on Minimum Competency Training programme was **R500 198.00** and the other Ad Hoc Training intervention was **R489 000.00**

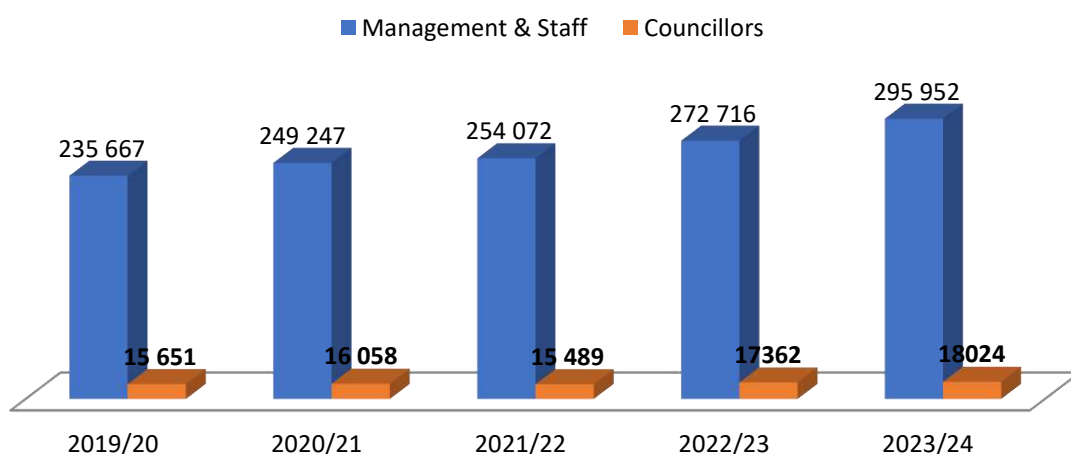
T4.4.2

**COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

**4.5. EMPLOYEE EXPENDITURE**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/2024</b>	<b>2024/25</b>
Management & Staff	249247	254072	272716	295 952	
Councillors	16 058	15489	17362	18 024	

## Workforce Expenditure Trends



T4.5.1

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Top Management	Female	None
	Male	None
Tactical	Female	10
	Male	28
Specialised	Female	42
	Male	94
Discretionary	Female	51
	Male	80
Basic	Female	24
	Male	57
<b>Total</b>		<b>386</b>

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

T4.5.2

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
GA	116	TG3	118 716.27	The municipality was using the old structure pay system in the year 2023 the municipality migrated to a new pay structure (TASK)
Meter reader	23	TG4	121 562.93	The municipality migrated to a new pay structure (TASK)
Cashier	19	TG6	164 058.60	The municipality migrated to a new pay structure (TASK)
Special workman	08	TG6	164 058.60	The municipality migrated to a new pay structure (TASK)

PA EM and Speaker	2	TG9	240 604.94	The municipality migrated to a new pay structure (TASK)
Ward committee coordinator	2	TG9	304 991.81	The municipality migrated to a new pay structure (TASK)
Admin clerk	4	TG6	156 993.81	The municipality migrated to a new pay structure (TASK)
Driver to EM & Speaker	2	TG5	133 661.24	The municipality migrated to a new pay structure (TASK)
Graphic designer	1	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Admin officer	1	TG10	270 896.93	The municipality migrated to a new pay structure (TASK)
Senior accounting clerk	19	TG8	213 696.22	The municipality migrated to a new pay structure (TASK)
Secretary	6	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Senior facility officer	1	TG10	270 896.93	The municipality migrated to a new pay structure (TASK)
Senior process controller	1	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Senior Housing officer	1	TG11	319 809.97	The municipality migrated to a new pay structure (TASK)
LED OFFICERS	3	TG11	319 809.97	The municipality migrated to a new pay structure (TASK)
SENIOR CARETAKER	2	TG8	213 696.22	The municipality migrated to a new pay structure (TASK)
The municipality migrated to a new pay structure (TASK)				
T4.5.3				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				
T4.5.4				

#### DISCLOSURES OF FINANCIAL INTERESTS

Disclosure forms were issued to all employees and Councillors and were returned to be kept in employee files.

T4.5.5

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

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

- (a) Component A: Statement of Financial Performance
- (b) Component B: Spending Against Capital Budget
- (c) Component C: Financial Position

T5.0.1

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1. STATEMENTS OF FINANCIAL PERFORMANCE

MP302 Msukaligwa - Table B1 Adjustments Budget Summary - 23/02/2024

Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts	Total Adjusts	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
<b>Financial Performance</b>											
Property rates	242 332	242 332	-	-	-	-	(36 000)	(36 000)	206 332	254 206	266 153
Service charges	494 951	494 951	-	-	-	-	15 363	15 363	510 314	519 203	543 606
Investment revenue	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	260 523	260 523	-	-	-	-	13 012	13 012	273 535	273 289	286 133
Other own revenue	72 272	72 272	-	-	-	-	32 757	32 757	105 029	37 086	38 829
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 070 078</b>	<b>1 070 078</b>	-	-	-	-	<b>25 132</b>	<b>25 132</b>	<b>1 095 210</b>	<b>1 083 784</b>	<b>1 134 722</b>
Employee costs	301 679	301 679	-	-	-	-	1	1	301 680	316 461	331 335
Remuneration of councillors	19 494	19 494	-	-	-	-	-	-	19 494	20 450	21 411
Depreciation & asset impairment	252 632	252 632	-	-	-	-	-	-	252 632	264 459	276 889
Finance charges	8 484	8 484	-	-	-	-	19 200	19 200	27 684	8 900	9 318
Inventory consumed and bulk purchases	423 851	423 851	-	-	-	-	-	-	423 851	444 620	465 517
Transfers and subsidies	-	-	-	-	-	-	12 450	12 450	12 450	-	-
Other expenditure	154 906	154 906	-	-	-	-	93 184	93 184	248 091	162 497	170 134
<b>Total Expenditure</b>	<b>1 161 047</b>	<b>1 161 047</b>	-	-	-	-	<b>124 836</b>	<b>124 836</b>	<b>1 285 883</b>	<b>1 217 386</b>	<b>1 274 604</b>
<b>Surplus/(Deficit)</b>	(90 969)	(90 969)	-	-	-	-	(99 704)	(99 704)	(190 673)	(133 602)	(139 882)
Transfers and subsidies - capital (monetary allocations)	146 349	146 349	-	-	-	-	-	-	146 349	161 114	160 735

Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>55 380</b>	<b>55 380</b>	-	-	-	-	<b>(99 704)</b>	<b>(99 704)</b>	<b>(44 324)</b>	<b>27 512</b>	<b>20 854</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>55 380</b>	<b>55 380</b>	-	-	-	-	<b>(99 704)</b>	<b>(99 704)</b>	<b>(44 324)</b>	<b>27 512</b>	<b>20 854</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	166 448	166 448	-	-	-	-	1 299	1 299	167 747	161 114	210 893
Transfers recognised - capital	146 348	146 348	-	-	-	-	(8 737)	(8 737)	137 611	161 114	210 893
Borrowing Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
	20 100	20 100	-	-	-	-	10 036	10 036	30 136	-	-
<b>Total sources of capital funds</b>	<b>166 448</b>	<b>166 448</b>	-	-	-	-	<b>1 299</b>	<b>1 299</b>	<b>167 747</b>	<b>161 114</b>	<b>210 893</b>
<b>Financial position</b>											
Total current assets	512 724	512 724	-	-	-	-	(130 243)	(130 243)	382 481	631 767	661 287
Total non current assets	2 849 706	2 849 706	-	-	-	-	1 299	1 299	2 851 005	2 745 679	2 917 980
Total current liabilities	1 372 290	1 372 290	-	-	-	-	4 949	4 949	1 377 239	1 488 425	1 499 749
Total non current liabilities	155 178	155 178	-	-	-	-	-	-	155 178	162 781	170 432
Community wealth/Equity	<b>1 834 962</b>	<b>1 834 962</b>	-	-	-	-	<b>(51 782)</b>	<b>(51 782)</b>	<b>1 783 181</b>	<b>1 726 240</b>	<b>1 909 087</b>
<b>Cash flows</b>											
Net cash from (used) operating	169 663	169 663	-	-	-	-	86 398	86 398	256 061	141 023	189 748
Net cash from (used) investing	(166 448)	(166 448)	-	-	-	-	2 371	2 371	(164 078)	(161 114)	(210 893)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>4 415</b>	<b>4 415</b>	-	-	-	-	<b>165 922</b>	<b>165 922</b>	<b>170 337</b>	<b>(18 833)</b>	<b>(19 827)</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	129 941	129 941	-	-	-	-	(137 901)	(137 901)	(7 960)	136 237	142 468
Application of cash and investments	954 218	954 218	-	-	-	-	37 917	37 917	992 135	988 521	1 045 084
<b>Balance - surplus (shortfall)</b>	<b>(824 277)</b>	<b>(824 277)</b>	-	-	-	-	<b>(175 818)</b>	<b>(175 818)</b>	<b>(1 000 095)</b>	<b>(852 284)</b>	<b>(902 616)</b>
<b>Asset Management</b>											
Asset register summary (WDV)	2 474 942	2 474 942	-	-	-	-	1 299	1 299	2 476 241	2 352 553	2 506 376
Depreciation	138 589	138 589	-	-	-	-	-	-	138 589	145 379	152 212
Renewal and Upgrading of Existing Assets	91 963	91 963	-	-	-	-	(18 933)	(18 933)	73 029	85 436	85 432
Repairs and Maintenance	41 563	41 563	-	-	-	-	39 090	39 090	80 653	43 599	45 648
<b>Free services</b>											
Cost of Free Basic Services provided	18 073	18 073	-	-	-	-	(9 555)	(9 555)	8 518	18 959	19 850
Revenue cost of free services provided	9 232	9 232	-	-	-	-	30 000	30 000	39 232	9 685	10 140

<b><u>Households below minimum service level</u></b>												
Water:	4	-	-	-	-	-	-	-	-	4	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-	-
Refuse:	0	-	-	-	-	-	-	-	-	0	-	-

**Financial Performance of Operational Services**  
R '000

Vote Description	2022/23		2023-24					Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Actual	YearTD budget	YTD variance	YTD variance %	
<b>Municipal governance and administration</b>	<b>250 841</b>	<b>185 380</b>	<b>230 048</b>	<b>226 837</b>	<b>230 048</b>	<b>(3 211)</b>	<b>-1%</b>	<b>230 048</b>
Executive and council	74 192	56 495	71 929	69 263	71 929	(2 666)	-4%	71 929
Mayor and Council	41 947	26 055	37 406	34 231	37 406	(3 175)	-8%	37 406
Municipal Manager, Town Secretary and Chief Executive	32 245	30 440	34 524	35 032	34 524	508	1%	34 524
<b>Finance and administration</b>	<b>176 650</b>	<b>128 885</b>	<b>158 119</b>	<b>157 574</b>	<b>158 119</b>	<b>(545)</b>	<b>0%</b>	<b>158 119</b>
Administrative and Corporate Support	27 208	31 616	47 542	29 166	47 542	(18 376)	-39%	47 542
Finance	82 743	39 289	42 345	92 343	42 345	49 998	118%	42 345
Fleet Management	7 348	8 357	1 136	7 050	1 136	5 914	520%	1 136
Human Resources	12 691	14 118	31 388	16 344	31 388	(15 044)	-48%	31 388
Information Technology	6 360	8 111	8 111	6 602	8 111	(1 509)	-19%	8 111
Marketing, Customer Relations, Publicity and Media Co-	2 840	4 952	5 152	3 802	5 152	(1 350)	-26%	5 152
Risk Management	1 361	1 838	1 838	1 479	1 838	(359)	-20%	1 838
Supply Chain Management	633	(73)	(73)	788	(73)	860	-1184%	(73)
Valuation Service	35 465	20 678	20 678	-	20 678	(20 678)	-100%	20 678
Internal audit	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>121 471</b>	<b>128 197</b>	<b>138 756</b>	<b>111 147</b>	<b>138 756</b>	<b>(27 609)</b>	<b>-20%</b>	<b>138 756</b>
Community and social services	66 615	70 027	77 658	68 191	77 658	(9 467)	-12%	77 658
Cemeteries, Funeral Parlours and Crematoriums	3 931	4 127	3 910	3 975	3 910	65	2%	3 910
<b>Community Halls and Facilities</b>	<b>18 565</b>	<b>23 759</b>	<b>21 561</b>	<b>13 493</b>	<b>21 561</b>	<b>(8 069)</b>	<b>-37%</b>	<b>21 561</b>
Disaster Management	37 166	34 406	44 406	44 148	44 406	(257)	-1%	44 406
Libraries and Archives	6 954	7 735	7 781	6 575	7 781	(1 206)	-15%	7 781
<b>Sport and recreation</b>	<b>22 194</b>	<b>21 187</b>	<b>21 730</b>	<b>11 166</b>	<b>21 730</b>	<b>(10 564)</b>	<b>-49%</b>	<b>21 730</b>
Community Parks (including Nurseries)	8 110	8 389	8 441	7 327	8 441	(1 114)	-13%	8 441
Recreational Facilities	14 084	12 798	13 289	3 838	13 289	(9 451)	-71%	13 289
<b>Public safety</b>	<b>28 490</b>	<b>29 944</b>	<b>31 276</b>	<b>26 700</b>	<b>31 276</b>	<b>(4 576)</b>	<b>-15%</b>	<b>31 276</b>
Fire Fighting and Protection	14 856	19 368	19 526	16 113	19 526	(3 413)	-17%	19 526
Police Forces, Traffic and Street Parking Control	13 634	10 576	11 749	10 587	11 749	(1 163)	-10%	11 749
<b>Housing</b>	<b>4 142</b>	<b>6 675</b>	<b>7 728</b>	<b>5 090</b>	<b>7 728</b>	<b>(2 638)</b>	<b>-34%</b>	<b>7 728</b>
<b>Housing</b>	<b>4 142</b>	<b>6 675</b>	<b>7 728</b>	<b>5 090</b>	<b>7 728</b>	<b>(2 638)</b>	<b>-34%</b>	<b>7 728</b>
Health	30	364	364	0	364	(364)	-100%	364
Health Surveillance and Prevention of Communicable D	30	364	364	0	364	(364)	-100%	364
Economic and environmental services	99 267	113 835	118 927	49 000	118 927	(69 927)	(0)	118 927
Planning and development	18 304	22 219	18 998	19 521	18 998	523	0	18 998
Corporate Wide Strategic Planning (IDPs, LEDs)	4 710	3 413	2 228	5 765	2 228	3 538	0	2 228
<b>Town Planning, Building Regulations and Enforcement</b>	<b>9 934</b>	<b>15 253</b>	<b>13 218</b>	<b>8 874</b>	<b>13 218</b>	<b>(4 344)</b>	<b>(0)</b>	<b>13 218</b>
Project Management Unit	3 660	3 553	3 553	4 882	3 553	1 329	0	3 553
<b>Road transport</b>	<b>80 962</b>	<b>91 616</b>	<b>99 929</b>	<b>29 479</b>	<b>99 929</b>	<b>(70 450)</b>	<b>(0)</b>	<b>99 929</b>
Road and Traffic Regulation	10 544	12 583	12 583	1 863	12 583	(10 720)	(0)	12 583
Roads	70 418	79 033	87 346	27 616	87 346	(59 730)	(0)	87 346
<b>Trading services</b>	<b>585 787</b>	<b>733 526</b>	<b>812 780</b>	<b>611 173</b>	<b>812 780</b>	<b>(201 608)</b>	<b>(0)</b>	<b>812 780</b>
<b>Energy sources</b>	<b>336 263</b>	<b>422 841</b>	<b>441 676</b>	<b>479 202</b>	<b>441 676</b>	<b>37 526</b>	<b>0</b>	<b>441 676</b>
Electricity	336 260	423 884	441 719	479 202	441 719	37 483	0	441 719
Street Lighting and Signal Systems	3	(1 043)	(43)	-	(43)	43	(0)	(43)
<b>Water management</b>	<b>113 217</b>	<b>122 125</b>	<b>168 094</b>	<b>76 016</b>	<b>168 094</b>	<b>(92 078)</b>	<b>(0)</b>	<b>168 094</b>
Water Treatment	31 874	29 289	59 193	49 124	59 193	(10 069)	(0)	59 193
Water Distribution	81 343	92 837	108 902	26 892	108 902	(82 010)	(0)	108 902
<b>Waste water management</b>	<b>78 321</b>	<b>150 834</b>	<b>153 234</b>	<b>23 176</b>	<b>153 234</b>	<b>(130 058)</b>	<b>(0)</b>	<b>153 234</b>
Sewerage	74 334	143 050	145 506	16 026	145 506	(129 480)	(0)	145 506
Waste Water Treatment	3 988	7 784	7 728	7 150	7 728	(578)	(0)	7 728
<b>Waste management</b>	<b>57 986</b>	<b>37 726</b>	<b>49 776</b>	<b>32 778</b>	<b>49 776</b>	<b>(16 997)</b>	<b>(0)</b>	<b>49 776</b>
Solid Waste Removal	57 986	37 726	49 776	32 778	49 776	(16 997)	(0)	49 776
<b>Other</b>	<b>75</b>	<b>110</b>	<b>110</b>	<b>92</b>	<b>110</b>	<b>(19)</b>	<b>(0)</b>	<b>110</b>
Air Transport	75	110	110	92	110	(19)	(0)	110
<b>Total Expenditure - Functional</b>	<b>1 057 441</b>	<b>1 161 047</b>	<b>1 300 622</b>	<b>998 249</b>	<b>1 300 622</b>	<b>(302 373)</b>	<b>(0)</b>	<b>1 300 622</b>

COMMENT ON FINANCIAL PERFORMANCE

The procurement of goods and services is done in line with the Supply Chain Management regulations, PPPFA of 2011 and in line with the approved budget and Integrated Development Plan (IDP) of the Council, which strives for a procurement process that is to be fair, equitable, cost effective and competitive.

T5.1.2

5.2. GRANTS

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received the following grants:

Grant Performance							R' 000
Description	2023-24	2024-25		Actual	Original Budget (%)	Adjustments Budget (%)	
	Actual	Budget	Adjustments Budget				
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>260 523</b>	<b>260 524</b>					
Equitable Share	252 878	252 878			100%	100%	
Expanded Public Works Programme Integrated Grant	1 511	1 511			100%	100%	
Local Government Financial Management Grant	3 000	3 000			100%	100%	
Municipal Disaster Relief Grant	–	–	–	–	#DIV/0!	#DIV/0!	
Municipal Infrastructure Grant	3 134	3 134			100%	100%	
Other transfers and grants [insert description]					#DIV/0!	#DIV/0!	
<b>Provincial Government:</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>–</b>			
Health subsidy	–	–	–	–	#DIV/0!	#DIV/0!	
Housing	–	–	–	–	#DIV/0!	#DIV/0!	
Ambulance subsidy	–	–	–	–	#DIV/0!	#DIV/0!	
Sports and Recreation	700	700	700	–	0,00%	0	
	–	–	–	–	#DIV/0!	#DIV/0!	
<b>District Municipality:</b>	<b>6 787</b>	<b>–</b>	<b>10 000</b>	<b>–</b>			
<i>Gert Sibande District Municipality (Water Pipeline)</i>	6 787	–	10 000	–	#DIV/0!	0	
					#DIV/0!	#DIV/0!	
<b>Other grant providers:</b>	<b>311</b>	<b>10 000</b>	<b>13 011</b>	<b>10 448</b>			
<i>Education Training and Development Practices SETA</i>	311	–	3 011	2 028	#DIV/0!	67%	
<i>PT Support Grant</i>	–	10 000	10 000	8 420	84%	84%	

<b>Total Operating Transfers and Grants</b>	<b>243 086</b>	<b>271 223</b>	<b>284 235</b>	<b>270 971</b>		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1
T5.2.1						

### 5.3. ASSETS MANAGEMENT

#### ASSETS MANAGEMENT

<b>INTRODUCTION TO ASSET MANAGEMENT</b>
<p>The Goal of asset management is to achieve the required level of service in the most effective manner, which is achieved through management of asset's life cycle. The utilisation and management of property, plant and equipment is the prime mechanism by which a Municipality can fulfil its constitutional mandates for the Delivery of sustainable services, Social and Economic development, promoting a safe and healthy environment and providing the basic needs to the community. The Municipal Manager is accountable for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. The staff involved in assets management is as follows and reports to the Chief Financial Officer: Manager Assets; Accountant Assets Management and Assets clerks.</p>
T 5.3.1

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2024/25</b>				
<b>Asset 1</b>				
Name	INFRASTRUCTURE ASSET			
Description	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo			
Asset Type	Pump Station			
Key Staff Involved	Yes			
Staff Responsibilities	PMU, Water Section			
Asset Value	<b>2023/2024</b>	<b>2024/2025</b>		
	R 13,628,044.60	R 16,165281.80		
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	Water Distribution			
Describe Key Issues	Water Distribution			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
<b>Asset 2</b>				
Name	INFRASTRUCTURE ASSET			
Description	The Upgrade of Phumula Outfall Sewer Pipeline			
Asset Type	Sewer Pipeline			
Key Staff Involved	YES			
Staff Responsibilities	PMU, Sanitation Section			

	2023/2024	2024/2025		
Asset Value	R 9,180,560.66	R 4,590,777.40		
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	Sewer Distribution			
Describe Key Issues	Sewer Distribution			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
<b>ROAD SURFACE, STORMWATER</b>				
Description	The rehabilitation of 1,05km Silindile main street in Lothair Ward 15			
Asset Type	<b>ROAD SURFACE</b>			
Key Staff Involved	YES			
Staff Responsibilities	PMU, ROAD AND STORMWATER SECTION			
	2023/2024	2024/2025		
Asset Value	R 5,382,683.09	R 7,075,510.92		
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	Service Delivery			
Policies in Place to Manage Asset	ASSETS MANAGEMENT AND FLEET POLICY			
T 5.3.2				

**COMMENT ON ASSET MANAGEMENT:**

Before a Municipality can spend funds on a project the Municipal Council must consider the project costs covering all the financial years until the project is operational, as well as all future operational costs and revenue for the project. The Council of Msukaligwa Local Municipality has considered all the above in terms of the projects and the projects were approved for implementation. The above projects were funded from Conditional Grants and GSDM co-funded projects all supporting documents are available on file for audit inspection.

T 5.3.3

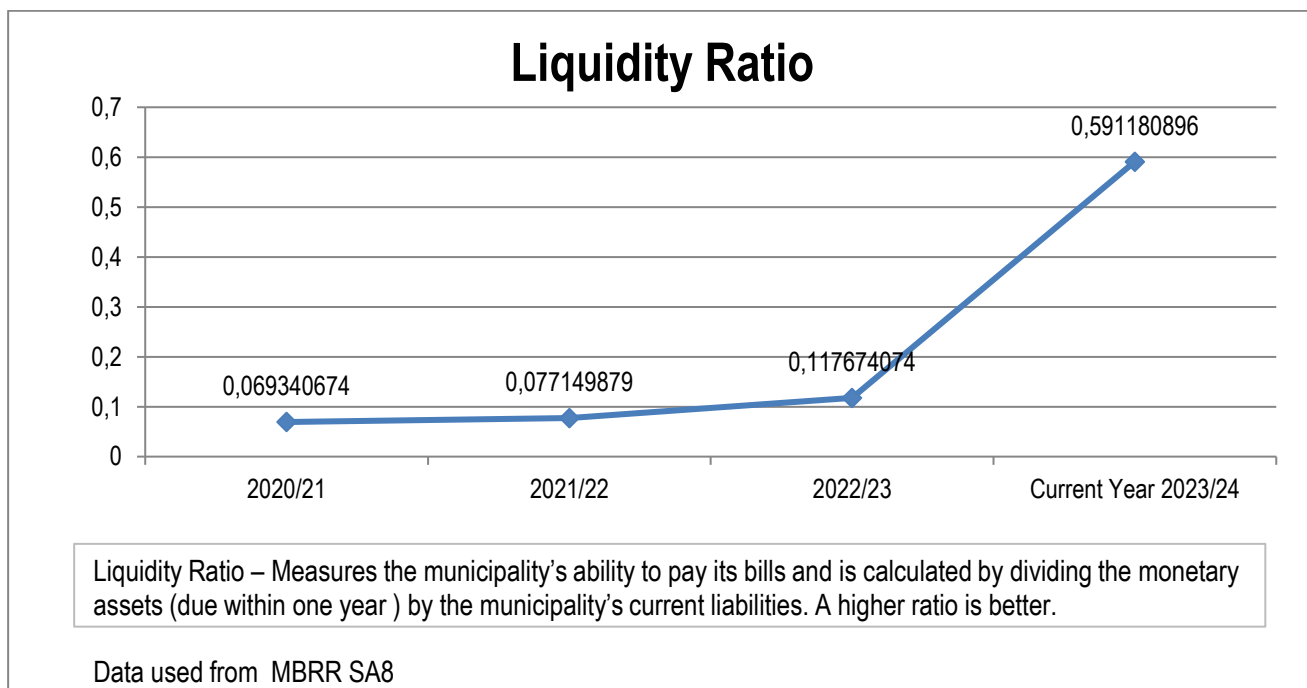
<b>Repair and Maintenance Expenditure: Year 2024/2025</b>				
	R' 000			
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	87812	100262	100505	-14%
T 5.3.4				

#### 5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

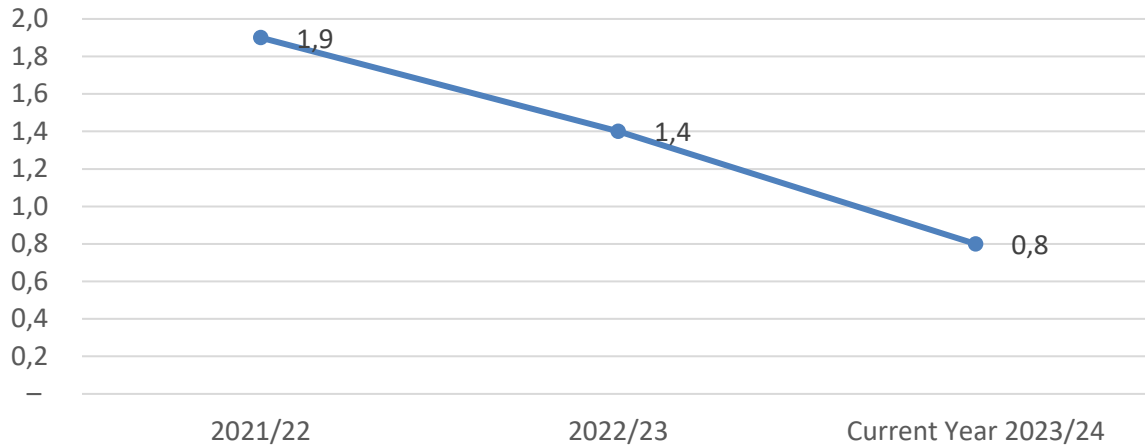
Expenditure management			
1.1	Creditor-payment period	1005 Days	1001 Days
1.2	Deficit was realised for the year (total expenditure exceeded total revenue)	No	No
	Amount of surplus / (deficit) for the year	R44 137 395	R16 362 248
Revenue management			
2.1	Debt-collection period (after impairment)	181 Days	168 Days
	• Amount of debtor's impairment provision	R903 260 425	R748 003 763
	• Amount of accounts receivable	R231 917 030	R203 856 316
2.2	Debt-impairment provision as a percentage of accounts receivable	80%	79%
	• Amount of debt-impairment provision	R903 260 425	R748 003 763
	• Amount of accounts receivable (before impairment)	R1 135 177 455	R951 860 079
2.3	Percentage distribution losses – electricity	60%	60%
	• Amount of units generated / purchased	193 793 818	222 003 278
	• Amount of units sold to consumers	77 412 400	88 762 868
2.4	Percentage distribution losses – water	76%	76%
	• Amount of units generated / purchased	9 815 960	8 275 789
	• Amount of units sold to consumers	2 318 818	1 989 225
Asset maintenance and renewal			
3.1	Percentage spending on repairs and maintenance	2%	1%
	• Amount of expenditure on repairs and maintenance	R50 243 216	R 29 955 437
	• Amount of property, plant and equipment (carrying value)	R2 651 634 315	R2 555 795 186
3.2	Total capital expenditure as percentage of total expenditure	26%	33%
	• Amount of capital expenditure	R241 341 000	R314 942 000
	• Amount of total expenditure (operating + capital)	R950 184 000	R965 876 000

3.3	Asset renewal / rehabilitation expenditure as a percentage of total capital expenditure	33%	10%
	<ul style="list-style-type: none"> <li>Amount of asset renewal / rehabilitation expenditure</li> </ul>	R50 243 216	R 29 955 437
3.4	Asset renewal / rehabilitation expenditure as a percentage of total depreciation and impairment	167%	200%
	<ul style="list-style-type: none"> <li>Amount of depreciation and impairment</li> </ul>	R139 284 236	R142 480 537
<b>Asset and liability management</b>			
4.1	Total debt / borrowings vs total revenue for the year	140%	142%
	<ul style="list-style-type: none"> <li>Amount of debt / borrowings</li> </ul>	R1 805 437 028	R1 617 697 241
	<ul style="list-style-type: none"> <li>Amount of revenue for the year</li> </ul>	R1 291 741 687	R1 143 169 040
4.2	Current liabilities as a percentage of next year's budgeted resources	353,4%	245,3%
	<ul style="list-style-type: none"> <li>Amount of current liabilities</li> </ul>	R1 641 186 651	R 1 467 567 709
	<ul style="list-style-type: none"> <li>Total budgeted income for the next year, excluding employee costs and remuneration of councillors</li> </ul>	R918 787 000	R982 436 000
4.3	Net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	<ul style="list-style-type: none"> <li>Amount of net current asset / (liability) position</li> </ul>	(R1 174 444 154)	(R1 134 147 852)
4.4	Net non-current liability position was realised (total non-current liabilities exceeded total non-current assets)	No	No
	<ul style="list-style-type: none"> <li>Amount of net non-current asset / (liability) position</li> </ul>	R2 668 717 672	R2 584 283 973
4.5	Net liability position was realised (total liabilities exceeded total assets)	No	No
	<ul style="list-style-type: none"> <li>Amount of net asset / (liability) position</li> </ul>	R1 494 273 518	R1 617 697 241
4.6	Liquid assets as a percentage of total current liabilities (acid test percentage)	27%	22%
	<ul style="list-style-type: none"> <li>Amount of liquid assets</li> </ul>	R23 589 169	R13 003 712
4.7	Current ratio	0,28	0,23
	<ul style="list-style-type: none"> <li>Amount of current assets</li> </ul>	R466 742 497	R333 419 857
4.8	Total debt to total assets ratio	0,55	0,53
	<ul style="list-style-type: none"> <li>Amount of debts</li> </ul>	R1 805 437 028	R1 617 697 241
	<ul style="list-style-type: none"> <li>Amount of assets</li> </ul>	R3 299 710 546	R3 067 833 262

Cash management			
4.9	Year-end bank balance was in overdraft	No	No
	<ul style="list-style-type: none"> <li>Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)</li> </ul>	R78 704 967	R9 673 827
4.10	Cash plus investments less applications	R78 704 967	R9 673 827
	<ul style="list-style-type: none"> <li>Amount of year-end bank balance (cash and cash equivalents)</li> <li>Amount of total investments (short and long term)</li> <li>Less: amount of cash applications/ commitments</li> </ul>	R78 704 967 - -	R9 673 827 - -
4.11	Cash coverage	0,7 months	0,1 months
	<ul style="list-style-type: none"> <li>Amount of monthly expenditure</li> </ul>	R105 166 000	R98 586 000
<i>These amounts have not been adjusted for uncorrected misstatements that resulted in the modification of the audit opinion</i>			



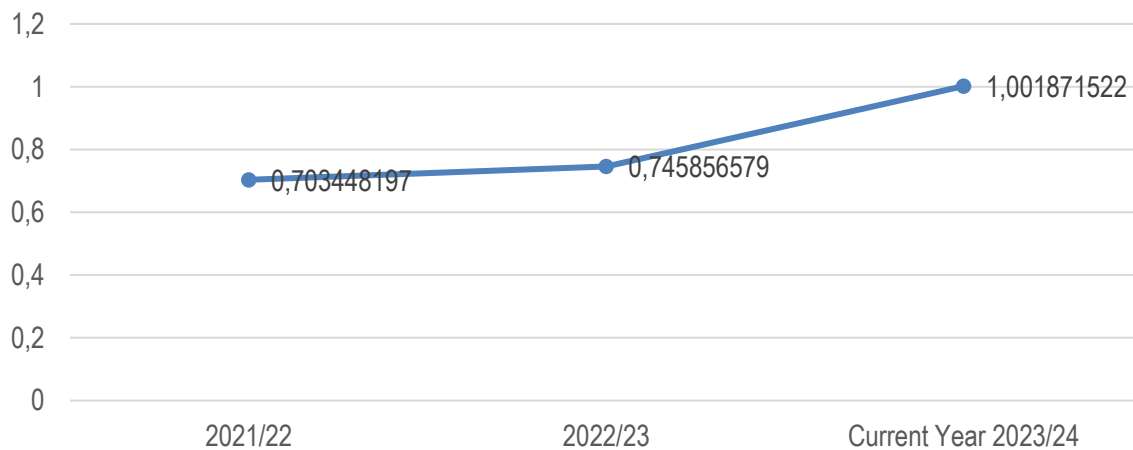
## Cost Coverage



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

Data used from MBRR SA8

## Total Outstanding Service Debtors

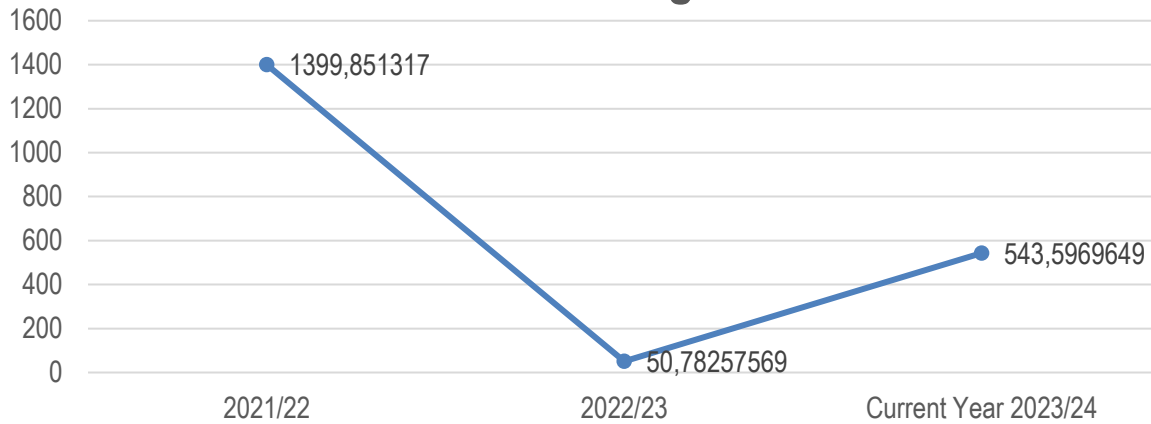


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue.

A lower score is better.

—●— Outstanding Debtors to Revenue

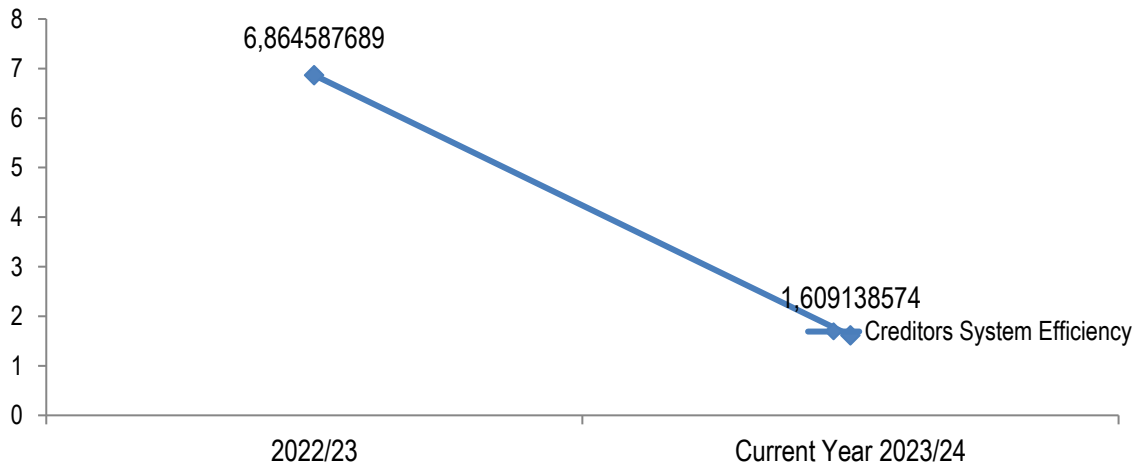
## Debt Coverage



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

—●— i. Debt coverage

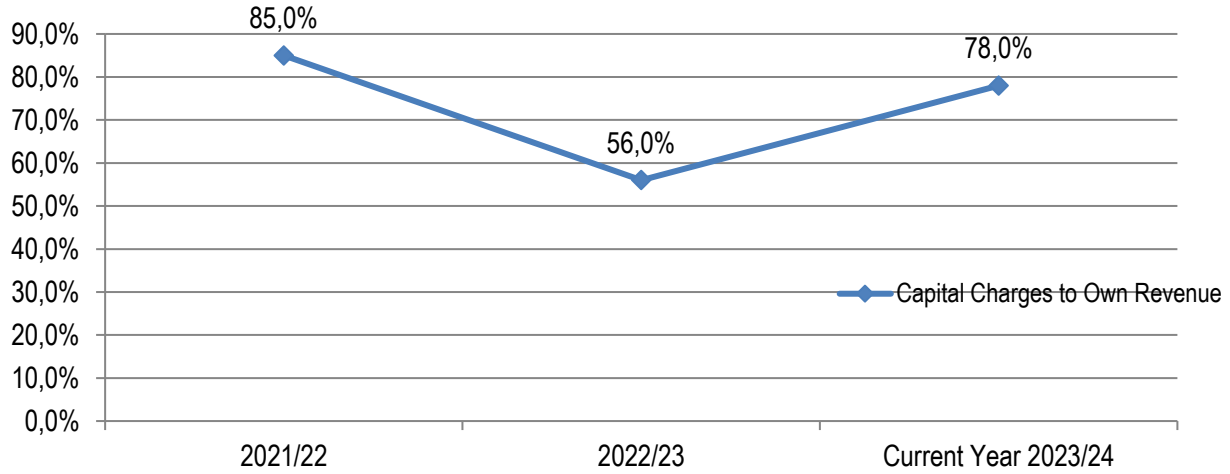
## Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

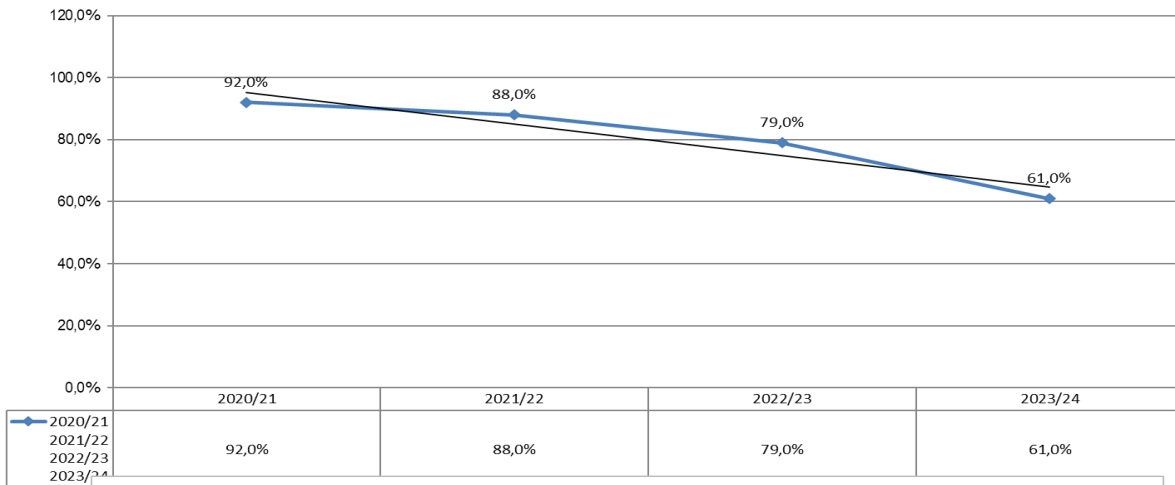
## Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

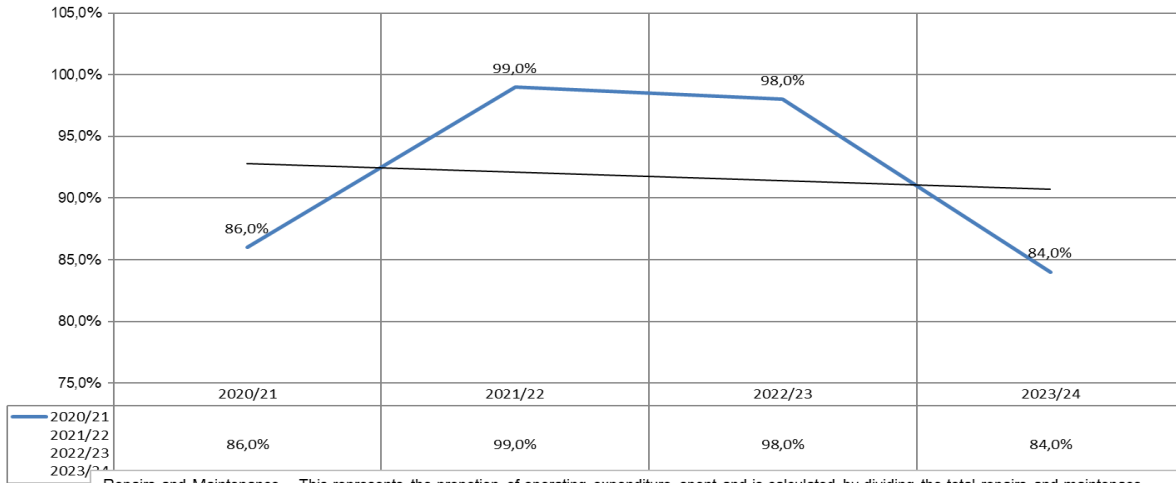
## Employee Costs



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

Data used from MBRR SA8

### Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.  
 Data used from MBRRSA8

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION: SPENDING AGAINST CAPITAL BUDGET

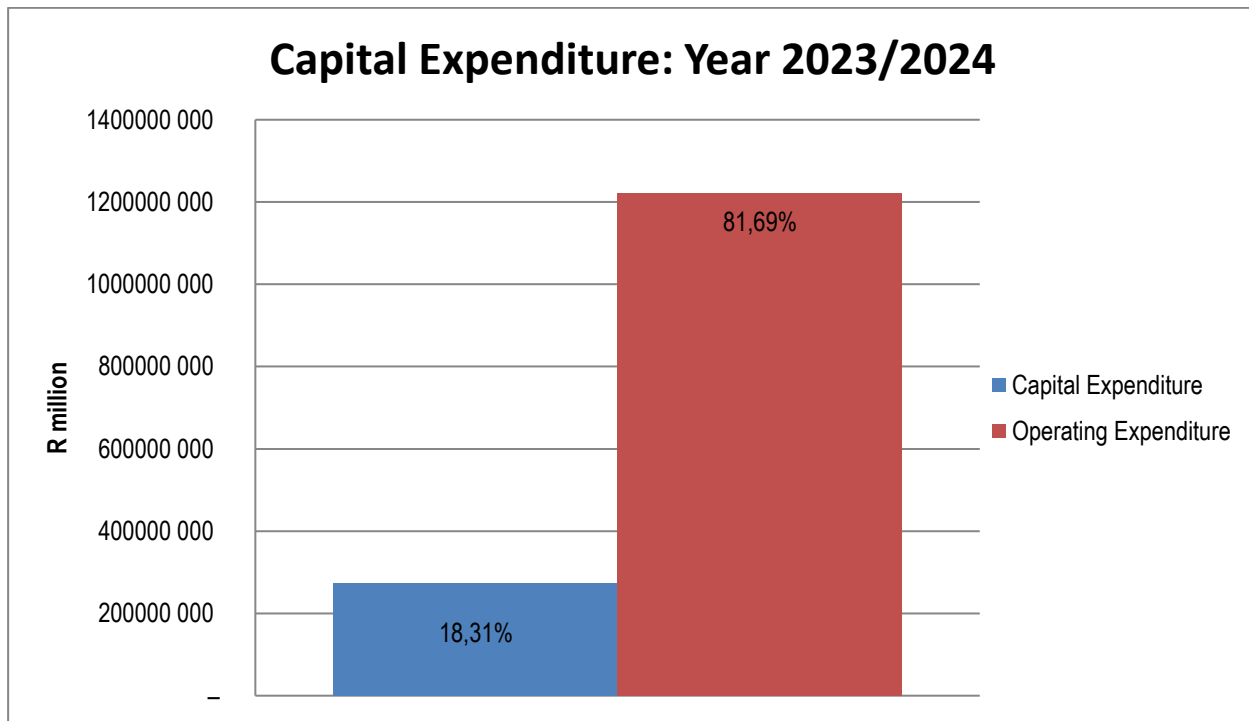
The capital spending in the municipality is mainly financed by means of external grants received from the National Treasury.

The municipality has improved in terms of capital expenditure as compared to the previous financial year with a 100% expenditure recorded in the year being reported. The Municipal Disaster Recovery Grant Rapid Response (MDRG-RR) spending is 37% due to the Municipality receiving the allocation of the grant in March 2025 closer to the financial year. The roll-over application processes will be followed for the unspent balance. Projects were planned and implemented on time hence the improvement on expenditure

T5.5.1

T5.5.0

### 5.5. CAPITAL EXPENDITURE

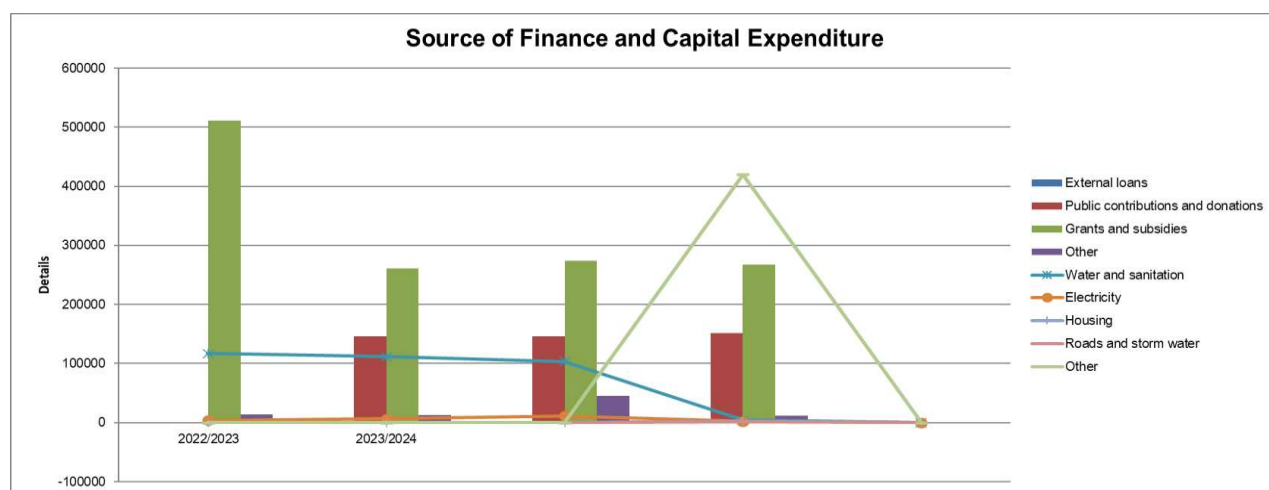


R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	261	274	133	49,0%	51,5%
	<b>261</b>	<b>274</b>	<b>133</b>	49,0%	51,5%
Operating Expenditure	1 161	1 221	987	15,0%	19,2%
	<b>1 161</b>	<b>1 221</b>	<b>987</b>	15,0%	19,2%
<b>Total expenditure</b>	<b>1 422</b>	<b>1 494</b>	<b>1 119</b>	21,3%	25,1%
Water and sanitation	140	101	128	8,1%	-26,3%
Electricity	30	21	14	54,0%	35,5%
Housing	-	-	-		
Roads, Pavements, Bridges and storm water	-	-	-		
Other	-	-	-		
	<b>138</b>	<b>135</b>	<b>133</b>	4,0%	1,5%
External Loans	-	-	-		
Internal contributions	-	-	-		
Grants and subsidies	261	274	133	49,0%	51,5%
Other	-	-	-		
	<b>138</b>	<b>141</b>	<b>141</b>	-1,8%	0,0%
External Loans	-	-	-		
Grants and subsidies	261	274	274	-5,0%	0,0%
Investments Redeemed	-	-	-		
Statutory Receipts (including VAT)	84	84	88	-5,3%	-5,3%
Other Receipts	13	45	858	-6556,1%	-1794,1%
	<b>1 182</b>	<b>1 189</b>	<b>1 192</b>	-0,8%	-0,2%
Salaries, wages and allowances	313	311	311	0,8%	0,0%
Cash and creditor payments	550	527	532	3,4%	-0,8%
Capital payments	102	142	141	-38,1%	0,7%
Investments made	-	54	43		20,8%
External loans repaid	56	64	64	-14,6%	0,2%
Statutory Payments (including VAT)	93	92	92	1,7%	0,1%
Other payments	-	8	1		89,9%
	<b>1 115</b>	<b>1 198</b>	<b>1 183</b>	-6,1%	1,3%
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Un-audited Full Year Total</b>	<b>Original Budget variance</b>	<b>Adjusted Budget Variance</b>
Property rates	242	206	204	15,9%	1,2%
Service charges	495	510	443	10,4%	13,1%
Other own revenue	479	525	539	-12,4%	-2,7%
	<b>1 216</b>	<b>1 241</b>	<b>1 186</b>	2,5%	4,5%
Employee related costs	321	321	314	2,2%	2,2%
Provision for working capital	-	-	-		
Repairs and maintenance	88	100	103	-16,7%	-2,2%
Bulk purchases	336	336	403	-19,8%	-19,8%
Other expenditure	416	463	614	-47,7%	-32,7%
	<b>1 161</b>	<b>1 221</b>	<b>1 433</b>	-23,5%	-17,4%
Service charges: Electricity	534	465	262	50,9%	43,6%
Grants & subsidies: Electricity	7	7	14	-105,9%	-100,0%
Other revenue: Electricity	0	-	0	51,9%	
	<b>541</b>	<b>472</b>	<b>276</b>	48,9%	41,4%
Employee related costs: Electricity	22	-	28	-24,7%	
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	1	(1)	-	100,0%	100,0%
Bulk purchases: Electricity	336	-	403	-19,8%	
Other expenditure: Electricity	34	50	51	-51,7%	-2,7%
	<b>393</b>	<b>49</b>	<b>481</b>	-22,5%	-890,9%
Service charges: Water	80	3	73	8,1%	-2120,6%
Grants & subsidies: Water	110	(8)	99	9,7%	1327,8%
Other revenue: Water	11	2	11	5,6%	-525,8%
	<b>201</b>	<b>(3)</b>	<b>183</b>	8,8%	6128,8%
Employee related costs: Water	18	-	21	-13,2%	
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	4	4	7	-69,1%	-61,1%
Bulk purchases: Water	45	212	74	-64,1%	65,1%
Other expenditure: Water	4	-	5	-29,0%	
	<b>71</b>	<b>216</b>	<b>107</b>	-49,4%	50,5%
					T5,5,1

## 5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2022/2023 to Year 2023/2024							R' 000
Details	2022/2023	2023/2024					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans	0	0	0	0	#DIV/0!	#DIV/0!	
Public contributions and donations	0	146349	146349	151588	0.00%	3.58%	
Grants and subsidies	511096	260523	273535	267837	4.99%	2.81%	
Other	13957	12896	45316	11421	251.40%	-11.44%	
<b>Total</b>	<b>525053</b>	<b>419768</b>	<b>465200</b>	<b>430846</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	
<b>Percentage of finance</b>							
External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	
Public contributions and donations	0.0%	34.9%	31.5%	35.2%	#DIV/0!	#DIV/0!	
Grants and subsidies	97.3%	62.1%	58.8%	62.2%	#DIV/0!	#DIV/0!	
Other	2.7%	3.1%	9.7%	2.7%	#DIV/0!	#DIV/0!	
<b>Capital expenditure</b>							
Water and sanitation	117052	111886	103246	4256	-7.72%	-96.20%	
Electricity	4000	6800	11667	2453	71.57%	-63.93%	
Housing	0	0	0	2685	#DIV/0!	#DIV/0!	
Roads and storm water	0	0	0	1486	#DIV/0!	#DIV/0!	
Other	0	0	0	419966	#DIV/0!	#DIV/0!	
<b>Total</b>	<b>121052</b>	<b>118686</b>	<b>114913</b>	<b>430846</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	
<b>Percentage of expenditure</b>							
Water and sanitation	96.7%	94.3%	89.8%	1.0%	#DIV/0!	#DIV/0!	
Electricity	3.3%	5.7%	10.2%	0.6%	#DIV/0!	#DIV/0!	
Housing	0.0%	0.0%	0.0%	0.6%	#DIV/0!	#DIV/0!	
Roads and storm water	0.0%	0.0%	0.0%	0.3%	#DIV/0!	#DIV/0!	
Other	0.0%	0.0%	0.0%	97.5%	#DIV/0!	#DIV/0!	

T 5.6.1



## 5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS IN 2024/2025 FY

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year			Variance Current Year	
	Original Budget ( R 000)	Adjustment Budget ( R 000)	Actual Expenditure ( R 000)	Original Variance (%)	Adjustment variance (%)
Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44 (Work in progress)	R 40,000,000.00	R 99,557,484.55	R 99,557,484.55	0	0
The Upgrade of Everest Outfall Sewer Pipeline (Work in progress)	R 24,581,479.05	R 24,324,932.51	R 24,324,932.51		
Refurbishment of Warburton Waste Water Treatment Works (Work in progress)	R 7,800,000.00	R 23,079,248.02	R 23,079,248.02		
Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS (Work in progress)	R 50,000,000.00	R 20,639,539.54	R 20,639,539.54		
The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	R 7,500,000	R 16,666,887.17	R 16,666,887.17		
Capital Expenditure of 5 largest projects*					

Name of Project - A	<b>Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44</b>
Objective of Project	<b>Provide Sanitation Supply</b>
Delays	None
Future Challenges	None
Name of Project - A	<b>Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44</b>

Name of Project - B	<b>The Upgrade of Everest Outfall Sewer Pipeline</b>
Objective of Project	<b>Provide Sanitation Supply</b>
Delays	None
Future Challenges	None
Name of Project - B	<b>The Upgrade of Everest Outfall Sewer Pipeline</b>

Name of Project - C	<b>Refurbishment of Warburton Waste Water Treatment Works</b>
Objective of Project	Provide Sanitation Supply
Delays	None
Future Challenges	None
Name of Project - C	<b>Refurbishment of Warburton Waste Water Treatment Works (Work in Progress)</b>

Name of Project - D	<b>Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS (Work in Progress)</b>
Objective of Project	<b>Provide Sanitation Supply</b>
Delays	None
Future Challenges	None
Name of Project - D	<b>Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS (Work in Progress)</b>

Name of Project - E	<b>The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)</b>
Objective of Project	<b>Provision roads and storm water management</b>
Delays	None
Future Challenges	None
Name of Project - E	<b>The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)</b>
T5.7.1	

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/24</b>	
<b>Asset 1</b>	
Name	<b>Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo</b>
Description	The project entails the water supply in the high lying areas in Ermelo Ext 34
Asset Type	Bulk water infrastructure
Key Staff Involved	PMU, Water & Sanitation Section
Staff Responsibilities	Monitoring and evaluating the project implementation.
Capital Implications	
Future Purpose of Asset	Provision of access to hygienic sanitation services.
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy
T5.7.2	

<b>Asset 2</b>	
Name	<b>The Phumula Outfall Sewer Pipeline</b>
Description	The project entails the provision of the bulk sewer infrastructure. It also ensures the adherence to the green drop rating.
Asset Type	Sewer bulk infrastructure
Key Staff Involved	PMU, Water and Sanitation
Staff Responsibilities	Monitoring and evaluating the project implementation.
Capital Implications	

Future Purpose of Asset	Provision of sewer infrastructure
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

Asset 3	
Name	<b>The rehabilitation of 1,05km Silindile main street in Lothair Ward 15</b>
Description	Provision roads and storm water management
Asset Type	Road Surface
Key Staff Involved	PMU, Road and Stormwater Section
Staff Responsibilities	Monitoring and evaluating the project implementation.
Capital Implications	
Future Purpose of Asset	Provision of access to hygienic sanitation services.
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

## 5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as of 30 <sup>th</sup> June 2025				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	63,736	94%	4,091	6%
Sanitation	62,595	92%	5,232	8%
Electricity	59,230	87%	8,597	13%
Waste management	52,028	76%	15,799	23%
Housing	0	0	0	0

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to \* formal and \*\* informal settlements.

T5.8.1

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9. CASH FLOW

Cash Flow Outcomes				
Description	2022/23	2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	473,715	614,136	623,992	473,715
Government - operating	282,513	225,906	243,353	282,513
Government - capital	258,869	297,835	296,394	258,869
Interest	4,854	932	3,133	4,854
Dividends	–			–
<b>Payments</b>				
Suppliers and employees	(708,844)	(838,995)	(803,410)	(708,844)
Finance charges				
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>311,109</b>	<b>299,814</b>	<b>363,462</b>	<b>311,109</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	443		1,441	443
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(241,341)	(297,835)	(297,835)	(241,341)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(240,898)</b>	<b>(297,835)</b>	<b>(296,394)</b>	<b>(240,898)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(1,180)		–	(1,180)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1,180)</b>	<b>–</b>	<b>–</b>	<b>(1,180)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>69,031</b>	<b>1,979</b>	<b>67,068</b>	<b>69,031</b>
Cash/cash equivalents at the year begin:	9,674	1,020	8,662	9,674
Cash/cash equivalents at the year end:	78,705	2,999	75,730	78,705

Source: MBRR A7

T 5.9.1

**COMMENT ON CASH FLOW OUTCOMES**

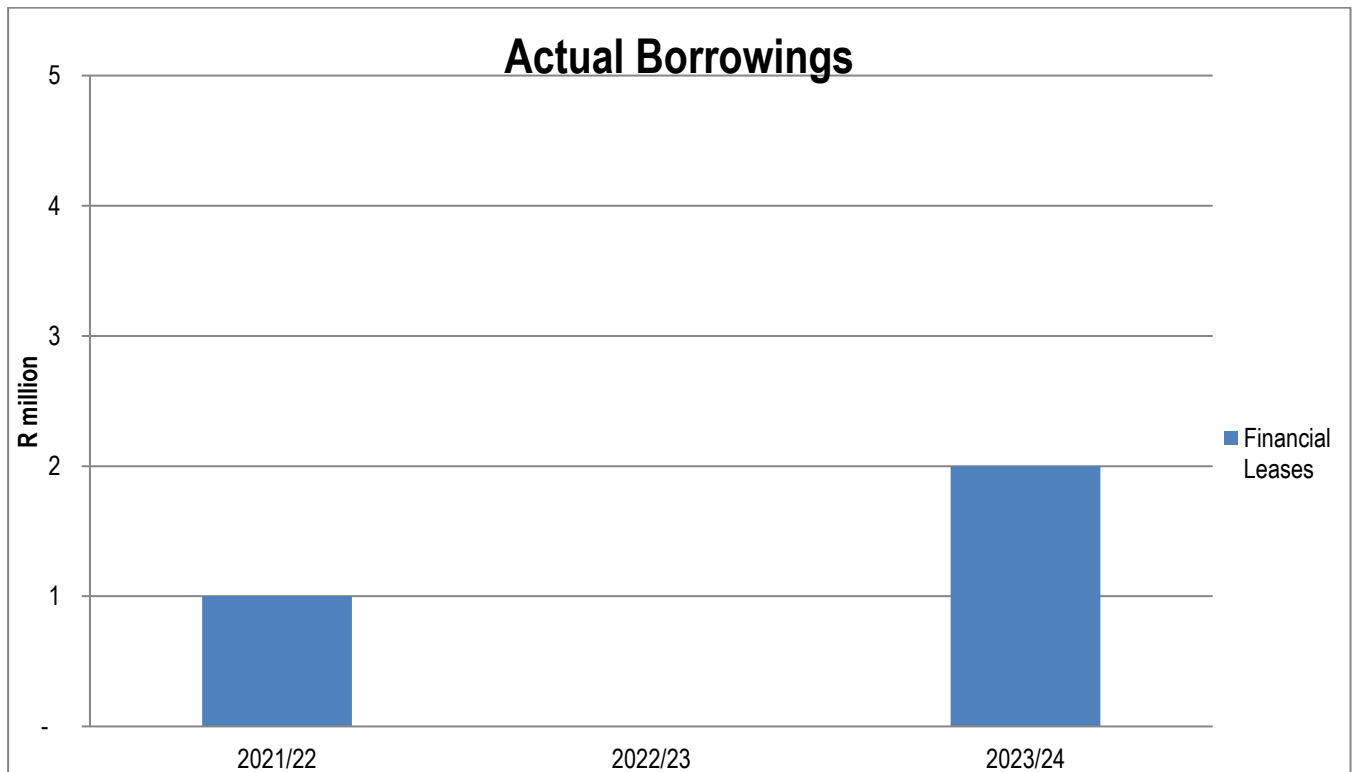
The average payment rate for the year is **74%**. Actions to improve the collection rate are underway as the ideal ratio of 95% needs to be achieved.

T 5.9.1

**5.10. BORROWING AND INVESTMENTS**

Actual Borrowings 2023/24 – 2024/25			
Instrument	2022/23	2023/24	2024/25
	R	R	R
Municipality	Nil	Nil	Nil
Long-Term Loans (annuity/reducing balance)	Nil	Nil	Nil
Long-Term Loans (non-annuity)	Nil	Nil	Nil
Local registered stock	Nil	Nil	Nil
Instalment Credit	Nil	Nil	Nil
Financial Leases	1 179 875	0	2 635 389
Finance Granted By Cap Equipment Supplier	Nil	Nil	Nil
Marketable Bonds	Nil	Nil	

T5.10.1



T 5.10.3

## COMMENT ON BORROWINGS

The municipality does not have Borrowings other than a three year finance leases for photocopier and printing for operational puposes in 2024/25.

T5.10.2

Municipal Investments					
Investment* type	2020/21	2021/22	2022/23	2023/24	2024/2025
	Actual (R 000)	Actual ( R 000)	Actual ( R 000)	Actual ( R 000)	Actual ( R 000)
Securities - National Government	Nil	Nil	Nil	0	
Listed Corporate Bonds	Nil	Nil	Nil	0	
Deposits - Bank	2 876 927	5 593 397	56 413 720	54 538 988	
Deposits - Public Investment Commissioners	Nil	Nil	Nil	0	
Deposits - Corporation for Public Deposits	Nil	0	Nil	0	
Bankers' Acceptance Certificates	Nil	0	Nil	0	
Negotiable Certificates of Deposit - Banks	Nil	0	Nil	0	
Guaranteed Endowment Policies (sinking)	Nil	0	Nil	0	
Repurchase Agreements - Banks	Nil	0	Nil	0	
Municipal Bonds	Nil	0	Nil	0	
Other	Nil	0	Nil	0	
Municipality Total	2 876 927	5 593 397	56 413 720	0	

T5.10.4

## 5.11. PUBLIC PRIVATE PARTNERSHIPS

None.

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12. SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The Municipality implemented a supply chain management policy in line with the provisions of Supply Chain Management Regulation.

T5.12.1

## 5.13. GRAP COMPLIANCE

### GRAP COMPLIANCE

The annual financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention. The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

As far as it has been practicable, applicable standards have been adopted retrospectively, and prior-year figures have been restated to achieve comparability requirements.

It should be noted that these Annual Financial Statements have been audited in line with the Minister of Finance in terms of General Notice 991 and 992 of 2005 to comply with Section 126 of the MFMA from the normal submission date of 31 August each year.

T5.13.1

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

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

6.

#### 6.1. AUDITOR GENERAL REPORTS 2024/2025

The Auditor General report for 2024/2025 is presented as an annexure after the municipal AFS and the municipality has received a Qualified Audit Opinion as detailed in the attached report.

#### 6.2. MFMA COMPLIANCE

All MFMA and DORA returns are submitted by the municipality as required monthly, quarterly and annually.

Name of return	Submitted to
<b>MONTHLY</b>	
Financial Management Grant	PT and NT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	PT and NT
Section 71 Budget Statements	PT and NT
Supply Chain Management	NT/PT
MIG returns	PT and NT
Equitable Share	COGTA
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT
Municipal entities	N/A
Public Private Partnerships	N/A
Long-term contracts	NT
Borrowing	NT
<b>ANNUALLY</b>	
Appendix A	NT
Operating Statement Budget (OSB)	PT and NT
New Budget Regulations 1 April 2009	NT / PT

SIGNED BY CFO \_\_\_\_\_

DATE \_\_\_\_\_

# GLOSSARY

## GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by 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

# GLOSSARY

	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

# APPENDICES

## 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			%	%
Cllr. M. P. Nkosi	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Finance Committee</li> </ul>	Executive Mayor	91%	9%
Cllr. S. N. Xaba	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Rules and Ethics</li> <li>• By-Laws and Policies</li> </ul>	Speaker	91%	9%
Cllr, B.G. Motha	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Planning and Economic Development</li> </ul>	Ward 8 – ANC	82%	18%
Cllr T.C. Motha	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Technical Services</li> </ul>	PR – ANC	100%	100%
Cllr E.C. Msezane	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Finance Committee</li> </ul>	PR – ANC	100%	100%
Cllr S. E. Ngovene	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Community &amp; Social Services</li> </ul>	PR Ward 11 - ANC	100%	100%
Cllr. T.J. Madlala	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Mayoral Committee</li> <li>• Corporate Services</li> </ul>	Ward 3- ANC	100%	100%
Cllr P.T Sibeko	FT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Whip of Council</li> </ul>	PR – ANC	100%	100%
Cllr S.S. Buthelezi	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 1 – ANC	73%	27%
Cllr S.M. Mabuza	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 2 – ANC	82%	18%
Cllr T. J. Maduna	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Women Caucus</li> </ul>	Ward 4 – ANC	100%	100%
Cllr. B.L. Ndlazi	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 6 – ANC	100%	100%
Cllr. V.C.N. Madini	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 5 – ANC	91%	9%
Cllr. B.A. Mahlalela	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	PR – ANC	73%	27%
Cllr S. P. Khalishwako	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Corporate Services</li> </ul>	Ward 10 - ANC	82%	18%

# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
		<ul style="list-style-type: none"> <li>• Technical Services</li> <li>• Municipal Public Accounts Committee</li> <li>• Finance Committee</li> </ul>			
Cllr M.M. Mkhaliphi	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Local Geographical Name</li> <li>• Corporate Services</li> <li>• Planning &amp; Economic Development</li> <li>• Municipal Public Accounts Committee</li> <li>• By-Laws &amp; Policies</li> <li>• Rules &amp; Ethics</li> </ul>	Ward 12 - ANC	100%	100%
Cllr. Z. E. Zulu	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 14 - ANC	82%	18%
Cllr V.J. Maseko	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Planning &amp; Economic Development</li> <li>• Municipal Public Accounts Committee</li> </ul>	Ward 15 - ANC	100%	1000%
Cllr. P. H. Sibiya	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Community and Social Services</li> <li>• Finance Committee</li> <li>• Technical Services</li> </ul>	Ward 16 - ANC	91%	9%
Cllr. S.S. Cindi	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Technical Services</li> <li>• Local Geographical Name</li> <li>• Municipal Public Accounts Committee</li> </ul>	Ward 17 - ANC	82%	18%
Cllr. B. J. Nkosi	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	Ward 18 - ANC	100%	100%
Cllr M.A. Nzimande	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Municipal Public Accounts Committee</li> </ul>	Ward 19 - ANC	100%	100%
Cllr M.R. Yende	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Municipal Public Accounts Committee</li> <li>• Planning &amp; Economic Development</li> </ul>	PR - EFF	55%	45%
Cllr M.Z. Nkosi	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	PR - EFF	82%	18%
Cllr M.F.J. Ndlovu	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	PR – EFF	73%	730%

# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr S.F. Ngwenya	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Women Caucus</li> <li>• Local Geographical Name</li> </ul>	PR – EFF	73%	27%
Cllr R.T. Nzimande	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	PR – EFF	73%	27%
Cllr M. Z. Nkosi	PT	<ul style="list-style-type: none"> <li>• Council</li> </ul>	PR - EFF	82%	18%
Cllr D. F. Arnoldi	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Finance Committee</li> </ul>	PR -	73%	18%
Cllr J.D.A. Bignaut	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Rules &amp; Ethics</li> <li>• Municipal Public Accounts Committee</li> <li>• Technical Services</li> <li>• Community &amp; Social Services</li> </ul>	PR – FF+	64%	36%
Cllr J.J. Scholtz	PT	<ul style="list-style-type: none"> <li>• Council</li> <li>• Finance Committee</li> <li>• By-Laws &amp; Policies</li> </ul>	PR -	82%	18%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Corporate Services Committee	To exercise oversight on corporate services matters.
Public Safety Committee	To exercise oversight on Public Safety matters.
Technical Services Committee	To exercise oversight on Technical Services matters.
Community Services Committee	To exercise oversight on Community Services matters.
Finance Committee	To exercise oversight on Financial matters.
Rules and Ethics Committee	Oversight role on the code of conduct of Councillors.
By- Law and Policies Committee	Policy formulation, development and implementation.
Local Geographical Names Committee	Standardization and renaming of identified features and public facilities.
Led and Tourism Committee	Promotion of viable economic environment for sustainable growth.
Budget Evaluation committee	Evaluate the income and expenditure activities of the municipality and make recommendations to section 80 committees for oversight.
Local Aids Forum Council	Creating awareness on the scourge of HIV and AIDS pandemic including coordination HIV awareness programmes in various workplaces
Local labour Forum Committee	Advice on issues of mutual interest involving management and the workforce.
Moral Regeneration Movement Committee	Promotion of moral values within the society.
Municipal Public Account Committee	<ul style="list-style-type: none"> <li>To promote good governance, transparency and accountability on the use of public funds and perform any tasks delegated by Council in terms of relevant applicable legislations,</li> <li>To conduct investigation in the recovery of unauthorized, irregular and fruitless expenditure in terms of section 32 of the Municipal Finance Management Act (MFMA),</li> <li>To review the Municipality and its entities Annual Report and to develop an oversight report on the Annual Report.</li> </ul>
Gender Youth and People with disabilities Committee	Playing an advocacy role in the protection of the rights and interests of the vulnerable groups comprising women, youth and people with disability.

T B

# APPENDICES

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Mr. P. S. Mabuza – Director Corporate Services
Finance	Mr. P. J. Nhlabathi – Chief Financial Officer
Technical Services	Ms. P Z Duma – Director Technical Services
Planning & Economic Development	Ms. H. Maganya - Director Planning and Economic Development
Community & Social Services	Mr. M. S. Lukhele – Director Community and Social Services
Office of the Municipal Manager	Mr. M. Kunene – Municipal Manager
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2	
(T2.2.2).	

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	Yes
Electricity and gas reticulation	Yes	Yes
Fire fighting services	Yes	No
Local tourism	No	Yes
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	Yes
Municipal public transport	No	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N/A	N/A
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	N/A	N/A
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No

# APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	Yes
Facilities for the accommodation, care and burial of animals	No	Yes
Fencing and fences	Yes	No
Licensing of dogs	N/A	N/A
Licensing and control of undertakings that sell food to the public	No	Yes
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	Yes
Municipal abattoirs	No	Yes
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	Yes
Pounds	No	Yes
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

# APPENDICES

## 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 S.S Buthelezi Zinhle Ngomane Surprise Nkosi Sphamandla Nkosi David Sangweni Sfiso Zwane Sanele Manana Ayanda Mthethwa Innocent Mabuza Daniel Mavuso Nomalungelo Maseko	Yes	12	12	07
2	Cllr S.M Mabuza Ward committee disbanded.				
3	Cllr T.J Madlala Mbali Carol Myanga Thandiwe Zwane Nkululeko Ignatious Vilakazi Elijah Makhahlela Ngcongwane Sikhona Mkomo Nkululeko Mkhonza Nueem Ismail Ahmed Vally Ivan Thamsanqa Zulu Vusumuzi James Mavimbela	Yes	12	12	09
4	Cllr T.J Maduna  Fonono Dumisani Ntshangase Mxolisi Phineus Masilela Sibusiso A. Hlophe Prudence Ngwenya Innocent Sanele Mbendane Ntombi Zwane Dumisani Mahlangu	Yes	12	12	05

# APPENDICES

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
	Nosipho Fezile Vilakazi Simangele Godness Mashigo Gift Ndlangamandla				
5	Cllr V.C Madini Sizakele Mavis Ndlangamandla Eunice Godness Mtshali Thembi Gracious Zwane Sabetha Hazel Selepe Nqobile Lindokuhle Sibiya Samkelisiwe Nkambule Thembelihle Gama Zanele Magagula Habofande Ignatius Mokholane Patrick Richard Nkosi	Yes	12	12	11
6	Cllr B.L Ndlazi  Thandiwe Mkhwanazi Alvina Masimula Nonjabulo Jele Busisiwe Shongwe Nonsikelelo Portia Cindi Bagezile Masango Lumkile Jagger Skhumbuzo Phakathi Anastacia Mpatho Shongwe Ayanda Nkambule	Yes	12	12	06
7	Cllr Z Breydenbach  Given Rendani Matamele Nkosinatho Robert Mabasa Lucky Simphiwe Mpungose Veli Mokoena Samuel Ragedi Masilo Malusi Ngcobo Maria Myburg Michael Philip Dos Reis	Yes	12	12	02

# APPENDICES

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
	Gerrit Christiaan Breydenbach				
8	Cllr B.G Motha  Phathekile Maureen Magagula Makhehla J. Nkosi Linah Ntombane Nkosi Lolo Busi Ngwenya Delisile Ester Mtsheweni Sandile Desmond Nkosi Siyabonga Herbet Shabalala Walter Msibi Sfiso Ngwenya	Yes	12	12	04
9	Cllr T.P Zulu / Cllr K.J Makhubu  Sibonelo Mhlanga Mildred Dudu Mayisela Jaybie Sibanyoni Marry-Jane Nomcebo Myeza Sibusiso Msibi Stanley Trust Nomakhosi Hlophe Simangele J Nkosi Lungile Angel Maseko	Yes	12	12	07
10	Cllr S. Ngovene  Nurse Jabulile Nkosi Nurse Irene Mkhonto Sammy Mohlape Thabile Getrude Dlamini Nomacala Sophie Mofokeng B'ntombizodwa Shabangu Vusi Willie Zitha Thembinkosi Derick Zwane	Yes	11	11	08

# APPENDICES

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
	Lovers December Mahlangu Sizwe Bafana Nkosi				
11	Cllr S. Khalishwayo  Sibusiso Nqutheni Sifiso Thabiso Hadebe Thapelo Bongani Mshayisa Nompumelelo Mtshali Deliwe Alice Dhladhla Mandla Maseko Mthokozisi Mthethwa Ntompela Ellie Mndawe Mpostoli Zulu Ntingile Nkosi	Yes	12	12	05
12	Cllr Mkhaliphi  Phindile Maseko Cynthia Nkosi Deli Nkosi Sinethemba Nkosi Sunday Mdluli Nhlanhla Nkosi Mveleni D.Zulu Nkosinathi Magwagwa Jacob Dumisani Dlamini Thandeka Mayisela	Yes	12	12	10
13	Cllr N.R Nkosi / Cllr S Ngwenya  Sbongile Nhlabathi Esther .Rosa . Shabangu Thabo Sidwell Masina Doctor William Mnisi Sonto Mdladla Jacob Dumisani Dlamini Joseph Mahlangu Zanele Mlangeni Betty Mdluli Sibusiso Xaba Senzo J . Sibeko	Yes	12	12	04

# APPENDICES

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
14	Cllr Z.E Zulu  Kenneth Malatjie Thembi Nkosi Thulani Malang Bheki Richard Motsweni Mbali G. Zulu Sonto M. Maseko Fikile Ester Nzima Dumsani Joseph Mthembu	Yes	12	12	03
15	Cllr V.J Maseko  Mkhethiwe Dladla Nkosingiphile Simelane Nhlakanipho Mdluli Mthokozisi Mathebula Bonginkosi Gininda Sizwe Blessing Khaba Sanele Ndlovu Nomkhosi Lucia Shiba Richard Manana Lungelwa G. Mkhonza	Yes	12	12	05
16	Cllr P.H Sibiya  Mbongelwa Milton Mtungwa Nomusa Makwakwa Gugu Nkosi Nolthando Zwane Vuyile Tshabalala Thomas Makangane Siphesihle Mnisi Sibongile Nkosi Jabhi Makhanye Nontobeko Nkosi	Yes	12	12	05
17	Cllr S. Cindi Phindile Mafuna Thamsanqa Mokoena Phethile Zodwa Mkhatshwa Mfanimpela Maseko	Yes	12	12	03

# APPENDICES

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
	Jeremia Gwende Nkosi Thandukwazi Mavin Magagula Busisiwe Ngubeni Hansen Xolani Lindokuhle Kutu Mlungisi Nkosinathi Mkhwanazi				
18	Cllr B.J Nkosi  Doctor Phakathi Thembisile Prudence Mndebele Duduzile Nkosi Ntombifuthi Mathebula Makhosonke Nsibande Winnie Zwane Bongane Methula Delisile Nkosi Sicolile Mkhonza	Yes	12	12	20
19	Cllr M.A Nzimande Manqoba Ntuli Sindiso T . Mokoena Thulile Elsie Nkosi Sydney A .Ndlovu Zanele Zulu Siphelile Masuku Tshepo Mabizela Mondli Henry Ngomane Danile Christina Mahlangu Nkululeko Sithole	Yes	12	12	04

# APPENDICES

## APPENDIX F – WARD INFORMATION

Ward Title: Ward 1-9,16,17				
Capital Projects: Seven Largest in 2024/25FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
1.	Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS	01-Jul-2024	Multi-year	R 1,043,494,939.00
T F.1				

Ward Title: Ward 1-9,16,17				
Capital Projects: Seven Largest in 2024/25 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
2.	Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44	11 April 2025	22 May 2028	R 729,668,154.85
T F.1				

Ward Title: Ward 16				
Capital Projects: Seven Largest in 2024/25 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
3.	Upgrading of sewer reticulation network servicing Extension 32, 33 & 34 Ermelo	16 April 2024	Multi-year	R 116,758,040.49
T F.1				

Ward Title: Ward 12				
Capital Projects: Seven Largest in 2024/25 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
4.	Refurbishment of Warburton Waste Water Treatment Works	14 June 2024	Multi-year	R 40,031,929.00
T F.1				

# APPENDICES

Ward Title: Ward 3,17				
Capital Projects: Seven Largest in 2024/25 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
5.	The Upgrade of Everest Outfall Sewer Pipeline	26-Jun-23	Multi-year	R 31,221,782.40
T F.1				

Ward Title: Ward 16				
Capital Projects: Seven Largest in 2024/25 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
6.	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	06-Dec-23	30 October 2024	R 29,793,344.38
T F.1				

Ward Title: Ward 3,4,6				
Capital Projects: Seven Largest in 2024/25FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (24/25FY)
7.	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector.	22-April-2025	19-Dec-2025	R 27,430,579.71
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	63,736	62,595	59,230	52,028	X
Households without minimum service delivery	4,091	5,232	8,597	15,799	
Total Households*	67,827	67,827	67,827	67,827	
Houses completed in year	X				
Shortfall in Housing units					
*Including informal settlements					T F.2

# APPENDICES

Top Four Service Delivery Priorities for the Municipality (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2024/2025
1	Provision of adequate water supply.	<p>All the water projects that were implemented during the Financial Year only one (1) completed and are as follows:</p> <ul style="list-style-type: none"> <li>• Refurbishment of Lothair Water Treatment Works</li> <li>• Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo</li> <li>• Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS</li> <li>• Refurbishment and Maintenance of Boreholes</li> </ul>
2	Provision of hygienic sanitation services.	<p>All the sanitation projects that were implemented and only one (1) project completed during the Financial Year and are as follows:</p> <ul style="list-style-type: none"> <li>• Refurbishment of Warburton Waste Water Treatment Works</li> <li>• The Upgrade of Phumula Outfall Sewer Pipeline</li> <li>• The Upgrade of Everest Outfall Sewer Pipeline</li> <li>• Upgrading of sewer reticulation network servicing Extension 32, 33 &amp; 34 Ermelo</li> <li>• Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44</li> <li>•</li> </ul>
3	Provision roads and storm water management	<p>The following projects were implemented and completed 4 projects:</p> <ul style="list-style-type: none"> <li>• The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)</li> <li>• Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector</li> <li>• The rehabilitation of 1,05km Silindile main street in Lothair Ward 15</li> <li>• Reconstruction of Khayelihle-Emadamini Access Bridge and portion of the street.</li> <li>• Reconstruction of Mabuza Access Bridge in Wesselton Ext 2</li> <li>• Reconstruction of Mandela Drive</li> <li>• Rehabilitation of Nomndeni Street</li> </ul>
4	Electricity	<p>The Municipality implemented projects:</p> <ul style="list-style-type: none"> <li>• Electrification of 120HH at Silindile Ext 3 (designs only)</li> <li>• Upgrading of the Electrical network infrastructure on the northern part of Ermelo (designs only)</li> <li>• EEDSM (Retrofitting of the highmast lights and streetlights)</li> </ul>
T F.3		

# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/2025

Municipal Audit Committee Recommendations			
Date of Committee	Audit Committee recommendations during 2024/2025	Action Taken	Recommendations adopted (enter Yes); not adopted (provide explanation)
03 March 2025	The Audit Committee requested that the Executive Mayor writes a letter to the Minister requesting the fast tracking of DWS process. Management to ensure that it reduces the DWS account by making payment to the DWS account.	The Municipality engaged with DWS on possible debt repayment plan on the 17 June 2025, Subsequently the municipality has applied for water debt relief program The Municipality will participate on the Water Debt relief Program.	In Progress (The non-submission of statements/invoices by the Department of Water and Sanitation has made it difficult for payments to be processed accordingly)
23 August 2024	The Audit Committee recommended that management draft an analysis report that will detail the highest overtime expense departments, the report is to also indicate strategies of how management plans to curb the overtime expense and the progress of implementation of these curbing measures.	The implementation of the shift system: The municipality is at the final stage of the consulting processes. LLF has requested to engage with employees on this matter and report to management within seven days from the 5th of August 2025. Should LLF not respond within seven days Management will implement the shift system by advertising for positions which will have the working conditions of the shift system.	In progress
10 November 2024	The Audit Committee enquired why the Procurement Plan is not included in the SCM report. The Committee urged management to make the procurement plan available to the	Upon review of the procurement plan submitted from management, internal audit noted that the procurement plan covers only operational	Not Addressed (Management to recraft an adequate procurement plan with relevant details such as projected budget

# APPENDICES

---

---

	Committee in the next sitting.	projects as per list of the contract register and not the actual departmental procurement needs for the financial year	figures of details included in the operational procurement plan.
--	--------------------------------	--	--

# APPENDICES

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Medium/ Long Term Contracts (Largest Contracts Entered into 2024/2025 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
<b>Mpfumelelo Business Enterprise</b>	Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44	11 April 2025	22 May 2028	Technical department	<b>R 465 380 238.20</b>
<b>NKP Consultants</b>	Upgrade of the Existing Ermelo WWTW and Installation of New Bulk Sewer Pipeline for Ermelo Ext 44	04 March 2024	22 May 2028	Technical department	<b>R90 507 426.11</b>
<b>Riendzo Rinene Construction</b>	The Upgrade of Everest Outfall Sewer Pipeline	23 October 2024	22 July 2025	Technical department	<b>R 28 928 332.46</b>
<b>VMT Civils</b>	Refurbishment of Warburton Wastewater Treatment Works.	14 June 2024	30-Aug-25	Technical department	<b>R 32 488 387.39</b>
<b>TM&amp;S Construction</b>	Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo	06-Dec-23	30 October 2024	Technical department	<b>R 28 616 185.28</b>
<b>Makey Building Construction</b>	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector.	22-April-2025	19-Dec-2025	Technical department	<b>R 22 107 598.61</b>
					T H.1

Public Private Partnerships Entered into					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	2024/25	R' 000
				Project manager	Value
No PPPs entered with the municipality	-	-	-	-	-
					T H.2

# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule								
Service Objectives	Outline Service Targets	2021/2		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Future
Service Indicators								
Service Objective: To provide sustainable basic services and sustainable infrastructure								
None – Contained in Appendix M								
								TI

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 <sup>st</sup> July 2024 to 30 <sup>th</sup> June 2025		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	MP Nkosi	TWO HOUSES RENTAL LIVESTOCK FARMING
Speaker	NS Xaba	NONE
Council Whip	PT Sibeko	NONE
Member of the Mayco	MADLALA TJ	NONE
Member of the Mayco	MSEZANE EC	NONE
Member of the Mayco	NGOVENE SE	NONE
Member of the Mayco	MOTHA BG	NONE
Member of the Mayco	MOTHA TC	NONE
Councillor	ARNOLDI DVF	
Councillor	BUTHELEZI SSS	NONE
Councillor	CINDI SS	NONE
Councillor	KHALISHWAKO SP	SIYASHO NGAMI FARMING, AMABUZI FARMING, EDF CONSULTANT, VAL GRAIN FARMING
Councillor	MADINI VCN	NONE
Councillor	MABUZA SM	NONE
Councillor	MADUNA TJ	NONE
Councillor	MAHLALELA BA	NONE
Councillor	MASEKO VJ	NONE
Councillor	MKHALIPHI MM	NONE
Councillor	NDLOVU MFJ	NONE
Councillor	NGWENYA SF	NONE
Councillor	NKOSI BJ	NONE
Councillor	NKOSI MZ	NONE
Councillor	NKOSI T	NONE
Councillor	NZIMANDE MA	NONE
Councillor	NZIMANDE RT	NONE
Councillor	SIBIYA PH	HOOPWORTH TRADING ENTERPRISE
Councillor	YENDE MR	NONE
Councillor	ZULU ZE	FARMING
Councillor	NDLAZI BL	WESSELTON TAVERN
Councillor	BLIGNAUT JDA	FARM AND HOUSE
Councillor	NHLAPHO LL	NONE

# APPENDICES

Disclosures of Financial Interests		
Period 1 <sup>st</sup> July 2024 to 30 <sup>th</sup> June 2025		
Position	Name	Description of Financial interests* (Nil / Or details)
Councillor	MASUKU NL	NONE
Councillor	MAKHUBU KJ	NONE
Councillor	CROMPTON SW	CROMPTON CORE ENTERPRISES AND RUWACH MINISTRIES
Councillor	SCHOLTZ JJ	ERMELO SAND CC, PRO FIRE ERMELO, PRO ENGINEERING BOLT & NUTS AND WITBANK FARM
Councillor	FERREIRA A	NONE
Councillor	VAN DER WALT A	NONE
Councillor	PEACHEY HL	SCHOOL TEACHER AND AFTER CARE
Municipal Manager	M Kunene	MADONSELA PROJECTS, ZASK FARMING PROJECT, KUNENE FAMILY TRUST, PLOT AMSTERDAM AND SITE DAVEL
Chief Financial Officer	PJ Nhlabathi	E1998B FERNIE AND 786 DENOE FLAT
Deputy Chief Financial Officer	S M Phiri	UHLELO FAMILY TRUST
Directors	MS Dlamini	DRIVE WELL MOTORS & MACHINERY AND DLAMINI TRUST
	M S Lukhele	LUKHBROS,4MM HOLIDINGS AND THREE PROPERTIES
	P Z Duma	DUMAMTHOMBENI LOGISTICS, DETECT GUARD, PRESH M LOGISTICS AND VALUERS AFRIKA
	H. Maganya	NONE
Other S57 Officials	None	

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

# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2023/24	2024/25		2025 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Service charges - Electricity	262 036	38 932	49 755				
Service charges - Water	73 112	6 419	9 712				
Service charges - Waste Water Management	60 291	1 359	1 769				
Service charges - Waste management	51 501	1 299	2 137				
Sale of Goods and Rendering of Services	-	-	-	-	-	-	
Agency services		8 940	-	-		-	
Interest	6 053	(4 553)	(1 053)				
Interest earned from Receivables	-	-	-	-	-	-	
Interest from Current and Non-Current Assets					-	-	
Dividends					-	-	
Rent on Land					-	-	
Rental from Fixed Assets	2 832	(91)	324				
Licence and permits					-	-	
Operational Revenue	35 138	(22 242)	10 178				
Non-Exchange Revenue					-	-	
Property rates	203 786	38 545	2 545				
Surcharges and Taxes					-	-	
Fines, penalties and forfeits		(3 624)	(3 616)				
Licence and permits	56	3 773	34				
Transfers and subsidies - Operational	269 760	(9 237)	3 775				
Interest	46 379	9 461	715				

# APPENDICES

Fuel Levy					-	-
Operational Revenue	-	-	-	-	-	-
Gains on disposal of Assets	28 546	(28 546)	(28 546)			
Other Gains	-	-	-	-	-	-
					0,00	0,00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 035 997</b>	<b>1 070 078</b>	<b>1 094 863</b>	<b>1 048 563</b>	<b>(24 785)</b>	<b>46 300</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						
						T K.2

## APPENDIX K (I): REVENUE AND EXPENDITURE PERFORMANCE BY FUNCTIONAL CLASSIFICATION

R' 000						
Vote Description	2022/23	Current: 2023/24			Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Executive & Council	289 286	255 220	255 220	284 389	(29 169)	(29 169)
Vote 02 - Finance & Administration	225 853	262 183	279 310	258 968	3 215	20 343
Vote 03 -	-	-	-	-	-	-
Vote 04 - Sport And Recreation	125	214	259	81	133	178
Vote 05 - Public Safety	7 644	8 223	10 722	12 285	(4 062)	(1 563)
Vote 06 - Housing	-	-	-	-	-	-
Vote 07 - Health	-	-	-	-	-	-
Vote 08 - Planning And Development	4 628	5 427	5 602	5 023	404	580
Vote 09 - Community & Social Services	7 768	1 349	11 499	664	685	10 834
Vote 10 - Electricity	236 782	323 045	342 381	283 976	39 069	58 405
Vote 11 - Water Management	277 336	200 561	197 527	182 886	17 674	14 641
Vote 12 - Waste Water Management	63 857	76 305	78 149	96 361	(20 056)	(18 213)
Vote 13 - Waste Management	59 601	68 029	70 281	59 113	8 915	11 168
Vote 14 - Road Transport	248	3 149	3 545	3 261	(112)	284
Vote 15 - Other	121 186	12 721	158	27 459	(14 738)	(27 302)
<b>Total Revenue by Vote</b>	<b>1 294 315</b>	<b>1 216 427</b>	<b>1 254 654</b>	<b>1 214 468</b>	<b>1 959</b>	<b>40 186</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG 2024/25						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Extended public works programme	1 511 000,00	1 511 000,00	1 511 000,00	-	-	To comply with a grant condition
Finance management Grant	3 000 000,00	3 000 000,00	3 000 000,00	-	-	To comply with a grant condition
LGSETA	3 208 904,86	3 208 904,86	2 028 143,77	1 180 761,09	1 180 761,09	To comply with a grant condition
Sports and recreation grant - National Lottery	700 000,00			700 000,00	-	To comply with a grant condition
PT Support grant - Metering	1 213 239,79	1 213 239,79	1 213 239,79	-	-	To comply with a grant condition
PT support Grant - Data Cleansing	10 000 000,00	10 000 000,00	7 207 965,63	2 792 034,37	2 792 034,37	To comply with a grant condition
Energy Efficiency Demand-Side Management Grant	4 000 000,00	6 8000 000,00	6 799 900,00	-;	-	To comply with a grant condition
Regional Bulk Infrastructure Grant-Capital projects	130 196 024.09	120 196 024.09	120 196 024.09	-		To comply with a grant condition
Integrated National Electrification programme	2 116 000	2 116 000	2 116 000	-		To comply with a grant condition
Water Services Infrastructure Grant	30 000 000,00	30 000 000,00	30 000 000,00	-	-	To comply with a grant condition
Municipal Disaster Response Grant (MDRG)	9 375 818.47	9 375 818.47	9 375 818.47	-	-	To comply with a grant condition
Municipal Disaster Recovery Grant: Rapid Response (MDRG-RR)	14 500 000,00	14 500 000,00	5,359,491.35			
<b>Total</b>	<b>161 006 335,86</b>	<b>160 306 335,86</b>	<b>116 137 516,10</b>	<b>44 868 819,76</b>	<b>44 168 819,76</b>	

\* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

T L

# APPENDICES

---

## COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

The Financial management grants were spent according to the FMG support plan. Funds were utilized to employ interns, assist with the compiling of the Annual Financial Statements. The EPWP grant were utilised to appoint and ensure payment of contract workers.

TL.1

# APPENDICES

## APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2024/2025

Project Name	Ward No.	2024/2025 FY Budget	Expenditure	Project Status
Refurbishment of Warburton Wastewater Treatment Works	12	R 23,079,248.02	R 23,079,248.02	95% Construction
The Upgrade of Phumula Outfall Sewer Pipeline	4&5	R 4,590,777.40	R 4,590,777.40	Project completed
The Upgrade of Everest Outfall Sewer Pipeline	3,17	R 24,324,932.51	R 24,324,932.51	90% Construction
Upgrading of Sewer Reticulation Network Servicing Extension 32, 33 & 34 Ermelo	16	R 1,084,290.09	R 1,084,290.09	Designs Completed
Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44	1-9,16,17	R 99,557,484.56	R 99,557,484.56	2.61% Construction
Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	16	R 16,165,281.80	R 16,165,281.80	Project completed
The Refurbishment of Lothair Water treatment Works	15	R 2,248,083.09	R 2,248,083.09	Procurement of Materials
The Refurbishment and Maintenance of Boreholes	1,5,9,19	R 4,715,075.1	R 2,901,428.39	80% Construction
The Rehabilitation of Extension 32,33,34 Taxi collector street (Ring Road)	16	R 16,666,887.17	R 16,666,887.17	Project Practically Completed
Construction of 2km paved roads in Wesseltan-Mabilisa and Magwaza Street Taxi Collector.	4,6,3	R 2,320,239.00	R 2,320,239.00	10% Construction
The Rehabilitation of 1.05km Silindile Main Street in Lothair Street	15	R 7,075,511.04	R 7,075,511.04	Project completed
Reconstruction of Mabuza Access Bridge near Emthonjeni Clinic	4	R 4,456,185.99	R 4,456,185.99	90% Construction
Reconstruction of Khayelihle-Emadamini Access Bridge and portion of the street.	2,9	R 4,919,632.48	R 4,919,632.48	Project completed
Reconstruction of Mandela Drive	3,17	R 14,500,000.00	R 5,359,491.35	35% Construction
Retrofit 250W HPS to 100W LED	5,7,8,13	R1,884,000.00	R1,884,000.00	100% Project Completed
High mast retrofit ward 1-16 400W HPS to 200W LED	2,4,5,9,12,13,14,15,17,18,19	R 2,116,000.00	R 2,116,000.00	100% Project Completed
Electrification of 120HH at Silindile Ext 3	15	R 140,400.00	R 140,400.00	Designs Completed

# APPENDICES

Upgrading of the Electrical network infrastructure on the northern part of Ermelo	4, 8, 9	R 1,975,600.00	R 1,975,600.00	Designs Completed
Retrofitting of the streetlights and highmast lights within Msukaligwa Local Municipality	2,4,5,7, 8,9,12, 13,14,1 5,17,18 ,19	R 2,800,000.00	R 2,799,900.00	100% project completed
Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS	1- 9,16,17	R 20,639,539.54	R 20,639,539.54	Design Stage

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/2025

See Appendix M

## APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Schools are provided with all municipal services except solid waste collections at farm schools.				
Clinics (NAMES, LOCATIONS)				
Clinics are provided with all municipal services.				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				
				TP

# APPENDICES

## APPENDIX P – 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
<b><u>Clinics:</u></b>		
Farm areas	High	Mobile clinics not doing regular visits. Communities have to travel to towns to access health services and some do not afford transport fares. The elderly are the most affected.
<b><u>Housing:</u></b>		
Ermelo extension 32, 34, Nganga, Wesselton ext.3 and other areas.	Medium	There is a complaint about houses that are taking too long to be built or completed and those that were not built at all while beneficiaries are approved as beneficiaries on the Dept. of Human Settlement database.
<b><u>Schools (Primary and High):</u></b>		
Khayelisha settlement at Ward 9	Medium	The settlement has grown and due to the population growth and urban migration. So, there is a need for a primary school. The current Wesselton Primary school is too far for small kids and often parents struggle to pay transport fees for the kids.

## APPENDIX Q – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No grants were made by the municipality.

## APPENDIX R – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

There were no returns made in accordance with Section 71 of the MFMA.

# VOLUME II

---

## ANNUAL FINANCIAL STATEMENTS



Msukaligwa Local Municipality  
(Registration number MP302)  
Trading as Msukaligwa Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2025

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## General Information

---

<b>Legal form of entity</b>	Msukaligwa Local Municipality
<b>Nature of business and principal activities</b>	Local Municipality
<b>Mayoral committee</b>	
Executive Mayor	Cllr. M.P. Nkosi
Speaker	Cllr. N.S Xaba
Chief Whip	Cllr. P.T Sibeko
Member of Mayoral Committee: Finance	Cllr. E.C. Msezane
Member of Mayoral Committee: Corporate Services	Cllr. T.J Madlala
Member of Mayoral Committee: Technical Services	Cllr. T.C Motha
Member of Mayoral Committee: Planning Economic Development	Cllr. B.G Motha
Member of Mayoral Committee: Community and Social Services	Cllr. S.E Ngovene
Councillors	Cllr. D.V.F Arnoldi Cllr. J.D.A Blignaut Cllr. Z Breydenbach Cllr. S.S.S Buthelezi Cllr. S.S Cindi Cllr. S.P Khalishwayo Cllr. B.I Mabuza Resigned (July 2024 to February 2025) Cllr. A Van der walt (Appointed February 2025) Cllr. S.M Mabuza Cllr. V.C.N Madini Cllr. T.J Maduna Cllr. B.A Mahlalela Cllr. M.S Malaza (Resigned (July 2024 to February 2025) Cllr. HL Peachey (Appointed February 2025) Cllr. V.J Maseko Cllr. S.C Mathebula Resigned ( July 2024 to February 2025) Cllr. A Ferreira (Appointed February 2025) Cllr. M.M Mkhaliphi Cllr. B.L Ndlazi Cllr. M.F.J Ndlovu Cllr. S.F Ngwenya Cllr. L.L Nhlapho Cllr. B.J Nkosi Cllr. M.Z Nkosi Cllr S.F. Ngwenya Cllr. T Nkosi Cllr. M.A Nzimande Cllr. R.T Nzimande Cllr. J.J Scholtz Cllr. P.H Sibiya Cllr. M.R Yende Cllr K.J. Makhubu Cllr. Z.E Zulu
<b>Grading of local authority</b>	Grade 4

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## General Information

---

<b>Chief Finance Officer (CFO)</b>	Mr PJ Nhlabathi
<b>Accounting Officer</b>	Mr. M. Kunene
<b>Registered office</b>	Msukaligwa Local Municipality Civic Centre C/o Kerk and Taute Street Ermelo 2350
<b>Business address</b>	Msukaligwa Local Municipality Civic Centre C/o Kerk and Taute Street Ermelo 2350
<b>Postal address</b>	Msukaligwa Local Municipality PO Box 48 Ermelo 2350
<b>Bankers</b>	First National Bank Limited
<b>Auditors</b>	Auditor-General of South Africa Registered Auditors
<b>Attorneys</b>	Z Mhlongo and Khumalo Incorporated Marivate Attorneys Incorporated Maphanga Attorneys Mhlongo Khumalo Attorneys Julie Mahommed Attorneys Sefalala Attorneys Motimele Attorneys L Guzana Attorneys Lusenga Attorneys Geldenhys Malatjie Attorneys TMN Kgomo and Associates
<b>Preparer</b>	The annual financial statements were internally compiled by: Mr PJ Nhlabathi Chief Financial Officer
<b>Website</b>	<a href="http://www.msukaligwa.gov.za">www.msukaligwa.gov.za</a>
<b>Telephone number</b>	(017) 801 3501

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Index

---

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6
Accounting Officer's Report	7 - 8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	12 - 15
Significant Accounting Policies	16 - 63
Notes to the Annual Financial Statements	64 - 131

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Index

---

### Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
DORA	Division of Revenue Act
MSA	Municipal Systems Act
GSDM	Gert Sibande District Municipality
AGSA	Auditor-General of South Africa
SALGA	South African Local Government Association
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
PPP	Public Private Partnership
MPAC	Municipal Public Accounts Committee
MIG	Municipal Infrastructure Grant
MMC	Member of the Mayoral Committee
LG SETA	Local Government Sectoral and Training Authority
IPSAS	International Public Sector Accounting Standards
COID	Compensation for Occupational Injuries and Diseases

# **Msukaligwa Local Municipality**

(Registration number MP302)

Trading as Msukaligwa 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 (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 ending 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

---

**Mr. M. Kunene**  
**Accounting Officer**

**Sunday, 31 August 2025**

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Audit Committee Report

---

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 7 number of meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Former Chairperson: Fikile Mudau	2
Former Member: N Maseko	1
Chairperson: M Mmapheto	7
Member: P Mangoma	4
Member: P Ntuli	5
Member: S Khanyile	5

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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

### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

:

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Report

---

The accounting officer submits his report for the year ended 30 June 2025.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local government and operates principally in South Africa in Mpumalanga Province, Gert Sibande Distric.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 262 670 742 (2024: deficit R 123 596 481) .

### 2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 1 243 546 058 and that the municipality's total Assets exceed its liabilities by R 1 243 546 058.

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 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 and that these annual financial statements will remain to restore the solvency of the municipality.

### 3. Subsequent events

The accounting officer is has identified unauthorised expenditure at year as well assets to be written-off during the preparation of Annual Financial Statement

### 4. Accounting Officers' interest in contracts

The accounting officer does not have any direct or indirect interest's in contracts.

### 5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is Mr M Kunene:

Name

### 7. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality conforms and acknowledges its responsibilities in lieu of the MFMA, MSA and related Regulations as issued from time to time by National Treasury. The Accounting Officer further note responsibilities with regards to the requirements of King IV. The accounting officer priorities the responsibilities of management in this respect, during Council meetings and monitor the Municipality's compliance with the code on quartely monthly basis.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Report

---

### 7. Corporate governance (continued)

#### Audit and risk committee

In the year under review, the Audit committee was established, and the Audit Committee members appointed, as well as the Chairperson of the Risk Committee are as follows:

#### Audit Committee members:

Position	Name	Date appointed
Chairperson	Mr M. Mmapheto	01 September 2024
Members:	Ms. P Ntuli	01 September 2024
	Ms P. Mangoma	01 September 2024
	Ms S. Khanyile	01 September 2024

#### Risk Committee member:

Position	Name	Date appointed
Chairperson	MRS L.N Sikutshwa	01 September 2024

In terms of Section 166 of the Municipal Finance Management Act, (Act 56 of 2003), the municipality, must appoint members of the Audit Committee. Notwithstanding that councillors appointed by the parent municipality constituted the municipal Audit Committees, National Treasury policy requires that municipalities should appoint further members of the entity's audit committees who are not councillors of the municipality onto the audit committee.

#### Internal audit

The municipality has a fully functional Internal Audit Unit. This is in compliance with the Municipal Finance Management Act, 2003. The Internal Audit Function must apply to IIA Standards during the course of implementation of their work. Reports are submitted quarterly to the Audit Committee for consideration and approval.

### 8. Bankers

The bankers of the municipality are First National Bank Limited which is used for daily operations as well as investing of grant funding.

### 9. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

### 10. Public Private Partnership

The municipality has no PPP agreements.

**Mr. M. Kunene**  
Accounting Officer

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	11	19 310 106	33 397 527
Receivables from exchange transactions	12&15	319 527 310	241 332 693
Receivables from non-exchange transactions	13&15	105 697 733	89 359 622
VAT receivable	59	8 710 335	5 854 055
VAT Input Accrual	14	997 283 853	826 679 459
Cash and cash equivalents	16	44 140 550	59 336 340
		<b>1 494 669 887</b>	<b>1 255 959 696</b>
<b>Non-Current Assets</b>			
Investment property	3	172 103 946	170 536 571
Property, plant and equipment	4	2 748 769 999	2 646 916 456
Intangible assets	5	5 255	10 510
Heritage assets	6	174 895	174 895
		<b>2 921 054 095</b>	<b>2 817 638 432</b>
<b>Total Assets</b>		<b>4 415 723 982</b>	<b>4 073 598 128</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	17	2 755 502	234 693
Payables from exchange transactions	7	2 289 809 801	1 664 513 545
VAT Output Accrual	8	679 536 218	532 077 050
Consumer deposits	9	23 883 132	21 660 036
Employee benefit obligation	10	5 129 000	4 793 000
Unspent conditional grants and receipts	18	10 913 618	54 450 071
		<b>3 012 027 271</b>	<b>2 277 728 395</b>
<b>Non-Current Liabilities</b>			
Service concession liabilities	60	18 511 441	129 580 090
Finance lease obligation	17	450 122	2 400 696
Employee benefit obligation	10	78 897 435	75 459 001
Provisions	19	62 291 654	67 772 273
		<b>160 150 652</b>	<b>275 212 060</b>
<b>Total Liabilities</b>		<b>3 172 177 923</b>	<b>2 552 940 455</b>
<b>Net Assets</b>		<b>1 243 546 059</b>	<b>1 520 657 673</b>
Accumulated surplus		1 243 546 058	1 520 657 670
<b>Total Net Assets</b>		<b>1 243 546 058</b>	<b>1 520 657 670</b>

\* See Note 46

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	512 414 137	443 414 689
Rental of facilities and equipment	21	3 463 108	2 833 388
Other income	23	13 666 450	11 420 637
Interest received	25	31 069 444	34 985 416
<b>Total revenue from exchange transactions</b>		<b>560 613 139</b>	<b>492 654 130</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	26	212 918 081	203 786 254
<b>Revenue from non-exchange transactions</b>			
Government grants & subsidies	27	523 917 300	419 425 265
Public contributions and donations	28	2 072 729	16 239 117
Fines, Penalties and Forfeits	22	56 028 733	9 072 655
Interest - Property rates and bank accounts	25	14 745 797	17 446 640
Debt forgiven	24	-	178 710 052
<b>Total revenue from non-exchange transactions</b>		<b>809 682 640</b>	<b>844 679 983</b>
<b>Total revenue</b>		<b>1 370 295 779</b>	<b>1 337 334 113</b>
<b>Expenditure</b>			
Employee related costs	29	(320 758 200)	(292 878 444)
Remuneration of councillors	30	(19 292 761)	(18 023 751)
Repairs and maintenance	31	(110 871 969)	(103 312 593)
Depreciation and amortisation	32	(123 885 650)	(128 560 863)
Finance costs	34	(122 488 000)	(132 536 140)
Debt Impairment	36	(149 380 171)	(82 103 555)
Inventory consumed	61	(86 022 994)	(72 273 212)
Bulk purchases	38	(486 097 249)	(401 588 086)
Contracted Services	39	(78 179 960)	(71 289 826)
General Expense	37	(129 358 312)	(104 882 591)
<b>Total expenditure</b>		<b>(1 626 335 266)</b>	<b>(1 407 449 061)</b>
<b>Operating deficit</b>		<b>(256 039 487)</b>	<b>(70 114 948)</b>
Loss on disposal of assets and liabilities		(4 019 854)	(3 831 816)
Fair value adjustments	41	1 734 837	(1 719 103)
Actuarial gains/losses	10	6 079 319	63 936
Impairment loss	33	(11 674 806)	(45 930 238)
Inventories (Loss)/gains		1 249 249	(2 064 312)
		<b>(6 631 255)</b>	<b>(53 481 533)</b>
<b>Deficit for the year</b>		<b>(262 670 742)</b>	<b>(123 596 481)</b>

\* See Note 46

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 762 595 408	1 762 595 408
Adjustments		
Prior year adjustments 46	(118 341 257)	(118 341 257)
<b>Balance at 01 July 2023 as restated*</b>	<b>1 644 254 151</b>	<b>1 644 254 151</b>
Changes in net assets		
Surplus for the year	(123 596 481)	(123 596 481)
Total changes	(123 596 481)	(123 596 481)
<b>Restated* Balance at 01 July 2024</b>	<b>1 506 216 800</b>	<b>1 506 216 800</b>
Changes in net assets		
Surplus for the year	(262 670 742)	(262 670 742)
Total changes	(262 670 742)	(262 670 742)
<b>Balance at 30 June 2025</b>	<b>1 243 546 058</b>	<b>1 243 546 058</b>

Note(s)

\* See Note 46

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates and taxes		271 635 954	231 533 123
Sale of goods and services		343 329 809	294 909 291
Grants		480 380 847	429 151 649
Interest income		11 194 922	14 425 383
Other receipts		15 939 804	13 113 628
		<b>1 122 481 336</b>	<b>983 133 074</b>
<b>Payments</b>			
Employee costs		(349 782 990)	(302 417 174)
Suppliers		(523 658 674)	(566 530 117)
Finance costs		(30 064 399)	(5 006 764)
		<b>(903 506 063)</b>	<b>(873 954 055)</b>
<b>Net cash flows from operating activities</b>	<b>40</b>	<b>218 975 273</b>	<b>109 179 019</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(246 219 154)	(142 193 279)
Proceeds from sale of property, plant and equipment	4	12 048 091	13 645 732
<b>Net cash flows from investing activities</b>		<b>(234 171 063)</b>	<b>(128 547 547)</b>
<b>Cash flows from financing activities</b>			
Service concession liabilities- Eskom Debt		(111 068 649)	129 580 090
Movement in Non Current liability		111 068 649	(129 580 090)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(15 195 790)</b>	<b>(19 368 528)</b>
Cash and cash equivalents at the beginning of the year		59 336 340	78 704 966
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b>44 140 550</b>	<b>59 336 438</b>

The accounting policies on pages 16 to 63 and the notes on pages 64 to 131 form an integral part of the annual financial statements.

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
-----------------	-----------------	-------------	--------------	------------------------------------	--	-----------

### Statement of Financial Performance

\* See Note 46

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Revenue

### Revenue from exchange transactions

Service charges	559 701 409	-	<b>559 701 409</b>	512 414 137	<b>(47 287 272)</b>	A
Rental of facilities and equipment	3 310 987	-	<b>3 310 987</b>	3 463 108	<b>152 121</b>	
Other income	47 902 309	5 365 484	<b>53 267 793</b>	13 666 450	<b>(39 601 343)</b>	B
Interest received - Services	36 561 114	-	<b>36 561 114</b>	31 069 444	<b>(5 491 670)</b>	
<b>Total revenue from exchange transactions</b>	<b>647 475 819</b>	<b>5 365 484</b>	<b>652 841 303</b>	<b>560 613 139</b>	<b>(92 228 164)</b>	

### Revenue from non-exchange transactions

#### Taxation revenue

Property rates	216 441 786	-	<b>216 441 786</b>	212 918 081	<b>(3 523 705)</b>	C
Licences and Permits (Non-exchange)	93 846	-	<b>93 846</b>	-	<b>(93 846)</b>	

#### Transfer revenue

Government grants & subsidies	465 555 676	16 555 850	<b>482 111 526</b>	523 917 300	<b>41 805 774</b>	D
Public contributions and donations	-	-	-	2 072 729	<b>2 072 729</b>	E
Fines, Penalties and Forfeits	5 724 164	41 477 015	<b>47 201 179</b>	56 028 733	<b>8 827 554</b>	F
Interest -Property rates and bank accounts	17 197 083	-	<b>17 197 083</b>	14 745 797	<b>(2 451 286)</b>	G

<b>Total revenue from non-exchange transactions</b>	<b>705 012 555</b>	<b>58 032 865</b>	<b>763 045 420</b>	<b>809 682 640</b>	<b>46 637 220</b>	
<b>Total revenue</b>	<b>1 352 488 374</b>	<b>63 398 349</b>	<b>1 415 886 723</b>	<b>1 370 295 779</b>	<b>(45 590 944)</b>	

## Expenditure

Personnel	(316 461 925)	-	<b>(316 461 925)</b>	(320 758 200)	<b>(4 296 275)</b>	H
Employee costs - Remuneration of councillors	(20 449 542)	-	<b>(20 449 542)</b>	(19 292 761)	<b>1 156 781</b>	I
Repairs and maintenance	(92 114 788)	(41 885 500)	<b>(134 000 288)</b>	(110 871 969)	<b>23 128 319</b>	J
Depreciation and amortisation	(145 379 492)	10 000 000	<b>(135 379 492)</b>	(123 885 650)	<b>11 493 842</b>	K
Impairment loss/ Reversal of impairments	-	-	-	(11 674 806)	<b>(11 674 806)</b>	L
Finance costs	(29 040 518)	7 000 000	<b>(22 040 518)</b>	(122 488 000)	<b>(100 447 482)</b>	M
Debt Impairment	(119 134 866)	15 000 000	<b>(104 134 866)</b>	(149 380 171)	<b>(45 245 305)</b>	N
Collection costs	(552 299)	-	<b>(552 299)</b>	(86 022 994)	<b>(85 470 695)</b>	
Bulk purchases	(378 783 496)	(46 216 504)	<b>(425 000 000)</b>	(486 097 249)	<b>(61 097 249)</b>	O
Contracted Services	(109 450 523)	(21 999 338)	<b>(131 449 861)</b>	(78 179 960)	<b>53 269 901</b>	P
Expenses (by function)	(82 334 601)	1 888 649	<b>(80 445 952)</b>	(129 358 312)	<b>(48 912 360)</b>	Q

<b>Total expenditure</b>	<b>(1 293 702 050)</b>	<b>(76 212 693)</b>	<b>(1 369 914 743)</b>	<b>(1 638 010 072)</b>	<b>(268 095 329)</b>	
<b>Operating deficit</b>	<b>58 786 324</b>	<b>(12 814 344)</b>	<b>45 971 980</b>	<b>(267 714 293)</b>	<b>(313 686 273)</b>	
Loss on disposal of assets and liabilities	-	-	-	(4 019 854)	<b>(4 019 854)</b>	R
Fair value adjustments	-	-	-	1 734 837	<b>1 734 837</b>	S
Actuarial gains/losses	-	-	-	6 079 319	<b>6 079 319</b>	T
Inventories losses/write-downs	-	-	-	1 249 249	<b>1 249 249</b>	U
	-	-	-	<b>5 043 551</b>	<b>5 043 551</b>	

<b>Deficit before taxation</b>	<b>58 786 324</b>	<b>(12 814 344)</b>	<b>45 971 980</b>	<b>(262 670 742)</b>	<b>(308 642 722)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>58 786 324</b>	<b>(12 814 344)</b>	<b>45 971 980</b>	<b>(262 670 742)</b>	<b>(308 642 722)</b>	

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	42 880 000	(11 104 658)	<b>31 775 342</b>	19 310 106	<b>(12 465 236)</b>	V
Receivables from exchange transactions	148 216 461	419 153 291	<b>567 369 752</b>	319 527 310	<b>(247 842 442)</b>	W
Receivables from non-exchange transactions	93 085 009	1 482 369	<b>94 567 378</b>	105 697 733	<b>11 130 355</b>	X
Statutory receivables	-	-	-	8 710 335	<b>8 710 335</b>	
Cash and cash equivalents	53 140 490	10 631 000	<b>63 771 490</b>	44 140 550	<b>(19 630 940)</b>	Y
	<b>337 321 960</b>	<b>420 162 002</b>	<b>757 483 962</b>	<b>497 386 034</b>	<b>(260 097 928)</b>	

##### Non-Current Assets

Investment property	181 143 053	(10 951 881)	<b>170 191 172</b>	172 103 946	<b>1 912 774</b>	
Property, plant and equipment	2 942 987 558	168 202 000	<b>3 111 189 558</b>	2 748 769 999	<b>(362 419 559)</b>	Z
Intangible assets	15 786	(10 552)	<b>5 234</b>	5 255	<b>21</b>	
Heritage assets	174 895	-	<b>174 895</b>	174 895	-	
	<b>3 124 321 292</b>	<b>157 239 567</b>	<b>3 281 560 859</b>	<b>2 921 054 095</b>	<b>(360 506 764)</b>	

<b>Total Assets</b>	<b>3 461 643 252</b>	<b>577 401 569</b>	<b>4 039 044 821</b>	<b>3 418 440 129</b>	<b>(620 604 692)</b>	
---------------------	----------------------	--------------------	----------------------	----------------------	----------------------	--

#### Liabilities

##### Current Liabilities

Finance lease obligation	-	-	-	2 755 502	<b>2 755 502</b>	AA
Payables from exchange transactions	376 826 565	888 550 765	<b>1 265 377 330</b>	2 289 809 801	<b>1 024 432 471</b>	BB
Consumer deposits	20 450 245	1 209 791	<b>21 660 036</b>	23 883 132	<b>2 223 096</b>	CC
Employee benefit obligation	-	-	-	5 129 000	<b>5 129 000</b>	DD
Unspent conditional grants and receipts	700 000	-	<b>700 000</b>	10 913 618	<b>10 213 618</b>	EE
	<b>397 976 810</b>	<b>889 760 556</b>	<b>1 287 737 366</b>	<b>2 332 491 053</b>	<b>1 044 753 687</b>	

##### Non-Current Liabilities

Service concession liabilities	-	-	-	18 511 441	<b>18 511 441</b>	
Finance lease obligation	-	(2 406 296)	<b>(2 406 296)</b>	450 122	<b>2 856 418</b>	FF
Employee benefit obligation	100 342 103	(25 087 676)	<b>75 254 427</b>	78 897 435	<b>3 643 008</b>	GG
Provisions	67 772 273	-	<b>67 772 273</b>	62 291 654	<b>(5 480 619)</b>	HH
	<b>168 114 376</b>	<b>(27 493 972)</b>	<b>140 620 404</b>	<b>160 150 652</b>	<b>19 530 248</b>	

<b>Total Liabilities</b>	<b>566 091 186</b>	<b>862 266 584</b>	<b>1 428 357 770</b>	<b>2 492 641 705</b>	<b>1 064 283 935</b>	
--------------------------	--------------------	--------------------	----------------------	----------------------	----------------------	--

<b>Net Assets</b>	<b>2 895 552 066</b>	<b>(284 865 015)</b>	<b>2 610 687 051</b>	<b>925 798 424</b>	<b>(1 684 888 627)</b>	
-------------------	----------------------	----------------------	----------------------	--------------------	------------------------	--

#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	2 895 552 066	(284 865 015)	<b>2 610 687 051</b>	1 243 546 058	<b>(1 367 140 993)</b>	
---------------------	---------------	---------------	----------------------	---------------	------------------------	--

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Rates and taxes	245 063 428	-	245 063 428	271 635 954	26 572 526	II
Sales of good and services	462 050 129	19 798 958	481 849 087	343 329 809	(138 519 278)	JJ
Grants- Operational	281 627 426	(5 467 073)	276 160 353	279 471 966	3 311 613	KK
Interest income	5 245 000	-	5 245 000	11 194 922	5 949 922	LL
Other receipts	59 919 580	(1 875 000)	58 044 580	15 939 804	(42 104 776)	LL1
Grants- Capital	183 928 250	17 542 750	201 471 000	200 908 879	(562 121)	
	<b>1 237 833 813</b>	<b>29 999 635</b>	<b>1 267 833 448</b>	<b>1 122 481 334</b>	<b>(145 352 114)</b>	

##### Payments

Suppliers and Employees	(1 034 729 486)	66 520 500	(968 208 986)	(873 441 664)	94 767 322	MM
Finance costs	(29 040 516)	-	(29 040 516)	(30 064 399)	(1 023 883)	NN
	<b>(1 063 770 002)</b>	<b>66 520 500</b>	<b>(997 249 502)</b>	<b>(903 506 063)</b>	<b>93 743 439</b>	

<b>Net cash flows from operating activities</b>	<b>174 063 811</b>	<b>96 520 135</b>	<b>270 583 946</b>	<b>218 975 271</b>	<b>(51 608 675)</b>	
---	--------------------	-------------------	--------------------	--------------------	---------------------	--

#### Cash flows from investing activities

Purchase of property, plant and equipment	(199 628 000)	(17 543 000)	(217 171 000)	(246 219 154)	(29 048 154)	OO
Proceeds from sale of property, plant and equipment	-	-	-	12 048 091	12 048 091	
<b>Net cash flows from investing activities</b>	<b>(199 628 000)</b>	<b>(17 543 000)</b>	<b>(217 171 000)</b>	<b>(234 171 063)</b>	<b>(17 000 063)</b>	

Net increase/(decrease) in cash and cash equivalents	(25 564 189)	78 977 135	53 412 946	(15 195 792)	(68 608 738)	
--	--------------	------------	------------	--------------	--------------	--

Cash and cash equivalents at the beginning of the year	78 704 967	(19 368 727)	59 336 240	59 336 340	100	
--	------------	--------------	------------	------------	-----	--

<b>Cash and cash equivalents at the end of the year</b>	<b>53 140 778</b>	<b>59 608 408</b>	<b>112 749 186</b>	<b>44 140 548</b>	<b>(68 608 638)</b>	
---	-------------------	-------------------	--------------------	-------------------	---------------------	--

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
-----------------	---------	------	------

### 1. Significant accounting 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 (Act 56 of 2003).

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

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

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

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

#### 1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

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

#### Fair value estimation

Fair value is primarily used for investment property, where a value is determined periodically by independent and suitably qualified valuers in the compilation of the valuation roll. In order to estimate annual changes in fair value, i.e., between valuation rolls, reference is made to an independently published index showing movements in property values. The financial instruments of the municipality are such that these are valued at amortised cost, rather than fair value.

#### Impairment testing

The recoverable amounts of non-cash-generating assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that assumptions relating to residual values or useful lives may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The fair value less costs to sell are significantly affected by a number of factors including demand, together with economic factors such as inflation rates. The value in use is generally reflected in the remaining service potential of the asset, which is estimated using the depreciated replacement cost, i.e. the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. Impairment then typically results in a reduced useful life..

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

#### Useful lives of waste and water network and other assets

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

#### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 58.

#### Impairment of statutory receivables

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

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

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

#### Other

All assets and liabilities have been grossed up (i.e. not offset against each other), except where offsetting is required or permitted by a Standard of GRAP or where offsetting reflects the substance of the transaction or event.

### 1.6 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.6 Investment property (continued)

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

#### Fair value

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

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

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

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

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

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements .

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements .

### 1.7 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.

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Assets carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. 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 asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such 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 increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

---

Item	Depreciation method	Average useful life
Buildings	Straight-line	25 - 50 Years
Land - Landfill	Straight-line	Per expert report
Plant and machinery	Straight-line	4 - 15 Years
Furniture and fixtures	Straight-line	4 - 15 Years
Motor vehicles	Straight-line	5 - 15 Years
IT equipment	Straight-line	2 - 5 Years
Infrastructure - Mechanical equipment	Straight-line	10 - 20 Years
Civil structures	Straight-line	15 - 50 Years
Electricity - Distribution cables	Straight-line	40 - 50 Years
Electricity - Equipment	Straight-line	15 - 45 Years
Electricity - Public lighting	Straight-line	30 - 40 years
External facilities	Straight-line	7 - 30 Years
Roads - Bridges	Straight-line	30 - 80 Years
Roads - Furniture	Straight-line	8 - 80 Years
Roads - Structure	Straight-line	10 - 50 Years
Roads - Traffic Management	Straight-line	10 - 15 Years
Sewerage - Pipe line	Straight-line	40 - 50 Years
Sewerage - Pump station	Straight-line	10 - 55 Years
Sports and playground	Straight-line	10 - 40 Years
Stormwater - Drainage construction	Straight-line	50 - 70 Years
Stormwater - Drainage unlined	Straight-line	10 - 15 Years
Water - Dams and reservoirs	Straight-line	50 - 80 Years
Water - Other	Straight-line	15 - 20 Years
Water - Pipes and grid	Straight-line	50 - 90 Years
Water - Pumps and tanks	Straight-line	15 - 20 Years
Intangible assets - Computer software	Straight-line	3 - 5 Years
Library books	Straight-line	5-10 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an ann

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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

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

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

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

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 .

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements .

### 1.8 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.8 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.

### 1.9 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

---

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

---

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements .

### 1.10 Heritage assets

Assets are resources controlled by an 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.

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

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

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.

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.10 Heritage assets (continued)

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements .

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements .

#### 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.

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

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

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

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

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

### 1.11 Financial instruments

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.11 Financial instruments (continued)

#### Classification

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

<b>Class</b>	<b>Category</b>
Trade receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	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:

<b>Class</b>	<b>Category</b>
Trade Payables	Financial liability measured at amortised cost

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.11 Financial instruments (continued)

#### Initial recognition

The Municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

#### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The municipality measures a financial asset and financial liability initially at its fair value.

#### Subsequent measurement of financial assets and financial liabilities

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

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

All financial assets measured at amortised cost, or cost, are subject to an impairment review. 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 municipality 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, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. 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 or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

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

In this case, the municipality :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

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 municipality 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 recognises 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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.11 Financial instruments (continued)

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 municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality 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 municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. 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 municipality 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.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes. A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

### 1.12 Statutory receivables

#### Identification

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.12 Statutory receivables (continued)

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.12 Statutory receivables (continued)

- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

### Derecognition

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

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

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

### 1.13 Tax

#### Current tax assets and liabilities

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

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

### 1.14 Leases

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.14 Leases (continued)

#### 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.

#### Finance leases - lessee

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

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

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

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

#### Operating leases - lessor

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

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

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

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

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

#### Operating leases - lessee

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

### 1.15 Inventories

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

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

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

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.15 Inventories (continued)

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

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the 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.

### 1.16 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.17 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.18 Discontinued Operations

Discontinued operation is a component of an municipality that has been disposed of and:

- represents a distinguishable activity, group of activities or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- is a controlled municipality acquired exclusively with a view to resale.

A component of an municipality is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the municipality.

### 1.19 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.19 Impairment of cash-generating assets (continued)

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

#### Identification

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

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

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

#### Value in use

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

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

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.19 Impairment of cash-generating assets (continued)

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

#### Discount rate

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

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.19 Impairment of cash-generating assets (continued)

#### Cash-generating units

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

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

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

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

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

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

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.19 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

#### Redesignation

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

### 1.20 Impairment of non-cash-generating assets

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

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

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.20 Impairment of non-cash-generating assets (continued)

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

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

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

Useful life is either:

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

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

#### Identification

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.20 Impairment of non-cash-generating assets (continued)

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

#### Restoration cost approach

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

#### Service units approach

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

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.20 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

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

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

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

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

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

#### Redesignation

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits

#### Identification

##### Employee benefits

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

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

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

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

#### Classification of plans

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

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

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

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

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

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

#### Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

#### Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Short-term employee benefits

##### Recognition and measurement

##### All short-term employee benefits

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

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

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

##### Short-term paid absences

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

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

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

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

##### Bonus, incentive and performance related payments

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

##### Multi-employer plans

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

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

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

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

##### Defined benefit plans that share risks between entities under common control

Participation in such a plan is a related party transaction for each individual entity. The entity therefore, in its separate or individual financial statements, discloses the information required.

##### State plans

The entity accounts for a state plan in the same way as for a multi-employer plan.

##### Insured benefits

The entity may pay insurance premiums to fund a post-employment benefit plan. The entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation either to:

(a) pay the employee benefits directly when they fall due; or

(b) pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods. If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

#### Post-employment benefits: Defined contribution plans

##### Recognition and measurement

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

##### Recognition and measurement

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

##### Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

##### Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

##### Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

##### Recognition and measurement: Present value of defined benefit obligations and current service cost

##### Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

##### Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

##### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

#### Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

#### Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - (i) those changes were enacted before the end of the reporting period; or
  - (ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Past service cost and gains and losses on settlement

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

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

#### Past service cost

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

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

#### Gains and losses on settlement

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

#### Recognition and measurement: Plan assets

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Fair value of plan assets

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

#### Reimbursements

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the entity:

- (a) Recognises its right to reimbursement as a separate asset. The entity measures the asset at fair value.
- (b) Disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised as below (see section on Components of defined benefit cost), may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

#### Components of defined benefit cost

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

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

#### Current service cost

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

#### Net interest on the net defined benefit liability (asset)

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

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

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

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

#### Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

- (a) actuarial gains and losses;

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

#### **Presentation**

#### **Offset**

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### **Current/non-current distinction**

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### **Components of defined benefit cost**

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

#### **Other long-term employee benefits**

#### **Recognition and measurement**

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

(a) service cost;

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.21 Employee benefits (continued)

#### Termination benefits

##### Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

##### Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

### 1.22 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus .

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.22 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.22 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.22 Provisions and contingencies (continued)

#### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

### 1.23 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date,

Approved but not yet contracted commitments, where the expenditure has been approved and the contract has 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.

Other commitments for contracts that are non-cancellable or only cancellable at significant cost, contracts should relate to something other than the business of the municipality.

All transactions will be recorded vat exclusive

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.24 Revenue from exchange transactions

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

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

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

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

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

#### 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.

# **Msukaligwa Local Municipality**

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## **Significant Accounting Policies**

---

### **1.24 Revenue from exchange transactions (continued)**

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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.25 Revenue from non-exchange transactions

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

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

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

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

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.25 Revenue from non-exchange transactions (continued)

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

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

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

#### 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.

#### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.26 Investment income

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

### 1.27 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- To the extent that the municipality borrows funds specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings.
- To the extent that an municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the municipality that are outstanding during the period. However, the municipality excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The amount of borrowing costs that the municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.15, 1.19 and 1.20. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.28 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.28 Accounting by principals and agents (continued)

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.29 Comparative figures

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

### 1.30 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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.30 Unauthorised expenditure (continued)

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.31 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.32 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.33 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.

### 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.

### 1.34 Budget information

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.34 Budget information (continued)

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

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

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

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.

### 1.35 Related parties

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

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

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

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

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

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

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

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

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

### 1.36 Events after reporting date

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

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

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

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

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

---

### 1.37 Service concession arrangements: Entity as grantor

### 1.38 Value Added Tax

Msukaligwa enters into an arrangement between another party to provide goods and/or services in return for cash (or on credit), then this would be a contractual arrangement. If the entity is a VAT vendor, it is required to levy VAT on the goods and/or services provided in terms of the VAT Act. The collection of VAT by the vendor from the customer is as a result of the contractual arrangement to provide goods and services in return for consideration. As the transaction arises from a contract, the entire transaction – including the VAT component – is classified as a contractual receivable. VAT due to SARS by the VAT vendor is a deemed debt to SARS that results in a deemed debtor/creditor relationship.

The nature of the liability is different for vendors on the accrual or payments basis. The nature of the liability(ies) is different because obligation to pay SARS arises at a different point:

- > Accrual basis - VAT is accrued on transaction date.
- > Payments basis – VAT is payable or receivable to or from SARS when cash is paid or received.

### 1.39 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the entity. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	01 April 2023	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	172 103 946	-	172 103 946	170 536 571	-	170 536 571

#### Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	170 536 571	(167 462)	1 734 837	172 103 946

#### Reconciliation of investment property - 2024

	Opening balance	Additions	Transfers out	Fair value adjustments	Total
Investment property	181 143 053	5 897 400	(14 784 779)	(1 719 103)	170 536 571

#### Pledged as security

No investment property pledged as security.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 3. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Investment Property: Municipal Land

The fair value adjustments of the investment properties being improved, and unimproved land was determined based on the trend of the general market growth rate figure taking into consideration of the registered market transactions and slow growth and decline in the demand for these properties. This was supported by sale prices which were based on data sourced from the Lightstone toolkit through transactions registered in the Registrar of Deeds. The property market in general has slowed down with a visual impact on property markets and year-on-year sales.

Sales considered was for Msukaligwa Municipality for the financial year 24/25, these sales were matched to the values of current General Valuation Roll for the transferred properties. The transfers compared to the valuation roll indicated a 1% increase in the market values of those properties considered. We therefore accept a Fair Value figure of a positive 1% growth rate.

#### Amounts recognised in surplus or deficit

Fairvalue adjustment gain/(Loss)	1 734 837	(1 719 104)
----------------------------------	-----------	-------------

#### Fair value adjustment of investment property

In line with the requirements of GRAP 16 and in accordance with the AM (Asset Management) Policy adopted by the municipality a fair value adjustment was made on the investment properties at the end of the financial year.

#### Land appointed in terms of legislation which entity controls without legal ownership or custodianship

The Investment Register and Fair Value adjustment was reviewed by an independent Professional Valuer, Zack van der Merwe registered with the South African Council of Property Valuers Profession (SACPVP) Investment property: Municipal land The fair value adjustments of the investment properties being improved, and unimproved land was determined based on the trend of the general market growth rate figure taking into consideration of the registered market transactions and slow growth and decline in the demand for these properties. This was supported by sale prices which were based on data sourced from the Lightstone toolkit through transactions registered in the Registrar of Deeds.

The property market in general has slowed down with a visual impact on property markets and year-on-year sales.

Sales considered was for Msukaligwa Municipality for the financial year 2024/25, these sales were matched to the values of current General Valuation Roll for the transferred properties. The transfers compared to the valuation roll indicated a 1% increase in the market value of those properties considered.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 4. 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	146 021 836	-	146 021 836	146 021 836	-	146 021 836
Buildings	172 549 289	(114 028 578)	58 520 711	201 146 056	(128 796 720)	72 349 336
Plant and machinery	4 356 178	(2 895 749)	1 460 429	6 697 786	(4 654 452)	2 043 334
Furniture, fixtures and Office Equipment	13 131 985	(10 210 290)	2 921 695	13 832 954	(10 320 440)	3 512 514
Motor vehicles	70 047 624	(17 389 511)	52 658 113	61 390 883	(18 712 185)	42 678 698
IT equipment	13 674 237	(6 711 918)	6 962 319	13 447 331	(6 527 246)	6 920 085
Community Assets	287 168 732	(193 675 517)	93 493 215	289 513 579	(185 760 805)	103 752 774
Library books	10 295 562	(6 791 378)	3 504 184	10 295 562	(5 762 156)	4 533 406
Electrical infrastructure	723 185 713	(440 813 546)	282 372 167	711 337 492	(423 325 738)	288 011 754
Roads infrastructure	1 657 391 872	(1 119 731 583)	537 660 289	1 626 587 531	(1 086 236 753)	540 350 778
Leased Assets	4 300 395	(1 491 545)	2 808 850	2 602 429	(179 380)	2 423 049
Sanitation infrastructure	1 043 366 819	(436 170 905)	607 195 914	904 035 520	(408 219 157)	495 816 363
Water infrastructure	1 618 194 683	(670 813 554)	947 381 129	1 570 749 272	(639 135 141)	931 614 131
Solid waste infrastructure	33 242 791	(27 433 643)	5 809 148	33 263 534	(26 375 136)	6 888 398
<b>Total</b>	<b>5 796 927 716</b>	<b>(3 048 157 717)</b>	<b>2 748 769 999</b>	<b>5 590 921 765</b>	<b>(2 944 005 309)</b>	<b>2 646 916 456</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	WIP Transfers out	Depreciation	Impairment loss	Total
Land	146 021 836	-	-	-	-	-	146 021 836
Buildings	72 349 336	5 738 304	(10 454 301)	(4 450 218)	(4 122 305)	(540 105)	58 520 711
Plant and machinery	2 043 334	433 997	(549 902)	-	(390 544)	(76 456)	1 460 429
Furniture, fixtures and Office Equipment	3 512 514	50 048	(4 905)	-	(546 471)	(89 491)	2 921 695
Motor vehicles	42 678 698	13 236 796	(933 402)	-	(2 042 761)	(281 218)	52 658 113
Computer equipment	6 920 085	5 165 934	(27 539)	(3 123 793)	(1 801 492)	(170 876)	6 962 319
Community Assets	103 752 774	-	(80 979)	(1 961 267)	(7 347 306)	(870 007)	93 493 215
Library Books	4 533 406	-	-	-	(1 029 222)	-	3 504 184
Electrical Infrastructure	288 011 754	12 709 705	(434 900)	647 030	(17 617 405)	(944 017)	282 372 167
Road Infrastructure	540 350 778	18 097 646	(2 162 198)	20 105 000	(38 730 937)	-	537 660 289
Leased Assets	2 423 049	1 877 346	-	-	(1 491 545)	-	2 808 850
Sanitation infrastructure	495 816 363	81 231 498	(1 205 622)	51 163 836	(19 627 269)	(182 892)	607 195 914
Water infrastructure	931 614 131	404 095 095	(45 783)	(356 406 234)	(28 054 840)	(3 821 240)	947 381 129
Solid waste infrastructure	6 888 398	-	(952)	-	(1 078 298)	-	5 809 148
	<b>2 646 916 456</b>	<b>542 636 369</b>	<b>(15 900 483)</b>	<b>(294 025 646)</b>	<b>(123 880 395)</b>	<b>(6 976 302)</b>	<b>2 748 769 999</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	WIP Transfers	Depreciation	Impairment loss	Total
Land	146 021 836	-	-	-	-	-	146 021 836
Buildings	72 962 072	-	(31 700)	4 450 219	(4 396 595)	(634 660)	72 349 336
Plant and machinery	2 465 739	282 446	(52 527)	-	(537 841)	(114 483)	2 043 334
Furniture and fixtures	2 827 081	1 215 681	(55 656)	-	(449 316)	(25 276)	3 512 514
Motor vehicles	40 400 267	7 182 893	(696 770)	-	(1 668 574)	(2 539 118)	42 678 698
Computer equipment	3 997 714	1 032 094	(88 679)	3 123 793	(1 109 517)	(35 320)	6 920 085
Community Assets	116 175 298	-	(729 600)	-	(9 014 210)	(2 678 714)	103 752 774
Library books	5 565 449	-	-	-	(1 032 043)	-	4 533 406
Electrical Infrastructure	305 271 961	4 967 224	(775 147)	897 986	(18 153 939)	(4 196 331)	288 011 754
Roads infrastructure	533 882 281	50 500 254	(3 462 863)	150 557	(40 684 172)	(35 279)	540 350 778
Leased Assets	-	2 602 430	-	-	(179 381)	-	2 423 049
Sanitation infrastructure	515 729 391	23 130 791	(7 181 995)	9 953 675	(24 263 884)	(21 551 615)	495 816 363
Water infrastructure	922 860 624	3 732 214	(4 395 192)	50 085 861	(26 646 866)	(14 022 510)	931 614 131
Solid waste infrastructure	7 411 998	-	(7 419)	-	(419 249)	(96 932)	6 888 398
	<b>2 675 571 711</b>	<b>94 646 027</b>	<b>(17 477 548)</b>	<b>68 662 091</b>	<b>(128 555 587)</b>	<b>(45 930 238)</b>	<b>2 646 916 456</b>

#### Assets subject to finance lease (Net carrying amount)

Leased Assets	2 808 850	2 423 049
---------------	-----------	-----------

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 4. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2025

Description	Opening balance	Additions	Impairment	Completion	Total
Community	1 961 265	-	(1 961 265)	-	-
Buildings	4 450 221	1 129 325	-	(5 579 546)	-
Electrical	13 308 737	2 357 467	-	(1 710 436)	13 955 768
Roads	13 697 291	38 631 278	(428 632)	(18 097 647)	33 802 290
Sanitation	99 377 436	134 704 452	(2 272 124)	(81 268 493)	150 541 271
Water supply	455 891 037	40 842 015	-	(397 248 250)	99 484 802
Computer equipment	3 123 794	-	-	(3 123 794)	-
Subtotal	591 809 781	217 664 537	(4 662 021)	(507 028 166)	297 784 131
	<b>591 809 781</b>	<b>217 664 537</b>	<b>(4 662 021)</b>	<b>(507 028 166)</b>	<b>297 784 131</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 4. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2024

Description	Opening balance	Additions	Impairment	Completion	Total
Community Assets	1 961 265	2 300 944	-	-	4 262 209
Buildings	-	2 149 275	-	-	2 149 275
Electrical	12 410 751	5 865 211	-	(4 967 225)	13 308 737
Roads	13 546 734	50 650 812	-	(50 500 255)	13 697 291
Sanitation	89 423 760	33 084 467	-	(23 130 791)	99 377 436
Water supply	405 805 181	51 577 411	-	(1 491 555)	455 891 037
Computer equipment	-	3 123 794	-	-	3 123 794
<b>Subtotal</b>	<b>523 147 691</b>	<b>148 751 914</b>	<b>-</b>	<b>(80 089 826)</b>	<b>591 809 779</b>
	<b>523 147 691</b>	<b>148 751 914</b>	<b>-</b>	<b>(80 089 826)</b>	<b>591 809 779</b>

#### PROJECTS IMPAIRED

In 2025 financial year the Municipality impaired the following projects due to financial constraints to implement the project, however the designs will be kept until the municipality is able to source funds to implement those projects

- Upgrade of mpanza street wesselton
- Upgrading of KwaZanele/Breyton stadium
- Feasibility study Ermelo Wesselton WWTW
- Upgrading of Shrissiesmeer Stadium
- Establishment of libraries at Sheepmoor
- Render services for the sewer network system analysis in Wesselton
- Construction of roads in or Tambo Road

#### In 2024 the Municipality did not impair any projects

Projects taking significantly longer to complete

The below projects have been included in the work in progress register of the municipality. The appointed service contractors have been dismissed and any retention held has not yet been paid over to them. The department of water and sanitation has indicated that they will take over the completion of the project. the following projects do not reflect any movement in the current year as due to slow movement.

- Construction of oxidation ponds Sheepmoore – civil
- Boreholes water pipe warburp2
- Electro upgrade Ext 32-34 pump station
- Internal sewer network in Breyten ext5
- Sewer reticulation in Wesselton ext11
- Elevated tank and Construction of booster pump Everest
- Construction of Ermelo Ext 50 outfall sewer

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 4. Property, plant and equipment (continued)

- Professional service for bulk water supply scheme for cluster 1-3

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Water	11 280 522	21 783 590
Transport	5 533 658	2 897 308
Machinery and Equipment	4 495 312	4 062 681
Building	1 027 764	675 542
Electrical	15 157 995	6 810 534
Roads	15 480 529	6 198 394
	<b>52 975 780</b>	<b>42 428 049</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	139 149	(133 894)	5 255	139 149	(128 639)	10 510

#### Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	10 510	(5 255)	5 255

#### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	15 786	(5 276)	10 510

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets which fair values cannot be reliably measured: (Para .94)						
Heritage assets	174 895	-	174 895	174 895	-	174 895

#### Reconciliation of heritage assets 2025

	Opening balance	Total
Heritage assets which fair values cannot be reliably measured: (Para .94)		
Heritage Asset	174 895	174 895

#### Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets which fair values cannot be reliably measured: (Para .94)		
Heritage assets	174 895	174 895

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>7. Payables from exchange transactions</b>		
Trade payables	2 192 911 118	1 560 782 611
Payments received in advanced	33 409 971	34 287 390
Retentions	24 150 192	22 060 167
Accrued leave pay	26 162 116	24 849 148
Prepaid electricity received in advance	1 444 531	826 236
Deposit forfeited	1 121 088	858 598
13th Cheque Accrual	6 557 323	5 944 548
Employee related accruals	4 053 462	14 904 847
	<b>2 289 809 801</b>	<b>1 664 513 545</b>

## 8. VAT Output Accrual

VAT Output Accrual	679 536 218	532 077 050
--------------------	-------------	-------------

The presentation of VAT receivable and VAT payable on the face of the Statement of Financial Position can be shown separate or netted. The feature that determines this presentation option can be found under the VAT receivable note 14.

## 9. Consumer deposits

Electricity	23 754 445	21 529 890
Water	128 687	130 146
	<b>23 883 132</b>	<b>21 660 036</b>

## 10. Employee benefit obligations

### Defined benefit plans - General information

The municipality provides a post-employment medical aid plan to some employees - this is a defined benefit plan as well as a defined benefit plan in the form of a long-service award.

The amounts recognised in the statement of financial position are as follows:

### Carrying value

Present value of the defined benefit obligation	(84 026 435)	(80 252 001)
Non-current liabilities	(78 897 435)	(75 459 001)
Current liabilities	(5 129 000)	(4 793 000)
	<b>(84 026 435)</b>	<b>(80 252 001)</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	80 252 001	72 795 001
Contributions by employer	(4 428 000)	(5 793 064)
Net expense recognised in the statement of financial performance	8 172 000	13 250 064
	<b>83 996 001</b>	<b>80 252 001</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand 2025 2024

### 10. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Service cost	3 971 000	3 588 000
- Current service cost	3 971 000	3 588 000
Net interest on the net defined benefit liability (asset)	10 531 000	9 726 000
Actuarial (gain)/ Loss on planned assets	(6 330 000)	(63 936)

### Calculation of actuarial gains and losses

#### Key assumptions used

In estimating the liability for post-employment medical aid benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary. APN 301 states that the assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next.

The Municipality used the nominal and real zero curves as at 30 June 2025 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations. The Municipality have changed this methodology from a point estimate in order to present a more accurate depiction of the liability. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Discount rates used	12,46 %	13,69 %
CPI (Consumer Price Inflation)	6,92 %	8,08 %
Medical Aid Contribution Inflation	8,42 %	9,58 %
Net effect discount rate	3,73 %	3,75 %
Maximum subsidy inflation rate	5,94 %	6,81 %
Net of Maximum subsidy inflation discount rate	6,16 %	6,44 %
Average retirement age	62	62

The Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
History of liability	68 277 000	65 348 000	59 177 000	59 440 000	59 130 000

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 10. Employee benefit obligations (continued)

#### Long Service Awards

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

Description	Completed years of service	2025 Long Service Bonuses (% of Annual Salary)	2024 Long Service Bonuses (% of Annual Salary)
5 / 250 x annual salary	5 Years	2%	2%
10 / 250 x annual salary	10 Years	4%	4%
20 / 250 x annual salary	15 Years	8%	8%
30 / 250 x annual salary	20,25,30 and 35 Years	12%	12%
40 / 250 x annual salary	40 Years	16%	16%
45 / 250 x annual salary	45 Years	18%	18%

In estimating the liability for long service leave benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary. The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next.

The Municipality use the nominal and real zero curves as at 30 June 2025 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Financial Variables	Assumed Value 30 June 2025	Assumed Value 30 June 2024
Discount rate	9,41%	10,85%
CPI( Consumer Price Inflation)	4,20%	5,93%
Normal salary increase rate	5,20%	6,93%
Net effective discount	4,00%	3,66%

Description	2025	2024	2023	2022	2021
History of liability	15 719 000	14 904 000	13 640 000	13 858 000	13 097 000

### 11. Inventories

Consumable stores	17 168 545	31 774 842
Water for distribution	2 141 561	1 622 685
	<b>19 310 106</b>	<b>33 397 527</b>

### 12. Receivables from exchange transactions

Refunds and prepayment	957	957
Fleet charges	541 381	861 697
Consumer debtors - Electricity	83 800 288	73 693 008
Consumer debtors - Water	101 060 289	70 607 967
Consumer debtors - Sewerage	59 960 859	41 088 290
Consumer debtors - Refuse	53 960 599	38 415 993
Consumer debtors - Services debtors	17 973 514	14 768 062
Consumer debtors - Rentals	2 223 521	1 852 973
Consumer debtors - Land sales	5 902	43 746
	<b>319 527 310</b>	<b>241 332 693</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>13. Receivables from non-exchange transactions</b>		
Fines	2 924 574	2 317 236
Consumer debtors - Rates	102 773 159	87 042 386
	<b>105 697 733</b>	<b>89 359 622</b>

### Statutory receivables general information

#### Transaction(s) arising from statute

Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004 (MPRA), approved Property Rates Policy and by-laws.

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

The calculation in respect of the impairment of receivables non-exchange is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment, considering factors such as socioeconomic conditions, type of customer, the default period and service-specific payment histories. The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors. Accordingly, the management believe that there is no further credit provision required in addition to the debt impairment

#### Statutory receivables impaired

As of 30 June 2025, Statutory receivables for Property Rates was R 301 494 197 and TrafficFines R 52 136 148 (2024:Property Rates R 265 342 439 and Traffic fines R12 107 091) were impaired and provided for.

The Provision for impairment for Property Rates was R 198 721 038 and Traffic fines R 49 211 573 as of 30 June 2025 (2024: Property Rates R 178 300 053 and Traffic Fines R 9 789 855)

#### Reconciliation of provision for impairment for statutory receivables

Property Rates: Opening balance	301 494 197	265 342 439
Property Rates: Provision for impairment	(198 721 038)	(178 300 053)
Traffic Fines : Opening balance	52 136 148	12 107 091
Traffic Fines: Provision for impairment	(49 211 573)	(9 789 855)
	<b>105 697 734</b>	<b>89 359 622</b>

#### Receivables from non-exchange transactions impaired

#### 14. VAT Input Accrual

VAT Input Accrual	997 283 853	826 679 459
-------------------	-------------	-------------

VAT is received as required by the Value Added Tax Act 89 of 1991. These amounts are receivable by the Municipality as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services. Vat on output provision is assessed with debtors impairment provision and include therein. VAT receivable from SARS is not impaired due financial position of SARS VAT is treated on the payment basis.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>15. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	301 494 197	265 342 439
Consumer debtors - Electricity	279 735 977	239 155 884
Consumer debtors - Water	375 350 038	315 630 652
Consumer debtors - Sewerage	250 844 332	217 652 063
Consumer debtors - Refuse	249 581 263	215 611 809
Consumer debtors - Services Debtors	59 981 424	56 131 836
Consumer debtors - Rentals	11 047 758	9 537 563
Consumer debtors - Land Sales	44 576	44 701
	<b>1 528 079 565</b>	<b>1 319 106 947</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(198 721 038)	(178 300 053)
Consumer debtors - Electricity	(195 935 689)	(165 462 876)
Consumer debtors - Water	(274 289 749)	(245 022 685)
Consumer debtors - Sewerage	(190 883 473)	(176 563 773)
Consumer debtors - Refuse	(195 620 664)	(177 195 816)
Consumer debtors - Services debtors	(42 007 910)	(41 363 774)
Consumer debtors - Rentals	(8 824 237)	(7 684 590)
Consumer debtors - Land sales	(38 674)	(955)
	<b>(1 106 321 434)</b>	<b>(991 594 522)</b>
<b>Net balance</b>		
Consumer debtors - Rates	102 773 159	87 042 386
Consumer debtors - Electricity	83 800 288	73 693 008
Consumer debtors - Water	101 060 289	70 607 967
Consumer debtors - Sewerage	59 960 859	41 088 290
Consumer debtors - Refuse	53 960 599	38 415 993
Consumer debtors - Service debtors	17 973 514	14 768 062
Consumer debtors - Rentals	2 223 521	1 852 973
Consumer debtors - Land sales	5 902	43 746
	<b>421 758 131</b>	<b>327 512 425</b>
<b>Rates</b>		
Current (0 -30 days)	14 024 328	17 456 852
31 - 180 days	16 076 137	17 711 146
181 - 360 days	16 195 911	14 210 801
361 - 720 days	19 138 876	16 486 182
> 720 days	37 337 907	21 177 405
	<b>102 773 159</b>	<b>87 042 386</b>
<b>Electricity</b>		
Current (0 -30 days)	18 417 741	22 578 097
31 - 180 days	9 748 511	10 094 352
181 - 360 days	8 259 879	8 784 718
361 - 720 days	12 639 271	9 391 681
> 720 days	34 734 886	22 844 160
	<b>83 800 288</b>	<b>73 693 008</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>15. Consumer debtors disclosure (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	8 425 179	7 560 630
31 - 180 days	9 621 715	8 291 443
181 - 360 days	10 298 099	6 809 015
361 - 720 days	14 326 309	10 544 461
> 720 days	58 388 987	37 402 418
	<b>101 060 289</b>	<b>70 607 967</b>
<b>Sewerage</b>		
Current (0 -30 days)	4 508 171	4 525 428
31 - 180 days	6 174 480	6 247 348
181 - 360 days	6 529 397	6 115 492
361 - 720 days	11 712 774	8 190 379
> 720 days	31 036 037	16 009 643
	<b>59 960 859</b>	<b>41 088 290</b>
<b>Refuse</b>		
Current (0 -30 days)	3 685 465	3 795 113
31 - 180 days	4 931 491	5 480 245
181 - 360 days	5 382 248	5 712 308
361 - 720 days	10 839 881	8 079 667
> 720 days	29 121 514	15 348 660
	<b>53 960 599</b>	<b>38 415 993</b>
<b>Services Debtors</b>		
Current (0 -30 days)	572 672	916 926
31 - 180 days	553 888	691 365
181 - 360 days	2 279 250	1 688 548
361 - 720 days	1 715 959	1 078 449
> 720 days	12 851 745	10 392 774
	<b>17 973 514</b>	<b>14 768 062</b>
<b>Rentals</b>		
Current (0 -30 days)	150 945	175 143
31 - 180 days	174 520	201 698
181 - 360 days	121 623	190 738
361 - 720 days	222 841	169 832
> 720 days	1 553 592	1 115 562
	<b>2 223 521</b>	<b>1 852 973</b>
<b>Land sales</b>		
Current (0 -30 days)	-	38
31 - 180 days	32	94
181 - 360 days	225	112
361 - 720 days	5 645	216
> 720 days	-	43 286
	<b>5 902</b>	<b>43 746</b>

## 16. Cash and cash equivalents

Cash and cash equivalents consist of:

## Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

### notes to the annual financial statements

Figures in Rand	2025	2024
<b>16. Cash and cash equivalents (continued)</b>		
Bank balances	11 675 795	4 797 352
Short-term deposits	32 464 755	54 538 988
	<b>44 140 550</b>	<b>59 336 340</b>

#### 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
First national bank- Primary Account 62822833267	2 562 348	2 036 322	9 821 679	3 612 991	3 741 826	9 676 120
FNB- Call Account- 62837049031	32 464 755	54 438 988	56 413 720	32 464 755	54 538 988	56 413 720
FNB- Trading Services - 63143810413	3 035 331	-	-	3 035 331	-	-
FNB- Licencing- 62858041272	5 027 472	558 384	12 117 985	5 027 472	1 055 526	12 615 127
<b>Total</b>	<b>43 089 906</b>	<b>57 033 694</b>	<b>78 353 384</b>	<b>44 140 549</b>	<b>59 336 340</b>	<b>78 704 967</b>

#### 17. Finance lease obligation

##### Minimum lease payments due

- within one year	1 615 987	938 773
- in second to fifth year inclusive	2 997 281	1 642 852
	4 613 268	2 581 625
less: future finance charges	(335 224)	(180 928)
<b>Present value of minimum lease payments</b>	<b>4 278 044</b>	<b>2 400 697</b>

Non-current liabilities	450 122	2 400 696
Current liabilities	2 755 502	234 693
	<b>3 205 624</b>	<b>2 635 389</b>

Msukaligwa Local Municipality leases photocopy machines from Emalangeni technologies from 14 August 2023 for 3 years. Additional machines were delivered in the current financial year end 2025. The lease instalments are payable monthly in arrears in. The lease term was 3 years.

The average lease term was 3 years and the average effective borrowing rate was 5% (2024: 5%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>18. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Financial Management Grant	828 204	-
Provincial Treasury Support Grant	1	2 793 283
Local Government Sector Education and Training Authority Grant	244 904	1 180 761
Sport and Recreation- National Lottery	700 000	700 000
Municipal Disaster Relief Grant	9 140 509	9 580 003
Regional Bulk Infrastructure Grant	-	40 196 024
	<b>10 913 618</b>	<b>54 450 071</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	54 450 071	44 723 686
Additions during the year	480 380 847	429 145 661
Income recognition during the year	(523 917 300)	(419 419 276)
	<b>10 913 618</b>	<b>54 450 071</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 18 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced in call account until utilised.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand 2025 2024

### 19. Provisions

#### Reconciliation of provisions - 2025

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	67 772 273	5 508 013	(10 988 632)	62 291 654

#### Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	95 319 376	6 328 689	(33 875 792)	67 772 273

#### Environmental rehabilitation provision

During the assessment, it was noted that all four sites do not make use of a weighbridge, therefore, the remaining useful lives were calculated using the average rate of 0.7kg/day of waste generation per person per year as published in the Integrated Waste Management Plan. The number of populations per area and the estimated growth rate were determined from the figures published on STATS SA. The table below shows the rate of deposition based on the number of people per household.

#### Discount Rates Assumptions

The Municipality have applied 7.4% for 2022, 5.4% for 2023, 5.1% and finally 2,8% for 2025. These were also used to adjust the consulting rate from 2020 to 2025. Accounting Standard GRAP 19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The discount rate of **9.7%** for 2025, **10.30%** for 2024, **10.32%** for 2023 and **9.39%** for 2022 is used as per the government bonds for 5 to 10 years

### 20. Service charges

Sale of electricity	306 324 168	258 527 636
Sale of water	91 348 489	73 096 350
Sewerage and sanitation charges	61 730 253	60 289 752
Refuse removal	53 011 227	51 500 951
	<b>512 414 137</b>	<b>443 414 689</b>

### 21. Rental of facilities and equipment

#### Premises

Premises	2 633 781	2 300 257
----------	-----------	-----------

#### Facilities and equipment

Rental of equipment	829 327	533 131
	<b>3 463 108</b>	<b>2 833 388</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>22. Fines, Penalties and Forfeits</b>		
Traffic fines, Law Enforcement	56 016 430	8 899 670
Fines, Fire, Library and other	11 113	9 557
Fines rezoning	1 190	163 428
	<b>56 028 733</b>	<b>9 072 655</b>
<b>23. Other income</b>		
Sundry income	1 273 415	870 317
Tender fees	775 798	817 511
Fire brigade services	2 777 481	2 958 498
Connection fees	5 033 209	3 515 245
Photocopies	214 892	221 024
Advertising	261 363	324 356
Cemetery and burial	706 198	656 664
Planning and development	1 823 954	1 611 251
Commission	513 748	445 771
Refunds	286 392	-
	<b>13 666 450</b>	<b>11 420 637</b>
<b>24. Debt forgiven</b>		
<b>Heading</b>		
Debt forgiven	-	178 710 052
<b>25. Interest revenue</b>		
<b>Interest income</b>		
Interest charged receivables from exchange transactions	31 069 444	34 985 416
Interest - Property rates and bank accounts	14 745 797	17 446 640
	<b>45 815 241</b>	<b>52 432 056</b>

The amount included in Interest revenue arising from exchange transactions amounted to R 31 069 444.

The amount included in Interest revenue arising from non-exchange transactions amounted to R 8 857 241.

The amount included in Interest revenue arising from positive bank balance amounted to R5 888 136

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>26. Property rates</b>		
<b>Rates received</b>		
Residential	67 286 923	65 927 240
Business and Commercial	86 718 095	82 223 887
Public Services purposes	28 024 959	26 557 521
Agricultural	22 179 626	21 096 870
Public benefit organisation	51 175	48 429
Vacant stands	8 598 988	7 875 715
Public services infrastructure	58 315	56 592
	<b>212 918 081</b>	<b>203 786 254</b>

Municipal revenue generated from property taxation as per the Muncipal Property Rates Act

### Valuations

Residential	9 324 267 800	8 845 364 100
Business and industrial	3 179 432 200	3 239 924 200
Municipal	94 700 000	972 114 800
Agriculture	9 002 647 500	8 951 326 000
Public benefit organisation	291 423 200	299 644 500
Public Services Infrastructure	55 609 790	48 443 190
Public Services Purposes	1 136 915 700	987 923 300
Vacant stands	592 853 400	334 194 000
	<b>23 677 849 590</b>	<b>23 678 934 090</b>

Valuations on land and buildings are performed every 4 to 5 years. The last general valuation came into effect on 1 July 2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of 2025 1, 10188 (2024: 1,05041) is applied to property valuations to determine assessment rates. rebates are granted to the following properties;  
Residential properties, Agriculture properties, Public Service infrastructure, Public benefit organisation property, Municipal properties, agriculture and public benefit organisation properties

Rates are levied on an annual basis with the billing date from Monday, 01 July 2024 to Monday, 30 June 2025. Interest at fixed rate

The new general valuation will be implemented on 01 July 2025.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>27. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Financial Management Grant	2 971 797	3 000 000
Local Government Sector Education and Training Authority	2 080 702	2 028 144
Equitable Share	270 341 185	252 878 000
Provincial Treasury Support Grant	2 793 282	8 419 957
Expanded Public Works Programme	1 285 000	1 511 000
	<b>279 471 966</b>	<b>267 837 101</b>
<b>Capital grants</b>		
Regional Bulk Infrastructure Grant	120 196 024	42 877 167
Water Service Infrastructure Grant	30 000 000	30 000 000
Municipal Infrastructure Grant	67 555 250	55 356 450
Integrated National Electrification Grant	2 116 000	6 800 000
Energy Efficiency Demand Site Management Grant	6 800 000	7 000 000
MIG- PMU	3 042 750	3 134 550
Municipal Disaster Relief Grant	14 735 310	6 419 997
	<b>244 445 334</b>	<b>151 588 164</b>
	<b>523 917 300</b>	<b>419 425 265</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
<b>Equitable Share</b>		
<b>Equitable share Reconciliations</b>		
Current-year receipts	270 137 000	252 878 000
Recovered from Municipal Disaster Relief Grant	204 000	-
Spent during the year	(270 341 000)	(252 878 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
<b>Expanded Public Works Programme</b>		
Current-year receipts	1 285 000	1 511 000
Conditions met - transferred to revenue	(1 285 000)	(1 511 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
<b>Financial Management Grant</b>		
Current-year receipts	3 800 000	3 000 000
Conditions met - transferred to revenue	(2 971 796)	(3 000 000)
	<b>828 204</b>	-
Conditions still to be met - remain liabilities (see note 18).		
<b>Energy Efficiency Demand Site Management Grant</b>		

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>27. Government grants &amp; subsidies (continued)</b>		
Current-year receipts	6 800 000	7 000 000
Conditions met - transferred to revenue	(6 800 000)	(7 000 000)
	-	-
<b>Provincial Treasury Support Grant</b>		
Balance unspent at beginning of year	2 793 283	1 213 240
Current-year receipts	-	10 000 000
Conditions met - transferred to revenue	(2 793 282)	(8 419 957)
	<b>1</b>	<b>2 793 283</b>
<b>Local Government Sector Education and Training Authority</b>		
Balance unspent at beginning of year	1 180 761	1 237 255
Current-year receipts	1 144 845	1 971 649
Conditions met - transferred to revenue	(2 080 702)	(2 028 143)
	<b>244 904</b>	<b>1 180 761</b>
Conditions still to be met - remain liabilities (see note 18).		
<b>Sports and Recreation Grant- National Lottery</b>		
Balance unspent at beginning of year	700 000	700 000
Conditions still to be met - remain liabilities (see note 18).		
<b>Municipal Disaster Relief Grant</b>		
Balance unspent at beginning of year	9 580 003	1 500 000
Current-year receipts	14 500 000	14 500 000
Conditions met - transferred to revenue	(14 735 310)	(6 419 997)
Withheld	(204 184)	-
	<b>9 140 509</b>	<b>9 580 003</b>
Conditions still to be met - remain liabilities (see note 18).		
<b>Intergrated National electrification Programme</b>		
Current-year receipts	2 116 000	6 800 000
Conditions met - transferred to revenue	(2 116 000)	(6 800 000)
	-	-
<b>Municipal Infrastructure Grant</b>		
Current-year receipts	70 598 000	58 491 000
Conditions met - transferred to revenue	(70 598 000)	(58 491 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
<b>Regional Bulk Infrastructure Grant</b>		

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>27. Government grants &amp; subsidies (continued)</b>		
Balance unspent at beginning of year	40 196 024	40 073 191
Current-year receipts	80 000 000	43 000 000
Conditions met - transferred to revenue	(120 196 024)	(42 877 167)
	-	<b>40 196 024</b>
<b>Water Services Infrastructure Grant</b>		
Current-year receipts	30 000 000	30 000 000
Conditions met - transferred to revenue	(30 000 000)	(30 000 000)
	-	-
<b>28. Public contributions and donations</b>		
Public contributions and donations	2 072 729	16 239 117
<b>Reconciliation of conditional contributions</b>		
<b>Entity</b>	<b>2025</b>	<b>2024</b>
Gert Sibande District Municipality	1 913 971	15 387 687
Overlooked Mining	158 758	-
Department of Culture, Sports and Recreation	-	813 721
South African Library for the blind	-	37 709
Subtotal	2 072 729	16 239 117
	<b>2 072 729</b>	<b>16 239 117</b>

During the year under review, the Municipality received total donations amounting to R 2 072 729. From Gert Sibande District Municipality a donation amounting to R 1 913 971.00 and Overlooked Mining a donation amounting to R 158 757,50.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>29. Employee related costs</b>		
Basic	174 426 784	157 528 126
Annual Bonus	14 321 193	13 103 510
Medical aid contributions	14 476 294	13 864 365
UIF	1 353 300	1 316 879
COID Levy	2 079 237	1 508 858
SDL	2 529 530	2 396 161
Bargaining Council	90 712	82 755
Leave pay provision charge	1 312 968	2 709 181
Pension fund contributions	33 917 585	30 952 494
Group insurance	3 128 834	2 843 297
Cellphone and data allowances	1 128 802	774 106
Overtime payments	27 269 771	26 383 591
Long-service awards	2 381 651	2 818 845
Acting allowances	1 159 629	1 023 067
Car allowance	11 226 647	11 355 828
Housing benefits and allowances	578 669	532 727
Shift and standby allowances	17 211 898	15 034 625
Post retirement medical aid	2 581 000	573 143
	<b>311 174 504</b>	<b>284 801 558</b>
<b>Remuneration of municipal manager - M Kunene</b>		
Annual Remuneration	1 087 861	1 168 866
Car Allowance	188 850	187 323
Cellphone allowance	35 500	30 000
Contributions to UIF, Medical and Pension Funds	194 912	188 770
Subsistence and travelling	65 854	-
	<b>1 572 977</b>	<b>1 574 959</b>
<b>Remuneration of chief finance officer - PJ Nhlabathi</b>		
Annual Remuneration	768 303	828 533
Car Allowance	249 852	248 012
Cellphone Allowance	29 500	24 000
Contributions to UIF, Medical and Pension Funds	192 949	184 287
	<b>1 240 604</b>	<b>1 284 832</b>
<b>Remuneration of Director Technical Services - ZP Duma</b>		
Annual Remuneration	753 836	841 515
Car Allowance	247 200	239 333
Cellphone Allowance	29 500	24 000
Contributions to UIF, Medical and Pension Funds	203 025	126 720
Travel and Subsistence allowance	35 366	-
	<b>1 268 927</b>	<b>1 231 568</b>
<b>Acting Director Corporate Services: A Mavimbela</b>		
Annual Remuneration	788 780	-
Car Allowance	130 285	-
Annual Bonuses	66 386	-
Contributions to UIF, Medical and Pension Funds	234 593	-
Cellphone allowance	17 500	-

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>29. Employee related costs (continued)</b>		
Acting allowance	30 800	-
	<b>1 268 344</b>	<b>-</b>
<b>Director Corporate Services: MS Dlamini</b>		
Annual Remuneration	576 872	-
Car Allowance	160 000	-
Cellphone allowance	20 000	-
Contributions to UIF, Re-imbursive Allowance, Medical and Pension Funds	80 137	-
	<b>837 009</b>	<b>-</b>
<b>Director Corporate Services - PS Mabuza</b>		
Annual Remuneration	-	957 986
Car Allowance	-	191 403
Cellphone Allowance	-	24 000
Contributions to UIF, Medical and Pension Funds	-	226 646
	<b>-</b>	<b>1 400 035</b>
<b>Director Community and Social Services - MS Lukhele</b>		
Annual Remuneration	790 567	839 676
Car Allowance	264 012	247 401
Cellphone Allowance	29 500	24 000
Contributions to UIF, Medical and Pension Funds	154 133	175 356
Acting Allowance	4 272	-
Travel and Subsistence allowance	20 707	-
	<b>1 263 191</b>	<b>1 286 433</b>
<b>Director Planning and economics development - H Maganya</b>		
Annual Remuneration	597 401	876 883
Car Allowance	144 000	185 866
Cellphone Allowance	22 000	24 000
Contributions to UIF, SDL, Medical and Pension Funds	165 048	212 310
Acting Allowance	6 588	-
Leave payout	121 597	-
	<b>1 056 634</b>	<b>1 299 059</b>
<b>Acting Director Planning and Economic development - C Mathebula</b>		
Annual Remuneration	706 565	-
Car Allowance	131 152	-
Cellphone allowance	17 500	-
Acting allowance	28 850	-
Contribution to UIF, SDL, Medical and Pension fund	167 588	-
Subsistence allowance	24 355	-
	<b>1 076 010</b>	<b>-</b>
<b>Employee related costs reconciliations</b>		
<b>Reconciliations of Employee related costs</b>	<b>2025</b>	<b>2024</b>
Other Municipal Staff	311 523 891	284 801 558

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>29. Employee related costs (continued)</b>		
Senior Management	9 583 696	8 076 891
	<b>321 107 587</b>	<b>292 878 449</b>
<b>30. Remuneration of councillors</b>		
Executive Mayor	1 097 230	1 040 254
Chief Whip	865 038	778 261
Mayoral Committee Members	4 277 920	3 991 104
Speaker	890 688	842 114
Councillors	12 161 885	11 372 018
	<b>19 292 761</b>	<b>18 023 751</b>
<b>In-kind benefits</b>		
<p>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 and Speaker has use of a Council owned vehicle for official duties. The Mayor and speaker has full-time bodyguards.</p>		
<b>Additional information</b>		
<p>The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.</p>		
<b>31. Repairs and maintenance</b>		
Motor Vehicles	6 509 528	5 810 454
Plant Machinery and Equipment	10 632 919	7 609 546
Buildings	2 008 005	945 490
Water	25 242 962	28 357 980
Electrical	33 476 321	45 579 151
Roads	29 608 189	11 787 499
Sanitation	3 394 045	3 222 473
	<b>110 871 969</b>	<b>103 312 593</b>
<b>32. Depreciation and amortisation</b>		
Property, plant and equipment	123 880 395	128 555 587
Intangible assets	5 255	5 276
	<b>123 885 650</b>	<b>128 560 863</b>
<b>33. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	10 702 921	45 997 515
<b>Reversal of impairments</b>		
Property, plant and equipment	971 885	(67 277)
<b>Total impairment losses (recognised) reversed</b>	<b>11 674 806</b>	<b>45 930 238</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>34. Finance costs</b>		
Trade and other payables	106 260 226	116 448 491
Finance leases	188 761	32 960
Employee benefit obligations - Interest cost	10 531 000	9 726 000
Landfill site provision- Interest	5 508 013	6 328 689
	<b>122 488 000</b>	<b>132 536 140</b>
<b>35. Auditors' remuneration</b>		
Fees	8 425 133	6 888 632
<b>36. Debt impairment</b>		
Debt impairment: Consumer Debtors	102 259 783	77 313 588
Debt Impairment: Traffic fines	44 421 606	4 789 967
Bad debts written off	2 698 782	-
	<b>149 380 171</b>	<b>82 103 555</b>
<b>37. General expenses</b>		
Advertising	1 341 965	932 831
Auditors fees	8 425 133	6 888 632
Bank charges	4 323 765	3 154 563
Materials and installation costs	50 851 256	19 957 263
Consulting and professional fees	6 410 174	5 011 178
Consumables	1 998 257	499 368
Insurance	3 219 479	5 839 316
Conferences and seminars	139 418	348 827
Fuel and oil	17 818 238	21 697 445
Printing and stationery	7 458 232	8 715 952
Protective clothing	4 468 659	1 652 432
Software expenses	8 359 738	10 176 067
Subscriptions and membership fees	4 131 614	3 579 251
Training	2 299 072	2 251 430
Travel - local	4 916 812	5 256 734
Assets expensed	-	5 847 502
Ward Committee	3 196 500	3 073 800
	<b>129 358 312</b>	<b>104 882 591</b>
<b>38. Bulk purchases</b>		
Electricity - Eskom	486 097 249	401 588 086

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand 2025 2024

### 38. Bulk purchases (continued)

#### Electricity losses

	2025	2024		
Units purchased	225 807 631	208 143 757	-	-
Units sold	(88 608 737)	(76 678 501)	-	-
<b>Total loss</b>	<b>137 198 894</b>	<b>131 465 256</b>	-	-

Values in rands

Non-technical losses			-	-
----------------------	--	--	---	---

Percentage Loss:

Non-technical losses		61 %		63 %
<b>Total</b>		<b>61 %</b>		<b>63 %</b>

Electricity

The municipality purchased **2025:** 225 807 631 (**2024:** 208, 143, 757) units during the financial year and sold in **2025:** 88 608 737 (**2024:** 76, 678, 501) units during the financial year. This represents a loss of **2025:** 61% (**2024:** 63%). Reasons for incurring electricity losses relates to the dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

#### Water losses

	2025	2024		
Units purchased	7 516 510	7 156 417	-	-
Units sold	(2 520 294)	(2 322 992)	-	-
<b>Total</b>	<b>4 996 216</b>	<b>5 193 425</b>	-	-

Value in rand

Non-technical losses			-	-
----------------------	--	--	---	---

Percentage Loss:

Non-technical losses		66 %		68 %
<b>Total</b>		<b>66 %</b>		<b>68 %</b>

Water

The municipality purchased in **2025:** 7, 516, 510 (**2024:** 7, 156, 417) units during the financial year, of which a total of in **2025:** 2, 280, 104 (**2023:** 2, 322, 992) units were sold. This represents a loss of in **2025:** 69% (**2024:** 68%). Reasons for incurring water losses relates to old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore insufficient staff, components and working vehicles which affect the reaction time.

### 39. Contracted services

#### Outsourced Services

Fire Services	525 544	175 675		
Accounting Services	5 757 011	4 855 087		
Prepaid electricity commission	3 788 150	3 017 158		
Security Services	41 689 092	39 621 441		
Electrical	9 071 125	8 028 352		

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>39. Contracted services (continued)</b>		
<b>Consultants and Professional Services</b>		
Business and Advisory	4 052 291	4 247 704
Infrastructure and Planning	3 085 001	2 053 173
Legal Cost	10 211 746	9 291 236
	<b>78 179 960</b>	<b>71 289 826</b>
<b>40. Cash generated from operations</b>		
Deficit	(262 670 742)	(123 596 481)
<b>Adjustments for:</b>		
Depreciation and amortisation	123 885 650	128 560 863
Gain/Loss on sale of assets and liabilities	4 019 854	3 831 816
Leave provision	1 312 968	2 709 181
Prepaid electricity received in advance	618 295	316 206
Deposits forfeited	262 490	858 598
Movement in 13th cheque	612 775	453 007
Fair value adjustments	(1 734 837)	1 719 103
Movement in Salary accrual	(10 851 385)	7 527 897
Impairment loss	11 674 806	45 930 238
Debt impairment	149 380 171	82 103 555
Actuarial gains	(6 079 319)	(63 936)
Finance cost employee benefit obligation	10 531 000	9 726 000
Landfill site	5 508 013	6 328 689
Net Movement in employee benefits	(457 000)	(2 205 064)
Inventory losses or write-downs	(1 249 249)	2 064 312
Donations received	(2 072 729)	(16 239 117)
<b>Changes in working capital:</b>		
Inventories	12 838 172	(9 808 359)
Receivables from exchange transactions	(172 820 860)	(152 462 219)
Consumer deposits	2 223 096	1 209 791
Receivables from non-exchange transactions	(81 180 702)	(38 774 073)
Payables from exchange transactions	479 638 678	327 206 632
Unspent conditional grants and receipts	(43 536 453)	9 726 385
Consumer receivables paid in advance	(877 419)	766 047
Other changes in investment property	-	(178 710 052)
	<b>218 975 273</b>	<b>109 179 019</b>
<b>41. Fair value adjustments</b>		
Investment property (Fair value model)	1 734 837	(1 719 103)

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>42. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Electrical	11 977 934	9 450 190
• Roads	26 358 593	49 417 995
• Sanitation	419 297 333	95 860 012
• Water Supply	22 579 310	32 790 846
• Land and Building	22 668	541 210
	<b>480 235 838</b>	<b>188 060 253</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	480 235 838	188 060 253
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Consulting and professional fees	7 993 224	22 833 656
• Security Services	87 785 401	10 036 451
• Supply and delivery	3 763 534	6 781 627
• Repairs and maintenance	-	4 183
	<b>99 542 159</b>	<b>39 655 917</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	99 542 159	39 655 917
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	480 235 838	188 060 253
Authorised operational expenditure	99 542 159	39 655 917
	<b>579 777 997</b>	<b>227 716 170</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 43. Contingencies

Below are contingencies the municipality relating to a various nature of litigation as stated in the list.daisy

#### Contingent liabilities incurred relating to interests in other entities

Nature of Litigation	Status of the case	Citation in Court	Legal representatives	2025	2024
This issue involves land that was earmarked for business and churches but was later disposed of or allocated in a manner which was not in line with the development and the agreement reached in 1995. NEWCHO as the developer is intending to sue the Municipality for damages. The Municipality was served with summons in 2015.	Summons were issued Notice of intention to defend was filed Plea was filed Discovery has been done The matter is at the pre-trial stage The attorneys of NEWCHO have submitted a settlement proposal which has been discussed and the amount was reduced to R 1 Million as per the letter dated 02 July 2020. Then on the 21 of July 2020 the Municipality has further proposed the settlement of R 500 000 and we are still awaiting the response thereto	The New Housing Company v Msukaligwa Local Municipality	TMN Kgomo and Associates	12 499 180	11 915 658
An Employee of the Municipality was electrocuted while on duty on the 27th of May 2011. He is claiming damages alleging that he was injured as a result of the sole negligence of the Municipality.	Summons were issued	JJ Meyer v Msukaligwa Local Municipality	TMN Kgomo and Associates	2 495 212	2 384 962

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>43. Contingencies (continued)</b>		
<p>Action was taken by SAMWU on behalf of Hlophe and others against the municipality for losses due to unlawful variation of the terms of the employment in 2011. The municipality is opposing the claims and pleadings are currently still exchanged, the matter has not been set down for a trial date.</p>	<p>This matter is still pending in the labour Court. However an information was supplied to our attorneys that we were paying the employees 1.5 prior to 2011 and from 2013. Then further information will be provided on the amount outstanding for that period. A meeting has been held on the 13th of November 2014 with a view to have an amicable solution on this matter. As the Municipality we need to do a calculation. A detailed report will be presented to Council on this matter.</p>	<p>Samwu obo Hlophe and Others v Msukaligwa Local Municipality Sefalafala Attorneys</p>
	1 184 146	1 131 342
<p>The Plaintiff is suing the Municipality together with the Minister of Police for pain and suffering as a result of injuries sustained when he was detained in custody as a result of the case of theft of the machine of the Municipality.</p>	<p>Summons were issued</p>	<p>Readwell Mhlongo Sipho Radebe Khumalo v Msukaligwa Local Municipality and the Minister of Police</p>
	10 699 300	10 085 050
<p>This matter comes from the procurement processes on debt collection wherein the Plaintiff submitted a tender for that service. The Plaintiff realised that they were appointed after seeing their name on the website as part of those who were awarded the tender. They are suing the Municipality for future loss of income.</p>	<p>The notice of intention to defend has already been filed and the matter is pending in the High Court.</p>	<p>Alphabet Street Julie Mahommed Properties 89 (trading as REGUCOM) v Msukaligwa Local Municipality</p>
	92 302 500	89 127 500
<p>A vehicle belonging to the resident was involved in the accident as a result of the negligence of the Municipality not to mark the area where it was working with the red tape in 2014.</p>	<p>Summons were issued</p>	<p>Bronwyn Voges v Msukaligwa Municipality TMN Kgomo and Associates</p>
	320 812	306 198

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand				2025	2024
<b>43. Contingencies (continued)</b>					
The employees of the Municipality went on a protest which turned violent and there was damage to property of the Municipality in 2013. As result there were employees who were arrested for that. Some of the employees were withdrawn from the case and others were acquitted. Then one of the employees is suing the Municipality for unlawful arrest.	Summons were issued and the matter is defended	Simon Lebheshu Mokoena v Msukaligwa Local Municipality	TMN Kgomo and Associates	142 287	135 462
Children were playing in Thusiville and one of them was electrocuted by an electricity line in 2015 and he suffered damages in the form of the pain and suffering and future loss of income.	Summons were issued	Dumazile Agnes Ngwenya v Msukaligwa Local Municipality	Mohlala Attorneys	49 782 000	47 157 250
A resident's motor vehicle was involved in an accident in 2014 and as a result the resident suffered damages.	Summons were issued	T Nel v Msukaligwa Local Municipality	Mohlala Attorneys	1 187 000	1 133 000
The Municipality is sued for negligence as a result of not maintaining the electricity infrastructure which resulted in the damage of properties of the residents when the electricity was switched on in 2010.	Summons were issued	H Strydom and Others v Msukaligwa Local Municipality	TMN Kgomo and Associates	579 648	546 944
The Municipality is being sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle	Summons were issued and the matter is defended	Lucky Mfana Mbuyane v Msukaligwa Local Municipality	None (Own Defence)	42 524	40 676
The Municipality has been served with summons for the breach of contract on the tender that was withdrawn for the maintenance of the Ermelo Landfill site. The company is claiming for the future loss of income.	The Municipality is defending the matter and the answering affidavit was filed. An application in terms of rule 35 has been served by the Defendant to the Plaintiff.	Nkosi Ka Shandu v Msukaligwa Local Municipality	Mohlala Attorneys	25 193 833	23 793 833
The Municipality has been served with summons claiming an amount which was paid on the municipal account due to fire services that was rendered by the Municipality.	The Municipality has filed the notice of intention to defend and will raise a Special Plea	Zeelie v Msukaligwa Local Municipality	Motimele Attorneys	1 455 379	1 335 463
The Municipality has been served with summons for the damages caused on the house of the resident allegedly when the municipal staff was fixing the water pipe.	The Municipality has filed the notice of intention to defend and has raised a Special Plea	Sonto Mahlangu v Msukaligwa Local Municipality	Maphanga Attorneys	660 437	611 687

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand				2025	2024
<b>43. Contingencies (continued)</b>					
The Municipality has been served with summons for the claim resulting from the pothole claim.	The Municipality has filed the notice of intention to defend	Jacben Trust v Msukaligwa Local Municipality	None (Own Defence)	208 846	192 039
Damages to vehicle to due to potholes in the road.	Summons were issued.	Nkosinathi Lukhele v Msukaligwa Local Municipality	Mhlongo Khumalo Attorneys	167 985	159 159
The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired	The summons were issued	EPH's Security Services v Msukaligwa Local Municipality	Mhlongo Khumalo Attorneys	14 318 197	13 418 436
The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.	Notice of intention to defend was filed	EPH's Security Services v Msukaligwa Local Municipality	Mhlongo Khumalo Attorneys	7 408 403	6 943 083
The Municipality received summons for the outstanding amount to Rand water for the 2013 operation and maintenance project.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Rand Water v Msukaligwa Local Municipality	Guzana Attorneys	16 241 661	15 387 090
The Municipality has been served with the summons claiming damages as a result of the breach of contract. The Plaintiff is claiming for future loss of income.	Notice of intention to defend was filed	303 Security Services v Msukaligwa Local Municipality	Lusenga Attorneys	94 049 311	85 312 906
The Municipality has been served with summons on the allegations that the municipal employees damaged the fibre cable of the Plaintiff.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Dark Fibre v Msukaligwa Municipality	None (Own Defence)	171 158	-
The Municipality has been served with summons for unlawful arrest and detention which are claiming damages as a result thereof.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Paledi v Msukaligwa Municipality	Mokoena Attorneys	1 179 500	-

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand				2025	2024
<b>43. Contingencies (continued)</b>					
The Municipality received the notice of motion to comply with the court order to ensure that the employee does not suffer financial loss on the money deducted by SARS and the accrual on the pension fund.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Mr. G Heinz v Msukaligwa Local Municipality	Sibeko Incorporated	1 211 239	1 099 205
The municipality is sued the damage caused on the Telkom lines when the employees were fixing the damaged water pipes		Telkom v Msukaligwa Local Municipality	Mohlala Attorneys	-	407 251
The Municipality has been served with summons on the damage of the car as result of the pothole.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Sipho Isaac Zwane v Msukaligwa Municipality	None (Own Defence)	179 206	-
The Municipality has been served with summons for the outstanding amount on the previous network tower that was used by the Municipality in a farm of the Plaintiff.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	J I Neethling v Msukaligwa Municipality	None (Own Defence)	154 771	-
The Municipality has been served with summons on the damage of the car as result of the pothole.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Jan Knoetze v Msukaligwa Municipality	None (Own Defence)	53 088	-
The Municipality has been served with summons on the damage of the car as result of the pothole.	The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.	Elliot Musa Bota v Msukaligwa Municipality	None (Own Defence)	96 400	-

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 43. Contingencies (continued)

The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.

The municipality sold the site with the water reservoir to a private person who intended to establish a shopping mall. The development of the mall was stalled as a result thereof. The municipality was served with the summons in 2016. The municipality issued the notice of motion for review in 2019. In August 2023 there has been exchange of interlocutory application in terms of rule 34 A and the municipality is defending such application.

Zwane Family Trust v Msukaligwa Local Municipality  
TMN Kgomo and Associates

102 006 000

96 378 000

435 990 023 409 002 194

### Contigent liabilities

All contingent liabilities are disclosed at the amounts specified on the estimated projections. This approach is in compliance with with GRAP 19 and aligns with the principle of presenting an accurate and nonprejudicial disclosure in the financial statements and emphasize the importance of transparency and fairness in financial reporting.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 43. Contingencies (continued)

#### Contingent assets

The service providers are considered to have performed substandard work in the construction of a water reservoir which resulted in the reservoir bursting. At that stage the service providers had already been paid a certain sum of money for the job. The Municipality is claiming back the money already paid to the service providers (consultants and the contractor).

Nature of litigation	Status	Citation in Court	Legal Representative	2025	2024
The service providers are considered to have performed substandard work in the construction of a water reservoir which resulted in the reservoir bursting. At that stage the service providers had already been paid a certain sum of money for the job. The Municipality is claiming back the money already paid to the service providers (consultants and the contractor).	Summons were issued by the Municipality.	Msukaligwa Local Municipality v Dan Construction and Others	Gildenhuis Malatjie Attorneys	5 687 831	5 687 831

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 44. Related parties

#### Relationships

Accounting Officer

Councillors

Refer to accounting officers' report note 6

Refer to General Information page for Councillors  
note 37

Members of key Management

No other payments outside contractual employment

Close family member of key management

There were not transaction between close family of  
key management

### Remuneration of Key Management

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

Management class: Member of Mayoral Committee

2025

Name	Annual remuneration	car allowance	Cellphone and data Allowance	Contribution to Medical aid and Pension fund	Travelling and Subsistence allowance	other benefits SDL	Total
Executive Mayor: Cllr MP Nkosi	702 813	237 238	46 687	105 422	5 070	-	1 097 230
Speaker: Cllr NS Xaba	562 256	189 791	46 687	84 338	1 014	6 601	890 687
Chief Whip: Cllr PT Sibeko	510 551	177 983	46 687	96 642	26 877	6 297	865 037
MMC Finance: Cllr EC Msezane	527 709	177 984	46 687	79 156	25 564	6 274	863 374
MMC Technical Services: Cllr TC Motha	527 710	177 983	46 687	79 157	15 109	6 230	852 876
MMC Planning and Economic Development: BG Motha	527 710	177 998	46 687	79 157	4 627	6 209	842 388
MMC Corporate Services: Cllr TJ Madlala	527 710	177 983	46 687	79 157	9 411	6 209	847 157
MMC Community and Social Services: Cllr SE Ngovene	527 688	178 009	46 687	79 153	34 278	6 309	872 124
	<b>4 414 147</b>	<b>1 494 969</b>	<b>373 496</b>	<b>682 182</b>	<b>121 950</b>	<b>44 129</b>	<b>7 130 873</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

2024

Name	Annual Remuneration	Travel allowances	Contribution to Medical Aid and Pension Fund	Cellphone allowance	Total
Executive Mayor: Cllr MP Nkosi	670 247	230 166	93 487	46 353	1 040 253
Speaker: Cllr NS Xaba	536 839	184 133	74 790	46 353	842 115
Chief Whip: Cllr PT Sibeko	490 986	172 625	86 762	46 353	796 726
MMC Finance: Cllr EC Msezane	503 169	172 628	70 125	46 353	792 275
MMC Technical Services: Cllr TC Motha	503 173	172 625	70 126	46 353	792 277
MMC Planning and Economic Development: BG Motha	503 173	172 625	70 126	46 353	792 277
MMC Corporate Services: Cllr TJ Madlala	503 172	172 625	70 126	46 353	792 276
MMC Community and Social Services: Cllr SE Ngovene	503 105	172 702	70 116	46 353	792 276
	<b>4 213 864</b>	<b>1 450 129</b>	<b>605 658</b>	<b>370 824</b>	<b>6 640 475</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

#### Management class: Councillors

#### 2025

	Annual Remuneration	Car Allowances	Contribution to Medical Aid and Pension Fund	Cellphone and Data Allowances	Travelling and subsistence Allowance	Other benefits SDL	Total
Ordinary Councillors	-	-	-	-	-	-	-
DVF Arnoldi	222 414	75 077	33 362	46 687	-	2 752	380 292
JDA Blignaut	201 821	96 351	108 810	46 687	-	3 530	457 199
Z Breydenbach	16 637	6 070	2 496	3 917	-	212	29 332
SSS Buthelezi	222 418	75 077	33 363	46 687	-	2 752	380 297
SS Cindi	369 597	-	55 440	46 687	-	3 421	475 145
SP Khalishwako	369 598	-	55 440	46 687	8 618	3 421	483 764
BI Mabuza (Resigned February 2025)	135 689	43 299	20 353	28 007	-	1 657	229 005
SM Mabuza	287 703	-	43 155	46 687	-	2 715	380 260
VCN Madini	287 703	-	43 155	46 687	4 900	2 715	385 160
TJ Maduna	369 597	-	55 439	46 687	-	3 421	475 144
BA Mahlalela	255 629	-	87 010	46 687	-	2 925	392 251
MS Malaza (Resigned February 2025)	172 539	-	25 881	28 007	-	1 628	228 055
VJ Maseko	285 814	96 350	42 872	46 687	-	3 469	475 192
SC Mathebula (Terminated February 2025)	172 539	-	25 881	28 007	-	1 628	228 055
MM Mkhaliphi	369 597	-	55 440	46 687	-	3 421	475 145
BL Ndlazi	260 379	-	67 506	46 687	-	2 764	377 336
MFJ Ndlovu	222 418	75 077	33 363	46 687	-	2 752	380 297
SF Ngwenya	222 418	75 077	33 363	46 687	7 945	2 752	388 242
LL Nhlapho	222 418	75 077	33 363	46 687	845	2 752	381 142
BJ Nkosi	287 703	-	43 155	46 687	-	2 715	380 260
MZ Nkosi	222 418	75 077	33 363	46 687	338	2 752	380 635
SS Van Der Walt	85 847	29 924	17 460	14 097	-	1 073	148 401
T Nkosi	222 417	75 077	33 363	46 687	-	2 752	380 296
MA Nzimande	285 814	96 350	42 872	46 687	32 020	3 473	507 216
RT Nzimande	287 703	-	43 155	46 687	-	2 715	380 260

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

JJ Scholtz (Resigned Sept 2024)	182 037	65 579	27 306	40 622	-	2 298	317 842
PH Sibiya	369 597	-	55 440	46 687	-	3 421	475 145
MR Yende	222 418	75 077	33 363	46 687	-	2 752	380 297
HL Peachy	111 693	-	16 754	18 680	-	1 057	148 184
ZE Zulu	287 703	-	43 155	46 687	-	2 715	380 260
KJ Makhubu	369 597	-	55 440	46 687	6 070	3 430	481 224
NL Masuku	287 703	-	43 155	46 687	338	2 715	380 598
SW Crompton	204 713	-	30 707	34 304	-	1 937	271 661
A Ferreira	103 106	-	25 428	18 680	-	1 082	148 296
	<b>8 197 397</b>	<b>1 034 539</b>	<b>1 399 808</b>	<b>1 381 496</b>	<b>61 074</b>	<b>87 574</b>	<b>12 161 888</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

2024

	Annual Remuneration	Car Allowances	Contribution to Medical Aid and Pension Fund	Cellphone and Data Allowances	Total
Ordinary Councillors	-	-	-	-	-
DVF Arnoldi	214 334	72 839	29 585	46 353	363 111
JDA Bignaut	197 795	93 478	115 716	46 353	453 342
Z Breydenbach	214 334	72 839	29 585	46 353	363 111
SSS Buthelezi	214 334	72 839	29 585	46 353	363 111
SS Cindi	355 418	-	50 161	46 353	451 932
SP Khalishwako	355 418	-	50 161	46 353	451 932
BI Mabuza	214 334	72 839	29 585	46 353	363 111
SM Mabuza	277 672	-	39 086	46 353	363 111
VCN Madini	277 671	-	39 086	46 353	363 110
TJ Maduna	308 718	-	43 743	46 353	398 814
BA Mahlalela	239 983	-	77 504	46 353	363 840
MS Malaza	277 672	-	39 086	46 353	363 111
VJ Maseko	274 134	93 477	37 968	46 353	451 932
SC Mathebula	277 672	-	39 086	46 353	363 111
MM Mkhaliphi	355 418	-	50 161	46 353	451 932
BL Ndlazi	277 672	-	39 086	46 353	363 111
MFJ Ndlovu	214 334	72 839	29 585	46 353	363 111
SF Ngwenya	214 334	72 839	29 585	46 353	363 111
LL Nhlapho	214 334	72 839	29 585	46 353	363 111
BJ Nkosi	277 672	-	39 086	46 353	363 111
MZ Nkosi	214 334	72 839	29 585	46 353	363 111
NR Nkosi (Late)	9 677	3 706	1 452	1 763	16 598
T Nkosi	214 334	72 839	29 585	46 353	363 111
MA Nzimande	296 049	93 477	41 255	46 353	477 134
RT Nzimande	255 757	-	35 799	46 353	337 909
JJ Scholtz	214 334	72 839	29 585	46 353	363 111
PH Sibiya	353 051	-	49 805	46 353	449 209

## Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

### notes to the annual financial statements

Figures in Rand

#### 44. Related parties (continued)

MR Yende	214 334	72 839	29 585	46 353	363 111
TP Zulu (Late)	40 100	-	6 015	5 310	51 425
ZE Zulu	277 672	-	39 086	46 353	363 111
KJ Makhubu	202 556	-	30 383	30 553	263 492
NL Masuku	171 509	-	25 726	30 553	227 788
	<b>7 716 960</b>	<b>1 085 367</b>	<b>1 214 886</b>	<b>1 366 063</b>	<b>11 383 276</b>

#### Additional information

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 44. Related parties (continued)

#### Management class: Executive management

#### 2025

Name	Annual Salary	Car Allowance	Cellphone allowance	Contributions to UIF, SDL, Medical aid and Pension fund	Travel and Subsistence Allowance	Acting Allowance	Leave pay-out	Total
Municipal Manager: M Kunene	1 087 861	188 850	35 500	194 912	65 854	-	-	1 572 977
Chief Financial Officer: PJ Nhlabathi	768 303	249 852	29 500	192 949	-	-	-	1 240 604
Director Corporate Services: MS Dlamini	570 963	160 000	20 000	75 641	4 318	5 909	-	836 831
Director Planning and Economic Development: H Maganya	597 401	144 000	22 000	165 402	-	6 589	121 242	1 056 634
Director Community and Social Services: MS Lukhele	790 567	264 012	29 500	154 669	20 707	4 272	-	1 263 727
Director Technical Services: ZP Duma	753 836	247 200	29 500	203 025	35 366	-	-	1 268 927
	<b>4 568 931</b>	<b>1 253 914</b>	<b>166 000</b>	<b>986 598</b>	<b>126 245</b>	<b>16 770</b>	<b>121 242</b>	<b>7 239 700</b>

#### 2024

Name	Annual Remuneration	Car Allowance	Cellphone Allowance	Contributions to UIF, Medical Aid and Pension Fund	Other Allowance	Total
Municipal Manager: M Kunene	1 168 866	187 323	30 000	188 770	-	1 574 959
Chief Financial Officer: PJ Nhlabathi	828 533	248 012	24 000	184 287	-	1 284 832
Director Corporate Services: PS Mabuza	957 986	187 741	24 000	226 647	3 661	1 400 035
Director Planning and Economic Development: H Maganya	876 883	185 866	24 000	212 310	-	1 299 059
Director Community and Social Services: MS Lukhele	839 676	247 401	24 000	175 356	-	1 286 433
Director Technical Services: ZP Duma	841 515	239 333	24 000	126 720	-	1 231 568
	<b>5 513 459</b>	<b>1 295 676</b>	<b>150 000</b>	<b>1 114 090</b>	<b>3 661</b>	<b>8 076 886</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 45. Change in estimate

#### Property, plant and equipment

The useful life of all asset classes were adjusted during 2025 to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of the changing the remaining useful life of assets for the municipality during 2025 are as follows

<b>(Increase) / Decreases in depreciation per asset class</b>	<b>2025</b>	<b>2024</b>
Community (Building)	672 385	(798 961)
Infrastructure Assets	2 608 308	144 998 768
Movables	(975 745)	2 622 022
Subtotal	2 304 948	146 821 829
	<b>2 304 948</b>	<b>146 821 829</b>

The detail description, component types of the assets in question are available in the Fixed Assets Register of the Municipality.

The effect in future period estimates is not disclosed because it is impractical to estimate it.

### 46. Prior period errors

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: 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. Land parcel leased out to Sentech was erroneously omitted from the Investment Property register. Below is the disclosure of prior year correction:

#### Statement of financial position

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 46. Prior period errors (continued)

#### 2025

	Note	As previously reported	Correction of error	Re-classification	Restated
Trade payables		1 839 343 994	(148 981 293)	(333 205 946)	1 357 156 755
Service concession liability		-	-	333 205 946	333 205 946
Retention		15 552 970	6 507 198	-	22 060 168
Employee Accruals		11 932 654	2 965 193	-	14 897 847
VAT input accrual		300 456 464	-	526 222 995	826 679 459
Vat receivable		-	-	5 854 055	5 854 055
VAT payable		-	-	(532 077 050)	(532 077 050)
Inventory		31 774 842	1 622 685	-	33 397 527
Investment property		170 191 171	345 400	-	170 536 571
Property Plant and Equipment		2 627 716 893	19 199 560	-	2 646 916 453
		<b>4 996 968 988</b>	<b>(118 341 257)</b>		<b>- 4 878 627 731</b>

(i) Trade payables listing were not balancing with the creditors control vote, the nature of the error was the mistatement of creditors.

(ii) Retention was understated, retention claims were not recorded correctly in the general ledger

(iii) Employee related Accrual understated, due to incorrect treatment of third party payments.

(iv) VAT - VAT input accrual, vat receivable e and payable was netted-off in the previous financial year and were reclassified to seperate Vat input accrual, vat receivable and Vat payable

(v) Investment property was understated due to changes in interest rates

(vi) Property plant and equipment was undersated due differences in transfers made and confirmation letters from Gert Sibande District Municipality.

(v) Recognition of service concessionary liability relating to Eskom debt relief approved in September 2023 Amounting to R 333 205 946

vi) Inventory water for an amount of R1 622 685 not account for in the previous financial year

### Statement of financial performance

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 46. Prior period errors (continued)

#### 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from Exchange transaction interest- Interest received		41 037 986	-	(6 052 570)	34 985 416
Revenue from Non-Exchange transaction interest- Interest received		11 394 070	-	6 052 570	17 446 640
Employee related cost		287 875 358	-	(3 073 800)	284 801 558
General expenses		101 808 791	-	3 073 800	104 882 591
Debt forgiven		27 297 718	151 412 334	-	178 710 052
Inventory consumed		73 895 897	(1 622 685)	-	72 273 212
<b>Surplus for the year</b>		<b>543 309 820</b>	<b>149 789 649</b>	<b>-</b>	<b>693 099 469</b>

(i) Revenue from exchange transaction, Reclassification of interest received from exchange to non-exchange transaction

(ii) Employee related Costs, Reclassification of ward comiittee expenses from employee related costs to general expenses.

(iii) Debt forgivent , recognition of ommission of debt forgiven made by Department of Water and Sanitation.

(iv) Inventory water for an amount of R1 622 685 not account for in the previous financial year

#### 2025

### Cash flow statement

#### 2024

	Note	As previously reported	Correction of error	Restated
<b>Cash flow from operating activities</b>				
Rates and taxes		177 321 162	54 211 961	231 533 123
Sales of goods and services		193 092 030	101 817 261	294 909 291
Interest Income		6 052 570	8 372 813	14 425 383
Other receipts		-	13 113 628	13 113 628
Employees		(327 908 167)	25 490 993	(302 417 174)
Suppliers		(347 178 843)	(209 351 274)	(556 530 117)
Finance costs		-	(5 006 764)	(5 006 764)
		<b>(298 621 248)</b>	<b>(11 351 382)</b>	<b>(309 972 630)</b>
<b>Cash flow from investing activities</b>				
Purchases of Property Plant and Equipment		(149 898 989)	7 705 710	(142 193 279)
Proceed on sale of PPE		-	13 645 732	13 645 732
		<b>(149 898 989)</b>	<b>21 351 442</b>	<b>(128 547 547)</b>

### Errors

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 46. Prior period errors (continued)

#### Disclosures

Amount included payment made before year-end

Description	As previously reported	Adjustment amount	Restated amount
Medical aid and Pension fund	- 6 864 908	153 559	6 711 349
Commitments	- 267 844 705	(40 128 535)	227 716 170
Contingent Liabilities	- 213 700 724	195 301 470	409 002 194

(i) Medical aid and pension fund included amount of R 153 559 that was already paid June 2024

(ii) Commitments adjusted due to retention noted deducted from consultants and variation orders to contractors reduced by R40 128,523

(ii) Contingent liability were restated using estimates amounting to R 195 301 470 in compliance with GRAP 19.

#### Reclassifications

### 47. Comparative figures

Certain comparative figures have been reclassified. The reclassification is disclosed in the prior period error

### 48. Risk management

#### Financial risk management

The municipality is exposed to a variety of financial risks: market risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk, but the exposure is limited to the the municipality's management thereof. Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Generally, financial instruments play a much more limited role in creating or changing risks in entities that apply GRAP.

Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities. The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk.

Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 48. Risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The Municipality managing of 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. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

The table includes both interest and principal cash flows

<b>2025</b>	<b>Less than 1 year</b>	<b>Between 2 and 5 years</b>
Trade payables	2 211 424 995	-
Finance lease obligation	2 755 502	450 122

<b>2024</b>	<b>Less than 1 year</b>	<b>Between 2 and 5 years</b>
Trade payables	1 690 362 701	-
Finance lease obligation	234 639	2 400 696

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand 2025 2024

### 48. Risk management (continued)

#### Credit risk

Credit risk is the risk of financial loss to the Municipality or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality from customers and investment securities. 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 are monitored regularly.

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified. Credit risk consists mainly of cash deposits, cash equivalents. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy.

Consequently, the municipality is not exposure to any significant credit risk. Consumer debtors and other debtors are individually evaluated annually at statement of financial position date for impairment or discounting. Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. There were material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, and is not concentrated in any particular sector. The municipality establishes an allowance.

Financial assets and liabilities exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	319 527 310	241 332 693
Cash and cash equivalent	44 140 549	59 336 339
Vat input Accrual	997 283 853	826 679 459
Vat output accrual	679 536 418	532 077 050

Debtors Age Analysis for 2025	0 to 30 days	31- 180 days	181-380 days	Greater than 360 days	Total
Receivables from Exchange transactions	35 760 173	31 204 606	32 870 528	219 692 003	319 527 310

Debtors Age Analysis for 2024	0 to 30 days	31- 180 days	181-380 days	Greater than 360 days	Total
Receivables from Exchange transactions	39 551 375	31 006 545	30 379 380	140 395 393	241 332 693

#### Market risk

### 49. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of 1 243 546 058 and that the municipality's total liabilities is less than its assets by 1 243 546 058.

The municipality reported a deficit for the year of R 262 709 874 (2023-24: R 123 596 481)

The municipality is in a net current liability position of R 1 517 357 3843( current assets: R 1 494 669 887 less that current Liability R 3 012 027 271).

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.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 49. Going concern (continued)

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 operate for the ongoing operations for the municipality and that these annual financial statements will remain to restore the solvency of the municipality.

Management Plans to address the material uncertainty

In responding to the deficit, Council adopted various strategies to improve the financial situation through intervention from National and Provincial departments. The Municipality has an unfunded budget for the financial year under review, to improve the financial position the municipality has applied and approved on Eskom and Department of Water and sanitation debt relief by National Treasury. Council adopted a Reviewed Financial Recovery Plan and adopted by Council in December 2024. Municipal received additional allocation in Grant funding.

Council approved the budget funding plan in 21 May 2024 with the budget to address budget shortfall. The Municipality continues to implement aggressive revenue collection strategy to improve liquidity position. The Municipality has been allocated conditional and unconditional grants in the next Medium Term Revenue and Expenditure Framework. The municipality is able to provide basic services to the community in terms of section 152 of the Constitution of Republic.

Despite of the above strategies, the municipality faces material uncertainty relating to going concern in terms of the Municipality paying Eskom and Department of water sanitation and deterioration in financial performance.

### 50. Events after the reporting date

During the financial year under review, Council approved the write-off on property plant equipment amounting to R 17 477 559. which were adjusted in 2024/25 Annual Financial Statement. Accounting officer has identified unauthorised expenditure during the preparation of Annual Financial Statement

### 51. Unauthorised expenditure

Opening balance as previously reported	233 344 123	648 380 884
Add: Unauthorised expenditure - current	256 844 961	233 344 123
Less: Amount authorised - prior period	-	(648 380 884)
<b>Closing balance</b>	<b>490 189 084</b>	<b>233 344 123</b>

These transaction occurred due to repairs and maintenance of infrastructure assets due to overloading, cable theft on electricity infrastructure, Interest on outstanding creditors.

### 52. Fruitless and wasteful expenditure

Opening balance as previously reported	101 813 465	220 373 976
Add: Fruitless and wasteful expenditure identified - current	106 130 260	119 238 062
Less: Amount written off - current	-	(17 424 597)
Less: Amount written off - prior period	-	(220 373 976)
<b>Closing balance</b>	<b>207 943 725</b>	<b>101 813 465</b>

The transaction above relates to creditors not paid within 30 days mainly being Eskom and Department Water Sanitation. The transaction were reported quarterly to Council.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>53. Irregular expenditure</b>		
Opening balance as previously reported	24 826 432	437 508 523
Add: Irregular expenditure - current	17 880 561	24 826 432
Less: Amount written off - prior period	-	(437 508 523)
<b>Closing balance</b>	<b>42 706 993</b>	<b>24 826 432</b>
The transaction occurred relates to transaction of contract previously investigated. The process of investigation will be served to MPAC and Council during 2025/26 Financial Year.		
<b>54. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	3 404 434	3 149 498
Amount paid - current year	(3 404 434)	(3 149 498)
	-	-
<b>Audit fees</b>		
Opening balance	-	241 496
Current year subscription / fee	8 425 133	7 913 771
Amount paid - current year	(8 423 367)	(8 155 267)
	<b>1 766</b>	-
<b>PAYE and UIF</b>		
Opening balance	4 293 825	3 417 626
Current year subscription / fee	53 027 501	44 429 053
Amount paid - current year	(57 321 326)	(43 552 854)
	-	<b>4 293 825</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	6 712 349	-
Current year subscription / fee	78 983 832	79 173 804
Amount paid - current year	(85 696 181)	(72 461 455)
	-	<b>6 712 349</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 54. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
MP Nkosi	4 457	2 330	6 787
NS Xaba	1 263	-	1 263
EC Msezane	1 418	1 266	2 684
TC Motha	665	-	665
NR Nkosi	1 742	12 626	14 368
JDA Bignaut	4 012	4 018	8 030
DVF Arnoldi	7 654	-	7 654
VCN Madini	3 792	3 350	7 142
BA Mahlalela	8 818	4 856	13 674
VJ Maseko	2 379	15 623	18 002
MM MkhaliPhi	572	1 276	1 848
MFJ Ndlovu	50	10 161	10 211
JJ Scholtz	7 268	1 553	8 821
SW Crompto	1 301	-	1 301
KJ Makhubu	580	20 664	21 244
BG Motha	3 374	-	3 374
BL Ndlazi	1 943	2 035	3 978
	<b>51 288</b>	<b>79 758</b>	<b>131 046</b>

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr MP Nkosi	23 098	-	23 098
Cllr NS Xaba	15 726	-	15 726
Cllr EC Msezane	6 496	-	6 496
Cllr TC Motha	3 639	-	3 639
Cllr Z Breydenbach	1 948	-	1 948
Cllr NR Nkosi	2 796	4 751	7 547
Cllr JDA Bignaut	14 435	-	14 435
Cllr DVF Arnoldi	8 214	-	8 214
Cllr VCN Madini	14 227	-	14 227
Cllr BA Mahlalela	93 256	29 650	122 906
Cllr VJ Maseko	38 031	-	38 031
Cllr MM MkhaliPhi	15	1 039	1 054
Cllr MFJ Ndlovu	69	9 877	9 946
Cllr JJ Scholtz	7 035	-	7 035
Cllr KJ Makhubu	1 779	28 851	30 630
Cllr BG Motha	407	-	407
Cllr BL Ndlanzi	10 168	-	10 168
	<b>241 339</b>	<b>74 168</b>	<b>315 507</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 55. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

During the financial year under review, there no deviation incurred in terms of the SCM regulation 36

### 56. Segment information

#### General information

#### Identification of segments

The municipality has five major segments linked to the primary services offered as this forms the basis for recording and reporting information within the municipality and with external stakeholders.

> Electricity is a key service department, and, through significant infrastructure holdings, links electricity generation to consumers, and, therefore, generates economic benefits and service potential to the community.

> Water is a key service department, and, through significant infrastructure holdings, reticulates water to the community, and, therefore, generates economic benefits and service potential to the community. |

> Sewerage is a key service department, and, through significant infrastructure holdings, removes and treats waste water, and, therefore, generates economic benefits and service potential to the community.

> The Community and Health department, which generates economic gains and service potential through refuse removal as well as the management of community assets and areas, including libraries, parks and landfill sites. Incidental to its activities, it generates fine revenue.

The Finance vote is administrative, however it generates economic benefits in the form of interest on invested funds, and sundry income from the sale of tender documents, etc. Further, the administration of property rates is co-ordinated by the finance department. The Finance department is responsible for most of the asymmetrical allocations in the segments: expenses and assets are allocated to the segments, but the related payables, VAT and interest expenses are allocated to the Finance department. Inventory is held under the Finance department.

The other segments are administrative in nature and any revenue generated by these is incidental to their operations; these have been aggregated. Vehicles, road infrastructure assets, and office furniture and equipment make up the majority of Property, plant and equipment allocated to other reportable segments.

#### Aggregated segments

The municipality operates throughout the Mpumalanga Province in Gert Sibande District. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Mpumalanga were sufficiently similar to warrant aggregation.

Aggregation of segments is based on similarities in the service delivery object of the Municipality, in line with mSCOA which speaks to their economic characteristic. Information reported about these segments is used by management as a basis for evaluating the segments performance and for making decisions about the allocation of resources. Below indicates how the aggregation has been formulate.

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 56. Segment information (continued)

#### 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

1. Electricity
2. Water Supply
3. Waste Water
  
4. Community and Social Services
  
  
  
  
  
5. Finance
6. Other Departments

#### Goods and/or services

Electricity and Streetlighting  
Water Income, Water Network and water purification  
Sewerage Income, Sewerage Network, and Sewerage Purification  
Director Community and Health, Disaster Management, Cemetery ,  
: Park, Disaster, Fire brigade Services, Golf Course, Libraries,  
:Parks and Ground, Refuse and Sanitary, Sport and recreation, Licensing, Sport field General Swimming pool, Traffic, Caravan  
Assessment rates, Director finance, Credit Control,  
: Finance, Finance management Grant, Municipal Store Administration, Council General, Councillors, Director Corporate Services,  
: Director town engineer, Expanded Public works programme, Housing,  
: Human resources, IDP and Internal Audit, Integrated Development Planning,  
: Integrated Management information system, ICT Division,  
: Local Economic Development, Municipal Manager. Communication,  
: OHS , PMU, Other Department, Public works, Risk Management,  
: Staff flats, Sub economical department, Technical Department, Workshop

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 56. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2025

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Departments	Total
<b>Revenue</b>							
Service charges	306 324 168	91 348 489	61 730 253	53 011 227	-	-	512 414 137
Rental of facilities and equipment	-	-	-	3 039 687	-	423 422	3 463 109
Other income	3 853 488	98 166	-	4 504 843	1 793 139	3 416 815	13 666 451
Interest received	7 024 504	9 143 711	6 844 724	6 645 192	1 411 313	-	31 069 444
Property rates	-	-	-	-	212 918 081	-	212 918 081
Government grants & subsidies	8 916 000	187 751 274	-	-	5 765 079	321 484 946	523 917 299
Public contributions and donations	-	158 758	-	1 913 971	-	-	2 072 729
Fines, Penalties and Forfeits	-	-	-	56 027 543	-	1 190	56 028 733
Interest - Property rates	-	-	-	-	14 745 798	-	14 745 798
<b>Total segment revenue</b>	<b>326 118 160</b>	<b>288 500 398</b>	<b>68 574 977</b>	<b>125 142 463</b>	<b>236 633 410</b>	<b>325 326 373</b>	<b>1 370 295 781</b>
<b>Entity's revenue</b>							<b>1 370 295 781</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Departments	Total
<b>56. Segment information (continued)</b>							
<b>Expenditure</b>							
Employee related costs	30 640 663	23 900 211	20 523 729	87 122 522	48 614 161	109 956 914	320 758 200
Remuneration of councillors	-	-	-	-	-	19 292 760	19 292 760
Repairs and maintenance	33 771 511	47 564 045	2 599 407	4 664 073	324 648	21 948 283	110 871 967
Depreciation and amortisation	17 617 405	28 054 840	1 078 298	32 126 102	390 544	44 618 458	123 885 647
Finance costs	42 004 648	64 246 399	-	-	5 705 954	10 531 000	122 488 001
Debt Impairment	26 503 524	25 455 872	12 463 785	61 480 008	22 916 863	560 118	149 380 170
Bulk purchases	486 097 249	-	-	-	-	-	486 097 249
Inventory consumed	-	86 022 994	-	-	-	-	86 022 994
Contracted Services	12 908 661	-	-	44 180 625	12 425 901	8 664 773	78 179 960
General Expense	35 872 319	13 760 900	408 881	6 831 500	30 089 858	42 394 854	129 358 312
<b>Total segment expenditure</b>	<b>685 415 980</b>	<b>289 005 261</b>	<b>37 074 100</b>	<b>236 404 830</b>	<b>120 467 929</b>	<b>257 967 160</b>	<b>1 626 335 260</b>
<b>Total segmental surplus/(deficit)</b>	<b>(359 297 820)</b>	<b>(504 863)</b>	<b>31 500 877</b>	<b>(111 262 367)</b>	<b>116 165 481</b>	<b>67 359 213</b>	<b>(256 039 479)</b>
Loss on disposal of assets and liabilities	(407 03)	(38 28)	9 783 17	(9 679 77)		(3 677 94)	(4 019 854)
Fair value adjustments					1 734 83		1 734 837
Actuarial gains/losses				6 079 31			6 079 319
Impairment loss	(3 828 73)		(2 456 13)	(971 88)		(4 418 05)	(11 674 806)
Inventories (Loss)/gains				1 249 24			1 249 249
<b>Entity's surplus (deficit) for the period</b>	<b>(363 533 58)</b>	<b>(543 15)</b>	<b>38 827 92</b>	<b>(114 585 46)</b>	<b>117 900 31</b>	<b>59 263 21</b>	<b>(262 670 742)</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Departments	Total
<b>56. Segment information (continued)</b>							
<b>Assets</b>							
Inventories	-	-	-	-	19 310 106	-	19 310 106
Receivables from exchange transactions	83 800 288	101 060 289	59 960 860	44 611 443	30 094 429	-	319 527 309
Receivables from non-exchange transactions	-	-	-	2 935 172	102 762 561	-	105 697 733
VAT receivable	-	-	-	-	8 710 335	-	8 710 335
Vat Input Accrual	-	-	-	-	997 283 853	-	997 283 853
Cash and cash equivalents	-	-	-	-	44 140 550	-	44 140 550
<b>Total segment assets</b>	<b>83 800 288</b>	<b>101 060 289</b>	<b>59 960 860</b>	<b>47 546 615</b>	<b>1 202 301 834</b>	<b>-</b>	<b>1 494 669 886</b>
Investment property					186 527 59	(14 423 64)	172 103 946
Property, plant and equipment	349 263 70	948 225 79	606 247 50	155 771 19	1 004 14	688 257 66	2 748 769 999
Intangible assets						5 25	5 255
Heritage assets						174 89	174 895
<b>Total assets as per Statement of financial Position</b>	<b>433 063 99</b>	<b>1 049 286 07</b>	<b>666 208 36</b>	<b>203 317 81</b>	<b>1 389 833 57</b>	<b>674 014 16</b>	<b>4 415 723 981</b>
<b>Liabilities</b>							
Finance lease obligation	-	-	-	-	4 218 417	(1 462 914)	2 755 503
Payables from exchange transactions	142 772 867	272 584	-	-	2 162 251 554	3 024 292	2 308 321 297
VAT payable	17 522 086	22 010 866	15 884 161	12 366 479	611 752 626	-	679 536 218
Consumer deposits	23 754 445	-	-	-	128 687	-	23 883 132
Employee benefit obligation	-	-	-	-	5 129 000	-	5 129 000
Unspent conditional grants and receipts	2 951 203	(498 579 000)	-	-	(2 943 785)	509 485 199	10 913 617
<b>Total segment liabilities</b>	<b>187 000 601</b>	<b>(476 295 550)</b>	<b>15 884 161</b>	<b>12 366 479</b>	<b>2 780 536 499</b>	<b>511 046 577</b>	<b>3 030 538 767</b>
Finance lease obligation					450 12		450 122
Employee benefit obligation					15 787 00	63 110 43	78 897 435
Provisions						62 291 65	62 291 655
<b>Total liabilities as per Statement of financial Position</b>	<b>187 000 60</b>	<b>(476 295 55</b>	<b>15 884 16</b>	<b>12 366 47</b>	<b>2 796 773 62</b>	<b>636 448 66</b>	<b>3 172 177 979</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

### 56. Segment information (continued)

2024

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
<b>Revenue</b>							
Service Charges	258 527 636	73 096 350	60 289 752	51 500 951	-	-	443 414 689
Rental of Facilities and Equipment	-	-	-	138 597	-	2 694 791	2 833 388
Other Income	3 689 684	16 100	1 601	4 055 775	1 463 448	2 194 028	11 420 636
Interest received	-	-	-	-	17 446 640	-	17 446 640
Interest Income	7 958 988	10 837 903	7 890 256	7 497 226	801 043	-	34 985 416
Property rates	-	-	-	-	203 786 264	-	203 786 264
Grants and subsidies	13 800 000	98 233 617	-	-	11 419 957	295 971 691	419 425 265
Fines	-	-	-	8 909 227	-	163 428	9 072 655
Debt Forgiven	27 297 718	151 412 334	-	-	-	-	178 710 052
Donations	-	702 514	-	-	15 536 603	-	16 239 117
<b>Total segment revenue</b>	<b>311 274 026</b>	<b>334 298 818</b>	<b>68 181 609</b>	<b>72 101 776</b>	<b>250 453 955</b>	<b>301 023 938</b>	<b>1 337 334 122</b>
<b>Entity's revenue</b>							<b>1 337 334 122</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
<b>56. Segment information (continued)</b>							
<b>Expenditure</b>							
Employee Related Costs	27 618 388	20 817 930	18 061 974	74 800 414	46 421 383	105 158 355	292 878 444
Remuneration of Councillors	-	-	-	-	-	18 023 750	18 023 750
Depreciation	18 153 944	26 646 864	982 154	33 815 436	537 837	48 424 628	128 560 863
Impairment loss	-	-	-	45 930 237	-	-	45 930 237
Debt Impairment	17 536 983	19 753 464	13 563 202	17 277 861	12 515 559	1 456 486	82 103 555
Finance Costs	-	-	-	6 328 689	116 481 451	9 726 000	132 536 140
Bulk Purchases	401 588 086	-	-	-	-	-	401 588 086
Contracted Services	11 328 294	-	-	40 410 616	8 802 405	10 748 511	71 289 826
Repairs and Maintenance	46 604 007	38 418 459	3 756 242	4 881 053	49 289	9 603 543	103 312 593
Inventory Consumed	-	72 273 212	-	-	-	-	72 273 212
General Expenses	165 031	11 693 469	7 204 450	6 663 055	31 243 523	47 913 066	104 882 594
Actuarial Gain	-	-	-	(63 936)	-	-	(63 936)
Fair Value Adjustments	-	-	-	-	1 719 103	-	1 719 103
Gains/Loss on Disposal of Assets	-	-	-	-	3 831 816	-	3 831 816
Gains/Loss on Inventory	-	-	-	2 064 312	-	-	2 064 312
<b>Total segment expenditure</b>	<b>522 994 733</b>	<b>189 603 398</b>	<b>43 568 022</b>	<b>232 107 737</b>	<b>221 602 366</b>	<b>251 054 339</b>	<b>1 460 930 595</b>
<b>Total segmental surplus/(deficit)</b>	<b>(211 720 707)</b>	<b>144 695 420</b>	<b>24 613 587</b>	<b>(160 005 961)</b>	<b>28 851 589</b>	<b>49 969 599</b>	<b>(123 596 473)</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
<b>56. Segment information (continued)</b>							
<b>Assets</b>							
Inventory	-	-	-	-	33 397 527	-	33 397 527
Receivable from exchange transactions	67 656 568	65 004 143	40 113 763	37 756 642	25 068 236	5 733 341	241 332 693
Receivable from non-exchange transactions	-	-	-	2 317 236	87 042 386	-	89 359 622
VAT Receivable	-	-	-	-	5 854 055	-	5 854 055
Vat Input Accrual	(17 426 813)	(19 863 903)	(15 289 019)	(12 763 258)	891 799 366	223 086	826 679 459
Cash and Cash Equivalent	-	-	-	-	59 336 340	-	59 336 340
Property, plant and Equipment	356 035 671	931 808 940	555 879 918	20 058 801	1 410 930	781 722 196	2 646 916 456
Investment Property	-	-	-	5 552 000	181 143 053	(16 158 482)	170 536 571
Intangible Assets	-	-	-	-	-	10 510	10 510
Heritage Assets	-	-	-	-	-	174 895	174 895
<b>Total segment assets</b>	<b>406 265 426</b>	<b>976 949 180</b>	<b>580 704 662</b>	<b>52 921 421</b>	<b>1 285 051 893</b>	<b>771 705 546</b>	<b>4 073 598 128</b>
<b>Total assets as per Statement of financial Position</b>							<b>4 073 598 128</b>
<b>Liabilities</b>							
Provisions for landfill site	-	-	-	(67 772 273)	-	-	(67 772 273)
Consumer Deposits	(21 529 890)	-	-	-	(130 147)	-	(21 660 037)
Non-Current: Employee Benefit Obligation	-	-	-	-	(14 904 000)	(60 555 001)	(75 459 001)
Unspent Conditional Grants	(2 951 203)	378 382 976	-	-	42 849	(429 924 693)	(54 450 071)
Payables from exchange transactions	-	-	-	-	(1 463 647 597)	2 759 908	(1 460 887 689)
VAT Output accrual	-	-	-	-	(532 077 050)	-	(532 077 050)
Current Finance lease obligation	-	-	-	-	(234 693)	-	(234 693)
Current: Employee Benefit Obligation	-	-	-	-	(4 793 000)	-	(4 793 000)
Non-Current Finance lease obligation	-	-	-	-	(2 400 696)	-	(2 400 696)
Service concession liability	(333 205 946)	-	-	-	-	-	(333 205 946)
<b>Total segment liabilities</b>	<b>(357 687 039)</b>	<b>378 382 976</b>	<b>-</b>	<b>(67 772 273)</b>	<b>(2 018 144 334)</b>	<b>(487 719 786)</b>	<b>(2 552 940 456)</b>
<b>Total liabilities as per Statement of financial Position</b>							<b>(2 552 940 456)</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 57. Budget differences

#### Material differences between budget and actual amounts

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 57. Budget differences (continued)

The Municipality assess its material differences using 5% based on inflation CPI index. Below are the material variance identified on the actual amounts to budgeted amounts.

#### Statement of Financial Performance

- A. Service charges: Management intended to implement the normal general increase of 4,9% on all services and 12,72% on electricity charges, and implemented of TID roll-over, with the view that revenue will improve.
- B. Other Income : Oversight during budgeting, as Management planned to have additional revenue the revenue enhancement to respond to the unfunded Budget.
- C. Property Rates: Management implemented the normal general valuation roll, with a general increase of 4,9 % on tariffs and implementation of supplementary valuation roll to increase revenue base.
- D. Government grants and subsidies: this is due to 100% spending on the approved rollover amount allocation as per DoRA
- E Public contribution and donations: Donation received from GSDM and mining industry
- F. Fines, penalties and forfeits: increased revenue base by installation speed fines cameras
- G. Interest property rates and bank; INterest charged on outstanding on receivable and interest earned on call accounts
- H. Employee related costs: This related to post retirement benefits and long services award in terms of GRAP 25
- I. Remuneration of Councillors: The increase was based on the CIPX index of 4,9% as per national circular
- J. Repairs and maintenance: The savings relates to general expenses, however the budget tool does not have line for repairs maintenance but GRAP requirements requires line item for repair.
- K. Depreciation and amortisation: savings was caused by disposal of assets and related amortisation.
- L. Impairment loss: In terms of the mSCOA The budget template there is no provision for impairment loss and reversal of impairment.
- M. Financial cost; Due to non payment of current account on both Eskom and Department of Water and Sanitation
- N. Debt impairment : This is due to increase in receivable from exchange and non exchange transactions
- O. Bulk Purchases: Due to Eskom implementation of winter tariff and implementation of tariff increase during the financial year.
- P. Contracted Services: The savings in contacted services relates to items that are general expenditure in nature however the Municipality appointed a services providers to supply and deliver.
- Q. General Expense: The overspending relates to the adjustment made to repair and maintenance and contracted services.
- R. Loss on disposal of assets: No budget allocation in terms of mSCOA and assessment is performed at year-end
- S. Fairvalue adjustment: No budget allocation in terms of mSCOA and assessment is performed at year-end
- T. Actuarial gains and losses: No budget allocation in terms of mSCOA and assessment is performed at year-end
- U. Inventory gains: No budget allocation in terms of mSCOA and assessment is performed at year-end

#### Statement of Financial Position

- V. Inventory: budget based on historical performance
- W. Receivable from exchange transaction: The provision was based on the effective implementation of the debt collection and credit control policy
- X. Receivable from non-exchange transaction: The provision was based on the effective implementation of the debt collection and credit control policy
- Y. Cash and cash equivalent: The Municipal had liquid surplus cash at year end.
- Z. Property plan and equipment: this is due to budget allocation of capital grants
- AA Current Finance lease obligation: This was an omission to make budget estimate
- BB. Payable from exchange transaction: The municipality anticipated to conclude the repayment with DWS and to reduce the debt.
- CC. Consumer deposit; Due to opening of new accounts
- DD. Current Employee benefit obligation; This was an omission to make budget estimate
- EE. Unspent conditional grants: The Municipality spent all grants DMRG and FMG
- FF. Non current Finance lease obligation; this was based on prior year performance
- GG. Non- Current Employee benefits: New recruitment during the year affected provision
- HH. Non Current Landfill site: The movement depends on the evaluation report which is performed at year.

#### Cash Flow Statement

- II. This is due to to non paymnet of service by consumers
- JJ. This is due to to non paymnet of service by consumers
- KK This was due to omission on interest charged on outstanding debtors
- LL. This was interest receive on call deposit and service charges

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand	2025	2024
<b>57. Budget differences (continued)</b>		
LL1. Overstated during budgeting on envisaged revenue estimates		
MM. Interest paid on Eskom and DWS		
NN. Additional funding was allocated in March for MDRG		
OO. Omission during budget provision.		
<b>58. Accounting by principals and agents</b>		
The entity is a party to a principal-agent arrangement(s).		
<b>Details of the arrangement(s) is/are as follows:</b>		
The municipality entered in to an arrangement with Cigicell Pty Ltd to distribute, collect, process and manage the sales of prepaid electricity on behalf of the municipality. A fee of 3% of the total revenue collected is payable by the municipality for the prepaid sales of electricity directly through their platform. Where part of the receipt is used to settle outstanding debt of the consumer, this also attracts commission.		
The agent does not hold any assets of the municipality in conducting its functions. If this function were to be terminated, it is possible that the sale of pre-paid electricity would decrease due to the increased inconvenience of visiting the municipality to purchase electricity. While there would be a saving on commission, it is likely that additional resources would need to be employed (cashiers, tills, terminals), in order for the municipality to accommodate the increase in consumer transactions each day. It is not practicable to quantify these costs or benefits.		
<b>Entity as agent</b>		
<b>Revenue recognised</b>		
The aggregate amount of revenue that the entity recognised as revenue generated carried out on behalf of the Municipality is R83 314 992 - (2024: -R 68 700 564).		
<b>Entity as principal</b>		
<b>Fee paid</b>		
Fee paid as compensation to the agent	3 788 150	3 019 065
A fee of 3% of the total revenue collected is payable by the municipality for the prepaid sales of electricity directly through their platform		
<b>59. Vat receivables</b>		
The entity had the following statutory receivables		
Vat receivables	8 710 335	5 854 055
Current assets	8 710 335	5 854 055
<b>60. Service concession liabilities</b>		
<b>Eskom debt relief</b>		
Unearned revenue 1	18 511 441	129 580 090
Terms and conditions		
<b>Reconciliation of unearned revenue</b>		
Balance at the beginning of the [period]	129 580 090	333 205 946
Less Condition not met	(111 068 648)	(203 625 856)
	<b>18 511 442</b>	<b>129 580 090</b>

# Msukaligwa Local Municipality

(Registration number MP302)

Trading as Msukaligwa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

## notes to the annual financial statements

Figures in Rand

2025

2024

### 60. Service concession liabilities (continued)

Eskom, in consultation with the National Treasury (NT) and only after the municipality, to the satisfaction of NT, has met the conditions applicable to municipality in accordance with the applicable MFMA Circular 124 regarding municipal debt relief issued by the NT – to write-off a third of all the municipality's arrears owed to Eskom at 31 March 2023 annually over three municipal financial years.

#### Total service concession liabilities

Eskom debt relief	18 511 441	129 580 090
-------------------	------------	-------------

### 61. Inventory Consumed

Water consumed	86 022 994	73 895 897
	<b>86 022 994</b>	<b>73 895 897</b>

Description	2025	2024
Water Sold	33 051 227	22 363 476
Water losses	52 971 767	49 909 736
	<b>86 022 994</b>	<b>72 273 212</b>

#### Water

The municipality has material distribution amounting to R86 022 767 (2024: R73 896 850). This represents a loss of 66% (2024:68%). Distribution losses arises from distribution network, water reticulation systems, theft and water leakages

### 62. Electricity Distribution Losses

#### Description

Electricity losses	295 348 766	254 235 339
--------------------	-------------	-------------

The municipality has material distribution amounting to R295 348 766 (2024: R 254 235 339). This represents a loss of 61% (2024:63%). Distribution losses arises from electricity transmission, theft and aged infrastructure.

# VOLUME III

---

## AUDITOR GENERAL REPORT

# Report of the auditor-general to Mpumalanga Provincial Legislature and the Council on Msukaligwa Local Municipality.

## Report on the audit of the financial statements.

### Qualified opinion

1. I have audited the financial statements of Msukaligwa 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, the statement of comparison of budget information with actual information 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 report, the financial statements present fairly, in all material respects, the financial position of Msukaligwa Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the 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

#### VAT input accrual

3. I was unable to obtain sufficient appropriate audit evidence for VAT input accrual for the current and previous years as the VAT input accrual was presented in the annual financial statements for audit purposes without accurate and complete underlying accounting records. I was unable to confirm VAT input accrual by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to VAT input accrual stated at R997,3 million (2023-24: R826,7 million) and VAT receivables stated at R8,7 million (2023-24: R5,9 million) as well as prior period errors disclosed in the financial statements.

#### VAT output accrual

4. I was unable to obtain sufficient appropriate audit evidence for VAT output accrual for the current and previous years as the VAT output accrual was presented in the annual financial statements for audit purposes without accurate and complete underlying accounting records. I was unable to confirm VAT output accrual by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to VAT output accrual stated at R679,5 million (2023-24: R532,1 million) and VAT receivables stated at R8,7 million (2023-24: R5,9 million) as well as prior period errors disclosed in the financial statements

### Irregular expenditure

5. Not all irregular expenditure was included in note 53 to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of supply chain management requirements, resulting in irregular expenditure. Consequently, I was unable to determine the full extent of the understatement to irregular expenditure stated at R42,7 million in note 53 to the financial statements, as it was impractical to do so.

### Inventories

6. I was unable to obtain sufficient appropriate audit evidence for inventory due to differences between the financial statement and the underlying records. I was unable to confirm inventory by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to Inventories of R19,3 million as disclosed in the financial statements.

### Debt impairment

7. I was unable to obtain sufficient appropriate audit evidence for the provision for impairment of debtors. Due to a lack of supporting evidence for the assumptions used by management to determine recoverability. I was unable to confirm debt impairment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the debt impairment of R149,4 million and allowance for impairment of R1,1 billion as disclosed in notes 36 and 15 to the financial statements, respectively. There is a consequential impact on receivables from exchange and receivables from non-exchange transactions.

### Statement of changes in net assets

8. Statement of changes in net assets was not correctly prepared and disclosed as required Standards of GRAP 1, *Presentation of financial statements*. This was due to multiple errors noted in the statement of changes in net assets. I was unable to determine the full extent of the errors in the statement of changes in net assets as it was impractical to do so.

### Risk management

9. Risk management disclosed in note 48 to the financial statements, was not correctly prepared and disclosed as required Standards of GRAP 104, *Financial Instruments*. This was due to multiple errors noted in the risk management disclosure. I was unable to determine the full extent of the errors in note 48 to the financial statement as it was impractical to do so.

### Segment information

10. Segment information disclosed in note 56 to the financial statements, was not correctly prepared and disclosed as required by GRAP 18, *Segment Reporting*. This was due to multiple errors noted in the segment information disclosure. I was unable to determine the full extent of the errors in note 56 to the financial statement as it was impractical to do so.

### Cash flow from operating activities

11. Cash received from customers was incorrectly calculated as it included the incorrect cash movements from accounts receivables, which constitutes a departure from GRAP 2, *Cash Flow*

*Statement.* Consequently, cash received from customers was understated by R28,6 million (2023-24: R32 million) in the financial statements.

12. Cash payment to employees was incorrectly calculated as it included the non-cash items, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, cash received from customers was overstated by R20,9 million in the financial statements.
13. Cash payment to suppliers was incorrectly calculated as it included the incorrect cash movements from employees related costs, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, cash received from customers was overstated by R71,2 million and understated by R41,6 million (2023-24) in the financial statements.
14. Interest paid was incorrectly calculated as it included the non-cash items, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, interest paid was overstated by R30,1 million in the financial statements.
15. Service concession liabilities- Eskom Debt was incorrectly included in cash flow statement as it is a non-cash item, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, service concession liabilities- Eskom Debt was overstated by R111,1 million (2023-24: R129,5 million) in the financial statements.
16. Movement in non-current liability was incorrectly included in cash flow statement as it is a non-cash item, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, movement in non-current liability was overstated by R111,1 million (2023-24: R129,5 million) in the financial statements

### General expenses

17. I was unable to obtain sufficient appropriate audit evidence for fuel and oil expenses as the municipality did not maintain proper accounting records. I could not confirm fuel and oil expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to general expenses stated at R129,3 million in the financial statements. This also had an impact on the deficit and the accumulated surplus for the period.

### Bulk purchases

18. I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality did not maintain proper accounting records. I could not confirm bulk purchase expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bulk purchases expenses stated at R486 million in note 38 to the financial statements and payables from exchange transactions stated at R2,29 billion in note 7 to the financial statements. This also had an impact on the deficit and the accumulated surplus for the period.

### Prior period error

19. Prior period errors disclosed in note 46 to the financial statements were not accounted for, as required by GRAP 3, *Accounting policies, estimates and errors*. This was due to multiple errors noted in the prior period error. I was unable to determine the full extent of the errors in the statement of changes in net assets as it was impractical to do so.

## Context for opinion

20. 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.
21. 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.
22. 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

23. I draw attention to the matter below. My opinion is not modified in respect of this matter.
24. I draw attention to note 49 to the financial statements, which indicates that a net loss of R262,7 million was incurred during the year ended 30 June 2025 and, as of that date the current liabilities exceeded its current assets by R1,5 billion. As stated in note 49, these events or conditions, along with other matters as set forth in note 49, 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

25. I draw attention to the matter below. My opinion is not modified in respect of these matters.

### Material electricity losses

26. As disclosed in note 62 to the financial statements, material electricity losses of R295 million (2023-24: R254 millions) was incurred, which represents 61% (2023-24: 63%) of total electricity purchased. Reasons for incurring electricity losses relates to the dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

### Material water losses

27. As disclosed in note 61 to the financial statements, material water losses of R52,9 million (2023-24: R49,9 million) was incurred, which represents 66% (2023-24: 68%) of total water purchased. Reasons for incurring water losses relates to old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore, insufficient staff, components and working vehicles which affect the reaction time.

## Subsequent events

28. We draw attention to note 50 in the financial statements, which indicate that Council approved the write-off on property plant and equipment amounting to R 17,5 million which were adjusted in 2024/25 Annual Financial Statement. Accounting officer has identified unauthorised expenditure during the preparation of Annual Financial Statement.

## Other matter.

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

## Unaudited disclosure notes (MFMA 125)

30. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

## Responsibilities of the accounting officer for the financial statements.

31. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

32. 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.

33. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

34. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

## Report on the audit of the annual performance report

35. 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 areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

36. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Area (KPA)	Page numbers	Purpose
KPA 2- Basis Service Delivery and Infrastructure Development	XX	To provide reliable and sustainable services to communities
KPA 3- Local Economic Development (LED)	XX	To coordinate efforts that address unemployment, poverty and encourage shared economic growth and development

37. I evaluated the reported performance information for the key performance areas 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.

38. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable

- there is adequate supporting evidence for the achievements reported measures taken to improve performance

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

40. The material findings on the reported performance information for the selected key performance areas are as follows:

### **Key Performance Area 2- Basic Service Delivery and Infrastructure Development**

#### **Water quality sampling results for both water and wastewater compiled by 30 June 2025**

41. The indicator measures number of reports on compliance of water and wastewater quality, which does not relate to the achievement of reliable and sustainable services provided to communities specifically on ensuring the provision of quality water. Consequently, the indicator is not useful for measuring and monitoring progress against the municipality's planned objectives.

#### **Number of Reports on the status and performance of wastewater treatment plant compiled by 30 June 2025**

42. The indicator measures number of reports on performance status on wastewater treatment plant, which does not relate to the achievement of reliable and sustainable services provided to communities. Consequently, the indicator is not useful for measuring and monitoring progress against the municipality's planned objectives.

#### **Number of reports on the status and performance of the water treatment plant compiled by 30 June 2025**

43. The indicator measures number of reports on performance status on water treatment plant, which does not relate to the achievement of reliable and sustainable services provided to communities. Consequently, the indicator is not useful for measuring and monitoring progress against the municipality's planned objectives.

#### **Number of stormwater inlets-maintained 30th June 2025**

44. The indicator was not clearly defined during the planning process. Technical indicator description defines the indicator as measuring the total kilometres of gravel roads maintained as part of the maintenance of road infrastructure which does not relate to the indicator and its target. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

### **Key Performance Area 3 – Local economic development (LED)**

#### **Number of short-term job opportunities created via public employment programmes (EPWP, CWP etc)**

45. An achievement of 388 was reported against a target of 380. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

## Other matters

46. I draw attention to the matters below.

### Achievement of planned targets

47. 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.
48. The table that follows provide information on the achievement of planned targets and list 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].

### Key Performance Area 2- Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 85%</i>		
Key [service delivery] indicator not achieved	Planned target	Reported achievement
Construction of a MV overhead line to Northern Water Treatment works (Douglas Dam) by 30th June 2025	1	0

### Material misstatements

49. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – Basic service delivery and infrastructure development and KPA 3 – Local economic development (LED). Management did not correct all of the misstatements, and I reported material findings in this regard.

### Report on compliance with legislation

50. 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.
51. 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.

52. 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.
53. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Expenditure management**

54. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with applicable SCM regulations.
56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R106,1 million as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by Eskom and the Department of Water and Sanitation (DWS).
57. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 256,8 million as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by spending not being in accordance with the final approved budget.

### **Annual financial statements, performance and annual reports**

58. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets / current assets / liabilities / expenditure / disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### **Assets management**

59. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and/or considered the fair market value of the assets and the economic and community value to be received in exchange for the assets as required by section(s) 14(2)(a) and/or 14(2)(b) of the MFMA.

## Consequences management

60. 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.
61. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
62. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

## Other information in the annual report

63. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
64. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
65. 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 key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
66. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

67. 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.
68. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
69. Management did not adequately review the financial statements to ensure that they are prepared in accordance with the applicable financial reporting framework.

70. The daily and the monthly processing of transactions was not adequately monitored leading to misstatements.
71. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.
72. Management did not ensure that the municipality complies with all relevant laws and regulations.
73. Management did not implement action plans to address internal control deficiencies resulting in material findings recurring.

*Auditor - General*

Mbombela

30 November 2025.



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

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

### **Auditor general's responsibility for the audit**

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

### **Communication with those charged with governance**

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii),</p> <p>Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f),</p> <p>Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a),</p> <p>Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
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	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	<p>Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2),</p> <p>Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p> <p>Parent municipality with ME:</p>

Legislation	Sections or regulations
	Sections: 93B(a), 93B(b)  Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
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), 12(1), 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)
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),31
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, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)



# VOLUME IV

---

## ANNUAL PERFORMANCE REPORT



# **Msukaligwa Local Municipality**

## **Annual Performance Report for 2024/2025 Financial Year**

## 1. BACKGROUND

Section 46 of the Local Government Municipal Systems Act, Act 32 of 2000 provides that “a municipality must prepare for each financial year an annual report consisting of:

- (a) a performance report reflecting: -
  - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
  - (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
  - (iii) measures that were or are to be taken to improve performance.
- (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (c) an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
- (d) any other reporting requirements in terms of other applicable legislation”.

MFMA Circular 63 provides that municipalities municipality must submit an annual report including final annual financial statements and annual performance report to Auditor-General for auditing purposes by the 31 August.

Section 121 of the Municipal Finance Management Act, Act 56 of 2003 further provides for every municipality and municipal entities to prepare an annual report for each financial year in accordance with provisions of Chapter 12 of the Act. According to the provisions of Section 121 (2) of the MFMA, the purpose of the Annual Report is: -

- (a) “to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity”.

Therefore, it is against this background that Msukaligwa local municipality has prepared and submits this annual performance report for the 2024/2025 financial year to the MEC for CoGTA, Provincial Treasury and Auditor General as prescribed by the said legislations. The performance report of the municipality is based on six Key Performance Areas which are:

- Municipal Transformation and Organizational Development;
- Basic Service Delivery;
- Local Economic Development;
- Financial Viability and Management;
- Good Governance and Public Participation; and
- Spatial Planning and Rationale.

The said KPAs are resident across the Msukaligwa municipality's six departments which are:

- Corporate Services;
- Technical Services;
- Community and Social Services;
- Finance;
- Office of the Municipal Manager; and
- Planning and Economic Development.

This report will cover the 2024/2025 financial year starting from the 1<sup>st</sup> of July 2024 to the 30<sup>th</sup> of June 2025 and will be focusing on the performance of the municipality as set out in the approved Service Delivery and Budget Implementation Plan for the 2024/2025 financial year.

## 2. IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM

The municipality is having a functional organizational performance management unit established which consists of 3 incumbents being the PMS Manager, PMS Officer and PMS Admin officer. A performance management framework and an individual performance management policy have been approved by the Council to guide all processes of monitoring and reporting of performance. The municipality has managed to comply with most statutory requirements in relation to the implementation of performance management and monitoring of institutional performance. As a basis for organizational planning and performance management, the municipality adopted its five-year IDP in May 2022, reviewed annually in May as provided for in terms of Section 34 of the Municipal Systems Act, 2000. The following processes were undertaken by the municipality to comply with legislative provisions as well as to implementing performance management:

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Preparation and submission of quarterly performance reports for 2024/2025 financial year to Council.	Section 52 of Municipal Finance Management Act, 2003	The quarterly performance report were prepared and submitted to Council on the following dates: - <b>29<sup>th</sup> of November 2024: 4<sup>th</sup> and 1<sup>st</sup> quarter reports</b> - <b>30<sup>th</sup> of January 2025: Mid-year report</b> - <b>28<sup>th</sup> of May 2025: 3<sup>rd</sup> quarter report</b>	None	Complied
Preparation and submission of 2023/2024 Annual performance report to Auditor General.	Section 46 of the Municipal Systems Act, 2000	Annual performance report prepared and submitted to the AG on the <b>31<sup>st</sup> of August 2024.</b>	None	Complied
IDP Steering Committee meetings held to discuss the draft IDP review processes	Consultative process in terms of Sec. 28 of the Municipal Systems Act, 2000	4 of the 4 planned Steering committee meetings were held	None	Complied
Preparation and submission of the IDP/Budget/PMS Process Plan to Council for approval.	Sec. 28 (1) and (2) of the Municipal Systems Act, 2000	Process plan approved by Council on the <b>29<sup>th</sup> of August 2024.</b>	None	Complied
Publicizing of the IDP/Budget/PMS Process Plan for public information.	Sec. 28 (3) of the Municipal Systems Act, 2000	An advert was prepared and publicized <b>6<sup>th</sup> of September 2024</b> on the local newspaper and	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
		Municipal notice boards		
Submission of the IDP/Budget/PMS Process Plan to COGTA	Procedure linked to Sec. 28 (3) of the Municipal Systems Act, 2000 for monitoring purposes.	The approved process plan was Submitted on the <b>5<sup>th</sup> of September 2024</b> to COGTA	None	Complied
Publicizing of the IDP community consultative programme	Sec, 21 and 28 of the Municipal Systems Act, 2000	An advert on dates and venues for consultative meetings was prepared and publicized on the <b>6<sup>th</sup> of September 2024</b> on the local newspaper.	None	Complied
Conducting IDP public consultation process and reconciling information on community priority issues and preparing a report for management.	Section 16 and 17 of the Municipal Systems Act, 2000	Public consultations conducted on the <b>11<sup>th</sup> of September to 3<sup>rd</sup> of October 2024</b> through physical wards consultations.	The ward 7 meeting was held on the 19 <sup>th</sup> of December 2024 All the wards of Msukaligwa Local Municipality were consulted.	Complied
Preparation and submission of 2023/2024 Annual Performance Report.	Circular 63 of the MFMA and Section 46 (a) of the Municipal Systems Act, 2000	Annual performance Report was prepared and submitted to the Treasury and AG together with the AFS on the <b>31<sup>st</sup> of August 2024</b> .	None	Complied
Tabling of the 2023/2024 draft Annual Report and invite for public comments as well as submission to the AG, PT and COGTA	Section 75 (2), 121 and Section 127(2) of the Municipal Finance Management Act 2003	Draft Annual Report tabled in Council on the <b>30<sup>th</sup> of January 2025</b> .  The draft AR was publicized for public comments on <b>February 5<sup>th</sup>, 2025</b> , on municipal Facebook and notice boards.	None	Complied
Tabling of the 2025/2026 Draft IDP in Council	Section 25 of the Municipal Systems Act	The draft IDP was tabled in Council on the <b>28<sup>th</sup> of March 2025</b> . Submitted to MEC	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
		for Local Government on the <b>7<sup>th</sup> of April 2025</b> . Publicised for public inspection on the <b>31<sup>st</sup> of March 2025</b> on the Official Facebook page and Local Newspaper		
Tabling of the 2023/2024 Annual Report	Section 121 (1) of the Municipal Finance Management Act 2003	The 2023/2024 Annual Report was tabled in Council on the <b>28<sup>th</sup> of March 2025</b> being the final AR.	None	Complied
Tabling and approval of the final 2024/25 IDP	Section 25 of the Municipal Systems Act	The final IDP was approved by Council on the <b>28<sup>th</sup> of May 2025</b> . Submitted to MEC for Local Government on the <b>6<sup>th</sup> of June 2025</b> . Publicized for public inspection on the <b>13<sup>th</sup> of June 2025</b> on Municipal Official Facebook page and Local Newspaper.	None	Complied

### 3. FILLING OF VACANT POSITIONS

For the municipality to provide services efficiently, it is imperative that all approved critical positions be filled. The municipal Council has approved an organizational structure with an ideal staff complement of **1066**. Currently there are **1066** approved positions out of which only a total **712** were funded and filled and **354** positions remain vacant as at the end of the **2024/25** financial year of which were **122** are budgeted for and were be filled. The following is a summary of filled and vacant positions:

### 3.1. Section 54A and 56 Managers

Position	No. of approved posts	No. of post filled	No. of vacancies	Comments/Reasons for vacancies
Municipal Manager	1	1	0	None
Chief Financial Officer	1	1	0	None
Director Technical Services	1	1	0	None
Director Corporate Services	1	1	0	None
Director Community and Social Services	1	1	0	None
Director Planning and Economic Development	1	0	1	The Senior Manager resigned

### 3.2. Compliance with the Employment Equity Act

In compliance with the Employment Equity Act, 1998, the municipality had appointed two African females at the senior management level (Section 56 manager) occupying the positions of Director Planning and Economic Development and Director Technical Services respectively. The municipality will continue to implement its Employment Equity Plan by endeavouring to include targeted groups in various positions across the municipality.

### 3.3. Women appointments at Section 54A and 56 Posts

No. of Sec. 56 posts approved	Women appointed in Sec. 56 posts	No. of vacancies for Women Sec. 56 posts	Comments/Reasons for vacancies
6	1	1	The manager resigned from the municipality

## 4. DEVELOPMENT AND IMPLEMENTATION OF SPECIFIC HR POLICIES

The HR policies have been developed in accordance with the organizational Structure to respond to the needs and interests of the community as contained in the IDP of the municipality reflecting, amongst other things, key aspects of employment equity for equal representation.

Policy	Developed/ Reviewed	Approved	Implemented	Reasons for Non-compliance	Remedial Action
Recruitment and selection policy	Yes	Yes	Yes	None	None
Skills Development Plan	Yes	Yes	Yes	None	None
Employment Equity Plan	Yes	Yes	Yes	None	None
Human Resource Strategy and Plan	Yes	Yes	Yes	None	None
Other HRM & HRD Policies	Yes	Yes	Yes	None	None

## 5. THE AUDITOR GENERAL REPORT AND FINDING

The municipality received a Qualified Audit Opinion for the 2023/2024 financial. The report of the Auditor General for the financial year ending June 2024 is attached as **Annexure "B"**. The findings of the AG are being addressed in accordance with the Action Plan although others will take time to address due to prior year errors.

## 6. FINANCIAL PERFORMANCE OF THE MUNICIPALITY

The average payment rate for the financial year under review was **74%** based on billing of services and property rates and there are also distribution losses of **69%** and **61%** on water and electricity respectively. Therefore, these losses had resulted in the municipality not being able to pay its creditors within 30 days, especially bulk creditors such as Eskom and the Department of Water and Sanitation.

The deficit or surplus for the financial year under review will be available after conclusion of the 2024/2025 AFS.

### 6.1. Conditional Grants 2024/2025 – Monetary

GRANT	ALLOCATION	EXPENDITURE	% SPENT	UNSPENT FUNDS
INEP	R 2 116 000,00	R 2 116 000,00	100%	R -
MIG	R 67 555 250,00	R 67 555 250,00	100%	R -
EEDSM	R 6 800 000,00	R 6 800 000,00	100%	R -
FMG	R 3 800 000,00	R 2 971 796,67	78%	R 828 203,33
WSIG	R 30 000 000,00	R 30 000 000,00	100%	R -
EPWP	R 1 285 000,00	R 1 285 000,00	100%	R -
MDRG	R 23 875 818,16	R 14 735 309,84	62%	R 9 140 508,32
RBIG	R 120 196 024,10	R 120 196 024,10	100%	R -
<b>Total</b>	<b>R 255 628 092,26</b>	<b>R 245 659 380,61</b>	<b>96%</b>	<b>R 9 968 711,65</b>

**TOTAL UNSPENT GRANTS R 9 968 711,65**

The overall expenditure of the municipality on the allocated Conditional Grants as of the 30<sup>th</sup> of June 2025 was at 96% with MDR grant being approved late which contributed largely to the 4% unspent grants on municipal implemented projects. All grants spent by the municipality were spent in accordance with their specific condition.

## 7. BASIC SERVICES DELIVERY PROGRESS

Below are service delivery progress figures as well as backlogs from 2022 to the end of June 2025.

Services	Total No. of Households Census 2022	Households serviced Census 2022	New developments after Census 2022	Progress as at end of June 2025	Backlog as at end of June 2025	% backlog as at end of June 2025
Water	67 827	63 526	210	63 736	4 091	6,0%
Sanitation	67 827	62 031	334	62 595	5 232	7,7%
Electricity	67 827	59 145	85	59 230	8 597	12,7%
Refuse Removal	67 827	50 056	1 972	52 028	15 799	23,3%

The figures for electricity include connections made by Eskom at areas licensed to Eskom.

## 8. EXTERNAL SERVICE PROVIDERS PERFORMANCE

This section serves to report on the evaluated Service Provider's performance in respect of their contracts and the products that the Service Providers have delivered. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

Scale	Criteria
5	Excellent Completion of the project before the scheduled time and within budget
4	Good Completion of project within time frame and budget
3	Average Completion of project within time frame but outside the allocated budget or vice versa
2	Below Average Failure to complete the project
1	Unacceptable Failure to commence with the project

TECHNICAL SERVICES												
No.	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2025	2023/24 Rating Score (1-5)	2024/25 Rating Score (1-5)	Reasons For Variations If Any	Corrective action	Comments
1.	Repair and Maintenance of Boreholes and Windmills	BE For Ever Trading	01-Feb-23	36 months	01-Feb-23	31-Jan-26	Contract still on-going	5	5	None	None	None
2.	Supply and Delivery of Water Purification Chemicals and Maintenance of Purification Equipment	Ifa Lethu Technologies	01-Dec-22	24 months	01-Dec-22	04-Nov-25	Contract still on-going	5	5	None	None	None
3.	Supply and Delivery of Water Purification Chemicals and Maintenance	Improchem	01-Dec-22	24 months	01-Dec-22	04-Nov-25	Contract still on-going	3	4	None	None	None











23	Reconstruction of Mandela Drive	LPS Consulting	10 March 2025	10 months	11 April 2025	17 Sept 2025	35% Construction	N/A	1.8	<p>Reliable &amp; responsiveness: service provider failed to submit reports and payment certificates on time.</p> <p>Professionalism: service provider lack of attention to expiry of COIDA; appointment of safety officer....</p> <p>Showed lack of professionalism and assurance.</p> <p>Proactive: the service provider was not proactive when OHS issues and local issues presented themselves.</p> <p>Instead, the Municipality had to take the lead and direct the service provider</p>	<p>The service provider to closely monitor the turn-key partner as bad image is presented by JV partner.</p>	None
----	---------------------------------	----------------	---------------	-----------	---------------	--------------	------------------	-----	-----	---	--	------

24	Retrofit 250W HPS to 100W LED High mast retrofit ward 1-16 400W HPS to 200W LED	Rock of Africa	29 October 2024	8 Months	5 November 2024	30 June 2025	100% Project Completed	N/A	2.2	Service provider not meeting commitments to complete the project with two (2) tasks outstanding thus showing a lack of proactiveness, professionalism and reliability.	Service provider to be placed on terms.	None
25	Retrofit 250W HPS to 100W LED High mast retrofit ward 1-16 400W HPS to 200W LED	Rock of Africa	21 May 2025	21 May 2025	1 months	30 June 2025	100% Project Completed	N/A	5	None	None	None
26	Maintenance Of Msukaligwa Town Hall Roof	Zondle Trading	27-Jun-23	15 months	5-Jul-23	08-Nov-2024	100% Project Completed	N/A	3.2	None	None	None
27	Appointment of Appollo Engineering (PTY)Ltd for the infrastructure assessment at KwaZanele Ext6	Appollo Engineering	19-Sept-24		19-Sept-24	TBC	Assessment in progress	N/A	2	Service provider is less reliable and has declined in terms of assurance and proactiveness. They are also not responding in time	Dissatisfaction Letter to be issued to the service provider.	Contractor not yet appointed
28.	Extension of scope of works: refurbishment and	Khulong Mining Supplies	14-Oct-24		14-Oct-24	TBA	80% Construction	N/A	2	Reliability, Professionalism and Responsiveness: the service	Contractor must be put to terms, and closely monitored	The electrical connections resulted in the variation order application



9.	Provision of security services	LL Security Services	01-Oct-24	36 Months	01-Oct-24	30-Sep-27	On going	4	4	None	None	The security company is performing well with regard to rendering services.
<b>FINANCE DEPARTMENT</b>												
<b>No.</b>	<b>Project</b>	<b>Appointed Service Providers</b>	<b>Appointment Date</b>	<b>Contract Period</b>	<b>Start Date</b>	<b>End Date</b>	<b>Progress By 30 June 2025</b>	<b>2023/24 Rating Score (1-5)</b>	<b>2024/25 Rating Score (1-5)</b>	<b>Reasons For Variations If Any</b>	<b>Corrective action</b>	<b>Comments</b>
10.	Appointment of a service provider for the indigent system and supplier verification –	Visual Revenue Management Solutions	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
11.	Appointment of a panel of service providers for the supply and delivery of water materials	Bindza Trading (Pty) Ltd.	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
12.	Appointment of a panel of service providers for the supply and delivery of water materials	Ybs Projects (Pty) Ltd T/A Hydro Equip	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
13.	Appointment of a panel of	Unamusa Road And	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None

	service providers for the supply and delivery of water materials	Civils (Pty) Ltd																	
14.	Appointment of a panel of service providers for the supply and delivery of water materials	Nrb Piping Systems	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
15.	Appointment of a panel of service providers for the supply and delivery of water materials	Notefull Gauteng (Pty) Ltd	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
16.	Appointment of a panel of service providers for the supply and delivery of water materials	Muhlohloteri Trading And Projects	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
17.	Appointment of a panel of service providers for the supply and delivery	Mphephehe And Jobe Cc	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None



	providers for the supply and delivery of water materials	Trading And Projects																	
23.	Appointment of a panel of service providers for the supply and delivery of water materials	Corporatti	15/Dec/22	36 Months	21-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
24.	Appointment of a panel of service providers for the supply and delivery of water materials	Amandla Okhozi (Pty) Ltd.	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
25.	Appointment of a panel of service providers for the supply and delivery of water materials	Akunamuva Trading	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None
26.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Np & Te Trading And Projects	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None

27.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Mphephethe And Jobe Cc	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None
28.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Binza Trading	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None
29.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Akunamuva Trading	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None
30.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Kgotlelela Meopathutsi (Pty) Ltd	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None
31.	Appointment of a panel of service providers for the supply	M17 Project And Construction	21/Dec/22	36 Months	21-Dec-22	20-Dec-25	Ongoing	4	4	None.	None	None	None



	providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables																			
36.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Lizwelami Trading And Projects	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None	None
37.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage	Kusile Trading Group	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None	None	None	None	None	None	None

38.	underground and the low voltage overhead cables	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Gemini Garden Trading 400 Cc	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
39.	underground and the low voltage overhead cables	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Fabritech Eng. And Supplier Group (Pty) Ltd.	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None

40.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Bindza Trading (Pty) Ltd.	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
41.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	A1 Glass And Aluminium	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
42.	Appointment of a panel of service providers for the supply and delivery and off-	A1 Glass And Aluminium	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None

43.	loading and distribution of transformers and the refurbishment of transformers and mini-substation	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	N & C Maintenance And Spares (Pty) Ltd.	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
44.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment	Gemini Garden Trading 400 Cc	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None

	t of transformers and mini-substation																			
45.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None							
46.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None	None	None							

47.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini substation	Bees Technologies	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
48.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Jamela Consulting Engineering & Project Management	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
49.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	CV And SS Trading (Pty) Ltd	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None
50.	Appointment of a panel of service	Thabacom Enterprise	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None	None



	the supply and delivery of pothole patching materials																			
55.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Bindza Trading	15/Dec/22	36 Months	15-Dec-22	14-Dec-25	Ongoing	4	4	None.	None.	None	None	None	None	None	None	None	None	None
56.	Panel of service provider for the provision of travel agent services	Amalgamated Lebone (Pty) Ltd	25 APRIL 2023	36 Months	25-Apr-23	24-Apr-26	Ongoing	4	4	None.	None.	None	None	None	None	None	None	None	None	None
57.	Panel of service provider for the provision of travel agent services	Dana Agency	25 APRIL 2023	36 Months	25-Apr-23	24-Apr-26	Ongoing	4	4	None.	None.	None	None	None	None	None	None	None	None	None
58.	Panel of service provider for the provision of travel agent services	Oleggle Trading	25 APRIL 2023	36 Months	25-Apr-23	24-Apr-26	Ongoing	4	4	None.	None.	None	None	None	None	None	None	None	None	None

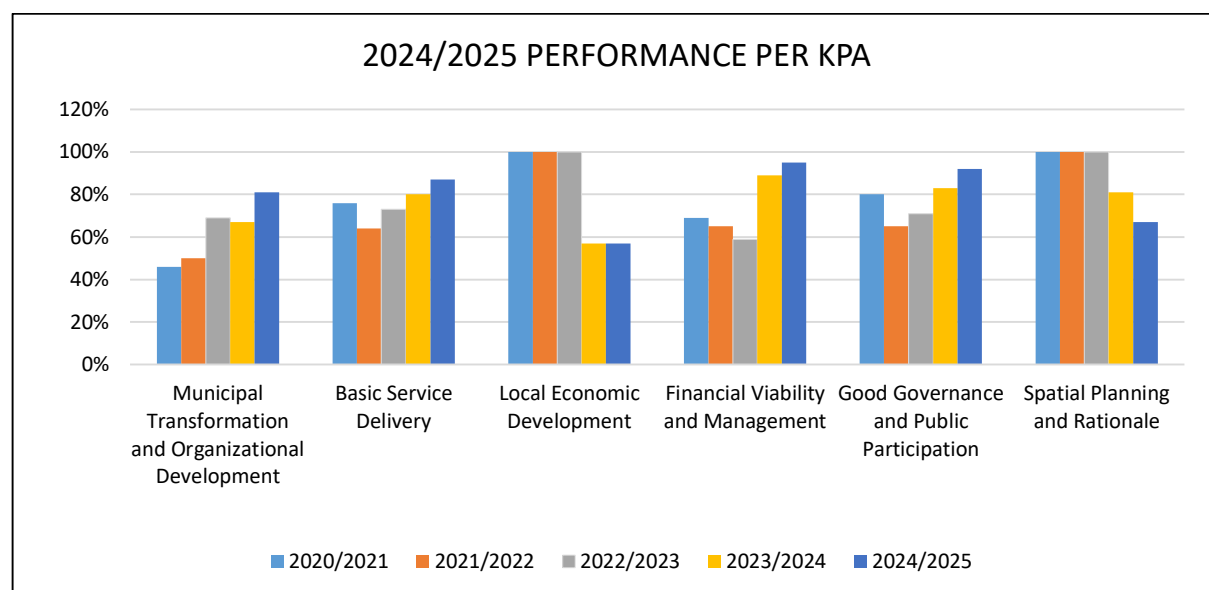
59.	Distribution of monthly municipal services accounts	Mailtronic Direct Marketing Cc	25 APRIL 2023	36 Months	25-Apr-23	24-Apr-26	Ongoing	4	4	None.	None	None	None
60.	Supply and delivery of electricity meters (pre-paid and conventional)	Kgoshi Electrical Cc	23 MAY 2023	36 Months	23-May-23	22-May-26	Ongoing	4	4	None.	None	None	None
61.	Supply and delivery of electricity meters (pre-paid and conventional)	Msk Projects And Logistics (Pty) Ltd	23 MAY 2023	36 Months	23-May-23	22-May-26	Ongoing	4	4	None.	None	None	None
62.	Supply and delivery of electricity meters (pre-paid and conventional)	Luckyboy Trading Enterprise	23 MAY 2023	36 Months	23-May-23	22-May-26	Ongoing	4	4	None.	None	None	None
63.	Supply and delivery of electricity meters (pre-paid and conventional)	Conlog (Pty) Ltd	23 MAY 2023	36 Months	23-May-23	22-May-26	Ongoing	4	4	None.	None	None	None
64.	Integrated Municipal Financial Management and Internal Control System	Business Connexion (Financial System)	10 Feb 2020	60 Months	10-Feb-20	09-Feb-25	Contract extended for 24 months form 30 <sup>th</sup> of January 2025 to 29 January 2027	3	3	Service provided by the supplier is average. Support provided is costly, the system is not	A new financial system has been procured to comply with mSCOA.	None	None



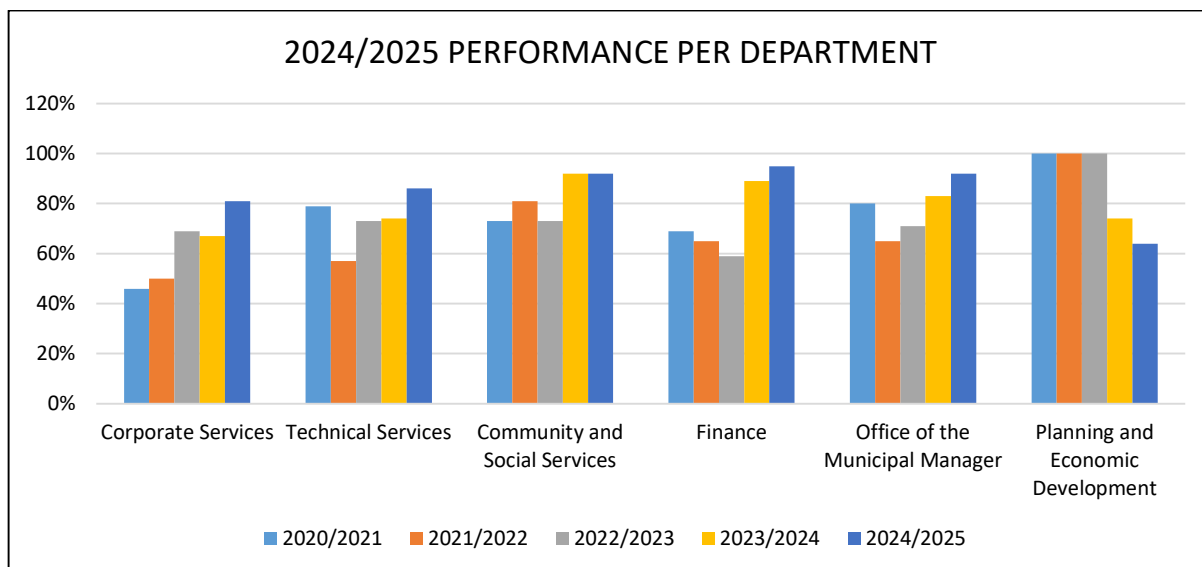
## 9. ANNUAL ORGANIZATIONAL PERFORMANCE REPORT FOR 2024/2025

The municipality has on average achieved **83%** performance across all the six Key Performance Areas with Spatial Planning and Rationale (SPR) and Local Economic Development being the lowest at **67%** and **57%** respectively. This is as result of KPIs not achieved due to issues related to the procurement processes and the establishment of the LED Forum as captured in the summary below as well as the detailed report attached as **Annexure A**. It should further be noted that the achievements are based on the number of indicators that are fully achieved and those that are partially achieved are regarded as not achieved. Below is a summary of the organizational performance:

Key Performance Area	% Performance				
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Municipal Transformation Organizational Development	46%	50%	69%	67%	81%
Basic Services Delivery	76%	64%	73%	80%	87%
Local Economic Development	100%	100%	100%	57%	57%
Financial Viability and Management	69%	65%	59%	89%	95%
Good Governance and Public Participation	80%	65%	71%	83%	92%
Cross Cutting Issues/Spatial Planning and Rationale	100%	100%	100%	81%	67%
<b>Average</b>	<b>71%</b>	<b>65%</b>	<b>72%</b>	<b>78%</b>	<b>84%</b>



Department	% Performance				
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Corporate Services	46%	50%	69%	67%	81%
Technical Services	79%	57%	73%	74%	86%
Community and Social Services	73%	81%	73%	92%	92%
Finance	69%	65%	59%	89%	95%
Office of the Municipal Manager	80%	65%	71%	83%	92%
Planning and Economic Development	100%	100%	100%	74%	64%
<b>Average</b>	<b>71%</b>	<b>65%</b>	<b>72%</b>	<b>78%</b>	<b>84%</b>



The table below provides a summary on the performance of indicators per KPA and it should be noted that it is based only on whether the indicator has been achieved or not; meaning that partially achieved indicators are counted as not achieved. These include performance on implementation of capital projects.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Municipal Transformation & Institutional Development	21	18	03	<ul style="list-style-type: none"> <li>▪ Slow and non-submission of signed agreements by departments in terms of the provisions Staff Regulations.</li> <li>▪ Absence of items referred to Sec. 79 committee by Council.</li> <li>▪ Difficulties in disbanding and re-election of the ward committee in Ward 2.</li> </ul>
Basic Service Delivery	55	49	06	<ul style="list-style-type: none"> <li>▪ Delayed implementation of projects by SMMEs.</li> <li>▪ Breakdown of fleet.</li> <li>▪ Procurement of the material on the critical path activities took longer than anticipated.</li> <li>▪ Termination of contractor due to poor performance.</li> <li>▪ Target not reached due to emergency calls that were more than 25km from the fire station.</li> <li>▪ Project stoppages due to nonpayment of SMMEs by contractors.</li> <li>▪ Delays in obtaining wayleave approvals from privately owned land.</li> <li>▪ Project delayed due additional scope of work and Variation Orders.</li> </ul>
Local Economic Development	07	04	03	<ul style="list-style-type: none"> <li>▪ LED forum that could not be established.</li> <li>▪ LED Forum meetings that could not sit due to the forum not established.</li> </ul>
Financial Viability	19	18	01	<ul style="list-style-type: none"> <li>▪ Illegal Connection Non- implementation of Credit Control and Debt Collection in Eskom License areas.</li> <li>▪ Culture of non-payment</li> </ul>

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Good Governance & Public Participation	12	11	01	<ul style="list-style-type: none"> <li>The Municipal website that was down and not functioning.</li> </ul>
Spatial Planning & Rationale	15	10	05	<ul style="list-style-type: none"> <li>Challenges relaunching the LED Forum.</li> <li>Delayed proclamation of township.</li> <li>Delayed Supply Chain processes due to tender -re-advertisement</li> </ul>
<b>TOTAL</b>	<b>129</b>	<b>110</b>	<b>19</b>	

## 10. ALIGNMENT OF THE APR, SDBIP AND IDP

The SDBIP has been aligned to the IDP and budget and the Annual Performance Report has therefore been compiled in accordance with the set targets in the municipal SDBIP.

The municipality has a result of the revision of the budget during the mid-year review as well as compliance with the SMART principles, revised its 2024/2025 SDBIP. Some indicators could not be achieved since the municipality did not have direct control over them and had to be removed while others were added as a result of the budget adjustments. The following is a summary of the changes or amendments made on the revised 2024/2025 SDBIP:

INDICATOR/PROJECT NO.	INDICATOR OR PROJECTS DESCRIPTION	SOURCE OF FUNDING	AMENDMENTS TO THE SDBIP
028	Km of gravel roads upgraded to asphalt or paved surface by 30 June 2025	MIG	<u>Indicator Target Revised</u> – Due to changes in the scope of work.
036	Number of areas receiving basic solid waste removal by 30 <sup>th</sup> June 2025.	OPEX	<u>Indicator and Target Revised</u> - The indicator and target were revised in accordance with the SMART principles.
035	Number of short-term job opportunities created via Public Employment Programmes (EPWP, CWP etc.)	MIG, MDRG, WSIG, INEP, EPWP	<u>Indicator Target Revised</u> - The target in the 4 <sup>th</sup> quarter was revised due to Several infrastructure projects that are only planned for designs with construction to commence in the 2025/2026 financial year.
A27	Percentage of Energy Efficiency and Demand Side Management Grant (EEDSM) spent by 30 <sup>th</sup> June 2025	EEDSM	<u>Indicator Target Revised</u> – Target revised from 75% to 50% in the third quarter.
A30	Percentage of Reginal Bulk Infrastructure Grant (RBIG) spent by 30 <sup>th</sup> June 2025	RBIG	<u>Indicator Target Revised</u> – Target revised from 75% to 53% in the third quarter.
A31	Percentage of Municipal Disaster Recovery Grant (MDRG- RR) spent by 30 <sup>th</sup> June 2025	MDRG	<u>Indicator Added</u> – The indicator was added due to the additional disaster recovery grand received. Budget allocated is R 14,500,000
ESN 52	Upgrading of Sewer Reticulation Network Servicing Extension 32, 33 & 34 Ermelo	WSIG	<u>Project revised</u> - Upgrading of Sewer Reticulation Network Servicing Extension 32 & Upgrading of Sewer Reticulation Network Servicing Extension 33 & 34 Ermelo were combined to form one project due to the instruction from Department of Water and Sanitation (DWS). Budget allocated is R 1,084,290.09

<b>AP 31</b>	The Refurbishment and Maintenance of Boreholes	Internal Funded	<b>Project Added</b> – The project was added due to the dryness of dams. Budget allocated is R 4,715,075.19
<b>ER189</b>	Reconstruction of Mandela Drive	MDRG	<b>Project Added</b> - The project was added due to the floods that damaged the bridge. Budget allocated is R 14,500,000.00
<b>P30</b>	Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	MIG	<b>Projects Added</b> to the SDBIP. Budget allocated is R 980 739.73
<b>ESN 36</b>	Refurbishment of Warburton Wastewater Treatment Works	MIG	Budget allocation revised from R 7 800 000 to <b>R 15,698,089.43</b>
<b>ESN 47</b>	The Upgrade of Phumula Outfall Sewer Pipeline	WSIG	Budget allocation revised from R 4,334,230.86 to <b>R 4,590,777.40</b>
<b>ESN 50</b>	The Upgrade of Everest Outfall Sewer Pipeline	WSIG	Budget allocation revised R 24,581,479.05 to <b>R 24,324,932.51</b>
<b>EWNN 87</b>	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	MIG	Budget allocation revised R 16,288,036.71 to <b>R 16,165,281.80</b>
<b>EWNN 73</b>	The Refurbishment of Lothair Water treatment Works	MIG	Budget allocation revised R 7,308,222.68 to <b>R 2 248,083.09</b>
<b>ER 179</b>	The Rehabilitation of Extension 32,33,34 Taxi collector street (Ring Road)	MIG	Budget allocation revised R 7,500,000.00 to <b>R 16,620,508.66</b>
<b>ER 009</b>	Construction of 2km paved roads in Wesselton-Mabilisa and Magwaza Street Taxi Collector.	MIG	Budget allocation revised R 11,025,584.33 to <b>R 767,036.25</b>
<b>ER 180</b>	The Rehabilitation of 1.05km Silindile Main Street in Lothair Street	MIG	Budget allocation revised from R 7,890,406.28 to <b>R 7,075,511.04</b>
<b>ER 184</b>	Reconstruction of Mabuza Access Bridge near Emthonjeni Clinic	MDRG	Budget allocation revised from R 5,000,000.00 to <b>R 4,456,185.99</b>
<b>ER 185</b>	Reconstruction of Khayelihle-Emadamini Access Bridge and portion of the street.	MDRG	Budget allocation revised from R 4,375,818.47 to <b>R 4,919,632.48</b>
<b>EE 407</b>	Upgrading of the Electrical network infrastructure on the northern part of Ermelo	INEP	Budget allocation revised from R 1,975,00.00 to <b>R 1,975,600.00</b>
<b>ESN 54</b>	Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44	RBIG	Budget allocation revised from R 40,000,00.00 to <b>R 80,000,000.00</b> due to reallocation from the project that is implemented by GSDM.
<b>AP 32</b>	Retrofitting of the streetlights and high mast lights within Msukaligwa Local Municipality	EEDSM	<b>Project Added</b> - The project was added due to the additional funding that was gazetted on the 25 <sup>th</sup> of March 2025. Budget allocated is R 2 800 000.00
<b>EE 405</b>	Retrofit 250W HPS to 100W LED	EEDSM	Budget allocation revised from R 1,884,000.00 to <b>R1 219 000</b>
<b>EE 406</b>	High mast retrofit ward 1-16 400W HPS to 200W LED	EEDSM	Budget allocation revised from R 2,116,000.00 to <b>R 2,781, 000.00</b>

## 8. Conclusion

Financial constraints continue to be a challenge the municipality faces, the financial recovery plan and funding plan are mechanisms in place to help the municipality deal with the financial constraints, in order to deliver services to our communities.

When comparing the overall institutional performance with the previous financial year (78%), it is evident that the municipality's overall performance has improved in the 2024/2025 financial year (84%) by 6%. Service delivery remains a priority of the Municipality, it is for that reason the Municipality will continuously put measures and strategies in place to ensure adequate performance and implementation of our Integrated Development Plan (IDP), Budget and Service Delivery Budget and Implementation Plan (SDBIP) for the benefit of the Msukaligwa Community.

Signed:



---

Mr. M. Kunene  
Municipal Manager

30 August 2025  
Date

**2024/2025 SDBIP ANNUAL PERFORMANCE REPORT**

**KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT  
CORPORATE SERVICES DEPARTMENT**

**STRATEGIC OBJECTIVE: TO BUILD A CAPABLE WORKFORCE TO DELIVER SERVICES**

No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual / Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Vacancy Management</b>														
001	To enhance institutional capacity to achieve the constitutional mandate of the Council	Number of funded vacancies filled by 30 <sup>th</sup> June 2025	100	63 funded vacancies filled	56	8	55	101	34	198	Achieved	1. The reason for over-achievement was because the municipality filled vacancies as part of the strategy to curb overtime and to address service delivery challenges due to shortage of staff. 2. The reason for over achievements 50 EPWP participants were appointed.	None	- Appointment letters - Listing of appointments
<b>Functional Area: Human Resource Management and Development</b>														
002	To ensure that performance management is	% PMS cascaded to lower levels of management	35%	51% Cascaded	100%	0%	0%	18%	23%	23%	Not Achieved	Delays on the Job evaluations disputes / appeals affected the process of signing	A maintenance phase will be commenced to deal outstanding	- Signed performance agreements



	Internal and external communication	Steering Committee meetings held by 30 <sup>th</sup> June 2025	g Committee meetings held														registers of the ICT Steering Committee
<b>Functional Area: Legal and Compliance</b>																	
A04	To ensure legal compliance with all contractual matters	Number of SLA and Contracts drafted within 30 days	40	26 contracts concluded	4	16	11	10	41	Achieved	The reason for over achievement more SLA's were sign in the second quarter.	None	- Signed SLA's				
A05	To ensure Mayoral Committee is aware of the litigation register of the municipality	Litigation register report is submitted quarterly to the Mayoral Committee	4	4 Reports submitted	1	0	2	1	4	Achieved	None	None	- Litigation register report.				
<b>Functional Area: Governance and Public Participation</b>																	
A06	To strengthen corporate governance and accountability	Number of Section 80 committee meetings held by 30 <sup>th</sup> June 2025	12	12 section 80 committee meetings held	3	3	3	3	12	Achieved	None	None	- Minutes and Attendance Registers of the sitting of Sec. 80 committees				
016/1	To perform an effective oversight role of the actual performance	Number of section 79 oversight reports submitted to and	20	12 Section 79 oversight reports	3	1	9	1	14	Not Achieved	Poor attendance by members of the Section 79 committee and quorum not formed.	The Manager in the office of the Speaker will assign a specific official to assist	- Oversight reports - Council Resolution				

016	To perform effective oversight on the Council's Annual Report	Municipal Public Accounts Committee oversight reports on Annual Report tabled in the Council by 31 <sup>st</sup> March 2025	1	1	N/A	1	N/A	1	N/A	1	1	1	Achieved	None	None	ensure that all S79 Committees are held and this KPI will be transferred to office of the Speaker.	- MPAC report - Council Resolution
010	To ensure the participation of the public in the affairs of the municipality	Number of functional ward committee meetings held by 30 <sup>th</sup> June 2025	228	197	54	51	54	54	54	213	Not Achieved	1. None sitting of monthly ward committee meeting. No consensus been reached between the two parties the Municipality and the existing ward committee, regarding the complete disbandment or replacement of the committee, as	To proceed with all recommendations made by the MEC.	- Attendance registers and minutes			

011	To ensure communication to the public on the state of affairs of the municipality	Annual Mayoral State of the Municipal Address held by 31 <sup>st</sup> May 2025	1	1	N/A	N/A	N/A	N/A	1	1	1	1	1	Achieved	None	reference in the MEC's response/outcome to the petition submitted by certain member to the legislature. 2. Ward 7 did not sit due to the By-election.	None	- Advert /SOMA Speech
A07	To promote intersectoral collaboration and oversee the implementation of the HIV/AIDS strategy	Number of Local Aids Council Meetings held by 30 June 2025	4	4	1	1	1	1	1	1	1	1	1	Achieved	None		- Attendance Register/Event Report	
A08	To provide support and advocate for positive development outcome for young people	Number of youth development programmes implemented	8	4	1	1	1	1	1	1	1	1	1	Achieved	None		- Attendance Register/Event Report	





**TECHNICAL SERVICES DEPARTMENT**

**STRATEGIC OBJECTIVE: to provide sustainable and reliable services to communities**

No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual /Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Electricity</b>														
027	To ensure that the power supplied to all consumers is metered	Number of electricity meters installed by 30 <sup>th</sup> June 2025	800	1495 meters installed	2000	2051	1524	765	552	4892	Achieved	Target overachieved due to demand; outcome influenced by TID rollover/ meter audits	None	- Meter installations listing and Job cards
A12	To ensure optimal operation and power supply to consumers	Maintenance of 88 KV main sub-station by 30 <sup>th</sup> June 2025	1	1 main sub-stations maintained	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Close-out report on maintenance and completion certificate
A13	To ensure safety of power supply facilities	Number of irreparable steel/fibre glass kiosks replaced with Concrete kiosks by 30 <sup>th</sup> June 2025	5	No kiosks replaced	10	N/A	5	N/A	5	10	Achieved	None	None	- Maintenance Report with listing of kiosks

A14	To ensure uninterrupted power supply to water treatment works	Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam) by 30 <sup>th</sup> June 2025	1	No construction	1	N/A	N/A	N/A	0	0	Not Achieved	Project delayed due to the stoppages by the local SMMEs.	The Municipality will strengthen the Project Steering Committee to deal with community issues. In addition, the Municipality will evaluate the outstanding works and develop an acceleration plan that will assist to catch up with the time lost.	- Close-out report and completion certificate
A29	To ensure uninterrupted power supply to water treatment works	Upgrading of a MV overhead line at Breyten by 30 June 2025	0	<b>New Indicator</b>	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Closeout report and completion certificate
<b>Functional Area: Water and Sanitation</b>														
019	To ensure that all consumers are metered for water consumption	Number of water meters installed by 30 June 2025	1500	1593 new water meters installed	1000	0	139	915	320	1374	Achieved	Target overachieved due to the implementation of acceleration plan to cover for the previous quarters.	None	- Meter installations listing - Job Cards

021	To ensure the quality of drinking water comply with SANS241	Water quality sampling results for both water and wastewater compiled by 30 June 2025	12	12	3	3	3	3	3	3	3	3	12	3	12	Achieved	None	None	- Monthly reports on compliance of water and wastewater quality
025	To ensure environment tally compliant wastewater treatment plant	Number of Reports on the status and performance of wastewater treatment plant compiled by 30 June 2025	4	4	4	4	4	4	4	4	4	4	4	4	4	Achieved	None	None	- Quarterly reports on status and performance of wastewater treatment plants
021/2	To ensure environment tally compliant water treatment plant	Number of reports on the status and performance of the water treatment plant compiled	4	4	4	4	4	4	4	4	4	4	4	4	4	Achieved	None	None	- Quarterly reports on status and performance of water treatment plants



A15	To ensure effective management of storm water	Number of storm-water inlets-maintained 30 <sup>th</sup> June 2025	240	604 inlets maintained	360	117	129	221	218	685	Achieved	- CWP from various wards assist with pothole patching.- EPWP contract workers assist with manpower.-An additional 7 Permanent General Workers were appointed.	None	- Monthly reports
<b>Functional Area: Governance and Public Participation</b>														
A16	To strengthen corporate governance and accountability	Number of Technical Services Section 80 committee meetings held by 30 June 2025	12	12 Committee meetings held	12	3	3	3	3	12	Achieved	None	None	- Minutes and Attendance Registers of the sitting of Sec. 80 committees
<b>Functional Area: Projects Management</b>														
028	To improve the standard of municipal roads	Km of gravel roads upgraded to asphalt or paved surface by 30 June 2025	230	1,79 km upgraded	2,56 km	N/A	1,160 km	N/A	1,4 km	2,56 km	Achieved	None	None	- Progress Reports - Practical completions certificate
<b>Functional Area: Job creation and SMME Development</b>														

032	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Municipal Infrastructure Grant (MIG) spent by 30 <sup>th</sup> June 2025	<b>100%</b>	<b>100%</b> Spent on MIG	<b>100%</b>	53%	87%	84%	100%	<b>100%</b>	Achieved	None	None	- MIG Expenditure Report - Payment certificates
033	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Water Services Infrastructure Grant (WSIG) spent by 30 <sup>th</sup> June 2025	<b>100%</b>	<b>100%</b> Spent on WSIG	<b>100%</b>	24%	65%	90%	100%	<b>100%</b>	Achieved	None	None	- WSIG Expenditure Report - Payment certificates
034	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Integrated National Electrification Programme (INEP) spent by 30 <sup>th</sup> June 2025	<b>100%</b>	<b>100%</b> Spent on INEP	<b>100%</b>	61%	100%	100%	100%	<b>100%</b>	Achieved	None	None	- INEP Expenditure Report - Payment certificates
A27	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Energy Efficiency and Demand Side	<b>100%</b>	<b>100%</b> Spent on EEDSM	<b>100%</b>	0%	69%	52%	100%	<b>100%</b>	Achieved	None	None	- EEDSM Expenditure Report - Payment certificates

A28	To ensure that funds allocated are spent on planned disaster infrastructure projects	Management Grant (EEDSM) spent by 30 <sup>th</sup> June 2025	Percentage of Municipal Disaster Response Grant (MDRG) spent by 30 <sup>th</sup> June 2025	41% Spent on MDRG	100%	52%	94%	95%	100%	100%	Achieved	None	- MDRG Expenditure Report. - Payment certificates	
A30	To ensure that funds allocated are spent on planned infrastructure projects	Regional Bulk Infrastructure Grant (RBIG) spent by 30 <sup>th</sup> June 2025	Percentage of Regional Bulk Infrastructure Grant (RBIG) spent by 30 <sup>th</sup> June 2025	New Indicator	100%	46%	81%	53%	100%	100%	Achieved	None	- RBIG Expenditure Report. - Payment certificates	
A31	To ensure that funds allocated are spent on planned disaster infrastructure projects	Municipal Disaster Recovery Grant (MDRG-RR) spent by 30 <sup>th</sup> June 2025	Percentage of Municipal Disaster Recovery Grant (MDRG-RR) spent by 30 <sup>th</sup> June 2025	New Indicator	40%	N/A	N/A	N/A	37%	37%	Not Achieved	The challenge of unsuitable material encountered affected the cashflow projections and had to be resolved before planned	The installation of a pointer layer (dump rock) will assist to alleviate the challenge of unsuitable material. The changed construction	- MDRG Expenditure Report. - Payment certificates



communities	held by 30 <sup>th</sup> June 2025	gns held											were focusing more on waste management campaigns, schools and empowering recyclers.	None	None			
040	To ensure that all waste disposal sites are maintained regularly in accordance with NEMA	2	2	2	2	2	2	2	2	2	2	2	Achieved	None	None		- Land fill sites and transfer station maintenance reports	
<b>Functional Area: Social and Community Development</b>																		
046	To promote a culture of reading and learning for learners at schools	Number of library events and educational campaigns rolled out by 30 <sup>th</sup> June 2025	8	9	library events held												- Attendance Registers - Reports and photos	
<b>Functional Area: Fire and Emergency Services</b>																		
055	To ensure that fire and emergency incidents are attended to within the	Percentage of fire and emergency incidents attended within the pre-	85%	84%	of fire and emergency incidents attended													- Fire incident response report



059	To ensure that all disaster incidents are attended to within the prescribed timeframes.	Percentag e of disaster incidents attended within 24 hours after the incident has been reported	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	Achieved	None	None	- Disaster assessment forms and listing
<b>Functional Area: Traffic Services and Law Enforcement</b>																	
061	To ensure that pupils are educated on road safety and accidents prevention measures	Number of road-safety awareness campaigns conducted at schools by 30 <sup>th</sup> June 2025	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	Achieved	More requests were received from schools.	None	- Awareness campaign forms and Listing
062	To ensure motorists compliance to road safety rules and regulations	Number of roadblocks conducted by 30 <sup>th</sup> June 2025	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	Achieved	August month we had campaigns that were conducted by Women, to celebrate	None	- Invitation letters - Signed proof of the activities conducted



**KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**

**STRATEGIC OBJECTIVE: TO COORDINATE EFFORTS TO ADDRESS UNEMPLOYMENT AND POVERTY**

No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual /Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Economic Development</b>														
100	To ensure businesses adhere to their social responsibility plans	Number of monthly Sector Labour Plans meetings held by 30 June 2025	4	4 Sector Labour Plans meetings held	4	1	1	1	1	4	Achieved	None	None	<ul style="list-style-type: none"> <li>- Invitations</li> <li>- Attendance Register</li> <li>- Minutes of the Meeting</li> </ul>
101	To ensure SMMEs are supported to participate in the economy	Number of Local SMMEs and Cooperatives supported by 30 <sup>th</sup> June 2025	30	35 SMMEs and Cooperatives supported	30	N/A	0	N/A	N/A	0	Not Achieved	Due to the revision of the budget, the funds were redirected to other Municipal activities.	Due to budget limitations, the Municipality will embark on non-financial support through trainings.	<ul style="list-style-type: none"> <li>- Completion and hand over certificate</li> </ul>
114	To ensure coordination of CWP Local Reference Committee (LRC)	Number of LRC meetings convened by 30 June 2025	4	4 LRC meetings held	4	1	1	1	1	4	Achieved	None	None	<ul style="list-style-type: none"> <li>- Attendance registers</li> <li>- Invitations</li> <li>- Minutes of the Meeting</li> </ul>

035	To ensure that job opportunities are created in terms of the EPWP guidelines	Number of short-term job opportunities created via Public Employment Programmes (EPWP, CWP etc.)	<b>461</b>	<b>430</b> work opportunities created	<b>380</b>	24	218	92	54	<b>388</b>	Achieved	Due to the need to fast-track the previously terminated contracts, the newly appointed contractors added more participants	None	None	- EPWP Report - Listing of staff
101/1	To ensure SMMEs are supported to participate in the economy	Number of the LED Workshop held by 30 June 2025	<b>1</b>	<b>1</b> LED Workshop held	<b>1</b>	N/A	N/A	1	N/A	<b>1</b>	Achieved	None	None	None	- Invitation Register - Attendance Register - Minutes
192	To ensure functionality of the LED Forum	Re-establishment and Launching of the LED Forum by 30 September 2024	<b>1</b>	No LED forum launched	<b>1</b>	0	N/A	N/A	N/A	<b>0</b>	Not Achieved	The were delays in processing of applications submitted by forums for verification. The Department of Social Development and Department of Economic Development & Tourism responsible for	The launching of the Forum will only take place by the end of October 2025 after the verification report is tabled to Community Forum.	None	- Invitations Register - Attendance Register - Minutes

192/1	To facilitate and mobilize resources for the economic growth in the municipal area	Number of LED Forum meetings held by 30 June 2025	<b>3</b>	No LED Forum meeting held	<b>3</b>	N/A	0	1	0	<b>1</b>	Not Achieved	verification of non-profit organisations and non-profit companies submitted the report late. The meetings were not held as the Forum was not launched due to processes agreed with the Forums. The Forum to be launched once verification of NPO documents are received from the Department of Social Development.	NPO documents are received from the Department of Social Development.	- Invitations - Attendance Register - Minutes
-------	--	---	----------	---------------------------	----------	-----	---	---	---	----------	--------------	---	---	---

**KEY PERFORMANCE AREA 4: FINANCIAL VIABILITY AND MANAGEMENT**

<b>FINANCIAL SERVICES DEPARTMENT</b>														
<b>KEY PERFORMANCE AREA: TO IMPROVE THE VIABILITY AND MANAGEMENT OF MUNICIPAL FINANCES</b>														
No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual /Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Revenue Management and Credit Control</b>														
066	To ensure indigent consumers are registered and receive Free Basic Services	Number of indigent households receiving Free Basic services (FBS) by 30 <sup>th</sup> June 2025	9000	4812 registered indigents	4500	4731	315	176	156	5378	Achieved	Due to Indigent Outreach Programme implemented in the 2024/25 Financial Year	None	- Accumulated Indigent subsidies report
070	To ensure necessary strategies are implemented to collect revenue	Percentage of Revenue collection for the financial year ending 30 <sup>th</sup> June 2025	75%	75% in revenue collected	75%	62%	81%	73%	74%	74%	Not Achieved	Illegal Connection Non-implementation of Credit Control and Debt Collection in Eskom Licence Culture of non-payment	Monthly Cut offs Handover of debtors to appointed Debt Collector Provision of Amnesty	- Billing report (age analysis)
072/1	To ensure compliance	Number of Valuation	1	1 Valuation	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Council resolution on

	to the Municipal Property Rates Act	Roll Reconciliation System & Valuation Rolls for the year ending 30 <sup>th</sup> June 2025	Roll Reconciliation															approval of the valuation roll - Proof of gazetting on the Government printing works and local news paper	
<b>Functional Area: Expenditure Management</b>																			
A18	To ensure compliance with VAT Act	Number of VAT201 submitted to SARS on a monthly basis	12 submitted to SARS	3	3	3	3	3	3	3	3	3	12	12	3	3	3	3	- Proof of VAT201 submitted to SARS
A19	To ensure compliance with Income tax Act	Number of MP201 submitted to SARS on monthly basis	12 submitted to SARS	3	3	3	3	3	3	3	3	3	12	12	3	3	3	3	- Proof of MP201 submitted to SARS
<b>Functional Area: Asset Management</b>																			
073	To ensure that all infrastructure assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 <sup>th</sup> June 2025	2 FAR updates conducted.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1	1	- Assets Register (Infrastructure)

073/1	To ensure that all moveable assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 <sup>th</sup> June 2025	2	2 FAR updates conducted.	2	N/A	N/A	1	1	1	2	Achieved	None	None	- Assets Register (Moveable)
<b>Functional Area: Supply Chain Management</b>															
067	To ensure that all bids above R200 000 are awarded within 90 days from date of closure	Number of reports for bids awarded within 90 days from the date of closure by 30 June 2025	4	4 reports compiled	4	1	1	1	1	1	4	Achieved	None	None	- Quarterly reports on awarded bids
067/1	To ensure Compliance with SCM Policy	Number of Quarterly SCM Reports submitted to Council by 30 June 2025	4	4 Quarterly Reports	4	1	1	1	1	1	4	Achieved	None	None	- SCM Quarterly Reports - Council resolution
<b>Functional Area: Stores Management</b>															
073/2	To ensure stores are kept at minimum level	Number of stock count conducted by 30 June 2025	4	4 Quarterly reports	4	1	1	1	1	1	4	Achieved	None	None	- Stock count reports

A20	To ensure compliance with cost curtailment measures	Number of procurement plan developed by 30 June 2025	4	1 Plan developed	1	N/A	N/A	N/A	N/A	1	Achieved	None	None	- Procurement performance report
<b>Functional Area: Financial Reporting and Budgeting</b>														
076	To ensure that the revised, draft and final budgets are approved by the Council within legally prescribed timeframes	Number of budgets approved by 31 <sup>st</sup> May 2025	3	3 budgets approved	3	N/A	N/A	2	1	3	Achieved	None	None	- Budget report - Council Resolutions
077	To ensure that the AFS are completed and submitted to all relevant stakeholders as prescribed by the MFMA	Number of Annual Financial Statements compiled and submitted to relevant stakeholders by 31 <sup>st</sup> August 2024	1	1 AFS submitted to relevant stakeholders	1	1	N/A	N/A	N/A	1	Achieved	None	None	- AFS - Submission letters - Proof of submission
A21	To ensure compliance with Section 71 of the MFMA	Number of section 71 reports submitted to the Mayor and PT	12	12 section 71 monthly reports	12	3	3	3	3	12	Achieved	None	None	- Section 71 report - Proof of submission to EM and PT





KEY PERFORMANCE AREA 5: PUBLIC PARTICIPATION, GOOD GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

OFFICE OF THE MUNICIPAL MANAGER														
STRATEGIC OBJECTIVE: TO STRENGTHEN PUBLIC PARTICIPATION, CORPORATE GOVERNANCE AND ACCOUNTABILITY														
No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual /Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Legal, Compliance and Public Participation</b>														
A24	To ensure that information is reaching communities on the activities of the municipality	Number of Quarterly newsletters Compiled and posted on the Municipal website by 30 June 2025	4	4 newsletters compiled	4	1	1	1	1	4	Achieved	None	None	- Posted newsletters
089	To ensure important and legislated information is publicised on the municipal website.	Percentage of website updates made within 24 hours after request has been made	100%	100% website updates made within 24	100%	98%	0%	0%	0%	25%	Not Achieved	Updates could not be done as the municipal website is not working due to the expiry of the contract with the service provider.	The tender processes are underway for appointment of a service provider to reinstate the municipal website.	- Listing of the postings - Screen shots of the postings
<b>Functional Area: Performance Management, Monitoring and Evaluation</b>														
090	To ensure that all Directors	Number of performance	6	6 performance	6	6	N/A	N/A	N/A	6	Achieved	None	None	- Signed performance agreements of

	sign their Performance Agreements at the beginning of the financial year	agreements signed by 30 <sup>th</sup> July 2024																	senior managers
091	To ensure that all Directors' performance is assessed in terms of the Performance Regulations	Number of performance evaluations conducted 30 <sup>th</sup> June 2025	4	2	2	0	4	Achieved	None	None	None	None	None	None	None	None	None	None	- Performance Assessment reports for senior managers
092	To ensure that APR is compiled in terms of Sec 46 of the MSA and submitted to relevant stakeholders	Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 <sup>st</sup> August 2024	1	1	N/A	N/A	1	Achieved	None	None	None	None	None	None	None	None	None	None	- Signed APR - Proof of submission
093	To ensure that both Draft and	Number of Annual Reports	2	2	N/A	N/A	2	Achieved	None	None	None	None	None	None	None	None	None	None	- Signed Annual Report. - Proof of





**KEY PERFORMANCE AREA 6: SPATIAL PLANNING AND RATIONALE**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**

**STRATEGIC OBJECTIVE: TO ENSURE LONG TERM PLANNING THAT PROVIDES FOR SOCIAL COHESION AND TRANSFORMATION**

No	Performance Objective	Key Performance Indicator	2023 / 2024 Target	2023 / 2024 Actual / Baseline	Annual Target 2024 / 2025	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
<b>Functional Area: Legal, Compliance and Public Participation</b>														
082	To ensure compliance with Section 29 of the Municipal Systems Act, 2000	Number of IDP and Budget process plans approved by 30 <sup>th</sup> August 2024	1	1 IDP/Budget process plans approved	1	1	N/A	N/A	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> <li>- Approved Process Plan.</li> <li>- Process Plan Resolution.</li> <li>- Public notice of the Process Plan</li> <li>- Submission Letter.</li> </ul>
083	To ensure that the Draft and Final IDPs are compiled & approved by the Council in terms of Section 30, 31 and 32 of the Municipal	Number of Council-Approved IDPs by 31 <sup>st</sup> May 2025 and submitted to the MEC within 10 days after approval and publicised for public information	2	2 IDPs approved by the Council. (Draft and Final IDP)	2	N/A	N/A	1	1	2	Achieved	None	None	<ul style="list-style-type: none"> <li>- Public notice for IDP consultations.</li> <li>- Draft IDP.</li> <li>- Council Resolution for Draft IDP.</li> <li>- Public Notice inviting comments on the IDP.</li> <li>- Submission letter for Draft IDP.</li> <li>- Final</li> </ul>



086	of the MFMA To ensure that all relevant stakeholders are consulted on the planning and implementation	Number of quarterly IDP representative forums held by 30 <sup>th</sup> June 2025	4	4 IDP representative forums held	1	1	N/A	2	4	Achieved	None	None	- Public notice for IDP Rep Forums. - Invitations - Attendance Registers
103	To ensure that communities are settled on approved townships to access municipal services	Number of informal settlements formalised by 30 June 2025	3	3 settlements formalized	N/A	N/A	N/A	0	0	Not Achieved	The formalization of Esidakaneni experienced delays due to extended Supply Chain Management (SCM) process which, affected the timely appointment of service providers. For Marikana, formalization is currently in progress, however the finalization has been delayed due loss of the	Corrective measure has been initiated to expedite both processes, including follow-ups with relevant stakeholders to resolve outstanding issues. The Esidakaneni formalisation is to be re-advertised to appoint a service provider. The Conveyancer has applied for a lost title deed copy for Marikana	- Approved Township

**Functional Area: Sustainable Human Settlement**





**CAPITAL AND OPERATIONAL PROJECTS 2024/2025**

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standar d classification	GFS Vote	Function	Sub- function	Project Name	Ward	Starting Date	Completi on Date	Budget 2024/ 2025	YTD Expe nditure	Progress as on 30 June 2025		Achieve d /Not Achieve d	Reason for under/ over- perform ance	Corrective measures	Means of Verificati on
											Target	Actual				
<b>Technical Services</b>																
ESN 36	Tradin g Servic es	12	Wastewa ter Manage ment	Wastewa ter Treatmen t	Refurbishme nt of Warburton Wastewater Treatment Works	12	15-08- 2023	30-06- 2027	R 20 698 089.43	R 23,079,248.02	95% Constru ction	95% Constru ction	Achieved	None	None	Progress Report / Practical completi on certificate
ESN 47		12	Wastewa ter Manage ment	Wastewa ter Treatmen t	The Upgrade of Phumula Outfall Sewer Pipeline	4&5	01-07- 2023	23-07- 2024	R 4 590 777.40	R 4,590,777.40	100% Project handov er	100% Project Comple ted	Achieved	None	None	Progress Report / Practical completi on certificate
ESN 50		12	Wastewa ter Manage ment	Wastewa ter Treatmen t	The Upgrade of Everest Outfall Sewer Pipeline	5	12-03- 2024	04-03- 2025	R 24 324 932.51	R 24,324,932.51	90% Constru ction	90% Constru ction	Achieved	None	None	Progress Report / Practical completi on certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under-performance	Corrective measures	Means of Verification
											Target	Actual				
<b>ESN 52</b>		<b>12</b>	Wastewater Management	Wastewater Treatment	Upgrading of Sewer Reticulation Network Servicing Extension 32, 33 & 34 Ermelo	16	07-05-2024	18-05-2026	R 1,084,290.09	R 1,084,290.09	Design development report	Design development report	Achieved	None	None	Progress Report / Practical completion certificate
<b>ESN 54</b>		<b>12</b>	Wastewater Management	Wastewater Treatment	Upgrading of the existing Ermelo Wastewater Treatment works (WWTW) and installation of new bulk sewer pipeline for Ermelo Ext 44	1-9,16,17	15-04-2024	02-06-2027	R 80,000,000.00	R 99,557,484.56	1% Tender documentation	2,61% Construction	Achieved	The procurement (evaluation) processes were shortened such that the contractor was appointed earlier than the planned date.	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
P30		12	Wastewater Management	Wastewater Treatment	Electro-Mechanical Upgrades to Extension 32, 33 And 34 Pump stations In Ermelo	16	01-10-2020	30-06-2025	R 980 739.73	R0	100%	0%	Not Achieved	The COGHSTA did not implement /address the snag list of the project within the period allocated.	The project will be deferred to next financial year so that it will be completed according to the designed specification.	Progress Report / Practical Completion certificate
EWN N 87		11	Water Management	&Water Network	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	16	11-05-2023	30-09-2024	R 16 165 281.80	R 16,165281.80	100% Project handover	100% Project handover	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under-performance	Corrective measures	Means of Verification
											Target	Actual				
EWN N 73	Trading Services	11	Water Management	Water network	The Refurbishment of Lothair Water treatment Works	15	05-05-2023	29-10-2025	R 2,248,083.09	R 2,248,083.09	5% Construction	0%	Not Achieved	The procurement of the material on the critical path activities took longer than anticipated which resulted in the physical construction not being achieved.	The service provider must provide a revised program of works and acceleration plan. The Municipality must closely monitor the project and ensure that the project is completed within the contract period.	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
AP31	Trading Services	11	Water Management	Water network	The Refurbishment and Maintenance of Boreholes	1,5,9,19	14-10-2024	30-05-2025	R 4,715,075.1	R 2,901,428.39	100% Construction	80% Construction	Not Achieved	Delays in the provision of the quotations by ESKOM has led in the delay of the receipt of the invoice which resulted in the project not being completed.	The program of works must be revised and the project must be closely monitored as the ESKOM invoice was paid in May.	Progress Report / Practical completion certificate
ER 179		14	Road Transport	Public Works	The Rehabilitation of Extension 32,33,34 Taxi collector street (Ring Road)	16	09-03-2023	01-12-2026	R 16,620,508.66	R 16,666,887.17	100% Construction	100% Construction	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER009	Economic & Environmental Services	14	Road Transport	Public Works	Construction of 2km paved roads in Wesselton-Mabilisa and Maggwaza Street Taxi Collector.	4,6,3	21-06-2023	01-12-2026	R 3,767,036.25	R 2,320,239.00	1% Appointment of the Contractor	10% Construction	Achieved	The procurement (evaluation) processes were shortened such that the contractor was appointed earlier than the planned date.	None	Progress Report / Practical Completion Certificate
ER180		14	Road Transport	Public Works	The Rehabilitation of 1.05km Siliindile Main Street in Lothair Street	15	21-06-2023	04-10-2024	R 7,075,511.04	R 7075511.04	100% Project handover	100% Project handover	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER 184		14	Road Transport	Public Works	Reconstruction of Mabuza Access Bridge near Emthonjeni Clinic	4	15-04-2024	15-12-2024	R 4,456,185.99	R 4,456,185.99	100% Construction	90% Construction	Not Achieved	The contractor was terminated due to poor performance of the contractor.	The Municipality to approve variation orders of the service providers within the jurisdiction of the project.	Progress Report / Practical Completion Certificate
ER 185		14	Road Transport	Public Works	Reconstruction of Khayelihle-Emadami Access Bridge and portion of the street.	9	14-05-2024	12-12-2024	R 4,919,632.48	R 4,919,632.48	100% Project completed	100% Project completed	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER 189		14	Road Transport	Public Works	Reconstruction of Mandela Drive	1,3,17	02-06-2025	28-11-2025	R 14,500,000	R 5,359,491.35	15% Construction	35% Construction	Achieved	The accelerated approach by service provider exceeded the plan quarterly target (the designs were completed earlier than the anticipated period)	None	Progress Report / Practical completion certificate
EE 408		10	Energy Sources/ Electricity	Electrical Infrastructure	Design and Construction of 20mva, 88/11kv transformer in Ermelo 88kv Substation.	8	20-05-2024	30-12-2024	R 3,269,366	R 3,098,264.60	100% Project completed	100% Project completed	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**

**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
EE 409		10	Energy Sources/ Electricity	Electrical Infrastructure	Design and Refurbishment of the Breyten switching station and installation of 3km MVA line	13, 14	14-05-2024	30-09-2024	R 1,730,633	R 1,698,104.61	100% Project Handover	100% Project Handover	Achieved	None	None	Progress Report / Practical Completion Certificate
EE 405		10	Energy Sources/ Electricity	Electrical Infrastructure	Retrofit 250W HPS to 100W LED	All	01-07-2024	31-03-2025	R 1,884,000	R 1,884,000	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate
EE 406		10	Energy Sources	Public/street lighting	High mast retrofit ward 1-16 400W HPS to 200W LED	All	01-07-2024	31-03-2025	R 2,116,000	R 2,116,000	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate

**Institutional Projects and Deliverables**
**Key Performance Area 2: Basic Services Delivery and Infrastructure Development**

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
EE 389	Trading Services	10	Energy Sources/ Electricity	Electrical Infrastructure	Electrification of 120HH at Silindile Ext 3	15	03-06-2024	30-06-2026	R 140,000	R 140,400	1% Design Development report.	1% Design Development report.	Achieved	None	None	Progress Report / Practical Completion Certificate
EE 407		10	Energy Sources/ Electricity	Electrical Infrastructure	Upgrading of the Electrical network infrastructure on the northern part of Ermelo	4, 8, 9	03-06-2024	30-06-2027	R 1,975,000	R 1,975,600	1% Design Development report.	1% Design Development report.	Achieved	None	None	Progress Report / Practical Completion Certificate
AP32		10	Energy Sources	Public/street lighting	Retrofitting of the streetlights and highmast lights within Msukaligwa Local Municipality	All	26-03-2025	30-06-2025	R 2,800,000	R 2,799,900	100% project completed	100% project completed	Achieved	None	None	Progress Report / Practical completion certificate

Institutional Projects and Deliverables																
Key Performance Area 6: Spatial Planning and Rationale																
No.	Standar classification	GFS Vote	Function	Sub- function	Project Name	Ward	Starting Date	Completi on Date	Budget 2024/ 2025	YTD Expendi ture	Progress as on 30 June 2025		Achieve d /Not Achieve d	Reason for under/ over- perform ance	Corrective measures	Means of Verificati on
											Target	Actual				
<b>Town Planning</b>																
PED 07	Econo mic and Enviro nment al Servic es	08	Planning and Economi c Develop ment	Local Economi c Develop ment	Establishme nt of a municipal truck stop	9	01-10- 2024	31-12- 2024	R 600,000	R 0	100% approv ed layout plan	80% Approv ed layout plan and re- advertis ement.	Not Achieved	Tender -re- advertised, delayed Supply Chain processes.	Expedite Supply Chain and appointme nt processes.	Approved Layout Plan
PED 08	Econo mic and Environ mental Servic es	08	Planning and Economi c Develop ment	Town Planning	General Plan amendment for Ermelo Ext. 49	16	01-10- 2024	31-12- 2024	R 200,000	R 0	100% approv ed layout plan	70% Applica tion for subdivi sion and layout Plan.	Not Achieved	Delayed proclama tion of township as we Delayed Supply Chain processes for land surveying equipment plan will be used to amend the general plan.	Land Survey equipment has been procured, beacons currently being removed onsite, general plan will be withdrawn from Surveyor General.	Approved Layout Plan

**Institutional Projects and Deliverables**

**Key Performance Area 6: Spatial Planning and Rationale**

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2024/2025	YTD Expenditure	Progress as on 30 June 2025		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
<b>PED 09</b>	Economic and Environmental Services	<b>08</b>	Planning and Economic Development	Town Planning	Formalization of Erf 15 Silindile and Township establishment RE/29/Lothair 124	15	01-10-2024	31-12-2024	R 2,000,000	R 0	100% approved layout plan	80% Re-advertisement.	Not Achieved	Tender-re-advertised, delayed Supply Chain processes.	Expedite Supply Chain and appointment processes.	Approved Layout Plan
<b>PED 10</b>	Economic and Environmental Services	<b>08</b>	Planning and Economic Development	Integrated MIS	Procurement of GPS and software	All	01-07-2024	30-09-2024	R 500,000	R 0	100% Project completed	100% Project completed	Achieved	None	None	Council approved Development Charges Policy

# **2023/2024 AUDITOR GENERAL REPORT**

# Report of the auditor-general to Mpumalanga Provincial Legislature and the Council on Msukaligwa Local Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Msukaligwa Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement, 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 matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Msukaligwa Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

### Basis for qualified opinion

#### Payables from exchange transactions

3. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for in line with GRAP 104, *Financial instruments*, I was unable to determine the full extent of the misstatement as it was impracticable to do so.

In addition, I was unable to determine the full extent of the misstatement, as the payables from exchanges transactions included adjustments that could not be supported by evidence, and I could not confirm the payables from exchange transaction by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transaction stated at R1,9 billion (2023: R1,6 billion) disclosed in note 14 to the financial statements.

#### Net Cash flow from operating activities

4. Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to errors in determining cash flows from operating activities. There were misstatements on payments made to employees and suppliers. Therefore, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities as stated at R 130 530 402 in the financial statements were necessary.

## Context for opinion

5. 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.
6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Material uncertainty relating to going concern

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
9. I draw attention to note 47 to the financial statements, which indicates that the municipality had material contingent liabilities as well as trade and other payables against receivables. The municipality reported a material deficit for the period. As stated in the note, these events or conditions, along with the other matters as set forth in the note, 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

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Material distribution losses of electricity

11. As disclosed in note 54 to the financial statements, material electricity losses of R254,2 million (2022-23: R181,8 million) was incurred, which represents 63% (2022-23: 60%) of total electricity purchased. Losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

### Material distribution losses of water

12. As disclosed in note 54 to the financial statements, material water losses of R49,9 million (2022-23: R54,02 million) was incurred, which represents 68% (2022-23: 76%) of total water purchased. Losses were due to old infrastructure, unavailability of working material, insufficient staff, components and working vehicles.

### Restatement of corresponding figures

13. As disclosed in note 56 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024

### **Underspending of the conditional grant**

14. As disclosed in note 18 to the financial statements, the municipality materially underspent on the Regional bulk infrastructure grant by R40,20 million.

### **Other matter**

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

### **Unaudited disclosure notes**

16. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. 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**

19. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of our auditor's report.

### **Report on the audit of the annual performance report**

21. 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 areas presented in the annual

performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

<b>Key Performance Area (KPA)</b>	<b>Page numbers</b>	<b>Purpose</b>
KPA 2 -Basic Service Delivery and Infrastructure Development	XX	To provide sustainable and reliable services to communities
KPA 3 - Local Economic Development	XX	To coordinate efforts to address unemployment and poverty

23. I evaluated the reported performance information for the selected key performance areas 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.

24. 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 measures taken to improve performance.

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

26. The material findings on the reported performance information for the selected Key development areas are as follows:

## Key Performance Area 2- Basic Service Delivery and Infrastructure Development

### Various indicators

27. I could not determine the accuracy of various reported achievements, as the indicators were not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator description	Planned target	Reported achievement
Number of new households with access to waste collection by 30 June 2024	440	482
% households with access to electricity by 30 <sup>th</sup> June 2024	88%	87%
% households with access to basic level water by 30 June 2024	95%	94%

## Key Performance Area 3 – Local economic development

### Number of short-term job opportunities created via public employment programmes (EPWP, CWP etc)

28. An achievement of 430 was reported against a target of 461. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

### Other matters

29. I draw attention to the matters below.

### Achievement of planned targets

30. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

31. The tables that follow provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages xx to xx.

## Key performance area 2: Basic service delivery and infrastructure development

<i>Targets achieved: 79%</i>		
<i>Budget spent: 114%</i>		
Key indicator not achieved	Planned target	Reported achievement
A12: Maintenance of 88 KV main sub-station by 30th June 2024	1	0
A13: Number of irreparable steel/fibre glass kiosks replaced with Concrete kiosks by 30th June 2024	5	0
A14: Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	1	0
A021/1: Review of the WSDP and Water Safety Plan approved by Council by the 30 June 2024	2	1
A26: % households with access to electricity by 30th June 2024	88%	87%
A26: % households with access to basic level of water by 30 June 2024	95%	94%
055: Percentage of fire and emergency incidents attended within the pre-determined timeframe in accordance with SANS 10090 by 30th June 2024	85%	78%

## Key performance area 3: Local economic development

<i>Targets achieved: 86%</i>		
<i>Budget spent: 135%</i>		
Key indicator not achieved	Planned target	Reported achievement
035: Number of short-term job opportunities created via Public employment programmes (EPWP, CWP etc)	461	430

## Material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – Basic service delivery and infrastructure development and KPA 3 – Local economic development. Management did not correct all of the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

33. 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.
34. 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.
35. 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.
36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements, performance and annual reports

37. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, expenditure, liabilities, and 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 resulted in the financial statements receiving a qualified audit opinion.

### Expenditure management

38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
39. Reasonable steps were not taken to prevent irregular expenditure amounting to R24,8 million as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with applicable SCM legislation.
40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R119,2 million, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by Eskom and the Department of Water and Sanitation (DWS).
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R233,3 million, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by spending not being in accordance with the final approved budget.

42. An adequate management, accounting and information system was not in place which accounted for creditors, as required by section 65(2)(b) of the MFMA

### **Procurement and contract management**

43. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c)
44. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

### **Strategic planning and performance management**

45. The performance management system and related controls were inadequate as it did not describe how the performance measurement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

### **Other information in the annual report**

46. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
47. 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.
48. 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 key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### **Internal control deficiencies**

50. 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.

51. 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.
52. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
53. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
54. Management did not review and monitor compliance with applicable laws and regulations.
55. Management did not implement action plans to address internal control deficiencies , there were not developed and monitored

### **Material irregularities**

56. 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**

#### **Material irregularity: Department of Water and Sanitation (DWS) invoices not paid within 30 days of receiving the relevant invoice or statement.**

57. The municipality did not comply with Section 65 (2) (e) of the MFMA, which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise.
58. The municipality did not ensure that all invoices from DWS were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.
59. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred.
60. The accounting officer was notified of this material irregularity on 01 March 2023. The following actions have been taken to resolve the material irregularity:
  - On 28 June 2024, the council resolved to write off a portion of the fruitless and wasteful expenditure related to interest incurred on the DWS account
  - On 21 August 2024, the accounting officer entered into an agreement with DWS to repay the outstanding debt for accounts not in dispute. Payments have commenced as per the agreement for confirmed amounts, while engagements with DWS are ongoing to resolve one account that remains in dispute.

- During 2023-24 the municipality installed 1548 water meters. This initiative has reduced unbilled water supply and enhanced accuracy of the municipality's revenue billing
- During 2023-24 the municipality ensured that monthly disconnections are been implemented consistently, resulting in improvements in revenue collections for the year.
- In October 2024 the municipality completed the refurbishment and extension of the Breyten water treatment plant.

61. The material irregularity is therefore resolved. I will continue to monitor the compliance with the DWS payment agreement and the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

**Material irregularity: Interest incurred on Eskom invoices not paid within 30 days of receiving the relevant invoice or statement.**

62. The municipality did not comply with Section 65 (2) (e) of the Municipal Finance Management Act which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

63. The municipality did not ensure that all invoices from Eskom were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.

64. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred by the municipality for the outstanding debt as per the invoices which still need to be paid.

65. The accounting officer was notified of this material irregularity on 01 March 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken to resolve the material irregularity:

- During 2023-24 the municipality ensured that monthly disconnections are been implemented consistently, resulting in improvements in revenue collections for the year
- During 2023-24 the municipality installed 1604 electricity meters. This initiative has reduced unbilled electricity supply and enhanced accuracy of the municipality's revenue billing
- On 18 December 2024, the accounting officer entered into an agreement with Eskom. Payments continue to be implemented and monitored; the municipality remains a participant in the debt relief program
- On 28 June 2024, the council resolved to write off a portion of the fruitless and wasteful expenditure related to interest incurred on the Eskom account.

66. The material irregularity is therefore resolved. I will continue to monitor the compliance with the Eskom debt relief programme and the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

*Auditor-General*

Mbombela

30 November 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

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

#### Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Communication with those charged with governance**

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

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

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii),</p> <p>Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f),</p> <p>Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a),</p> <p>Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
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	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	<p>Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2),</p> <p>Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p> <p>Parent municipality with ME:</p>

Legislation	Sections or regulations
	Sections: 93B(a), 93B(b)  Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
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), 12(1), 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)
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),31
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), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),  Regulations: 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)

# VOLUME VI

---

## COUNCIL RESOLUTIONS

c/o Kerk & Taute Street (Civic Centre Building)  
Ermelo  
Mpumalanga Province  
South Africa  
2350

**TEL** +27 17 801 3500  
**CONTACT CENTRE** 080 001 4903



**MSUKALIGWA**  
LOCAL MUNICIPALITY

PO Box 48  
Ermelo  
Mpumalanga Province  
South Africa  
2350

**WEBSITE** [www.msukaligwa.gov.za](http://www.msukaligwa.gov.za)  
**E-MAIL** [records@msukaligwa.gov.za](mailto:records@msukaligwa.gov.za)

**CORPORATE SERVICES DEPARTMENT**  
**Certified Council Resolution**

5<sup>th</sup> Ordinary Council Meeting: 29 January 2026

**LM 1011/01/2026**

**A-953 COUNCIL RESOLUTION: DRAFT ANNUAL REPORT FOR 2024/2025**

**RESOLVED AS FOLLOWS:**

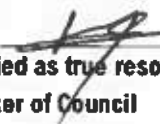
1. That Council **NOTED** the report regarding the tabling of the Draft Annual Report for the 2024/2025 financial year in terms of Section 127 (2) of the Municipal Financial Management Act (MFMA), Act No.56 of 2003.
2. That Council **APPROVED** the Municipality's Draft Annual Report for the 2024/2025 financial year as tabled in terms of the provisions of Section 127 of the Municipal Finance Management Act, 2003.
3. That in accordance with provisions of Section 21A of the Municipal Systems Act No.32 of 2000 as amended, the Accounting Officer of the Municipality must:
  - a) Make public the Annual Report and invite the local community to submit representations on the report; and
  - b) Submit the Annual Report to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for local government in Province (COGTA).



4. That the Draft Annual report for the 2024/2025 financial year **BE REFERRED** to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive report should **BE SUBMITTED** to Council not later than two months from the day of the Council sitting in accordance with Section 129(1) (a) (b) (c) of the MFMA.

29 January 2026

Date

  
Certified as true resolution  
Speaker of Council  
Cllr NS Xaba